

Windham & Reed, L.L.C.

Certified Public Accountants

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

August 12, 2021

Ms. Gayle Fransen
Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804

Dear Gayle:

I am reissuing the Town of Rosepine, Louisiana audit report for the year ending June 30, 2020 in order to show the LCDBG wastewater improvement project in a separate schedule as asked for by the Office of Community Development.

The changes in the report from the original is that I have added two new schedules, schedule number 7, the Balance Sheet and schedule number 8, the Schedule of Revenues, Expenditures and Changes in Fund Balances on pages 49 and 50 respectively. Also added is an agreed upon procedures report relating to those schedules on page 56.

Please let me know if anything further is needed.

Thank you for your help in this matter.

Sincerely,


John A. Windham, CPA

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

JUNE 30, 2020

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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 and each major fund of the Town of Rosepine, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the municipality'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 and each major fund of the Town of Rosepine, Louisiana as of June 30, 2020, 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 and the schedule of compensation, benefits and other payments to agency head 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, the schedule of per diem paid to board members and the schedule of compensation, benefits and other payments to agency head 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 November 10, 2020, 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

The Honorable Donna Duval, Mayor
and Members of the Board of Aldermen
Town of Rosepine, Louisiana
Page 3

describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Rosepine, Louisiana's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "John A. Windham, CPA". The signature is written in a cursive style with a large initial 'J'.

DeRidder, Louisiana
November 10, 2020

BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 163,848	\$ 1,967,968	\$ 2,131,816
Receivables:			
Franchise taxes	14,164	-	14,164
Hotel/motel taxes	2,765	-	2,765
Restricted sales tax	25,334	-	25,334
Accounts	-	200,209	200,209
Insurance premium tax	6,275	-	6,275
Occupational license	909	-	909
Intergovernmental:			
Federal grant	100,340	-	100,340
Due from other funds	-	98,744	98,744
Restricted cash	99,193	120,437	219,630
Non-depreciable capital assets	317,122	654,020	971,142
Depreciable capital assets - net	2,150,444	1,901,828	4,052,272
Total assets	<u>\$ 2,880,394</u>	<u>\$ 4,943,206</u>	<u>\$ 7,823,600</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	<u>\$ 189,867</u>	<u>\$ 61,485</u>	<u>\$ 251,352</u>
Total assets and deferred outflows of resources	<u><u>\$ 3,070,261</u></u>	<u><u>\$ 5,004,691</u></u>	<u><u>\$ 8,074,952</u></u>
LIABILITIES			
Accounts payable	\$ 8,393	\$ 11,697	\$ 20,090
Contracts payable	100,340	-	100,340
Salaries and related benefits payable	10,023	33,353	43,376
Due to other funds	98,744	-	98,744
Accrued interest payable	742	8,598	9,340
Long-term liabilities:			
Due within one year	11,000	45,000	56,000
Due in more than one year	82,000	650,000	732,000
Customer deposits	-	55,261	55,261
Net pension liability	474,697	165,084	639,781
Total liabilities	<u>\$ 785,939</u>	<u>\$ 968,993</u>	<u>\$ 1,754,932</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	<u>\$ 17,583</u>	<u>\$ 8,118</u>	<u>\$ 25,701</u>
Total liabilities and deferred inflows of resources	<u><u>\$ 803,522</u></u>	<u><u>\$ 977,111</u></u>	<u><u>\$ 1,780,633</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
NET POSITION			
Net investment in capital assets	\$ 2,374,566	\$ 1,860,849	\$ 4,235,415
Restricted for:			
Bond retirement	5,293	66,839	72,132
Sales taxes	119,005	-	119,005
Unrestricted	(232,125)	2,099,892	1,867,767
Total net position	<u>\$ 2,266,739</u>	<u>\$ 4,027,580</u>	<u>\$ 6,294,319</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,070,261</u>	<u>\$ 5,004,691</u>	<u>\$ 8,074,952</u> (Concluded)

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended June 30, 2020

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government and administration	\$ 281,881	\$ -	\$ -	\$ -	\$ (281,881)	\$ -	\$ (281,881)
Public safety	361,129	237,267	1,425	1,771	(120,666)	-	(120,666)
Public works	124,316	-	-	212,800	88,484	-	88,484
Interest on long-term debt	4,957	-	-	-	(4,957)	-	(4,957)
Total governmental activities	<u>\$ 772,283</u>	<u>\$ 237,267</u>	<u>\$ 1,425</u>	<u>\$ 214,571</u>	<u>\$ (319,020)</u>	<u>\$ -</u>	<u>\$ (319,020)</u>
Business-type activities:							
Water and sewer	\$ 625,363	\$ 628,035	\$ -	\$ 9,003	\$ -	\$ 11,675	\$ 11,675
Fort Polk custodial	1,231,196	1,655,723	-	-	-	424,527	424,527
Total business-type activities	<u>\$ 1,856,559</u>	<u>\$ 2,283,758</u>	<u>\$ -</u>	<u>\$ 9,003</u>	<u>\$ -</u>	<u>\$ 436,202</u>	<u>\$ 436,202</u>
Total government	<u>\$ 2,628,842</u>	<u>\$ 2,521,025</u>	<u>\$ 1,425</u>	<u>\$ 223,574</u>	<u>\$ (319,020)</u>	<u>\$ 436,202</u>	<u>\$ 117,182</u>
General revenues:							
Taxes:							
Ad valorem taxes					30,646	-	30,646
Sales taxes					224,901	-	224,901
Hotel/motel tax					23,175	-	23,175
Insurance premium tax					37,509	-	37,509
Franchise tax					73,958	-	73,958
Occupational licenses and permits					24,737	-	24,737
Investment earnings					172	5,021	5,193
Miscellaneous					280	-	280
Gain on asset disposal					777	-	777
Nonemployer pension revenue					11,969	4,976	16,945
Transfers					(66,028)	66,028	-
Total general revenues and transfers					<u>362,096</u>	<u>76,025</u>	<u>438,121</u>
Change in net position					43,076	512,227	555,303
Net position at beginning of year					<u>2,223,663</u>	<u>3,515,353</u>	<u>5,739,016</u>
Net position at end of year					<u>\$ 2,266,739</u>	<u>\$ 4,027,580</u>	<u>\$ 6,294,319</u>

The accompanying notes are an integral part of this statement.

Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds			Total
	General Fund	Sales Tax Fund	LCDBG Fund	
ASSETS				
Cash and cash equivalents	\$ 163,848	\$ -	\$ -	\$ 163,848
Receivables:				
Franchise taxes	14,164	-	-	14,164
Sales taxes	-	25,334	-	25,334
Hotel/motel taxes	2,765	-	-	2,765
Insurance premium tax	6,275	-	-	6,275
Occupational license	909	-	-	909
Intergovernmental:				
Federal grant	-	-	100,340	100,340
Restricted cash	5,293	93,900	-	99,193
Total assets	\$ 193,254	\$ 119,234	\$ 100,340	\$ 412,828
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 8,164	\$ 229	\$ -	\$ 8,393
Contracts payable	-	-	100,340	100,340
Salaries and related benefits payable	10,023	-	-	10,023
Due to other funds	98,744	-	-	98,744
Total liabilities	\$ 116,931	\$ 229	\$ 100,340	\$ 217,500
Fund Balances:				
Unassigned	\$ 71,030	\$ -	\$ -	\$ 71,030
Restricted	5,293	119,005	-	124,298
Total fund balances	\$ 76,323	\$ 119,005	\$ -	\$ 195,328
Total liabilities and fund balances	\$ 193,254	\$ 119,234	\$ 100,340	\$ 412,828

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2020

Total fund balance - total governmental fund	\$	195,328
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.		2,467,566
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows.		189,867
Pension related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows.		(17,583)
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	\$	(742)
Bonds payable		(93,000)
Net pension liability		(474,697)
		(568,439)
Net position of governmental activities	\$	2,266,739

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, 2020

	Major Funds			Total
	General Fund	Sales Tax Fund	LCDBG Fund	
Revenues				
Taxes:				
Ad valorem	\$ 30,646	\$ -	\$ -	\$ 30,646
Insurance premium tax	37,509	-	-	37,509
Franchise tax	73,958	-	-	73,958
Sales tax	-	224,901	-	224,901
Hotel/motel tax	23,175	-	-	23,175
Intergovernmental:				
Federal grants	3,196	-	212,800	215,996
Occupational licenses and permits	24,737	-	-	24,737
Investment income	79	93	-	172
Fines, forfeitures, and court fees	237,267	-	-	237,267
Other revenues	280	-	-	280
Total revenues	<u>\$ 430,847</u>	<u>\$ 224,994</u>	<u>\$ 212,800</u>	<u>\$ 868,641</u>
Expenditures				
Current operating:				
General government	\$ 252,079	\$ 3,742	\$ -	\$ 255,821
Public safety	309,307	-	-	309,307
Public works	74,646	-	-	74,646
Debt service:				
Principal	11,000	-	-	11,000
Interest	5,044	-	-	5,044
Capital outlay	118,585	-	-	118,585
Total expenditures	<u>\$ 770,661</u>	<u>\$ 3,742</u>	<u>\$ -</u>	<u>\$ 774,403</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (339,814)</u>	<u>\$ 221,252</u>	<u>\$ 212,800</u>	<u>\$ 94,238</u>
Other financing sources (uses)				
Transfer in	\$ 358,470	\$ -	\$ -	\$ 358,470
Transfer out	-	(211,698)	(212,800)	(424,498)
Sale of assets	777	-	-	777
Total other financing sources (uses)	<u>\$ 359,247</u>	<u>\$ (211,698)</u>	<u>\$ (212,800)</u>	<u>\$ (65,251)</u>
Net change in fund balance	\$ 19,433	\$ 9,554	\$ -	\$ 28,987
Fund balances at beginning of year	<u>56,890</u>	<u>109,451</u>	<u>-</u>	<u>166,341</u>
Fund balances at end of year	<u><u>\$ 76,323</u></u>	<u><u>\$ 119,005</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 195,328</u></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, 2020

Net change in fund balances - total governmental fund	\$	28,987
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		118,585
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.		(75,909)
Pension expense is based on employer contributions in the governmental funds, but is an actuarially calculated expense on the Statement of Activities.		(39,674)
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.		11,000
Accrued interest on long-term debt is not shown in the governmental funds.		<u>87</u>
Change in net position of governmental activities	\$	<u><u>43,076</u></u>

The accompanying notes are an integral part of this statement.

Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-type Activities Enterprise Funds		
	Fort Polk Custodial	Water and Sewer	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 535,842	\$ 1,432,126	\$ 1,967,968
Receivables:			
Accounts	136,074	64,135	200,209
Due from other funds	28,950	69,794	98,744
Total current assets	<u>\$ 700,866</u>	<u>\$ 1,566,055</u>	<u>\$ 2,266,921</u>
Noncurrent assets			
Restricted cash and cash equivalents	\$ -	\$ 120,437	\$ 120,437
Capital assets			
Non-depreciable capital assets	-	654,020	654,020
Depreciable capital assets - net	58,147	1,843,681	1,901,828
Total noncurrent assets	<u>\$ 58,147</u>	<u>\$ 2,618,138</u>	<u>\$ 2,676,285</u>
Total assets	<u>\$ 759,013</u>	<u>\$ 4,184,193</u>	<u>\$ 4,943,206</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions	<u>\$ 390</u>	<u>\$ 61,095</u>	<u>\$ 61,485</u>
Total assets and deferred outflows of resources	<u><u>\$ 759,403</u></u>	<u><u>\$ 4,245,288</u></u>	<u><u>\$ 5,004,691</u></u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 2,193	\$ 9,504	\$ 11,697
Salaries payable and related benefits payable	27,357	5,996	33,353
Total current liabilities	<u>\$ 29,550</u>	<u>\$ 15,500</u>	<u>\$ 45,050</u>
Liabilities payable from restricted assets			
Bonds payable	\$ -	\$ 45,000	\$ 45,000
Accrued interest payable	-	8,598	8,598
Total liabilities payable from restricted assets	<u>\$ -</u>	<u>\$ 53,598</u>	<u>\$ 53,598</u>
Noncurrent liabilities			
Customer deposits payable	\$ -	\$ 55,261	\$ 55,261
Bonds payable	-	650,000	650,000
Net pension liability	1,046	164,038	165,084
Total noncurrent liabilities	<u>\$ 1,046</u>	<u>\$ 869,299</u>	<u>\$ 870,345</u>
Total liabilities	<u>\$ 30,596</u>	<u>\$ 938,397</u>	<u>\$ 968,993</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-type Activities Enterprise Funds		
	Fort Polk Custodial	Water and Sewer	Total
DEFERRED INFLOWS OF RESOURCES			
Pension contributions	\$ 52	\$ 8,066	\$ 8,118
Total liabilities and deferred inflows of resources	<u>\$ 30,648</u>	<u>\$ 946,463</u>	<u>\$ 977,111</u>
NET POSITION			
Net investment in capital assets	\$ 58,147	\$ 1,802,702	\$ 1,860,849
Restricted for:			
Bond retirement	-	66,839	66,839
Unrestricted	670,608	1,429,284	2,099,892
Total net position	<u>\$ 728,755</u>	<u>\$ 3,298,825</u>	<u>\$ 4,027,580</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 759,403</u>	<u>\$ 4,245,288</u>	<u>\$ 5,004,691</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, 2020

	Business-type Activities Enterprise Funds		
	Fort Polk Custodial	Water and Sewer	Total
Operating revenues			
Charges for services	\$ 1,655,723	\$ 628,035	\$ 2,283,758
Operating expenses			
Personal services	\$ 963,178	\$ 249,635	\$ 1,212,813
Supplies	177,527	30,894	208,421
Contractual services	74,253	214,669	288,922
Depreciation	16,238	103,142	119,380
Total operating expenses	\$ 1,231,196	\$ 598,340	\$ 1,829,536
Income (loss) from operations	\$ 424,527	\$ 29,695	\$ 454,222
Nonoperating revenues (expenses)			
Investment income	\$ 196	\$ 4,825	\$ 5,021
Interest expense	-	(27,023)	(27,023)
Nonemployer pension revenue	32	4,944	4,976
Total nonoperating revenues (expenses)	\$ 228	\$ (17,254)	\$ (17,026)
Income (loss) before transfers & contributions	\$ 424,755	\$ 12,441	\$ 437,196
Transfers out	(134,254)	(191,600)	(325,854)
Transfers in	-	391,882	391,882
Capital contributions	-	9,003	9,003
Change in net position	\$ 290,501	\$ 221,726	\$ 512,227
Net position at beginning of year	438,254	3,077,099	3,515,353
Net position at end of year	\$ 728,755	\$ 3,298,825	\$ 4,027,580

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities		
	Fort Polk Custodial	Water and Sewer	Enterprise Funds Total
Cash flows from operating activities:			
Cash received from customers	\$ 1,645,885	\$ 622,526	\$ 2,268,411
Cash payments to suppliers for goods and services	(268,158)	(252,242)	(520,400)
Cash payments to employees for services	(951,226)	(230,666)	(1,181,892)
Net cash provided by operating activities	<u>\$ 426,501</u>	<u>\$ 139,618</u>	<u>\$ 566,119</u>
Cash flows from noncapital financing activities:			
Transfers in	\$ -	\$ 391,882	\$ 391,882
Transfers out	(134,254)	(191,600)	(325,854)
Cash paid to other funds	(28,950)	(3,543)	(32,493)
Nonemployer pension revenue	32	4,944	4,976
Net cash provided/(used) by noncapital and related financing activities	<u>\$ (163,172)</u>	<u>\$ 201,683</u>	<u>\$ 38,511</u>
Cash flows from capital and related financing activities:			
Interest paid on debt	\$ -	\$ (27,450)	\$ (27,450)
Retirement of debt	-	(40,000)	(40,000)
Acquisition of fixed assets	(11,610)	(229,753)	(241,363)
Capital contributions received	-	9,003	9,003
Net cash used by capital and related financing activities	<u>\$ (11,610)</u>	<u>\$ (288,200)</u>	<u>\$ (299,810)</u>
Cash flow from investing activities:			
Investment income	<u>\$ 196</u>	<u>\$ 4,825</u>	<u>\$ 5,021</u>
Net increase (decrease) in cash and cash investments	\$ 251,915	\$ 57,926	\$ 309,841
Cash and cash investments, July 1, 2019	283,927	1,494,637	1,778,564
Cash and cash investments, June 30, 2020	<u>\$ 535,842</u>	<u>\$ 1,552,563</u>	<u>\$ 2,088,405</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	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 from operations	\$ 424,527	\$ 29,695	\$ 454,222
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:			
Depreciation	\$ 16,238	\$ 103,142	\$ 119,380
Change in assets and liabilities:			
Increase in accounts receivable	(9,838)	(5,708)	(15,546)
Decrease in accounts payable	(16,378)	(6,679)	(23,057)
Increase in customer deposits payable	-	199	199
Increase in salaries payable	11,244	872	12,116
Increase in retirement payable	1,046	26,576	27,622
Increase in deferred outflows	(390)	(8,795)	(9,185)
Increase in deferred inflows	52	316	368
Net cash provided by operating activities	<u>\$ 426,501</u>	<u>\$ 139,618</u>	<u>\$ 566,119</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, 2020

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 three 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 three patrolmen and a clerk.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

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

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

The municipality reports the following major governmental funds:

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

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

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

The municipality reports the following major proprietary funds:

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

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

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

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

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

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

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

C. Deposits and Investments

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

D. Receivables and Payables

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

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

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

The Town of Rosepine bills and collects property taxes for the municipality. The municipality recognizes property taxes when received and any delinquent taxes are accrued at June 30, 2020.

Property Tax Calendar	
Assessment date	January 1, 2019
Levy date	June 30, 2019
Tax bills mailed	October 15, 2019
Total taxes due	December 31, 2019
Penalties & interest due	January 31, 2020
Lien date	January 31, 2020
Tax sale	May 15, 2020

For the year ended June 30, 2020 taxes of 4.23 mills were levied on property with an assessed valuation totaling \$7,178,840 and were dedicated as follows:

	Authorized Millage	Levied Millage	Expiration Date Renewed
Taxes due for:			
General corporate tax	4.23	4.23	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>
171 Nissan	Auto Dealer	\$ 527,700	7.35%	\$ 67,667
Benoit Ford	Auto Dealer	545,980	7.60%	70,011
Total		<u>\$ 1,073,680</u>	<u>14.95%</u>	<u>\$ 137,678</u>

Sales Taxes

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

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

E. Restricted Assets

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

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

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

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

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

F. Capital Assets

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

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$32,067. 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, 2020.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION The municipality uses the following budget practices:

1. The Town Clerk and Mayor prepare a proposed budget and submit same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen. These amended amounts are shown in the financial statements.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are originally adopted, or amended from time to time by the Board of Aldermen.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

3. CASH AND CASH EQUIVALENT

At June 30, 2020 the municipality has cash and cash equivalents (book balances) totaling \$2,351,446 as follows:

Louisiana Asset Management Pool (LAMP)	\$ 276,142
NOW accounts	1,980,904
Petty cash	500
Money market investment accounts	93,900
Total	<u>\$ 2,351,446</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, 2020, the municipality has \$2,103,976 in deposits (collected bank balances). These deposits are secured from risk by \$347,500 of federal deposit insurance and \$1,756,476 of pledged securities held by an unaffiliated bank of the pledgor bank. These pledged securities are deemed by law to be under the control and possession and in the name of the municipality and deposits are therefore properly collateralized.

The municipality also had invested \$276,142 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, 2020 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

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

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

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

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

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 47 days as of June 30, 2020.
- Foreign currency rate: Not applicable.

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.

If you have any questions, please feel free to contact the LAMP administration office at 800-249-5267.

4. RECEIVABLES

The receivables of \$349,996 at June 30, 2020 are as follows:

Class of Receivable	General Fund	Utility Fund	Fort Polk Custodial Fund	Sales Tax Fund	LCDBG Fund	Total
Taxes:						
Franchise	\$ 14,164	\$ -	\$ -	\$ -	\$ -	\$ 14,164
Sales taxes	-	-	-	25,334	-	25,334
Intergovernmental:						
Federal grants	-	-	-	-	100,340	100,340
Accounts	-	64,135	136,074	-	-	200,209
Hotel/motel taxes	2,765	-	-	-	-	2,765
Insurance premium tax	6,275	-	-	-	-	6,275
Occupational license	909	-	-	-	-	909
Total	<u>\$ 24,113</u>	<u>\$ 64,135</u>	<u>\$ 136,074</u>	<u>\$ 25,334</u>	<u>\$ 100,340</u>	<u>\$ 349,996</u>

5. INTERFUND RECEIVABLES/PAYABLES

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

	Due from	Due to
General Fund	\$ -	\$ 98,744
Fort Polk Custodial Fund	28,950	-
Utility Fund	69,794	-
Total	<u>\$ 98,744</u>	<u>\$ 98,744</u>

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2020, 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	68,327	16,805	-	85,132
Total capital assets, not being depreciated	<u>\$ 300,317</u>	<u>\$ 16,805</u>	<u>\$ -</u>	<u>\$ 317,122</u>
Capital assets being depreciated:				
Buildings	\$ 765,186	\$ 3,418	\$ -	\$ 768,604
Improvements other than buildings	2,100,601	71,529	-	2,172,130
Machinery and equipment	160,349	-	-	160,349
Vehicles	138,949	26,833	-	165,782
Total capital assets being depreciated	<u>\$ 3,165,085</u>	<u>\$ 101,780</u>	<u>\$ -</u>	<u>\$ 3,266,865</u>
Less accumulated depreciation for:				
Buildings	\$ 150,229	\$ 16,079	\$ -	\$ 166,308
Improvements other than buildings	632,635	43,288	-	675,923
Machinery and equipment	153,884	2,400	-	156,284
Vehicles	103,764	14,142	-	117,906
Total accumulated depreciation	<u>\$ 1,040,512</u>	<u>\$ 75,909</u>	<u>\$ -</u>	<u>\$ 1,116,421</u>
Total capital assets being depreciated, net	<u>\$ 2,124,573</u>	<u>\$ 25,871</u>	<u>\$ -</u>	<u>\$ 2,150,444</u>
	Beginning Balance	Increase	Decrease	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 222,067	\$ -	\$ -	\$ 222,067
Work in progress	253,365	206,601	28,013	431,953
Total capital assets, not being depreciated	<u>\$ 475,432</u>	<u>\$ 206,601</u>	<u>\$ 28,013</u>	<u>\$ 654,020</u>
Capital assets being depreciated:				
Buildings	\$ 10,072	\$ 3,419	\$ -	\$ 13,491
Utility plant and improvements	4,577,178	47,747	-	4,624,925
Machinery and equipment	293,034	-	-	293,034
Vehicles	206,456	11,611	-	218,067
Total capital assets being depreciated	<u>\$ 5,086,740</u>	<u>\$ 62,777</u>	<u>\$ -</u>	<u>\$ 5,149,517</u>
Less accumulated depreciation for:				
Buildings	\$ 7,492	\$ 564	\$ -	\$ 8,056
Utility plant and improvements	2,913,718	78,730	-	2,992,448
Machinery and equipment	100,913	16,372	-	117,285
Vehicles	106,184	23,716	-	129,900
Total accumulated depreciation	<u>\$ 3,128,307</u>	<u>\$ 119,382</u>	<u>\$ -</u>	<u>\$ 3,247,689</u>
Total business-type assets being depreciated, net	<u>\$ 1,958,433</u>	<u>\$ (56,605)</u>	<u>\$ -</u>	<u>\$ 1,901,828</u>

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

Depreciation expense of \$75,909 for the year ended June 30, 2020 was charged to the following governmental functions:

Public works	\$	48,647
Public safety		19,507
General administration		7,755
Total	\$	<u>75,909</u>

7. CONSTRUCTION COMMITMENTS

The municipality has active construction projects as of June 30, 2020. The municipality is in process of constructing new sidewalks for its streets. The municipality also 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	\$ 148,134	\$ 2,011,866
Sidewalk project	85,132	210,664
Bailey Road sewer extension project	283,819	361,181

8. INTERFUND TRANSFERS

	<u>Transfers in</u>	<u>Transfers out</u>
General fund	\$ 358,470	\$ -
Utility fund	391,882	191,600
Sales tax fund	-	211,698
Fort Polk custodial fund	-	134,254
LCDBG fund	-	212,800
Total	<u>\$ 750,352</u>	<u>\$ 750,352</u>

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

9. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$227,665 at June 30, 2020 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	\$ 8,164	\$ 9,504	\$ 2,193	\$ 229	\$ -	\$ 20,090
Contracts	-	-	-	-	100,340	100,340
Salaries and related benefits	10,023	5,996	-	27,357	-	43,376
Accrued interest	-	8,598	-	-	-	8,598
Customers deposits	-	55,261	-	-	-	55,261
Total	<u>\$ 18,187</u>	<u>\$ 79,359</u>	<u>\$ 2,193</u>	<u>\$ 27,586</u>	<u>\$ 100,340</u>	<u>\$ 227,665</u>

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, 2020.

	Proprietary Funds		
	Bonded Debt	Pension Liability	Total
Long-term obligations at beginning of year	\$ 735,000	\$ 137,462	\$ 872,462
Additions	-	49,515	49,515
Reductions	-	(21,893)	(21,893)
Principal payments	(40,000)	-	(40,000)
Long-term obligations at end of year	\$ 695,000	\$ 165,084	\$ 860,084

	Governmental Funds		
	Bonded Debt	Pension Liability	Total
Long-term obligations at beginning of year	\$ 104,000	\$ 395,082	\$ 499,082
Additions	-	137,098	137,098
Reductions	-	(57,483)	(57,483)
Principal payments	(11,000)	-	(11,000)
Long-term obligations at end of year	\$ 93,000	\$ 474,697	\$ 567,697

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, 2020.

	Proprietary Funds		
	Bonded Debt	Pension Liability	Total
Current portion	\$ 45,000	\$ -	\$ 45,000
Long-term portion	650,000	165,084	815,084
Total	\$ 695,000	\$ 165,084	\$ 860,084

	Governmental Funds		
	Bonded Debt	Pension Liability	Total
Current portion	\$ 11,000	\$ -	\$ 11,000
Long-term portion	82,000	474,697	556,697
Total	\$ 93,000	\$ 474,697	\$ 567,697

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

All municipal bonds outstanding at June 30, 2020, for \$788,000, 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 \$56,000 and \$30,660 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	\$ 81,400	\$ 285,000	Water revenues
Utilities Revenue Bonds	3/27/2013	2.00% to 4.00%	3/1/2033	\$ 120,887	\$ 410,000	Water revenues
Municipal Building Bonds	1/10/2008	4.85%	5/1/2027	\$ 18,963	\$ 93,000	General revenues

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2021	\$ 56,000	\$ 30,660	\$ 86,660
2022	57,000	28,664	85,664
2023	58,000	26,620	84,620
2024	58,000	24,527	82,527
2025	64,000	22,209	86,209
2026-2030	305,000	73,170	378,170
2031-2033	190,000	15,400	205,400
Total	\$ 788,000	\$ 221,250	\$ 1,009,250

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, 2020, the statutory limit is \$2,512,594 and outstanding bonded debt totals \$788,000.

11. RESTRICTED NET POSITION/FUND BALANCES

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

Restricted assets:	
Bond reserve funds	\$ 92,355
Sinking funds	28,082
Total	\$ 120,437
Less:	
Liabilities payable from restricted assets:	
Current portion of bond	\$ 45,000
Accrued interest	8,598
Total	\$ 53,598
Restricted net position	\$ 66,839

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	\$ 5,293	\$ -	\$ 5,293
Sales tax deposits	-	93,900	93,900
Sales tax receivable	-	25,334	25,334
Total	<u>\$ 5,293</u>	<u>\$ 119,234</u>	<u>\$ 124,527</u>
Less:			
Liabilities payable from restricted assets:			
Accounts payable	<u>\$ -</u>	<u>\$ 229</u>	<u>\$ 229</u>
Restricted fund balances	<u>\$ 5,293</u>	<u>\$ 119,005</u>	<u>\$ 124,298</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 14.00% 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, 2020, 2019, and 2018 were \$43,362, \$39,993, and \$32,281, 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, 2020, the municipality reported a liability of \$326,899 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019, the municipality's proportion was .373679%, which was an increase of .044897% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the municipality recognized pension expense of \$86,471. At June 30, 2020, 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	\$ -	\$ 14,500
Changes of assumptions	19,928	-
Net difference between projected and actual earnings on pension plan investments	34,431	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	24,031	1,575
Town contributions subsequent to the measurement date	43,362	-
Total	<u>\$ 121,752</u>	<u>\$ 16,075</u>

The \$43,362 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, 2020. 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:	
2020	\$ 33,110
2021	21,629
2022	4,585
2023	2,991
2024	-
Thereafter	-
Total	<u>\$ 62,315</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, 2019 are as follows:

	Plan B June 30, 2019
Total pension liability	\$ 965,408
Less plan fiduciary net position	(638,509)
Employer's net pension liability	<u>\$ 326,899</u>
 Plan fiduciary net position as a % of the total pension liability	 66.14%

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, 2019 valuation was based on the results of an experience study for the period of July 2013 through June 30, 2018.

Information on the actuarial valuation and assumptions is as follows:

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years – Plan B
Investment rate of return	7.00% net pension plan investment expense
Inflation rate	2.50%
Salary increases, including inflation and merit increases:	
- 1 to 4 years of service	6.4% - Plan A and 7.4% - Plan B
- More than 4 years of service	4.5% - Plan A and 4.9% - Plan B
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, 2019 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	50.00%	2.15%
Public fixed income	35.00%	1.51%
Alternatives	15.00%	0.64%
Totals	100.00%	4.30%
Inflation		2.70%
Expected Arithmetic Nominal Return		7.00%

The discount rate used to measure the total pension liability was 7.00% for the year ended June 30, 2019. 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 7.00%, 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 6.00%, or one percentage point higher 8.00% than the current rate as of June 30, 2019:

	Changes in Discount Rate:		
	1.00% Decrease 6.00%	Current Discount Rate 7.00%	1.00% Increase 8.00%
Net Pension Liability	\$ 435,673	\$ 326,899	\$ 234,906

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 32.50% 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, 2020, 2019 and 2018 were \$36,014, \$34,698, and \$27,313, 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, 2020, the municipality reported a liability of \$312,882 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019 the municipality's proportion was .034452%, which was an increase of .004354% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the municipality recognized pension expense of \$68,329. At June 30, 2020, 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	\$ 656	\$ 9,626
Changes of assumptions	17,533	-
Net difference between projected and actual earnings on pension plan investments	20,327	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	55,070	-
Town contributions subsequent to the measurement date	36,014	-
Total	<u>\$ 129,600</u>	<u>\$ 9,626</u>

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

The \$36,014 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, 2020. 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:		
2020	\$	44,635
2021		18,034
2022		16,220
2023		5,071
2024		-
Thereafter		-
Total	\$	<u>83,960</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, 2019 are as follows:

Total pension liability	\$	1,079,191
Less plan fiduciary net position		<u>(766,309)</u>
Total collective net pension liability	\$	<u>312,882</u>

The actuarial assumptions used in the June 30, 2019 valuation were based on the assumptions used in the June 30, 2019 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. 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, 2019 are as follows:

Valuation Date	June 30, 2019	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.125%, net of investment expense	
Expected Remaining Service Lives	2019 – 4 years 2018 – 4 years 2017 – 4 years 2016 – 4 years	
Inflation Rate	2.50%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1 – 2	9.75%
	3 – 23	4.75%
	Over 23	4.25%

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

Mortality	<p>RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.</p> <p>RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.</p> <p>RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.</p>
Cost-of-Living Adjustments	<p>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.</p>

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, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

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, 2019 are summarized in the following table:

Asset Class	June 30, 2019	
	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	48.50%	3.28%
Fixed income Alternatives	33.50%	0.80%
Other	18.00%	1.06%
Totals	100.00%	5.14%
Inflation		2.75%
Expected Arithmetic Nominal Return		7.89%

The discount rate used to measure the total pension liability was 7.125%. 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 7.125%, 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 6.125%, or one percentage point higher, 8.125%, than the current rate as of June 30, 2019:

	<u>Changes in Discount Rate:</u>		
	1.00% Decrease 6.125%	Current Discount Rate 7.125%	1.00% Increase 8.125%
Net Pension Liability	<u>\$ 435,948</u>	<u>\$ 312,882</u>	<u>\$ 209,642</u>

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Ad valorem tax	\$ 30,000	\$ 30,800	\$ 30,646	\$ (154)
Insurance premium tax	32,000	32,300	37,509	5,209
Franchise tax	81,900	64,900	73,958	9,058
Hotel/motel tax	23,000	22,200	23,175	975
Intergovernmental:				
Federal grants	3,000	3,800	3,196	(604)
Occupational licenses and permits	23,700	23,700	24,737	1,037
Investment income	100	100	79	(21)
Fines, forfeitures and court costs	227,000	247,800	237,267	(10,533)
Other revenue	10,000	-	280	280
Total revenues	\$ 430,700	\$ 425,600	\$ 430,847	\$ 5,247
Expenditures				
Current operating:				
General government	\$ 256,700	\$ 257,300	\$ 252,079	\$ 5,221
Public safety	278,700	311,600	309,307	2,293
Public works	89,500	73,600	74,646	(1,046)
Debt service:				
Principal	11,000	11,000	11,000	-
Interest	5,000	5,000	5,044	(44)
Capital outlay	14,400	140,200	118,585	21,615
Total expenditures	\$ 655,300	\$ 798,700	\$ 770,661	\$ 28,039
Excess (deficiency) of revenues over expenditures	\$ (224,600)	\$ (373,100)	\$ (339,814)	\$ 33,286
Other financing sources (uses):				
Transfers in	\$ 224,600	\$ 355,300	\$ 358,470	\$ 3,170
Sale of assets	-	-	777	777
Total other financing sources (uses)	\$ 224,600	\$ 355,300	\$ 359,247	\$ 3,947
Net change in fund balance	\$ -	\$ (17,800)	\$ 19,433	\$ 37,233
Fund balances at beginning of year	55,000	56,890	56,890	-
Fund balances at end of year	\$ 55,000	\$ 39,090	\$ 76,323	\$ 37,233

Special Revenue Fund
Sales Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 205,000	\$ 220,200	\$ 224,901	\$ 4,701
Investment income	-	-	93	93
Total revenues	\$ 205,000	\$ 220,200	\$ 224,994	\$ 4,794
Expenditures				
General government and administration	\$ 4,200	\$ 3,800	\$ 3,742	\$ 58
Excess (deficiency) of revenues over expenditures	\$ 200,800	\$ 216,400	\$ 221,252	\$ 4,852
Other financing sources:				
Transfer out	\$ (200,800)	\$ (211,700)	\$ (211,698)	\$ 2
Net change in fund balance	\$ -	\$ 4,700	\$ 9,554	\$ 4,854
Fund balances at beginning of year	105,000	109,451	109,451	-
Fund balances at end of year	\$ 105,000	\$ 114,151	\$ 119,005	\$ 4,854

Schedule of the Town's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2020

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, 2020

Municipal Employees' Retirement System	<u>June 30, 2020</u>
Town's proportion of the net pension liability (asset)	.373679%
Town's proportionate share of the net pension liability (asset)	\$ 326,899
Town's covered-employee payroll	\$ 309,730
Town's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	105.54%
Plan fiduciary net position as a percentage of the total pension liability	66.14%
 Municipal Police Employees' Retirement System	
Town's proportion of the net pension liability (asset)	.034452%
Town's proportionate share of the net pension liability (asset)	\$ 312,882
Town's covered-employee payroll	\$ 110,813
Town's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	282.35%
Plan fiduciary net position as a percentage of the total pension liability	71.01%

(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, 2020

Municipal Employees' Retirement System	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
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, 2020

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

(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, 2020

<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, 2020

Agency Head Name - Donna Duvall

Purpose	Amount
Salary	\$ 25,000
Benefits - insurance	-
Benefits - retirement	3,500
Deferred compensation	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	1,600
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-

Balance Sheet
 For the Year Ended June 30, 2020

ASSETS	Capital Project Fund LCDBG Fund
Receivables:	
Intergovernmental:	
Federal grant	\$ 100,340
LIABILITIES AND FUND BALANCES	
Liabilities:	
Contracts payable	\$ 100,340
Fund Balances:	
Restricted	\$ -
Unrestricted	-
Total fund balances	\$ -
Total liabilities and fund balances	\$ 100,340

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2020

	Capital Project Fund LCDBG Fund
	<u> </u>
Revenues	
Intergovernmental:	
Federal grant	\$ 212,800
	<u> </u>
Expenditures	
Administration	\$ 210
Engineering	11,571
Acquisition	19,409
Construction	181,610
Total expenditures	<u>\$ 212,800</u>
Net change in fund balances	\$ -
Fund balances at beginning of year	<u>-</u>
Fund balances at end of year	<u><u>\$ -</u></u>

OTHER REPORTS

Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2020

There were no prior year audit findings as of June 30, 2019.

Schedule of Current Year Audit Findings and Management's Response
For the Year Ended June 30, 2020

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

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, and each major fund of the Town of Rosepine, Louisiana as of and for the year ended June 30, 2020, 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 November 10, 2020.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed 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 style with a large initial 'J'.

DeRidder, Louisiana
November 10, 2020

Windham & Reed, L.L.C.

Certified Public Accountants

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Fax: (337) 462-0640

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Town of Rosepine, Louisiana, on the Balance Sheet and the Schedule of Revenues, Expenditures and Changes in Fund Balances for the Town of Rosepine, Louisiana's LCDBG Sewer Improvement Project as of and for the year ended June 30, 2020. The Town of Rosepine, Louisiana is responsible for the presentation of the Balance Sheet and the Schedule of Revenues, Expenditures and Changes in Fund Balances for the LCDBG Sewer Improvement Project as of and for the year ended June 30, 2020 in accordance with accounting standards generally accepted in the United States of America. The sufficiency of these procedures is solely the responsibility of the Town of Rosepine, Louisiana. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. Trace balances per the Balance Sheet and the Schedule of Revenues, Expenditures and Changes in Fund Balances for the Town of Rosepine, Louisiana as of and for the year ended June 30, 2020 to the underlying records used in the audit of the financial statements of the Town of Rosepine, Louisiana as of and for the year June 30, 2020.

No exceptions were noted.

2. Verify the mathematical accuracy of the Balance Sheet and the Schedule of Revenues, Expenditures and Changes in Fund Balances for the Town of Rosepine, Louisiana as of and for the year ended June 30, 2020.

No exceptions were noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the applicable attestation standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report.

We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion on the Balance Sheet and the Schedule of Revenues, Expenditures and Changes in Fund Balances for the LCDBG Sewer Improvement Project for the Town of Rosepine, Louisiana as of and for the year ended June 30, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Town of Rosepine, Louisiana and is not intended to be and should not be used for any other purpose.



DeRidder, Louisiana
November 10, 2020