

TOWN OF ROSEPINE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2023

Table of Contents

	Statement	Page(s)
INDEPENDENT AUDITOR’S REPORT	-	1-3
BASIC FINANCIAL STATEMENTS:		
Statement of Net Position	A	5-6
Statement of Activities	B	7
Balance Sheet – Governmental Fund	C	8
Reconciliation of the Governmental Fund Balance Sheet to Statement of Net Position	D	9
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund	E	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	F	11
Statement of Net Position – Proprietary Fund	G	12-13
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	H	14
Statement of Cash Flows – Proprietary Fund	I	15-16
Notes to the Financial Statements	-	18-38
	Schedule	Page(s)
Required Supplemental Information		
General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	1	40
Special Revenue Fund – Sales Tax Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	2	41
Schedule of the Town’s Proportionate Share of the Net Pension Liability	3	42-43
Schedule of the Town’s Pension Contributions	4	44-45
Other Supplemental Information		
Schedule of Per Diem Paid to Board Members	5	47
Schedule of Compensation, Benefits and Other Payments to Agency Head	6	48
Balance Sheet	7	49
Schedule of Revenues, Expenditures and Changes in Fund Balances	8	50
Justice System Funding Schedule – Collecting/Disbursing Entity	9	51
Justice System Funding Schedule – Receiving Entity	10	52
Other Reports		
Schedule of Prior Year Audit Findings	11	54
Schedule of Current Year Audit Findings and Management’s Response	12	55
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 <i>Government Auditing Standards</i>	-	56-57
Independent Accountant’s Report on Applying Agreed-Upon Procedures	-	58-65

Windham & Reed, L.L.C.

Certified Public Accountants

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

John A. Windham, CPA
Charles M. Reed Jr., CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Donna Duval, Mayor
and Members of the Board of Aldermen
Town of Rosepine
State of 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 Town of Rosepine, Louisiana as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Rosepine, Louisiana'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 of Rosepine, Louisiana, as of June 30, 2023, 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. 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 of Rosepine, Louisiana 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.

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 of Rosepine, Louisiana'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.

Auditor’s 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 of Rosepine, Louisiana’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 of Rosepine, Louisiana’s ability to continue as a going concern for a reasonable period of time.

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, budgetary comparison information, schedule of the Town of Rosepine, Louisiana’s proportionate share of the net pension liability, schedule of the Town of Rosepine, Louisiana’s pension contribution on pages 40 through 45 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.

Management has omitted management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Rosepine, Louisiana’s basic financial statements. The accompanying schedule of per diem paid to board members, schedule of compensation, benefits and other payments to agency head, balance sheet, schedule of revenues, expenditures and changes in fund balances, justice system funding schedule – collecting/disbursing entity, and justice system funding schedule – receiving entity are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 schedule of per diem paid to board members, schedule of compensation, benefits and other payments to agency head, balance sheet, schedule of revenues, expenditures and changes in fund balances, justice system funding schedule – collecting/disbursing entity, and justice system funding schedule – receiving entity are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2023, on our consideration of the Town of Rosepine, Louisiana’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 of Rosepine, Louisiana’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 Town of Rosepine, Louisiana’s internal control over financial reporting and compliance.



DeRidder, Louisiana
December 23, 2023

BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 786,196	\$ 2,172,963	\$ 2,959,159
Receivables:			
Franchise taxes	15,271	-	15,271
Hotel/motel taxes	4,914	-	4,914
Restricted sales tax	29,150	-	29,150
Accounts	-	203,066	203,066
Insurance premium tax	4,634	-	4,634
Fines	2,996	-	2,996
Due from other funds	-	103,135	103,135
Restricted cash	52,927	60,504	113,431
Non-depreciable capital assets	231,990	240,243	472,233
Depreciable capital assets - net	2,182,643	5,364,338	7,546,981
Total assets	<u>\$ 3,310,721</u>	<u>\$ 8,144,249</u>	<u>\$ 11,454,970</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	\$ 258,040	\$ 85,666	\$ 343,706
Total assets and deferred outflows of resources	<u>\$ 3,568,761</u>	<u>\$ 8,229,915</u>	<u>\$ 11,798,676</u>
LIABILITIES			
Accounts payable	\$ 10,058	\$ 21,336	\$ 31,394
Contracts payable	-	191	191
Salaries payable	15,243	46,517	61,760
Payroll taxes payable	1,166	3,221	4,387
Due to other funds	103,135	-	103,135
Accrued interest payable	454	7,156	7,610
Long-term liabilities:			
Due within one year	13,000	65,529	78,529
Due in more than one year	44,000	538,174	582,174
Customer deposits	-	56,930	56,930
Net pension liability	618,388	224,808	843,196
Total liabilities	<u>\$ 805,444</u>	<u>\$ 963,862</u>	<u>\$ 1,769,306</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	\$ 36,147	\$ 13,163	\$ 49,310
Total liabilities and deferred inflows of resources	<u>\$ 841,591</u>	<u>\$ 977,025</u>	<u>\$ 1,818,616</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
NET POSITION			
Net investment in capital assets	\$ 2,357,633	\$ 5,000,686	\$ 7,358,319
Restricted for:			
Bond retirement	4,333	8,348	12,681
Sales taxes	77,473	-	77,473
Unrestricted	287,731	2,243,856	2,531,587
Total net position	<u>\$ 2,727,170</u>	<u>\$ 7,252,890</u>	<u>\$ 9,980,060</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,568,761</u>	<u>\$ 8,229,915</u>	<u>\$ 11,798,676</u> (Concluded)

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended June 30, 2023

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government and administration	\$ 304,870	\$ -	\$ 285,065	\$ -	\$ (19,805)	\$ -	\$ (19,805)
Public safety	503,035	165,927	-	11,107	(326,001)	-	(326,001)
Public works	155,156	-	-	4,445	(150,711)	-	(150,711)
Interest on long-term debt	3,282	-	-	-	(3,282)	-	(3,282)
Total governmental activities	<u>\$ 966,343</u>	<u>\$ 165,927</u>	<u>\$ 285,065</u>	<u>\$ 15,552</u>	<u>\$ (499,799)</u>	<u>\$ -</u>	<u>\$ (499,799)</u>
Business-type activities:							
Water and sewer	\$ 805,611	\$ 674,333	\$ -	\$ 193,679	\$ -	\$ 62,401	\$ 62,401
Fort Polk custodial	1,383,289	1,753,202	-	-	-	369,913	369,913
Total business-type activities	<u>\$ 2,188,900</u>	<u>\$ 2,427,535</u>	<u>\$ -</u>	<u>\$ 193,679</u>	<u>\$ -</u>	<u>\$ 432,314</u>	<u>\$ 432,314</u>
Total government	<u>\$ 3,155,243</u>	<u>\$ 2,593,462</u>	<u>\$ 285,065</u>	<u>\$ 209,231</u>	<u>\$ (499,799)</u>	<u>\$ 432,314</u>	<u>\$ (67,485)</u>
General revenues:							
Taxes:							
Ad valorem taxes					\$ 31,666	\$ -	\$ 31,666
Sales taxes					299,311	-	299,311
Hotel/motel tax					31,254	-	31,254
Insurance premium tax					34,402	-	34,402
Franchise tax					89,391	-	89,391
Occupational licenses and permits					28,561	-	28,561
Investment earnings					15,377	40,980	56,357
Sale of assets					3,328	-	3,328
Miscellaneous					369	-	369
Insurance proceeds					2,743	-	2,743
Nonemployer pension revenue					15,346	7,441	22,787
Donations					27,000	-	27,000
Transfers					142,577	(142,577)	-
Total general revenues and transfers					<u>\$ 721,325</u>	<u>\$ (94,156)</u>	<u>\$ 627,169</u>
Change in net position					<u>\$ 221,526</u>	<u>\$ 338,158</u>	<u>\$ 559,684</u>
Net position at beginning of year					2,505,644	6,914,732	9,420,376
Net position at end of year					<u>\$ 2,727,170</u>	<u>\$ 7,252,890</u>	<u>\$ 9,980,060</u>

The accompanying notes are an integral part of this statement.

Balance Sheet
Governmental Funds
June 30, 2023

	Major Funds			Total
	General Fund	Sales Tax Fund	LCDBG Fund	
ASSETS				
Cash and cash equivalents	\$ 786,196	\$ -	\$ -	\$ 786,196
Receivables:				
Franchise taxes	15,271	-	-	15,271
Sales taxes	-	29,150	-	29,150
Hotel/motel taxes	4,914	-	-	4,914
Insurance premium tax	4,634	-	-	4,634
Fines	2,996	-	-	2,996
Restricted cash	4,333	48,594	-	52,927
Total assets	<u>\$ 818,344</u>	<u>\$ 77,744</u>	<u>\$ -</u>	<u>\$ 896,088</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,787	\$ 271	\$ -	\$ 10,058
Payroll taxes payable	1,166	-	-	1,166
Salaries payable	15,243	-	-	15,243
Due to other funds	103,135	-	-	103,135
Total liabilities	<u>\$ 129,331</u>	<u>\$ 271</u>	<u>\$ -</u>	<u>\$ 129,602</u>
Fund Balances:				
Unassigned	\$ 684,680	\$ -	\$ -	\$ 684,680
Restricted	4,333	77,473	-	81,806
Total fund balances	<u>\$ 689,013</u>	<u>\$ 77,473</u>	<u>\$ -</u>	<u>\$ 766,486</u>
Total liabilities and fund balances	<u>\$ 818,344</u>	<u>\$ 77,744</u>	<u>\$ -</u>	<u>\$ 896,088</u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2023

Total fund balance - total governmental fund	\$	766,486
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.		2,414,633
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows.		258,040
Pension related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows.		(36,147)
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable	\$	(454)
Bonds payable		(57,000)
Net pension liability		(618,388)
		(675,842)
Net position of governmental activities	\$	2,727,170

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Major Funds		Total
		Sales Tax Fund	LCDBG Fund	
Revenues				
Taxes:				
Ad valorem	\$ 31,666	\$ -	\$ -	\$ 31,666
Insurance premium tax	34,402	-	-	34,402
Franchise tax	89,391	-	-	89,391
Sales tax	-	299,311	-	299,311
Hotel/motel tax	31,254	-	-	31,254
Intergovernmental:				
Federal grants	285,065	-	4,445	289,510
State grants	6,102	-	-	6,102
Local grants	5,005	-	-	5,005
Occupational licenses and permits	28,561	-	-	28,561
Investment income	15,332	45	-	15,377
Fines, forfeitures, and court fees	165,927	-	-	165,927
Donations	27,000	-	-	27,000
Other revenues	369	-	-	369
Total revenues	<u>\$ 720,074</u>	<u>\$ 299,356</u>	<u>\$ 4,445</u>	<u>\$ 1,023,875</u>
Expenditures				
Current operating:				
General government	\$ 297,676	\$ 5,011	\$ -	\$ 302,687
Public safety	438,605	-	-	438,605
Public works	91,533	-	-	91,533
Debt service:				
Principal	13,000	-	-	13,000
Interest	3,395	-	-	3,395
Capital outlay	51,562	-	-	51,562
Total expenditures	<u>\$ 895,771</u>	<u>\$ 5,011</u>	<u>\$ -</u>	<u>\$ 900,782</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (175,697)</u>	<u>\$ 294,345</u>	<u>\$ 4,445</u>	<u>\$ 123,093</u>
Other financing sources (uses)				
Transfer in	\$ 435,500	\$ -	\$ -	\$ 435,500
Transfer out	(7,800)	(280,678)	(4,445)	(292,923)
Insurance proceeds	2,743	-	-	2,743
Sale of assets	3,328	-	-	3,328
Total other financing sources (uses)	<u>\$ 433,771</u>	<u>\$ (280,678)</u>	<u>\$ (4,445)</u>	<u>\$ 148,648</u>
Net change in fund balance	\$ 258,074	\$ 13,667	\$ -	\$ 271,741
Fund balances at beginning of year	<u>430,939</u>	<u>63,806</u>	<u>-</u>	<u>494,745</u>
Fund balances at end of year	<u>\$ 689,013</u>	<u>\$ 77,473</u>	<u>\$ -</u>	<u>\$ 766,486</u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balances - total governmental fund	\$	271,741
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		51,562
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		(82,299)
Pension expense is based on employer contributions in the governmental funds, but is an actuarially calculated expense on the Statement of Activities.		(32,591)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of bond repayments.		13,000
Accrued interest on long-term debt is not shown in the governmental funds.		<u>113</u>
Change in net position of governmental activities	\$	<u><u>221,526</u></u>

The accompanying notes are an integral part of this statement.

Statement of Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities Enterprise Funds		
	Fort Polk Custodial	Water and Sewer	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,258,071	\$ 914,892	\$ 2,172,963
Receivables:			
Accounts	142,451	60,615	203,066
Due from other funds	28,950	74,185	103,135
Total current assets	<u>\$ 1,429,472</u>	<u>\$ 1,049,692</u>	<u>\$ 2,479,164</u>
Noncurrent assets			
Restricted cash and cash equivalents	\$ -	\$ 60,504	\$ 60,504
Capital assets			
Non-depreciable capital assets	-	240,243	240,243
Depreciable capital assets - net	51,327	5,313,011	5,364,338
Total noncurrent assets	<u>\$ 51,327</u>	<u>\$ 5,613,758</u>	<u>\$ 5,665,085</u>
Total assets	<u>\$ 1,480,799</u>	<u>\$ 6,663,450</u>	<u>\$ 8,144,249</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions	\$ -	\$ 85,666	\$ 85,666
Total assets and deferred outflows of resources	<u>\$ 1,480,799</u>	<u>\$ 6,749,116</u>	<u>\$ 8,229,915</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 5,607	\$ 15,729	\$ 21,336
Payroll taxes payable	2,603	618	3,221
Contracts payable	-	191	191
Salaries payable	38,440	8,077	46,517
Note payable	-	20,529	20,529
Total current liabilities	<u>\$ 46,650</u>	<u>\$ 45,144</u>	<u>\$ 91,794</u>
Liabilities payable from restricted assets			
Bonds payable	\$ -	\$ 45,000	\$ 45,000
Accrued interest payable	-	7,156	7,156
Total liabilities payable from restricted assets	<u>\$ -</u>	<u>\$ 52,156</u>	<u>\$ 52,156</u>
Noncurrent liabilities			
Customer deposits payable	\$ -	\$ 56,930	\$ 56,930
Bonds payable	-	515,000	515,000
Note payable	-	23,174	23,174
Net pension liability	-	224,808	224,808
Total noncurrent liabilities	<u>\$ -</u>	<u>\$ 819,912</u>	<u>\$ 819,912</u>
Total liabilities	<u>\$ 46,650</u>	<u>\$ 917,212</u>	<u>\$ 963,862</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Position
 Proprietary Funds
 For the Year Ended June 30, 2023

	Business-type Activities Enterprise Funds		
	Fort Polk Custodial	Water and Sewer	Total
DEFERRED INFLOWS OF RESOURCES			
Pension contributions	\$ -	\$ 13,163	\$ 13,163
Total liabilities and deferred inflows of resources	<u>\$ 46,650</u>	<u>\$ 930,375</u>	<u>\$ 977,025</u>
NET POSITION			
Net investment in capital assets	\$ 51,327	\$ 4,949,359	\$ 5,000,686
Restricted for:			
Bond retirement	-	8,348	8,348
Unrestricted	1,382,822	861,034	2,243,856
Total net position	<u>\$ 1,434,149</u>	<u>\$ 5,818,741</u>	<u>\$ 7,252,890</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,480,799</u>	<u>\$ 6,749,116</u>	<u>\$ 8,229,915</u> (Concluded)

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities Enterprise Funds		
	Fort Polk Custodial	Water and Sewer	Total
Operating revenues			
Charges for services	\$ 1,753,202	\$ 674,333	\$ 2,427,535
Operating expenses			
Personal services	\$ 1,082,620	\$ 294,009	\$ 1,376,629
Supplies	167,765	53,202	220,967
Contractual services	111,038	275,607	386,645
Depreciation	19,943	157,897	177,840
Total operating expenses	\$ 1,381,366	\$ 780,715	\$ 2,162,081
Income (loss) from operations	\$ 371,836	\$ (106,382)	\$ 265,454
Nonoperating revenues (expenses)			
Investment income	\$ 15,573	\$ 25,407	\$ 40,980
Interest expense	-	(24,896)	(24,896)
Nonemployer pension revenue	-	7,441	7,441
Loss on asset disposal	(1,923)	-	(1,923)
Total nonoperating revenues (expenses)	\$ 13,650	\$ 7,952	\$ 21,602
Income (loss) before transfers & contributions	\$ 385,486	\$ (98,430)	\$ 287,056
Transfers out	\$ (387,971)	\$ (130,000)	\$ (517,971)
Transfers in	-	375,394	375,394
Capital contributions	-	193,679	193,679
Change in net position	\$ (2,485)	\$ 340,643	\$ 338,158
Net position at beginning of year	1,436,634	5,478,098	6,914,732
Net position at end of year	\$ 1,434,149	\$ 5,818,741	\$ 7,252,890

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities		
	Fort Polk Custodial	Water and Sewer	Enterprise Funds Total
Cash flows from operating activities:			
Cash received from customers	\$ 1,889,797	\$ 687,976	\$ 2,577,773
Cash payments to suppliers for goods and services	(298,742)	(334,361)	(633,103)
Cash payments to employees for services	(1,073,857)	(300,495)	(1,374,352)
Net cash provided by operating activities	<u>\$ 517,198</u>	<u>\$ 53,120</u>	<u>\$ 570,318</u>
Cash flows from noncapital financing activities:			
Transfers in	\$ -	\$ 375,394	\$ 375,394
Transfers out	(387,971)	(130,000)	(517,971)
Cash received from other funds	-	2,531	2,531
Nonemployer pension revenue	-	7,441	7,441
Net cash provided/(used) by noncapital and related financing activities	<u>\$ (387,971)</u>	<u>\$ 255,366</u>	<u>\$ (132,605)</u>
Cash flows from capital and related financing activities:			
Interest paid on debt	\$ -	\$ (25,376)	\$ (25,376)
Retirement of debt	-	(64,735)	(64,735)
Acquisition of fixed assets	(42,468)	(562,884)	(605,352)
Capital contributions received	-	241,875	241,875
Sale of assets	2,320	-	2,320
Net cash used by capital and related financing activities	<u>\$ (40,148)</u>	<u>\$ (411,120)</u>	<u>\$ (451,268)</u>
Cash flow from investing activities:			
Investment income	<u>\$ 15,573</u>	<u>\$ 25,407</u>	<u>\$ 40,980</u>
Net increase (decrease) in cash and cash investments	\$ 104,652	\$ (77,227)	\$ 27,425
Cash and cash investments, July 1, 2022	1,153,419	1,052,623	2,206,042
Cash and cash investments, June 30, 2023	<u>\$ 1,258,071</u>	<u>\$ 975,396</u>	<u>\$ 2,233,467</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2023

	Business-type Activities		
	Enterprise Funds		
	Fort Polk Custodial	Water and Sewer	Total
Reconciliation of income (loss) from operations to net cash provided by operating activities:			
Income/(loss) from operations	\$ 371,836	\$ (106,382)	\$ 265,454
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:			
Depreciation	\$ 19,943	\$ 157,897	\$ 177,840
Change in assets and liabilities:			
Decrease in accounts receivable	136,595	13,644	150,239
Decrease in accounts payable	(19,939)	(5,552)	(25,491)
Decrease in customer deposits payable	-	(1)	(1)
(Decrease)/increase in salaries payable	9,028	(95)	8,933
Increase in deferred outflows	-	(32,324)	(32,324)
Decrease in deferred inflows	-	(52,584)	(52,584)
Decrease in payroll taxes payable	(265)	(230)	(495)
Increase in net pension liability	-	78,747	78,747
Net cash provided by operating activities	<u>\$ 517,198</u>	<u>\$ 53,120</u>	<u>\$ 570,318</u> (Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Town of Rosepine, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2023

INTRODUCTION

The Town of Rosepine was incorporated under the provisions of the Lawrason Act. The municipality 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 municipality maintains various funds that provide services and benefits to its citizens including repairs and maintenance of approximately 7 miles of roads and streets, and water and sewer services to approximately 800 residents.

The municipality is located within Vernon Parish in the southwestern part of the State of Louisiana and is comprised of approximately 1,700 residents. The governing board is composed of five elected aldermen that are compensated for regular and special board meetings. There are approximately sixty employees who maintain the water and sewer systems, maintenance of streets, Fort Polk custodial maintenance, and handle the clerical work for the municipality. The police department consists of an elected chief of police and approximately six patrolmen and a clerk.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government. 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 segment is 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds financial statements.

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

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 revenues 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 Rosepine, Louisiana

Notes to the Financial Statements (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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The municipality reports the following major governmental funds:

General Fund - The municipality's primary operating fund. It accounts for all financial resources of the general government, except for those in another fund.

Special Revenue Fund - Sales Tax Fund - to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Capital Projects Fund - LCDBG Fund - to account for Louisiana Community Development Block Grant (LCDBG) grant funds which are restricted to the expansion of the wastewater system.

The municipality reports the following major proprietary funds:

The Proprietary Funds account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's proprietary funds are the Utility Fund and the Fort Polk Custodial Fund.

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

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

The municipality has not established a policy for use of the unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Charges for services of providing water and sewer services to residents comprise the operating revenue of the municipality's enterprise fund. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

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

C. Deposits and Investments

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

D. Receivables and Payables

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

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

The municipality levies taxes on real and business personal property located within the boundaries of the municipality. Property taxes are levied by the municipality on property values assessed by the Vernon Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Town of Rosepine bills and collects property taxes for the municipality. The municipality recognizes property taxes when received and any delinquent taxes are accrued at June 30, 2023.

Property Tax Calendar	
Assessment date	January 1, 2022
Levy date	June 30, 2022
Tax bills mailed	October 15, 2022
Total taxes due	December 31, 2022
Penalties & interest due	January 31, 2023
Lien date	January 31, 2023
Tax sale	May 15, 2023

For the year ended June 30, 2023 taxes of 3.93 mills were levied on property with an assessed valuation totaling \$7,937,950 and were dedicated as follows:

	Authorized Millage	Levied Millage	Expiration Date Renewed
Taxes due for:			
General corporate tax	3.93	3.93	Annually

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes are collected and remitted by the municipality, if taxes are not paid, a sheriff’s sale is held and the property is sold to satisfy the taxes due on that property. Due to this, the majority, if not all property taxes are collected, therefore no allowance account for uncollectibles has been established. Water and sewer charges have customer deposits that have been collected in advance therefore the majority of all water and sewer billing is collected or taken out of the customer’s deposit, any allowance account would be immaterial, therefore one has not been established.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

The following are the principal taxpayers and related property tax revenue for the municipality:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue for Municipality</u>
Benoit Ford	Auto Dealer	\$ 793,780	10.00%	\$ 3,120
Cleco	Utilities	399,140	5.03%	1,569
Total		<u>\$ 1,192,920</u>	<u>15.03%</u>	<u>\$ 4,689</u>

Sales Taxes

The Town of Rosepine receives a one-percent sales and use tax, for a period of forty years beginning January 1, 2012 and ending December 31, 2051, the revenues derived from said sales and use tax to be dedicated and used for the purpose of constructing, acquiring, extending, improving, operating and maintaining the sanitary sewer system for the municipality.

The Town of Rosepine also receives a one half-percent sales and use tax for a period of twenty-five years beginning January 1, 2012 and ending December 31, 2036. The revenues derived from said sales and use tax to be dedicated and used for the purpose of improving streets, water improvements and maintenance, sanitary sewer improvements and maintenance, and economic development activities of the municipality.

E. Restricted Assets

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

Bond sinking funds - The Utility Revenue Refunding Bonds dated March 27, 2013, Series 2013A and the Utilities Revenue Bonds dated March 27, 2013, Series 2013B require a deposit to each of the sinking funds monthly on or before the 20th calendar day of each month commencing March 20, 2013, a sum equal to one-sixth (1/6) of the interest on the bonds due on the next interest payment date, and one-twelfth (1/12) of principal of the bond due on the next maturity date.

Bond reserve funds - The Utility Revenue Refunding Bonds dated March 27, 2013, Series 2013A and the Utilities Revenue Bonds dated March 27, 2013, Series 2013B require a deposit to a reserve fund monthly on or before the 20th calendar day of each month commencing March 20, 2013, a sum (rounded up to the nearest dollar) at least equal to five percent (5%) of the amount to be paid into the sinking funds provided for above, said payments into the reserve fund to continue until such time as there has been accumulated in the reserve fund a sum equal to the reserve fund requirement.

Cash collected from sales taxes which are dedicated to the maintenance of the sewer system are classified as restricted assets.

Grant revenues that have stipulations by the grantor for use of the funds are shown as restricted assets.

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

According to GASB 34 the Town of Rosepine was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$23,821. No interest was included as part of the cost of capital assets under construction in connection with the municipality's construction projects.

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

<u>Description</u>	<u>Estimated Lives</u>
Roads and bridges	40-50 years
Land improvements	40-50 years
Buildings and building improvements	40-50 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	3-15 years

G. Compensated Absences

The municipality has the following policy relating to vacation and sick leave:

Each fulltime and permanent municipal employee shall earn annual vacation and sick leave as follows:

Vacation

- Five (5) days with pay after one (1) year employment.
- Ten (10) days with pay after three (3) years employment.
- Fifteen (15) days with pay after six (6) years employment.
- Twenty (20) days with pay after nine (9) years employment.

Vacation days cannot be carried over from year to year.

The least amount of vacation taken at one time is one half (1/2) day.

Employees required to work on an observed holiday shall receive compensatory time off in the sanitation department or overtime pay. Holidays observed by the municipality shall not be counted as vacation leave.

Employees may not take pay instead of time off.

Leave from work with pay may be charged as sick leave if the absence is due to sickness, bodily injury, quarantine, required physical or dental examinations, or treatment, exposure to a contagious disease when continued work might jeopardize the health of others, illness in the immediate family of the employee which requires the care of the employee. All such absences, except those resulting from intemperance or immorality, shall be charged against the sick leave credit of the employee.

Each employee shall earn one (1) day for each month worked, provided, however no employee may accumulate more than ten (10) days of sick leave per year nor accumulate more than thirty (30) days of sick leave overall.

The least amount of time taken for sick leave is one half (1/2) day.

Notes to the Financial Statements (Continued)

Sick leave may not be accumulated for an indefinite period, and there is no maximum amount of sick leave, which may be accumulated.

The mayor shall determine when a certificate from a doctor is required to substantiate the necessity of sick leave. There will be no pay for unused leave upon resignation or retirement of an employee.

Sick leave may not be granted for maternity leave.

Long-Term Obligations

In the government-wide financial statements, and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenses.

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.

H. Extraordinary and Special Items

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

I. Estimates

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

J. Fund Balances

Restricted Amounts that are restricted to a specific purpose should be reported as *restricted fund balance*. Fund balance should be reported as restricted when constraints placed on the use of resources are either:

- a. externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. imposed by law through constitutional provisions or enabling legislation.

Unassigned Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Assigned Assigned fund balance classifications include amounts that have been constrained to being used for specific purposes by actions taken by the Town itself. However, the authority for making an assignment is not required to be the Town's highest level of decision making authority.

K. Restricted Net Position

For government-wide statements of net position, net position is reported as restricted when constraints placed on net asset use either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. imposed by law through constitutional provisions or enabling legislation.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Police Employees' Retirement System (MPERS) and the Municipal Employees' Retirement System (MERS) and additions to/deductions from MPERS's and MERS's fiduciary net position have been determined on the same basis as they are reported by MPERS and MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Financial reporting information pertaining to the municipality's participation in the Municipal Employees' Retirement System (MERS) and Municipal Police Employees' Retirement System (MPERS) is prepared in accordance with Governmental Accounting Standards Board "GASB" Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which have been adopted by the municipality for the fiscal year ended June 30, 2023.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION The municipality uses the following budget practices:

1. The Town Clerk and Mayor prepare a proposed budget and submit same to the 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. These amended amounts are shown in the financial statements.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are originally adopted, or amended from time to time by the Board of Aldermen.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

3. CASH AND CASH EQUIVALENT

At June 30, 2023 the municipality has cash and cash equivalents (book balances) totaling \$3,072,590 as follows:

Louisiana Asset Management Pool (LAMP)	\$ 276,821
NOW accounts	2,746,675
Petty cash	500
Money market investment accounts	48,594
Total	<u>\$ 3,072,590</u>

The cash and cash equivalents of the Town of Rosepine, Louisiana are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, the 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 or exceed 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. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the municipality's name.

At June 30, 2023, the municipality has \$2,818,060 in deposits (collected bank balances). These deposits are secured from risk by \$342,157 of federal deposit insurance and \$2,475,903 of pledged securities held by an unaffiliated bank of the pledgor bank. These pledged securities are deemed by law to be under the control and possession and in the name of the municipality and deposits are therefore properly collateralized.

The municipality also had invested \$276,821 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP as of June 30, 2023 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations which local governments in Louisiana are authorized to invest in accordance with LSA – R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7- like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP’s total investments is 56 days as of June 30, 2023.
- Foreign currency rate: Not applicable to 2a 7 – like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool share.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

4. RECEIVABLES

The receivables of \$260,031 at June 30, 2023 are as follows:

Class of Receivable	General Fund	Fort Polk Custodial Fund	Utility Fund	Sales Tax Fund	Total
Taxes:					
Franchise	\$ 15,271	\$ -	\$ -	\$ -	\$ 15,271
Sales taxes	-	-	-	29,150	29,150
Accounts	-	142,451	60,615	-	203,066
Hotel/motel taxes	4,914	-	-	-	4,914
Insurance premium tax	4,634	-	-	-	4,634
Fines	2,996	-	-	-	2,996
Total	<u>\$ 27,815</u>	<u>\$ 142,451</u>	<u>\$ 60,615</u>	<u>\$ 29,150</u>	<u>\$ 260,031</u>

5. INTERFUND RECEIVABLES/PAYABLES

The following due to/from balances exists due to payments made out of one fund that relate to the other fund. The balance in each respective due to/from account is expected to be paid within the current year.

	General Fund	Fort Polk Custodial Fund	Utility Fund	Total
Due from	\$ -	\$ 28,950	\$ 74,185	\$ 103,135
Due to	<u>(103,135)</u>	<u>-</u>	<u>-</u>	<u>(103,135)</u>

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2023, for the primary government is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 231,990	\$ -	\$ -	\$ 231,990
Capital assets being depreciated:				
Buildings	\$ 768,604	\$ -	\$ -	\$ 768,604
Improvements other than buildings	2,379,051	-	-	2,379,051
Machinery and equipment	169,925	12,000	-	181,925
Vehicles	165,782	39,562	30,870	174,474
Total capital assets being depreciated	<u>\$ 3,483,362</u>	<u>\$ 51,562</u>	<u>\$ 30,870</u>	<u>\$ 3,504,054</u>
Less accumulated depreciation for:				
Buildings	\$ 198,494	\$ 16,093	\$ -	\$ 214,587
Improvements other than buildings	770,308	49,350	-	819,658
Machinery and equipment	159,732	2,307	-	162,039
Vehicles	141,448	14,549	30,870	125,127
Total accumulated depreciation	<u>\$ 1,269,982</u>	<u>\$ 82,299</u>	<u>\$ 30,870</u>	<u>\$ 1,321,411</u>
Total capital assets being depreciated, net	<u>\$ 2,213,380</u>	<u>\$ (30,737)</u>	<u>\$ -</u>	<u>\$ 2,182,643</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 222,067	\$ -	\$ -	\$ 222,067
Work in progress	2,549,378	398,630	2,929,832	18,176
Total capital assets, not being depreciated	<u>\$ 2,771,445</u>	<u>\$ 398,630</u>	<u>\$ 2,929,832</u>	<u>\$ 240,243</u>
Capital assets being depreciated:				
Buildings	\$ 13,491	\$ 36,176	\$ -	\$ 49,667
Utility plant and improvements	5,313,977	2,979,887	-	8,293,864
Machinery and equipment	293,034	-	-	293,034
Vehicles	360,026	42,468	17,171	385,323
Total capital assets being depreciated	<u>\$ 5,980,528</u>	<u>\$ 3,058,531</u>	<u>\$ 17,171</u>	<u>\$ 9,021,888</u>
Less accumulated depreciation for:				
Buildings	\$ 9,212	\$ 729	\$ -	\$ 9,941
Utility plant and improvements	3,144,969	121,742	-	3,266,711
Machinery and equipment	149,284	16,573	-	165,857
Vehicles	189,173	38,796	12,928	215,041
Total accumulated depreciation	<u>\$ 3,492,638</u>	<u>\$ 177,840</u>	<u>\$ 12,928</u>	<u>\$ 3,657,550</u>
Total business-type assets being depreciated, net	<u>\$ 2,487,890</u>	<u>\$ 2,880,691</u>	<u>\$ (4,243)</u>	<u>\$ 5,364,338</u>

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

Depreciation expense of \$82,299 for the year ended June 30, 2023 was charged to the following governmental functions:

Public works	\$	56,025
Public safety		17,441
General administration		8,833
Total	\$	<u>82,299</u>

7. INVESTED IN CAPITAL ASSETS – NET

	Governmental Funds	Utility Fund	Fort Polk Custodial Fund
Capital assets not being depreciated	\$ 231,990	\$ 240,243	\$ -
Capital assets being depreciated	3,504,054	8,897,311	124,576
Total capital assets	<u>\$ 3,736,044</u>	<u>\$ 9,137,554</u>	<u>\$ 124,576</u>
Less:			
Accumulated depreciation	\$ (1,321,411)	\$ (3,584,300)	\$ (73,249)
Contracts payable	-	(192)	-
Related debt	(57,000)	(603,703)	-
Total	<u>\$ (1,378,411)</u>	<u>\$ (4,188,195)</u>	<u>\$ (73,249)</u>
Net investment in capital assets	<u>\$ 2,357,633</u>	<u>\$ 4,949,359</u>	<u>\$ 51,327</u>

8. CONSTRUCTION COMMITMENTS

The municipality had active construction projects as of June 30, 2023. The municipality had a waterline replacement and improvement project and a lift station project improvement. At year-end the commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Waterline improvement project	\$ 15,066	\$ 484,934
Lift station project	3,170	1,040,830

9. INTERFUND TRANSFERS

	Transfers in	Transfers out
General fund	\$ 435,500	\$ 7,800
Utility fund	375,394	130,000
Sales tax fund	-	280,678
Fort Polk custodial fund	-	387,971
LCDBG fund	-	4,445
Total	<u>\$ 810,894</u>	<u>\$ 810,894</u>

Transfers from the utility fund to the general fund were used to provide operating capital for the general fund. Sales tax transfers to the general fund and proprietary fund are transferred according to statute.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

10. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$162,272 at June 30, 2023 are as follows:

	General Fund	Utility Fund	Fort Polk Custodial Fund	Sales Tax Fund	Total
Accounts	\$ 9,787	\$ 15,729	\$ 5,607	\$ 271	\$ 31,394
Contracts	-	191	-	-	191
Salaries	15,243	8,077	38,440	-	61,760
Payroll taxes	1,166	618	2,603	-	4,387
Accrued interest	454	7,156	-	-	7,610
Customers deposits	-	56,930	-	-	56,930
Total	<u>\$ 26,650</u>	<u>\$ 88,701</u>	<u>\$ 46,650</u>	<u>\$ 271</u>	<u>\$ 162,272</u>

11. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2023.

	Proprietary Funds			Total
	Bonded Debt	Note Payable	Pension Liability	
Long-term obligations at beginning of year	\$ 605,000	\$ 63,438	\$ 146,061	\$ 814,499
Additions	-	-	110,722	110,722
Reductions	-	-	(31,975)	(31,975)
Principal payments	<u>(45,000)</u>	<u>(19,735)</u>	<u>-</u>	<u>(64,735)</u>
Long-term obligations at end of year	<u>\$ 560,000</u>	<u>\$ 43,703</u>	<u>\$ 224,808</u>	<u>\$ 828,511</u>

	Governmental Funds		
	Bonded Debt	Pension Liability	Total
Long-term obligations at beginning of year	\$ 70,000	\$ 307,906	\$ 377,906
Additions	-	385,994	385,994
Reductions	-	(75,512)	(75,512)
Principal payments	<u>(13,000)</u>	<u>-</u>	<u>(13,000)</u>
Long-term obligations at end of year	<u>\$ 57,000</u>	<u>\$ 618,388</u>	<u>\$ 675,388</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2023.

	Proprietary Funds			Total
	Bonded Debt	Note Payable	Pension Liability	
Current portion	\$ 45,000	\$ 20,529	\$ -	\$ 65,529
Long-term portion	<u>515,000</u>	<u>23,174</u>	<u>224,808</u>	<u>762,982</u>
Total	<u>\$ 560,000</u>	<u>\$ 43,703</u>	<u>\$ 224,808</u>	<u>\$ 828,511</u>

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

	Governmental Funds		
	Bonded Debt	Pension Liability	Total
Current portion	\$ 13,000	\$ -	\$ 13,000
Long-term portion	44,000	618,388	662,388
Total	\$ 57,000	\$ 618,388	\$ 675,388

The municipal bonds outstanding at June 30, 2023, for \$560,000, are revenue bonds with maturities from 2007 to 2033 and interest rates at 2.00% to 4.85%. Bond principal and interest payable in the next fiscal year are \$45,000 and \$21,762 respectively. The municipal bonds outstanding at June 30, 2023 for \$57,000 are general obligation bonds with maturities from 2008 to 2027 and interest rate at 4.85%. Bond principal and interest payable in the next fiscal year are \$13,000 and \$2,764 respectively. The John Deere Financial note payable outstanding at June 30, 2023 for \$43,703 is a note payable with maturities from 2020 to 2025 and interest at the rate of 3.95%. Note payable principal and interest payable in the next fiscal year are \$20,529 and \$1,357 respectively. The individual issues are as follows:

Bonds	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding	Funding Source
Utilities Revenue Refunding Bonds	3/27/2013	2.00% to 4.00%	3/1/2033	\$ 60,650	\$ 225,000	Water revenues
Utilities Revenue Bonds	3/27/2013	2.00% to 4.00%	3/1/2033	\$ 90,800	\$ 335,000	Water revenues
Municipal Building Bonds	1/10/2008	4.85%	5/1/2027	\$ 10,480	\$ 57,000	General revenues
John Deer Financial Note	7/13/2020	3.95%	7/14/2025	\$ 4,040	\$ 43,703	Water revenues

Year Ending June 30,	Principal Payments	Interest Payments	Total
2024	\$ 78,530	\$ 25,884	\$ 104,414
2025	85,355	22,741	108,096
2026	66,818	19,660	86,478
2027	70,000	17,052	87,052
2028	55,000	14,262	69,262
2029-2033	305,000	37,600	342,600
Total	\$ 660,703	\$ 137,199	\$ 797,902

In accordance with R.S. 39:562, the municipality is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At June 30, 2022, the statutory limit is \$2,778,283 and outstanding bonded debt totals \$560,000.

12. RESTRICTED NET POSITION/FUND BALANCES

The Proprietary Fund – The Utility Fund had restricted net position available as follows:

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

Restricted assets:	
Bond reserve funds	\$ 22,997
Sinking funds	37,507
Total	<u>\$ 60,504</u>
Less:	
Liabilities payable from restricted assets:	
Current portion of bond	\$ 45,000
Accrued interest	7,156
Total	<u>\$ 52,156</u>
Restricted net position	<u>\$ 8,348</u>

The Governmental Funds – The General Fund and Sales Tax Fund had restricted fund balances available as follows:

	General Fund	Sales Tax Fund	Total
Restricted Assets:			
Sinking funds	\$ 4,333	\$ -	\$ 4,333
Sales tax deposits	-	48,594	48,594
Sales tax receivable	-	29,150	29,150
Total	<u>\$ 4,333</u>	<u>\$ 77,744</u>	<u>\$ 82,077</u>
Less:			
Liabilities payable from restricted assets:			
Accounts payable	\$ -	\$ 271	\$ 271
Restricted fund balances	<u>\$ 4,333</u>	<u>\$ 77,473</u>	<u>\$ 81,806</u>

13. RETIREMENT SYSTEMS

Substantially all employees of the Town of Rosepine are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana and Municipal Police Employees Retirement System of Louisiana. These systems are cost sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. 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 above and

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

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 Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.00% of their annual covered salary and the Town of Rosepine is required to contribute at an actuarially determined rate. The current rate is 15.50% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Rosepine are established and may be amended by state statute. As provided by R.S. 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's contributions to the System under Plan B for the years ending June 30, 2023, 2022, and 2021 were \$59,213, \$55,092, and \$52,291, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the municipality reported a liability of \$391,404 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The municipality's proportion of the net pension liability was based on a projection of the municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2022, the municipality's proportion was .445799%, which was an increase of .006825% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the municipality recognized pension expense of \$60,599 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$840. At June 30, 2023, the municipality recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,981
Changes of assumptions	4,186	-
Net difference between projected and actual earnings on pension plan investments	71,983	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	3,351	393
Difference between employer and proportionate share of contributions	10,417	17,544
Town contributions subsequent to the measurement date	59,213	-
Total	<u>\$ 149,150</u>	<u>\$ 22,918</u>

The \$59,213 reported as deferred outflows of resources related to pensions resulting from the municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

Year ended June 30:	
2024	\$ 11,435
2025	15,539
2026	7,760
2027	32,285
Thereafter	-
Total	<u>\$ 67,019</u>

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the Town of Rosepine, Louisiana for Plan B as of June 30, 2022 are as follows:

	<u>Plan B</u> <u>June 30, 2022</u>
Total pension liability	\$ 1,285,634
Less plan fiduciary net position	<u>(894,230)</u>
Employer's net pension liability	<u>\$ 391,404</u>
 Plan fiduciary net position as a % of the total pension liability	 69.56%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revisions as actual results are compared to past expectations, and new estimates are made about the future.

The actuarial assumptions used in the June 30, 2022 valuation was based on the results of an experience study for the period of July 1, 2013 through June 30, 2018.

Information on the actuarial valuation and assumptions is as follows:

Valuation date	June 30, 2022
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	6.85% net pension plan investment expense, including inflation
Inflation rate	2.50%
Salary increases, including inflation and merit increases:	
- 1 to 4 years of service	7.40%
- More than 4 years of service	4.90%

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

Discount Rate

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	53.00%	2.31%
Public fixed income	38.00%	1.65%
Alternatives	9.00%	0.39%
Totals	100.00%	4.35%
Inflation		2.60%
Expected Arithmetic Nominal Return		6.95%

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the Town of Rosepine, Louisiana calculated using the discount rate of 6.85%, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.85%, or one percentage point higher 7.85% than the current discount rate (assuming all other assumptions remain unchanged):

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

	Changes in Discount Rate:		
	1.00% Decrease 5.85%	Current Discount Rate 6.85%	1.00% Increase 7.85%
Net Pension Liability	\$ 533,558	\$ 391,404	\$ 271,176

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period.

The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

B. 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 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% 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 above 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 (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 10.00% of their annual covered salary and the Town of Rosepine is required to contribute at an actuarially determined rate. The current rate is 31.25% 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 R.S. 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's contributions to the System for the years ending June 30, 2023, 2022 and 2021 were \$48,274, \$40,593, and \$38,568, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the municipality reported a liability of \$451,792 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The municipality's proportion of the net pension liability was based on a projection of the municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2022 the municipality's proportion was .044199%, which was an increase of .006742% from its proportion measured as of June 30, 2021.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

For the year ended June 30, 2023, the municipality recognized pension expense of \$77,347 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$17,916. At June 30, 2023, the municipality recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,228	\$ 3,682
Changes of assumptions	15,584	3,360
Net difference between projected and actual earnings on pension plan investments	80,659	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	38,153	43
Difference between employer and proportionate share of contributions	9,658	19,307
Town contributions subsequent to the measurement date	48,274	-
Total	<u>\$ 194,556</u>	<u>\$ 26,392</u>

The \$48,274 reported as deferred outflows of resources related to pensions resulting from the municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 31,251
2025	28,478
2026	17,855
2027	42,306
Thereafter	-
Total	<u>\$ 119,890</u>

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the Town of Rosepine, Louisiana as of June 30, 2022 are as follows:

Total pension liability	\$ 1,547,184
Less plan fiduciary net position	<u>(1,095,392)</u>
Total collective net pension liability	<u>\$ 451,792</u>

Plan fiduciary net position as a % of the total pension liability	70.80%
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The actuarial assumptions used in the June 30, 2021 valuation were based on the assumptions used in the June 30, 2022 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

Valuation Date	June 30, 2022	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	6.75%, net of investment expense	
Expected Remaining Service Lives	2022 – 4 years 2021 – 4 years 2020 – 4 years 2019 – 4 years	
Inflation Rate	2.50%	
Salary increases, including inflation and merit	<u>Years of Service</u> 1 – 2 Above 2	<u>Salary Growth Rate</u> 12.30% 4.70%
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p>	
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	

The mortality rate assumption used was set based upon an experience study for the period July 1, 2014 through June 30, 2019. A change was made to full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

The best estimates of the arithmetic rates of return for each major asset class included in the System’s target allocation as of June 30, 2022 are summarized in the following table:

Town of Rosepine, Louisiana

Notes to the Financial Statements (Concluded)

Asset Class	June 30, 2022	
	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	55.50%	3.60%
Fixed income Alternatives	30.50%	0.85%
Totals	14.00%	0.95%
	100.00%	5.40%
Inflation		2.66%
Expected Arithmetic Nominal Return		8.06%

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the Town of Rosepine, Louisiana calculated using the discount rate of 6.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.75%, or one percentage point higher, 7.75%, than the current rate as of June 30, 2022:

	Changes in Discount Rate:		
	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
Net Pension Liability	\$ 632,423	\$ 451,792	\$ 300,906

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Ad valorem tax	\$ 32,100	\$ 32,100	\$ 31,666	\$ (434)
Insurance premium tax	28,400	41,200	34,402	(6,798)
Franchise tax	68,000	92,300	89,391	(2,909)
Hotel/motel tax	24,000	31,400	31,254	(146)
Intergovernmental:				
Federal grants	73,900	14,100	285,065	270,965
State grants	-	-	6,102	6,102
Local grants	-	-	5,005	5,005
Occupational licenses and permits	30,000	28,600	28,561	(39)
Investment income	200	400	15,332	14,932
Fines, forfeitures and court costs	210,000	163,000	165,927	2,927
Donations	-	-	27,000	27,000
Other revenue	-	21,400	369	(21,031)
Total revenues	<u>\$ 466,600</u>	<u>\$ 424,500</u>	<u>\$ 720,074</u>	<u>\$ 295,574</u>
Expenditures				
Current operating:				
General government	\$ 308,300	\$ 298,300	\$ 297,676	\$ 624
Public safety	393,000	437,200	438,605	(1,405)
Public works	122,400	127,300	91,533	35,767
Debt service:				
Principal	13,000	13,000	13,000	-
Interest	3,400	3,400	3,395	5
Capital outlay	62,000	24,600	51,562	(26,962)
Total expenditures	<u>\$ 902,100</u>	<u>\$ 903,800</u>	<u>\$ 895,771</u>	<u>\$ 8,029</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (435,500)</u>	<u>\$ (479,300)</u>	<u>\$ (175,697)</u>	<u>\$ 303,603</u>
Other financing sources (uses):				
Transfers in	\$ 435,500	\$ 435,500	\$ 435,500	\$ -
Transfer out	-	-	(7,800)	(7,800)
Insurance proceeds	-	-	2,743	2,743
Sale of assets	-	-	3,328	3,328
Total other financing sources (uses)	<u>\$ 435,500</u>	<u>\$ 435,500</u>	<u>\$ 433,771</u>	<u>\$ (1,729)</u>
Net change in fund balance	\$ -	\$ (43,800)	\$ 258,074	\$ 301,874
Fund balances at beginning of year	<u>425,000</u>	<u>430,939</u>	<u>430,939</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 425,000</u></u>	<u><u>\$ 387,139</u></u>	<u><u>\$ 689,013</u></u>	<u><u>\$ 301,874</u></u>

Special Revenue Fund
Sales Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 271,000	\$ 297,700	\$ 299,311	\$ 1,611
Investment income	-	-	45	45
Total revenues	<u>\$ 271,000</u>	<u>\$ 297,700</u>	<u>\$ 299,356</u>	<u>\$ 1,656</u>
Expenditures				
General government and administration	<u>\$ 5,500</u>	<u>\$ 5,100</u>	<u>\$ 5,011</u>	<u>\$ 89</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 265,500</u>	<u>\$ 292,600</u>	<u>\$ 294,345</u>	<u>\$ 1,745</u>
Other financing sources:				
Transfer out	<u>\$ (265,500)</u>	<u>\$ (280,700)</u>	<u>\$ (280,678)</u>	<u>\$ 22</u>
Net change in fund balance	\$ -	\$ 11,900	\$ 13,667	\$ 1,767
Fund balances at beginning of year	<u>62,000</u>	<u>63,806</u>	<u>63,806</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 62,000</u></u>	<u><u>\$ 75,706</u></u>	<u><u>\$ 77,473</u></u>	<u><u>\$ 1,767</u></u>

Schedule of the Town's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2023

Municipal Employees' Retirement System	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Town's proportion of the net pension liability (asset)	.296807%	.287300%	.317606%	.335954%	.328782%
Town's proportionate share of the net pension liability (asset)	\$ 139,350	\$ 195,263	\$ 263,266	\$ 290,678	\$ 278,094
Town's covered-employee payroll	\$ 199,344	\$ 233,343	\$ 249,363	\$ 243,630	\$ 285,664
Town's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	69.90%	83.68%	105.57%	119.31%	97.35%
Plan fiduciary net position as a percentage of the total pension liability	76.94%	68.71%	63.34%	63.49%	65.60%
Municipal Police Employees' Retirement System					
Town's proportion of the net pension liability (asset)	.026955%	.027307%	.020179%	.024799%	.030098%
Town's proportionate share of the net pension liability (asset)	\$ 168,633	\$ 213,922	\$ 189,134	\$ 216,506	\$ 254,450
Town's covered-employee payroll	\$ 73,045	\$ 56,526	\$ 74,031	\$ 88,823	\$ 107,597
Town's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	230.86%	378.45%	255.48%	243.75%	236.48%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	70.73%	66.04%	70.08%	71.89%

(Continued)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the Town's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2023

Municipal Employees' Retirement System	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Town's proportion of the net pension liability (asset)	.373679%	.399664%	.438974%	.445799%
Town's proportionate share of the net pension liability (asset)	\$ 326,899	\$ 362,186	\$ 254,301	\$ 391,404
Town's covered-employee payroll	\$ 309,730	\$ 337,361	\$ 355,431	\$ 382,021
Town's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	105.54%	107.36%	71.55%	102.46%
Plan fiduciary net position as a percentage of the total pension liability	66.14%	66.26%	79.14%	69.56%
Municipal Police Employees' Retirement System				
Town's proportion of the net pension liability (asset)	.034452%	.035876%	.037457%	.044199%
Town's proportionate share of the net pension liability (asset)	\$ 312,882	\$ 331,578	\$ 199,666	\$ 451,792
Town's covered-employee payroll	\$ 110,813	\$ 114,275	\$ 136,448	\$ 154,477
Town's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	282.35%	290.16%	146.33%	292.47%
Plan fiduciary net position as a percentage of the total pension liability	71.01%	70.94%	84.08%	70.80%

(Concluded)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the Town's Pension Contributions
For the Year Ended June 30, 2023

Municipal Employees' Retirement System	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Contractually required contribution	\$ 18,938	\$ 22,168	\$ 27,430	\$ 32,281	\$ 39,993
Contributions in relation to the contractually required contribution	<u>18,938</u>	<u>22,168</u>	<u>27,430</u>	<u>32,281</u>	<u>39,993</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 199,344	\$ 233,343	\$ 249,363	\$ 243,630	\$ 285,664
Contributions as a percentage of covered-employee payroll	9.50%	9.50%	11.00%	13.25%	14.00%
Municipal Police Employees' Retirement System					
Contractually required contribution	\$ 23,009	\$ 16,675	\$ 23,505	\$ 27,313	\$ 34,698
Contributions in relation to the contractually required contribution	<u>23,009</u>	<u>16,675</u>	<u>23,505</u>	<u>27,313</u>	<u>34,698</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 73,045	\$ 56,526	\$ 74,031	\$ 88,823	\$ 107,597
Contributions as a percentage of covered-employee payroll	31.50%	29.50%	31.75%	30.75%	32.25%

(Continued)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the Town's Pension Contributions
For the Year Ended June 30, 2023

Municipal Employees' Retirement System	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2022</u>
Contractually required contribution	\$ 43,362	\$ 52,291	\$ 55,092	\$ 59,213
Contributions in relation to the contractually required contribution	<u>43,362</u>	<u>52,291</u>	<u>55,092</u>	<u>59,213</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 309,730	\$ 337,361	\$ 355,431	\$ 382,021
Contributions as a percentage of covered-employee payroll	14.00%	15.50%	15.50%	15.50%
Municipal Police Employees' Retirement System				
Contractually required contribution	\$ 36,014	\$ 38,568	\$ 40,593	\$ 48,274
Contributions in relation to the contractually required contribution	<u>36,014</u>	<u>38,568</u>	<u>40,593</u>	<u>48,274</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 110,813	\$ 114,275	\$ 136,448	\$ 154,477
Contributions as a percentage of covered-employee payroll	32.50%	33.75%	29.75%	31.25%

(Concluded)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OTHER SUPPLEMENTAL SCHEDULES

Schedule of Per Diem Paid to Board Members
For the Year Ended June 30, 2023

<u>Board Member</u>	<u>Total Paid</u>
Jeff Solinsky	\$ 2,400
Dennis Bjornberg	2,400
Ray Blanchard	2,400
Leonard Johnson	2,400
Damon Johnson	2,400
	<u>\$ 12,000</u>

Schedule of Compensation, Benefits and
Other Payments to Agency Head
For the Year Ended June 30, 2023

Agency Head Name - Donna Duvall

Purpose	Amount
Salary	\$ 25,000
Benefits - insurance	-
Benefits - retirement	3,875
Deferred compensation	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	20
Travel	1,204
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-

Balance Sheet
 For the Year Ended June 30, 2023

ASSETS	Capital Project Fund LCDBG Fund
Receivables:	
Intergovernmental:	
Federal grant	\$ -
LIABILITIES AND FUND BALANCES	
Liabilities:	
Contracts payable	\$ -
Due to other funds	-
Total liabilities	\$ -
Fund Balances:	
Restricted	\$ -
Unrestricted	-
Total fund balances	\$ -
Total liabilities and fund balances	\$ -

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	<u>Capital Project Fund LCDBG Fund</u>
Revenues	
Intergovernmental:	
Federal grant	<u>\$ 4,445</u>
Expenditures	
Administration	\$ 4,445
Engineering	-
Construction	-
Total expenditures	<u>\$ 4,445</u>
Net change in fund balances	\$ -
Fund balances at beginning of year	<u>-</u>
Fund balances at end of year	<u><u>\$ -</u></u>

Town of Rosepine, Louisiana
 LLA Entity ID # 2437
 Justice System Funding Schedule -
 Collecting/Disbursing Entity
 For the Year Ended June 30, 2023

Schedule 9

	First Six Month Period Ended 12/31/2022	Second Six Month Period Ended 6/30/2023
Beginning balance of amounts collected (cash on hand)	\$ -	\$ -
Collections:		
Criminal Court Costs/Fees	\$ 7,151	\$ 8,750
Criminal Fines - Other	70,251	75,269
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	3,812	3,861
Subtotal collections	\$ 81,214	\$ 87,880
Disbursements to governments & nonprofits:		
Town of Rosepine, 30th JDC Indigent Defender Fund - Criminal Court Costs	2,430	\$ 2,669
Town of Rosepine, Central LA Juvenile Detention Facility Authority - Criminal Court Costs	1,911	1,959
Town of Rosepine, La Commission on Law Enforcement Transmittal of Statutory Ded Funds - Criminal Court Costs	640	533
Town of Rosepine, La Judicial College Form A - Criminal Court Costs	105	91
Town of Rosepine, La Traumatic Head and Spinal Cord Injury Trust Fund Act 654-1193 Legislative Session - Criminal Court Costs	830	2,515
Town of Rosepine, North La Criminalistic Laboratory Commission - Criminal Court Costs	980	820
Town of Rosepine, Trial Court Case Management Information System - Criminal Court Costs	255	163
Amounts Retained by Collection Agency:		
Town of Rosepine Criminal Court Costs	\$ -	\$ -
Town of Rosepine Criminal Fine - Other	70,251	75,269
Disbursements to Individuals/3rd Party Collection Processing Agencies:		
Payments to 3rd Party Collection/Processing Agencies	\$ 3,812	\$ 3,861
Subtotal Disbursements/Retainage	\$ 81,214	\$ 87,880
Ending Balance of Amounts Collected but not Disbursed/Retained	\$ -	\$ -
Ending Balance of "Partial Payments" Collected but not Disbursed	\$ -	\$ -

Town of Rosepine, Louisiana
 LLA Entity ID # 2437
 Justice System Funding Schedule -
 Receiving Entity
 For the Year Ended June 30, 2023

Schedule 10

	First Six Month Period Ended 12/31/2022	Second Six Month Period Ended 6/30/2023
Receipts From:		
LA DMV Criminal Court Costs/Fees REINSTATEMENT	\$ 263	\$ 88
Subtotal Receipts	\$ 263	\$ 88
Ending Balance of Amounts Assessed but not Received	\$ -	\$ -

OTHER REPORTS

Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2023

There were no prior year audit findings as of June 30, 2022.

Schedule of Current Year Audit Findings and Management's Response
For the Year Ended June 30, 2023

There were no current year audit findings as of June 30, 2023.

Windham & Reed, L.L.C.

Certified Public Accountants

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

John A. Windham, CPA
Charles M. Reed Jr., CPA

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*

The Honorable Donna Duval, Mayor
and Members of the Board of Aldermen
Town of Rosepine
State of Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Rosepine, Louisiana as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Rosepine, Louisiana's basic financial statements, and have issued our report thereon dated December 23, 2023.

Report on Internal Control over Financial Reporting

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

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Rosepine, Louisiana'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*.

The Honorable Donna Duval, Mayor
and Members of the Board of Aldermen
Town of Rosepine, Louisiana

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.

Handwritten signature of John A. Windham, CPA in black ink.

DeRidder, Louisiana
December 23, 2023

Windham & Reed, L.L.C.

Certified Public Accountants

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

John A. Windham, CPA
Charles M. Reed, Jr., CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Donna Duval, Mayor
and Members of the Board of Aldermen
Town of Rosepine
State of Louisiana

To the Governing Board of Town of Rosepine, Louisiana and the Louisiana Legislative Auditor:

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 July 1, 2022 through June 30, 2023. Town of Rosepine, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

Town of Rosepine, Louisiana 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 July 1, 2022 through June 30, 2023. 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 as follows:

Written Policies and Procedures

1. 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 rates 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) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **Credit Cards (and debit cards, fuel cards, purchase 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).
- 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.
- 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) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Written policies and procedures obtained and address the functions listed.

Board or Finance Committee

- 2. 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.
No exceptions noted.
 - 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.
Alternately, 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.
No exceptions noted.
 - 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.
Not applicable.
 - d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.
No exceptions noted.

Bank Reconciliations

- 3. 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);

No exceptions noted.

- b) Bank reconciliations include written evidence that a member of management or a 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

No exceptions noted. The mayor reviews and initials each bank reconciliation.

- 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.

Exception: one bank account did not include documentation that outstanding items over 12 months had been researched. Management will have an employee research items outstanding over 12 months.

Collections (excluding electronic funds transfers)

- 4. 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).

Obtained listing and management's representation that the listing is complete, no exceptions noted.

- 5. 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, then 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:

- a) Employees responsible for cash collections do not share cash drawers/registers;
- b) Each employee responsible for collecting cash is not also 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 also 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; and
- 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.

No exceptions noted to the listed procedures.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

No exceptions noted.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3 (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). *Alternately, 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.

The Honorable Donna Duval, Mayor
and Members of the Board of Aldermen
Town of Rosepine, Louisiana

- 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.

Examined two random deposit dates for each account, no exceptions noted.

Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

8. 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).

Obtained listing and management's representation that the listing is complete, no exceptions noted.

9. 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, then 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 or 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; and
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

No exceptions noted to the listed procedures.

10. For each location selected under #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, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Obtained population and management's representation that the population is complete, no exceptions noted.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exceptions noted.

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

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.

Obtained listing and management's representation that the listing is complete.

13. 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 (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and:

No exceptions noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Exception: finance charges were assessed. Management will ensure payments are made timely going forward.

14. Using the monthly statements or combined statements selected under #13 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 (e.g., 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 observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions noted.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

15. 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 and 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 that 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 that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- c) Observe that 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 Policies and Procedures procedure #1h; and
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Obtained listing and management's representation that the listing is complete, no exceptions noted.

Contracts

16. 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. *Alternately, 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, the documented approval); and
- 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 that the invoice and related payment agreed to the terms and conditions of the contract.

Obtained listing and management's representation that the listing is complete, no exceptions noted.

Payroll and Personnel

17. 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.

Obtained listing and management's representation that the listing is complete, no exceptions noted.

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that 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 that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - d) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

19. 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 and 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's or officials' cumulative leave records, agree the pay rates to the employee's or officials' authorized pay rates in the employee's or officials' personnel files, and agree the termination payment to entity policy.

Not applicable.

20. 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.

No exceptions noted.

Ethics

21. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17 obtain ethics documentation from management, and:

The Honorable Donna Duval, Mayor
and Members of the Board of Aldermen
Town of Rosepine, Louisiana

- a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
- b. Observe whether the entity maintains documentation which demonstrates that each employee and official was notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions noted.

22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions noted.

Debt Service

23. 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 that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Not applicable.

24. 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).

No exceptions noted.

Fraud Notice

25. 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 as required by R.S. 24:523.

Not applicable.

26. 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.

No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- 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.

No exceptions noted.

The Honorable Donna Duval, Mayor
and Members of the Board of Aldermen
Town of Rosepine, Louisiana

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Not applicable.

Prevention of Sexual Harassment

29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions noted.

30. Observe that 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).

No exceptions noted.

31. 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 that the report 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;

67; 98.53%

- b) Number of sexual harassment complaints received by the agency;

None

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

Not applicable.

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Not applicable.

- e) Amount of time it took to resolve each complaint.

Not applicable.

We were engaged by Town of Rosepine, Louisiana 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 Town of Rosepine, Louisiana 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.

Windham & Reed CPA, L.L.C.
DeRidder, Louisiana
December 23, 2023