

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

JUNE 30, 2021

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## 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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Rosepine, Louisiana, as of and for the year ended June 30, 2021, 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.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Rosepine, Louisiana as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, schedule of municipality's proportionate share of the net pension liability and the schedule of the municipality's pension contributions on pages 40-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 inquires 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.

### Other 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 schedule of per diem paid to board members and the schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of per diem paid to board members, the schedule of compensation, benefits and other payments to agency head, the balance sheet, the schedule of revenues, expenditures and changes in fund balance, the justice system funding schedule – collecting/disbursing entity, and the justice system funding schedule – receiving entity are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedule of per diem paid to board members, the schedule of compensation, benefits and other payments to agency head, the balance sheet, the schedule of revenues, expenditures and changes in fund balance, the justice system funding schedule – collecting/disbursing entity, and the 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 January 28, 2022, 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 to solely 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 the Town of Rosepine, Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana  
January 28, 2022

## BASIC FINANCIAL STATEMENTS

Statement of Net Position  
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 240,229	\$ 2,266,731	\$ 2,506,960
Receivables:			
Franchise taxes	14,626	-	14,626
Hotel/motel taxes	5,336	-	5,336
Restricted sales tax	27,025	-	27,025
Accounts	-	204,692	204,692
Insurance premium tax	15,373	-	15,373
Intergovernmental:			
Federal grant	15,136	-	15,136
State grant	-	108,221	108,221
Due from other funds	-	98,745	98,745
Restricted cash	122,293	122,433	244,726
Non-depreciable capital assets	231,990	1,400,540	1,632,530
Depreciable capital assets - net	2,203,280	1,928,298	4,131,578
Total assets	<u>\$ 2,875,288</u>	<u>\$ 6,129,660</u>	<u>\$ 9,004,948</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	<u>\$ 184,353</u>	<u>\$ 64,914</u>	<u>\$ 249,267</u>
Total assets and deferred outflows of resources	<u><u>\$ 3,059,641</u></u>	<u><u>\$ 6,194,574</u></u>	<u><u>\$ 9,254,215</u></u>
<b>LIABILITIES</b>			
Accounts payable	\$ 11,413	\$ 17,191	\$ 28,604
Contracts payable	15,136	157,881	173,017
Salaries and related benefits payable	10,679	38,272	48,951
Due to other funds	98,745	-	98,745
Accrued interest payable	654	8,118	8,772
Long-term liabilities:			
Due within one year	12,000	63,972	75,972
Due in more than one year	70,000	668,437	738,437
Customer deposits	-	56,686	56,686
Net pension liability	508,361	185,403	693,764
Total liabilities	<u>\$ 726,988</u>	<u>\$ 1,195,960</u>	<u>\$ 1,922,948</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	<u>\$ 24,467</u>	<u>\$ 3,290</u>	<u>\$ 27,757</u>
Total liabilities and deferred inflows of resources	<u><u>\$ 751,455</u></u>	<u><u>\$ 1,199,250</u></u>	<u><u>\$ 1,950,705</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Position  
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
NET POSITION			
Net investment in capital assets	\$ 2,435,270	\$ 2,596,429	\$ 5,031,699
Restricted for:			
Bond retirement	-	69,316	69,316
Sales taxes	148,985	-	148,985
Unrestricted	(276,069)	2,329,579	2,053,510
Total net position	\$ 2,308,186	\$ 4,995,324	\$ 7,303,510
Total liabilities, deferred inflows of resources, and net position	\$ 3,059,641	\$ 6,194,574	\$ 9,254,215
			(Concluded)

The accompanying notes are an integral part of this statement.



Statement of Activities  
For the Year Ended June 30, 2021

Program Activities	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		Total
	Expenses	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	\$ 307,387	\$ -	\$ 16,753	\$ -	\$ (290,634)	\$ -	\$ (290,634)
Public safety	391,659	241,824	-	-	(149,835)	-	(149,835)
Public works	135,976	-	-	322,467	186,491	-	186,491
Interest on long-term debt	4,422	-	-	-	(4,422)	-	(4,422)
Total governmental activities	<u>\$ 839,444</u>	<u>\$ 241,824</u>	<u>\$ 16,753</u>	<u>\$ 322,467</u>	<u>\$ (258,400)</u>	<u>\$ -</u>	<u>\$ (258,400)</u>
Business-type activities:							
Water and sewer	\$ 714,943	\$ 650,665	\$ 10,252	\$ 233,964	\$ -	\$ 179,938	\$ 179,938
Fort Polk custodial	1,120,656	1,641,556	-	-	-	520,900	520,900
Total business-type activities	<u>\$ 1,835,599</u>	<u>\$ 2,292,221</u>	<u>\$ 10,252</u>	<u>\$ 233,964</u>	<u>\$ -</u>	<u>\$ 700,838</u>	<u>\$ 700,838</u>
Total government	<u>\$ 2,675,043</u>	<u>\$ 2,534,045</u>	<u>\$ 27,005</u>	<u>\$ 556,431</u>	<u>\$ (258,400)</u>	<u>\$ 700,838</u>	<u>\$ 442,438</u>
General revenues:							
Taxes:							
Ad valorem taxes					37,469	-	37,469
Sales taxes					264,980	-	264,980
Hotel/motel tax					30,676	-	30,676
Insurance premium tax					33,498	-	33,498
Franchise tax					69,350	-	69,350
Occupational licenses and permits					25,174	-	25,174
Investment earnings					22,279	1,274	23,553
Miscellaneous					230	-	230
Loss on asset disposal					-	(545)	(545)
Insurance proceeds					57,262	6,174	63,436
Nonemployer pension revenue					13,244	5,690	18,934
Transfers					(254,313)	254,313	-
Total general revenues and transfers					<u>299,849</u>	<u>266,906</u>	<u>566,755</u>
Change in net position					<u>41,449</u>	<u>967,744</u>	<u>1,009,193</u>
Net position at beginning of year					<u>2,266,737</u>	<u>4,027,580</u>	<u>6,294,317</u>
Net position at end of year					<u>\$ 2,308,186</u>	<u>\$ 4,995,324</u>	<u>\$ 7,303,510</u>

The accompanying notes are an integral part of this statement.

Balance Sheet  
Governmental Funds  
June 30, 2021

	General Fund	Major Funds		Total
		Sales Tax Fund	LCDBG Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 240,229	\$ -	\$ -	\$ 240,229
Receivables:				
Franchise taxes	14,626	-	-	14,626
Sales taxes	-	27,025	-	27,025
Hotel/motel taxes	5,336	-	-	5,336
Insurance premium tax	15,373	-	-	15,373
Intergovernmental:				
Federal grant	-	-	15,136	15,136
Restricted cash	5,209	117,084	-	122,293
<b>Total assets</b>	<b>\$ 280,773</b>	<b>\$ 144,109</b>	<b>\$ 15,136</b>	<b>\$ 440,018</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 11,080	\$ 333	\$ -	\$ 11,413
Contracts payable	-	-	15,136	15,136
Salaries and related benefits payable	10,679	-	-	10,679
Due to other funds	98,745	-	-	98,745
<b>Total liabilities</b>	<b>\$ 120,504</b>	<b>\$ 333</b>	<b>\$ 15,136</b>	<b>\$ 135,973</b>
Fund Balances:				
Unassigned	\$ 155,060	\$ -	\$ -	\$ 155,060
Restricted	5,209	143,776	-	148,985
<b>Total fund balances</b>	<b>\$ 160,269</b>	<b>\$ 143,776</b>	<b>\$ -</b>	<b>\$ 304,045</b>
<b>Total liabilities and fund balances</b>	<b>\$ 280,773</b>	<b>\$ 144,109</b>	<b>\$ 15,136</b>	<b>\$ 440,018</b>

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet  
to Statement of Net Position  
June 30, 2021

Total fund balance - total governmental fund		\$	304,045
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.			2,435,270
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows.			184,353
Pension related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows.			(24,467)
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	\$	(654)	
Bonds payable		(82,000)	
Net pension liability		(508,361)	
			<u>(591,015)</u>
Net position of governmental activities		\$	<u>2,308,186</u>

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, 2021

	General Fund	Major Funds		Total
		Sales Tax Fund	LCDBG Fund	
Revenues				
Taxes:				
Ad valorem	\$ 37,469	\$ -	\$ -	\$ 37,469
Insurance premium tax	33,498	-	-	33,498
Franchise tax	69,350	-	-	69,350
Sales tax	-	264,980	-	264,980
Hotel/motel tax	30,676	-	-	30,676
Intergovernmental:				
Federal grants	16,753	-	322,467	339,220
Occupational licenses and permits	25,174	-	-	25,174
Investment income	22,177	102	-	22,279
Fines, forfeitures, and court fees	241,824	-	-	241,824
Other revenues	230	-	-	230
Total revenues	<u>\$ 477,151</u>	<u>\$ 265,082</u>	<u>\$ 322,467</u>	<u>\$ 1,064,700</u>
Expenditures				
Current operating:				
General government	\$ 288,287	\$ 4,069	\$ -	\$ 292,356
Public safety	329,833	-	-	329,833
Public works	77,300	-	-	77,300
Debt service:				
Principal	11,000	-	-	11,000
Interest	4,510	-	-	4,510
Capital outlay	43,931	-	-	43,931
Total expenditures	<u>\$ 754,861</u>	<u>\$ 4,069</u>	<u>\$ -</u>	<u>\$ 758,930</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (277,710)</u>	<u>\$ 261,013</u>	<u>\$ 322,467</u>	<u>\$ 305,770</u>
Other financing sources (uses)				
Transfer in	\$ 317,267	\$ -	\$ -	\$ 317,267
Transfer out	(12,872)	(236,241)	(322,467)	(571,580)
Insurance proceeds	57,262	-	-	57,262
Total other financing sources (uses)	<u>\$ 361,657</u>	<u>\$ (236,241)</u>	<u>\$ (322,467)</u>	<u>\$ (197,051)</u>
Net change in fund balance	\$ 83,947	\$ 24,772	\$ -	\$ 108,719
Fund balances at beginning of year	<u>76,322</u>	<u>119,004</u>	<u>-</u>	<u>195,326</u>
Fund balances at end of year	<u>\$ 160,269</u>	<u>\$ 143,776</u>	<u>\$ -</u>	<u>\$ 304,045</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, 2021

Net change in fund balances - total governmental fund	\$	108,719
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		43,931
<p>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.</p>		(76,227)
<p>Pension expense is based on employer contributions in the governmental funds, but is an actuarially calculated expense on the Statement of Activities.</p>		(46,062)
<p>The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		11,000
<p>Accrued interest on long-term debt is not shown in the governmental funds.</p>		88
Change in net position of governmental activities	\$	<u>41,449</u>

The accompanying notes are an integral part of this statement.

Statement of Net Position  
Proprietary Funds  
For the Year Ended June 30, 2021

	Business-type Activities Enterprise Funds		
	Fort Polk Custodial	Water and Sewer	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 918,759	\$ 1,347,972	\$ 2,266,731
Receivables:			
Accounts	138,456	66,236	204,692
Intergovernmental:			
State grants	-	108,221	108,221
Due from other funds	28,951	69,794	98,745
Total current assets	<u>\$ 1,086,166</u>	<u>\$ 1,592,223</u>	<u>\$ 2,678,389</u>
Noncurrent assets			
Restricted cash and cash equivalents	\$ -	\$ 122,433	\$ 122,433
Capital assets			
Non-depreciable capital assets	-	1,400,540	1,400,540
Depreciable capital assets - net	52,900	1,875,398	1,928,298
Total noncurrent assets	<u>\$ 52,900</u>	<u>\$ 3,398,371</u>	<u>\$ 3,451,271</u>
Total assets	<u>\$ 1,139,066</u>	<u>\$ 4,990,594</u>	<u>\$ 6,129,660</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension contributions	\$ 2,510	\$ 62,404	\$ 64,914
Total assets and deferred outflows of resources	<u>\$ 1,141,576</u>	<u>\$ 5,052,998</u>	<u>\$ 6,194,574</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 9,978	\$ 7,213	\$ 17,191
Contracts payable	-	49,660	49,660
Salaries payable and related benefits payable	30,491	7,781	38,272
Note payable	-	18,972	18,972
Total current liabilities	<u>\$ 40,469</u>	<u>\$ 83,626</u>	<u>\$ 124,095</u>
Liabilities payable from restricted assets			
Bonds payable	\$ -	\$ 45,000	\$ 45,000
Accrued interest payable	-	8,118	8,118
Contracts payable	-	108,221	108,221
Total liabilities payable from restricted assets	<u>\$ -</u>	<u>\$ 161,339</u>	<u>\$ 161,339</u>
Noncurrent liabilities			
Customer deposits payable	\$ -	\$ 56,686	\$ 56,686
Bonds payable	-	605,000	605,000
Note payable	-	63,437	63,437
Net pension liability	7,171	178,232	185,403
Total noncurrent liabilities	<u>\$ 7,171</u>	<u>\$ 903,355</u>	<u>\$ 910,526</u>
Total liabilities	<u>\$ 47,640</u>	<u>\$ 1,148,320</u>	<u>\$ 1,195,960</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Position  
Proprietary Funds  
For the Year Ended June 30, 2021

	Business-type Activities Enterprise Funds		
	Fort Polk Custodial	Water and Sewer	Total
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension contributions	\$ 128	\$ 3,162	\$ 3,290
Total liabilities and deferred inflows of resources	<u>\$ 47,768</u>	<u>\$ 1,151,482</u>	<u>\$ 1,199,250</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 52,900	\$ 2,543,529	\$ 2,596,429
Restricted for:			
Bond retirement	-	69,316	69,316
Unrestricted	<u>1,040,908</u>	<u>1,288,671</u>	<u>2,329,579</u>
Total net position	<u>\$ 1,093,808</u>	<u>\$ 3,901,516</u>	<u>\$ 4,995,324</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,141,576</u>	<u>\$ 5,052,998</u>	<u>\$ 6,194,574</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, 2021

	Business-type Activities Enterprise Funds		
	Fort Polk Custodial	Water and Sewer	Total
Operating revenues			
Charges for services	\$ 1,641,556	\$ 650,665	\$ 2,292,221
Operating expenses			
Personal services	\$ 853,220	\$ 277,151	\$ 1,130,371
Supplies	130,557	45,510	176,067
Contractual services	118,588	250,836	369,424
Depreciation	18,291	112,460	130,751
Total operating expenses	\$ 1,120,656	\$ 685,957	\$ 1,806,613
Income (loss) from operations	\$ 520,900	\$ (35,292)	\$ 485,608
Nonoperating revenues (expenses)			
Investment income	\$ 364	\$ 910	\$ 1,274
Interest expense	-	(28,986)	(28,986)
Insurance proceeds	6,174	-	6,174
Gain/(loss) on sale of assets	(2,596)	2,051	(545)
Nonemployer pension revenue	221	5,469	5,690
Total nonoperating revenues (expenses)	\$ 4,163	\$ (20,556)	\$ (16,393)
Income (loss) before transfers & contributions	\$ 525,063	\$ (55,848)	\$ 469,215
Transfers out	(160,008)	(123,260)	(283,268)
Transfers in	-	537,581	537,581
Capital contributions	-	244,216	244,216
Change in net position	\$ 365,055	\$ 602,689	\$ 967,744
Net position at beginning of year	728,753	3,298,827	4,027,580
Net position at end of year	\$ 1,093,808	\$ 3,901,516	\$ 4,995,324

The accompanying notes are an integral part of this statement.



Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2021

	Business-type Activities Enterprise Funds		
	Fort Polk Custodial	Water and Sewer	Total
Cash flows from operating activities:			
Cash received from customers	\$ 1,639,174	\$ 649,989	\$ 2,289,163
Cash payments to suppliers for goods and services	(241,360)	(298,637)	(539,997)
Cash payments to employees for services	(846,006)	(267,385)	(1,113,391)
Net cash provided by operating activities	<u>\$ 551,808</u>	<u>\$ 83,967</u>	<u>\$ 635,775</u>
Cash flows from noncapital financing activities:			
Transfers in	\$ -	\$ 537,581	\$ 537,581
Transfers out	(160,008)	(123,260)	(283,268)
Insurance proceeds	6,174	-	6,174
Nonemployer pension revenue	221	5,469	5,690
Net cash provided/(used) by noncapital and related financing activities	<u>\$ (153,613)</u>	<u>\$ 419,790</u>	<u>\$ 266,177</u>
Cash flows from capital and related financing activities:			
Interest paid on debt	\$ -	\$ (29,466)	\$ (29,466)
Retirement of debt	-	(61,747)	(61,747)
Loan proceeds	-	99,156	99,156
Gain on asset sale	-	3,262	3,262
Acquisition of fixed assets	(15,640)	(734,025)	(749,665)
Capital contributions received	-	135,995	135,995
Net cash used by capital and related financing activities	<u>\$ (15,640)</u>	<u>\$ (586,825)</u>	<u>\$ (602,465)</u>
Cash flow from investing activities:			
Investment income	<u>\$ 364</u>	<u>\$ 910</u>	<u>\$ 1,274</u>
Net increase (decrease) in cash and cash investments	\$ 382,919	\$ (82,158)	\$ 300,761
Cash and cash investments, July 1, 2020	535,840	1,552,563	2,088,403
Cash and cash investments, June 30, 2021	<u>\$ 918,759</u>	<u>\$ 1,470,405</u>	<u>\$ 2,389,164</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended June 30, 2021

	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	\$ 520,900	\$ (35,292)	\$ 485,608
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:			
Depreciation	\$ 18,291	\$ 112,460	\$ 130,751
Change in assets and liabilities:			
Increase in accounts receivable	(2,382)	(2,101)	(4,483)
Increase/(decrease) in accounts payable	7,785	(2,291)	5,494
Increase in customer deposits payable	-	1,425	1,425
Increase in salaries payable	3,134	1,785	4,919
Increase in retirement payable	6,125	14,194	20,319
Increase in deferred outflows	(2,121)	(1,309)	(3,430)
Increase/(decrease) in deferred inflows	76	(4,904)	(4,828)
Net cash provided by operating activities	<u>\$ 551,808</u>	<u>\$ 83,967</u>	<u>\$ 635,775</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, 2021

## 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 fifty one 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.

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, 2021.

Property Tax Calendar	
Assessment date	January 1, 2020
Levy date	June 30, 2020
Tax bills mailed	October 15, 2020
Total taxes due	December 31, 2020
Penalties & interest due	January 31, 2021
Lien date	January 31, 2021
Tax sale	May 15, 2021

For the year ended June 30, 2021 taxes of 3.93 mills were levied on property with an assessed valuation totaling \$8,105,630 and were dedicated as follows:

	Authorized Millage	Levied Millage	Expiration Date
Taxes due for:			Renewed
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 Nissan	Auto Dealer	\$ 549,710	6.78%	\$ 2,160
Benoit Ford	Auto Dealer	979,250	12.08%	3,848
Total		<u>\$ 1,528,960</u>	<u>18.86%</u>	<u>\$ 6,008</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 20<sup>th</sup> 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 20<sup>th</sup> 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 \$33,496. 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, bridges, and infrastructure	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.

**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, 2021.

**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)

**EXCESS OF EXPENDITURES OVER APPROPRIATIONS** The following individual fund had actual revenues fall short of budgeted revenues for the year ended June 30, 2021.

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	\$ 826,400	\$ 745,000	\$ 754,861	\$ (9,861)
Sales Tax Fund	3,900	4,000	4,069	(69)

**3. CASH AND CASH EQUIVALENT**

At June 30, 2021 the municipality has cash and cash equivalents (book balances) totaling \$2,751,686 as follows:

Louisiana Asset Management Pool (LAMP)	\$ 294,426
NOW accounts	2,339,676
Petty cash	500
Money market investment accounts	117,084
Total	<u>\$ 2,751,686</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, 2021, the municipality has \$2,504,882 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$2,254,882 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 \$294,426 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, 2021 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.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

- 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.
- 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 53 days as of June 30, 2021.
- 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 \$390,409 at June 30, 2021 are as follows:

Class of Receivable	General Fund	Utility Fund	Fort Polk Custodial Fund	Sales Tax Fund	LCDBG Fund	Total
<b>Taxes:</b>						
Franchise	\$ 14,626	\$ -	\$ -	\$ -	\$ -	\$ 14,626
Sales taxes	-	-	-	27,025	-	27,025
<b>Intergovernmental:</b>						
Federal grants	-	-	-	-	15,136	15,136
State grants	-	108,221	-	-	-	108,221
Accounts	-	66,236	138,456	-	-	204,692
Hotel/motel taxes	5,336	-	-	-	-	5,336
Insurance premium tax	15,373	-	-	-	-	15,373
<b>Total</b>	<b>\$ 35,335</b>	<b>\$ 174,457</b>	<b>\$ 138,456</b>	<b>\$ 27,025</b>	<b>\$ 15,136</b>	<b>\$ 390,409</b>

**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.

	Due from	Due to
General Fund	\$ -	\$ 98,745
Fort Polk Custodial Fund	28,951	-
Utility Fund	69,794	-
<b>Total</b>	<b>\$ 98,745</b>	<b>\$ 98,745</b>

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, 2021, 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
Work in progress	85,132	24,718	109,850	-
Total capital assets, not being depreciated	<u>\$ 317,122</u>	<u>\$ 24,718</u>	<u>\$ 109,850</u>	<u>\$ 231,990</u>
Capital assets being depreciated:				
Buildings	\$ 768,604	\$ -	\$ -	\$ 768,604
Improvements other than buildings	2,172,130	127,230	-	2,299,360
Machinery and equipment	160,349	1,833	-	162,182
Vehicles	165,782	-	-	165,782
Total capital assets being depreciated	<u>\$ 3,266,865</u>	<u>\$ 129,063</u>	<u>\$ -</u>	<u>\$ 3,395,928</u>
Less accumulated depreciation for:				
Buildings	\$ 166,308	\$ 16,093	\$ -	\$ 182,401
Improvements other than buildings	675,923	46,464	-	722,387
Machinery and equipment	156,284	1,899	-	158,183
Vehicles	117,906	11,771	-	129,677
Total accumulated depreciation	<u>\$ 1,116,421</u>	<u>\$ 76,227</u>	<u>\$ -</u>	<u>\$ 1,192,648</u>
Total capital assets being depreciated, net	<u>\$ 2,150,444</u>	<u>\$ 52,836</u>	<u>\$ -</u>	<u>\$ 2,203,280</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 222,067	\$ -	\$ -	\$ 222,067
Work in progress	431,953	746,520	-	1,178,473
Total capital assets, not being depreciated	<u>\$ 654,020</u>	<u>\$ 746,520</u>	<u>\$ -</u>	<u>\$ 1,400,540</u>
Capital assets being depreciated:				
Buildings	\$ 13,491	\$ -	\$ -	\$ 13,491
Utility plant and improvements	4,624,925	-	-	4,624,925
Machinery and equipment	293,034	-	-	293,034
Vehicles	218,067	161,026	19,067	368,026
Total capital assets being depreciated	<u>\$ 5,149,517</u>	<u>\$ 161,026</u>	<u>\$ 19,067</u>	<u>\$ 5,291,476</u>
Less accumulated depreciation for:				
Buildings	\$ 8,056	\$ 578	\$ -	\$ 8,634
Utility plant and improvements	2,992,448	78,198	-	3,070,646
Machinery and equipment	117,285	16,372	-	133,657
Vehicles	129,900	35,603	15,262	150,241
Total accumulated depreciation	<u>\$ 3,247,689</u>	<u>\$ 130,751</u>	<u>\$ 15,262</u>	<u>\$ 3,363,178</u>
Total business-type assets being depreciated, net	<u>\$ 1,901,828</u>	<u>\$ 30,275</u>	<u>\$ (3,805)</u>	<u>\$ 1,928,298</u>

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

Depreciation expense of \$76,227 for the year ended June 30, 2021 was charged to the following governmental functions:

Public works	\$	51,804
Public safety		16,461
General administration		7,962
Total	\$	<u>76,227</u>

**7. CONSTRUCTION COMMITMENTS**

The municipality has active construction projects as of June 30, 2021. The municipality has a wastewater improvement project and improvements to the sewer system. At year-end the commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Wastewater improvement project	\$ 572,187	\$ 2,160,000
Bailey Road sewer extension project	622,041	645,000

**8. INTERFUND TRANSFERS**

	<u>Transfers in</u>	<u>Transfers out</u>
General fund	\$ 317,267	\$ 12,872
Utility fund	537,581	123,260
Sales tax fund	-	236,241
Fort Polk custodial fund	-	160,008
LCDBG fund	-	322,467
Total	\$ 854,848	\$ 854,848

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.

**9. ACCOUNTS, SALARIES, AND OTHER PAYABLES**

The payables of \$315,376 at June 30, 2021 are as follows:

	<u>General Fund</u>	<u>Utility Fund</u>	<u>Fort Polk Custodial Fund</u>	<u>Sales Tax Fund</u>	<u>LCDBG Fund</u>	<u>Total</u>
Accounts	\$ 11,080	\$ 7,213	\$ 9,978	\$ 333	\$ -	\$ 28,604
Contracts	-	157,881	-	-	15,136	173,017
Salaries and related benefits	10,679	7,781	30,491	-	-	48,951
Accrued interest	654	8,118	-	-	-	8,772
Customers deposits	-	56,686	-	-	-	56,686
Total	\$ 22,413	\$ 237,679	\$ 40,469	\$ 333	\$ 15,136	\$ 316,030

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

10. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2021.

	Proprietary Funds			Total
	Bonded Debt	Note Payable	Pension Liability	
Long-term obligations at beginning of year	\$ 695,000	\$ -	\$ 165,084	\$ 860,084
Additions	-	99,156	45,842	144,998
Reductions	-	-	(25,523)	(25,523)
Principal payments	(45,000)	(16,747)	-	(61,747)
Long-term obligations at end of year	\$ 650,000	\$ 82,409	\$ 185,403	\$ 917,812

  

	Governmental Funds		
	Bonded Debt	Pension Liability	Total
Long-term obligations at beginning of year	\$ 93,000	\$ 474,697	\$ 567,697
Additions	-	99,000	99,000
Reductions	-	(65,336)	(65,336)
Principal payments	(11,000)	-	(11,000)
Long-term obligations at end of year	\$ 82,000	\$ 508,361	\$ 590,361

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, 2021.

	Proprietary Funds			Total
	Bonded Debt	Note Payable	Pension Liability	
Current portion	\$ 45,000	\$ 18,972	\$ -	\$ 63,972
Long-term portion	605,000	63,437	185,403	853,840
Total	\$ 650,000	\$ 82,409	\$ 185,403	\$ 917,812

  

	Governmental Funds		
	Bonded Debt	Pension Liability	Total
Current portion	\$ 12,000	\$ -	\$ 12,000
Long-term portion	70,000	508,361	578,361
Total	\$ 82,000	\$ 508,361	\$ 590,361

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

All municipal bonds outstanding at June 30, 2021, for \$650,000, 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 \$57,000 and \$28,664 respectively. The John Deere Financial note payable outstanding at June 30, 2021 for \$82,409 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 \$18,972 and \$2,914 respectively. The individual issues are as follows:

<u>Bonds</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>	<u>Funding Source</u>
Utilities Revenue Refunding Bonds	3/27/2013	2.00% to 4.00%	3/1/2033	\$ 70,700	\$ 265,000	Water revenues
Utilities Revenue Bonds	3/27/2013	2.00% to 4.00%	3/1/2033	\$ 105,437	\$ 385,000	Water revenues
Municipal Building Bonds	1/10/2008	4.85%	5/1/2027	\$ 14,452	\$ 82,000	General revenues
John Deer Financial Note	7/13/2020	3.95%	7/14/2025	\$ 6,960	\$ 82,409	Water revenues

<u>Year Ending June 30.</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2022	\$ 75,972	\$ 31,578	\$ 107,550
2023	77,735	28,771	106,506
2024	78,529	25,884	104,413
2025	85,355	22,741	108,096
2026	66,818	19,660	86,478
2027-2031	300,000	61,115	361,115
2032-2033	130,000	7,800	137,800
Total	\$ 814,409	\$ 197,549	\$ 1,011,958

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, 2021, the statutory limit is \$2,836,970 and outstanding bonded debt totals \$650,000.

**11. RESTRICTED NET POSITION/FUND BALANCES**

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

Restricted assets:	
Bond reserve funds	\$ 96,036
Sinking funds	26,398
Total	<u>\$ 122,434</u>
Less:	
Liabilities payable from restricted assets:	
Current portion of bond	\$ 45,000
Accrued interest	8,118
Total	<u>\$ 53,118</u>
Restricted net position	<u>\$ 69,316</u>



Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

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	\$ 5,209	\$ -	\$ 5,209
Sales tax deposits	-	117,084	117,084
Sales tax receivable	-	27,025	27,025
Total	<u>\$ 5,209</u>	<u>\$ 144,109</u>	<u>\$ 149,318</u>
Less:			
Liabilities payable from restricted assets:			
Accounts payable	<u>\$ -</u>	<u>\$ 333</u>	<u>\$ 333</u>
Restricted fund balances	<u>\$ 5,209</u>	<u>\$ 143,776</u>	<u>\$ 148,985</u>

**12. 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 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

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

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, 2021, 2020, and 2019 were \$52,291, \$43,362, and \$39,993, 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, 2021, the municipality reported a liability of \$362,186 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020, the municipality's proportion was .399664%, which was an increase of .025965% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the municipality recognized pension expense of \$81,223. At June 30, 2021, the municipality recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,094
Changes of assumptions	11,225	-
Net difference between projected and actual earnings on pension plan investments	39,321	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	13,307	332
Difference between employer and proportionate share of contributions	10,667	-
Town contributions subsequent to the measurement date	52,291	-
Total	<u>\$ 126,811</u>	<u>\$ 6,426</u>

The \$52,291 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, 2021. 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:	
2022	\$ 35,435
2023	17,942
2024	8,958
2025	5,759
Thereafter	-
Total	<u>\$ 68,094</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.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

The components of the net pension liability of the Town of Rosepine, Louisiana for Plan B as of June 30, 2020 are as follows:

	Plan B June 30, 2020
Total pension liability	\$ 1,073,484
Less plan fiduciary net position	(711,298)
Employer's net pension liability	<u>\$ 362,186</u>
 Plan fiduciary net position as a % of the total pension liability	 66.26%

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, 2020 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, 2020
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	6.95% 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%
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

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

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, 2020 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	53.00%	2.33%
Public fixed income	38.00%	1.67%
Alternatives	9.00%	0.40%
Totals	100.00%	4.40%
Inflation		2.60%
Expected Arithmetic Nominal Return		7.00%

The discount rate used to measure the total pension liability was 6.95% for the year ended June 30, 2020. 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 6.95%, 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 5.95%, or one percentage point higher 7.95% than the current discount rate (assuming all other assumptions remain unchanged):

	Changes in Discount Rate:		
	1.00% Decrease	Current Discount Rate	1.00% Increase
	5.95%	6.95%	7.95%
Net Pension Liability	\$ 482,137	\$ 362,186	\$ 260,691

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 earning 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.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

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 33.75% 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, 2021, 2020 and 2019 were \$38,568, \$36,014, and \$34,698, 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, 2021, the municipality reported a liability of \$331,578 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020 the municipality's proportion was .035876%, which was an increase of .001424% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the municipality recognized pension expense of \$83,889. At June 30, 2021, the municipality recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 13,061
Changes of assumptions	7,878	8,183
Net difference between projected and actual earnings on pension plan investments	39,779	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	8,804	62
Difference between employer and proportionate share of contributions	27,427	25
Town contributions subsequent to the measurement date	38,568	-
Total	\$ 122,456	\$ 21,331

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

The \$38,568 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, 2021. 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:		
2022	\$	23,059
2023		21,596
2024		10,354
2025		7,548
Thereafter		-
Total	\$	<u>62,557</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, 2020 are as follows:

Total pension liability	\$	1,141,206
Less plan fiduciary net position		<u>(809,628)</u>
Total collective net pension liability	\$	<u>331,578</u>

The actuarial assumptions used in the June 30, 2020 valuation were based on the assumptions used in the June 30, 2020 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.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

Valuation Date	June 30, 2020	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	6.95%, net of investment expense	
Expected Remaining Service Lives	2020 – 4 years 2019 – 4 years 2018 – 4 years 2017 – 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	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied	

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

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.

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.

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 performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019 and review of similar law enforcement mortality. 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 nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2020 are summarized in the following table:

Asset Class	June 30, 2020	
	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	48.50%	3.08%
Fixed income	33.50%	0.54%
Alternatives	18.00%	1.02%
Other	0.00%	0.00%
Totals	100.00%	4.64%
Inflation		2.55%
Expected Arithmetic Nominal Return		7.19%

The discount rate used to measure the total pension liability was 6.95%. 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.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Concluded)

*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 6.95%, 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 5.95%, or one percentage point higher, 7.95%, than the current rate as of June 30, 2020:

	<u>Changes in Discount Rate:</u>		
	1.00% Decrease 5.95%	Current Discount Rate 6.95%	1.00% Increase 7.95%
Net Pension Liability	<u>\$ 465,831</u>	<u>\$ 331,578</u>	<u>\$ 219,347</u>



REQUIRED SUPPLEMENTAL INFORMATION

General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Ad valorem tax	\$ 30,500	\$ 37,500	\$ 37,469	\$ (31)
Insurance premium tax	36,000	24,400	33,498	9,098
Franchise tax	76,900	68,900	69,350	450
Hotel/motel tax	24,000	28,100	30,676	2,576
Intergovernmental:				
Federal grants	5,100	16,000	16,753	753
Occupational licenses and permits	23,700	26,100	25,174	(926)
Investment income	100	13,800	22,177	8,377
Fines, forfeitures and court costs	250,000	241,800	241,824	24
Other revenue	28,900	-	429	429
<b>Total revenues</b>	<b>\$ 475,200</b>	<b>\$ 456,600</b>	<b>\$ 477,350</b>	<b>\$ 20,750</b>
<b>Expenditures</b>				
Current operating:				
General government	\$ 261,900	\$ 281,000	\$ 288,287	\$ (7,287)
Public safety	331,400	325,900	329,833	(3,933)
Public works	164,900	78,300	77,300	1,000
Debt service:				
Principal	11,000	11,000	11,000	-
Interest	5,000	4,500	4,510	(10)
Capital outlay	52,200	44,300	43,931	369
<b>Total expenditures</b>	<b>\$ 826,400</b>	<b>\$ 745,000</b>	<b>\$ 754,861</b>	<b>\$ (9,861)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (351,200)</b>	<b>\$ (288,400)</b>	<b>\$ (277,511)</b>	<b>\$ 10,889</b>
Other financing sources (uses):				
Transfers in	\$ 351,800	\$ 314,000	\$ 317,068	\$ 3,068
Transfer out	-	-	(12,872)	(12,872)
Insurance proceeds	-	57,000	57,262	262
<b>Total other financing sources (uses)</b>	<b>\$ 351,800</b>	<b>\$ 371,000</b>	<b>\$ 361,458</b>	<b>\$ (9,542)</b>
<b>Net change in fund balance</b>	<b>\$ 600</b>	<b>\$ 82,600</b>	<b>\$ 83,947</b>	<b>\$ 1,347</b>
<b>Fund balances at beginning of year</b>	<b>75,000</b>	<b>76,322</b>	<b>76,322</b>	<b>-</b>
<b>Fund balances at end of year</b>	<b>\$ 75,600</b>	<b>\$ 158,922</b>	<b>\$ 160,269</b>	<b>\$ 1,347</b>

Special Revenue Fund  
Sales Tax Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 225,240	\$ 263,400	\$ 264,980	\$ 1,580
Investment income	-	-	102	102
Total revenues	<u>\$ 225,240</u>	<u>\$ 263,400</u>	<u>\$ 265,082</u>	<u>\$ 1,682</u>
Expenditures				
General government and administration	<u>\$ 3,900</u>	<u>\$ 4,000</u>	<u>\$ 4,069</u>	<u>\$ (69)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 221,340</u>	<u>\$ 259,400</u>	<u>\$ 261,013</u>	<u>\$ 1,613</u>
Other financing sources:				
Transfer out	<u>\$ (209,900)</u>	<u>\$ (236,200)</u>	<u>\$ (236,241)</u>	<u>\$ (41)</u>
Net change in fund balance	\$ 11,440	\$ 23,200	\$ 24,772	\$ 1,572
Fund balances at beginning of year	<u>120,000</u>	<u>119,004</u>	<u>119,004</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 131,440</u></u>	<u><u>\$ 142,204</u></u>	<u><u>\$ 143,776</u></u>	<u><u>\$ 1,572</u></u>

Schedule of the Town's Proportionate Share of the Net Pension Liability  
For the Year Ended June 30, 2021

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, 2021

Municipal Employees' Retirement System	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Town's proportion of the net pension liability (asset)	.373679%	.399664%
Town's proportionate share of the net pension liability (asset)	\$ 326,899	\$ 362,186
Town's covered-employee payroll	\$ 309,730	\$ 337,361
Town's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	105.54%	107.36%
Plan fiduciary net position as a percentage of the total pension liability	66.14%	66.26%
Municipal Police Employees' Retirement System		
Town's proportion of the net pension liability (asset)	.034452%	.035876%
Town's proportionate share of the net pension liability (asset)	\$ 312,882	\$ 331,578
Town's covered-employee payroll	\$ 110,813	\$ 114,275
Town's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	282.35%	290.16%
Plan fiduciary net position as a percentage of the total pension liability	71.01%	70.94%

(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, 2021

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, 2021

Municipal Employees' Retirement System	June 30, 2020	June 30, 2021
Contractually required contribution	\$ 43,362	\$ 52,291
Contributions in relation to the contractually required contribution	43,362	52,291
Contribution deficiency (excess)	\$ -	\$ -
Town's covered-employee payroll	\$ 309,730	\$ 337,361
Contributions as a percentage of covered-employee payroll	14.00%	15.50%
Municipal Police Employees' Retirement System		
Contractually required contribution	\$ 36,014	\$ 38,568
Contributions in relation to the contractually required contribution	36,014	38,568
Contribution deficiency (excess)	\$ -	\$ -
Town's covered-employee payroll	\$ 110,813	\$ 114,275
Contributions as a percentage of covered-employee payroll	32.50%	33.75%

(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, 2021

<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, 2021

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	720
Travel	768
Registration fees	-
Conference travel	258
Housing	-
Unvouchered expenses	-
Special meals	57
Other	-

Balance Sheet  
For the Year Ended June 30, 2021

	<u>Capital Project Fund LCDBG Fund</u>
ASSETS	
Receivables:	
Intergovernmental:	
Federal grant	<u>\$ 15,136</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Contracts payable	<u>\$ 15,136</u>
Fund Balances:	
Restricted	\$ -
Unrestricted	-
Total fund balances	<u><u>\$ -</u></u>
Total liabilities and fund balances	<u><u>\$ 15,136</u></u>

Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2021

	<u>Capital Project Fund LCDBG Fund</u>
Revenues	
Intergovernmental:	
Federal grant	<u>\$ 322,467</u>
Expenditures	
Administration	\$ 4,095
Engineering	22,058
Construction	296,314
Total expenditures	<u>\$ 322,467</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, 2021

Schedule 9

	First Six Month Period Ended 12/30/2020	Second Six Month Period Ended 6/30/2021
Beginning balance of amounts collected (cash on hand)	\$ -	\$ -
Collections:		
Criminal Court Costs/Fees	\$ -	\$ 33,429
Criminal Fines - Other	-	135,216
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	-	17,450
Subtotal collections	\$ -	\$ 186,095
Disbursements to governments & nonprofits:		
Town of Rosepine, 30th JDC Indigent Defender Fund - Criminal Court Costs	-	\$ 4,090
Town of Rosepine, Central LA Juvenile Detention Facility Authority - Criminal Court Costs	-	3,160
Town of Rosepine, La Commission on Law Enforcement Transmittal of Statutory Ded Funds - Criminal Court Costs	-	825
Town of Rosepine, La Judicial College Form A - Criminal Court Costs	-	206
Town of Rosepine, La Traumatic Head and Spinal Cord Injury Trust Fund Act 654-1193 Legislative Session - Criminal Court Costs	-	988
Town of Rosepine, North La Criminalistic Laboratory Commission - Criminal Court Costs	-	1,060
Town of Rosepine, Trial Court Case Management Information System - Criminal Court Costs	-	421
Amounts Retained by Collection Agency:		
Town of Rosepine Criminal Court Costs	\$ -	\$ 22,680
Town of Rosepine Criminal Fine - Other		135,215
Disbursements to Individuals/3rd Party Collection Processing Agencies:		
Payments to 3rd Party Collection/Processing Agencies	\$ -	\$ 17,450
Subtotal Disbursements/Retainage	\$ -	\$ 186,095
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, 2021

Schedule 10

	First Six Month Period Ended 12/31/2020	Second Six Month Period Ended 6/30/2021
Receipts From:		
LA DMV Criminal Court Costs/Fees REINSTATEMENT	\$ -	\$ 238
Subtotal Receipts	\$ -	\$ 238
Ending Balance of Amounts Assessed but not Received	\$ -	\$ -

## OTHER REPORTS

Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2021

There were no prior year audit findings as of June 30, 2020.



Schedule of Current Year Audit Findings and Management's Response  
For the Year Ended June 30, 2021

There were no current year audit findings as of June 30, 2021.

# 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, 2021, 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 January 28, 2022.

### **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 may exist that have not been identified.

### **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.

A handwritten signature in black ink that reads "John A. Windham, CPA". The signature is written in a cursive, flowing style.

DeRidder, Louisiana  
January 28, 2022