

Town of Gibsland
Gibsland, Louisiana

Annual Financial Statements
As of June 30, 2018 and for the Year Then Ended

Town of Gibsland
Annual Financial Statements
As of and for the Year Ended June 30, 2018
With Supplemental Information Schedules

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Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2018

The management of the Town of Gibsland, Louisiana offers readers of the Town of Gibsland, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2018. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements themselves.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" *Statement of Net Position and Statement of Activities*, which seek to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private sector businesses.

The statement of net position presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or weakening.

The statement of activities presents information which shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues; for example, the police department. Business-type activities are functions that are intended to support their costs through charges for services or fees; such as the Water and Sewer Departments.

Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2018

Government-wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$3,170,120 (net position); this represents an increase of \$344,594 from the last fiscal year. Of this total net asset amount, \$123,079 is unrestricted net position. The Town's net position is comprised of \$196,044 from governmental activities and \$2,974,076 from business-type activities.

The following is a condensed statement of the Town of Gibsland's net position as of June 30, 2018:

	Governmental-Type Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current & Other Assets	\$26,132	\$12,665	\$645,972	\$142,266	\$672,104	\$154,931
Capital Assets (net)	234,814	244,931	3,135,705	2,955,522	3,370,519	3,200,453
Total Assets	<u>\$260,946</u>	<u>\$257,596</u>	<u>\$3,781,677</u>	<u>\$3,097,788</u>	<u>\$4,042,623</u>	<u>\$3,355,384</u>
Liabilities						
Other Liabilities	\$64,902	\$74,479	\$438,599	\$116,519	\$503,501	\$190,998
Long-term Liabilities	0	0	337,391	338,860	337,391	338,860
Total Liabilities	<u>64,902</u>	<u>74,479</u>	<u>775,990</u>	<u>455,379</u>	<u>840,892</u>	<u>529,858</u>
Net Position						
Invested in capital assets, net	234,814	244,931	2,798,314	2,551,077	3,033,128	2,796,008
Restricted	0	0	13,913	7,078	13,913	7,078
Unrestricted	(38,770)	(61,814)	161,849	84,254	123,079	22,440
Total Net Position	<u>\$196,044</u>	<u>\$183,117</u>	<u>\$2,974,076</u>	<u>\$142,266</u>	<u>\$3,170,120</u>	<u>\$325,383</u>

By far the largest portion of the Town's net position \$2,798,314 reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, town infrastructure, etc.) less any related debt used to acquire those assets still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The Town has accumulated \$7,078 and \$6,835 restricted for customer deposits and debt service, respectively.

The balance of \$161,849 is unrestricted net position, which may be used to meet the government's on-going obligations to citizens and creditors.

The Town has total outstanding debt of \$337,391, which was used to finance some of the \$3,370,519 capital assets. Total liabilities of \$444,308 are equal to 14% of the total net position.

Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2018

The following is a summary of the statement of activities:

	Governmental-Type Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue						
Program Revenue	\$6,441	\$4,929	\$652,077	\$372,799	\$658,518	\$377,728
General Revenue & Transfers	208,592	211,265	17,489	3,173	226,081	214,438
Total Revenue	<u>215,033</u>	<u>216,194</u>	<u>669,566</u>	<u>375,972</u>	<u>884,599</u>	<u>592,166</u>
Expenses						
General & Administrative	151,822	154,417			151,822	154,417
Public Safety	40,167	47,496			40,167	47,496
Other	10,117	10,117			10,117	10,117
Water Utilities			187,696	222,876	187,696	222,876
Sewer Utilities			150,203	185,154	150,203	185,154
Total Expenses	<u>202,106</u>	<u>212,030</u>	<u>337,899</u>	<u>408,030</u>	<u>540,005</u>	<u>620,060</u>
Increase (Decrease) in Net Position	12,927	4,164	331,667	(32,058)	344,594	(27,894)
Net Position, beginning	183,117	178,953	2,642,409	2,674,467	2,825,526	2,853,420
Prior period adjustment	0	0	0	0	0	0
Net Position, ending	<u>\$196,044</u>	<u>\$183,117</u>	<u>\$2,974,076</u>	<u>\$2,642,409</u>	<u>\$3,170,120</u>	<u>\$2,825,526</u>

Governmental Activities

The governmental activities of the Town include General Government and Public Safety. In that revenues normally associated with municipal operations, (e.g. property tax, franchise fees, license fees, fines, and operating grants) are sufficient for the funding of these activities.

Business-type Activities

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has two business-type activities, which are accounted for in enterprise funds. The Town uses enterprise funds to account for the revenues and expenses related to the provision of water and sewer services.

The following is a summary of the business-type activities of the Town:

	Operating Revenues Net of Purchases		
	Water	Sewer	Total
Fiscal year ended June 30, 2017	213,454	122,604	336,058
Fiscal year ended June 30, 2018	223,313	114,928	338,241
Increase (decrease) between years	<u>9,859</u>	<u>(7,676)</u>	<u>2,183</u>

Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2018

	Operating Expenses		
	Water	Sewer	Total
Fiscal year ended June 30, 2017	221,058	177,618	398,676
Fiscal year ended June 30, 2018	186,585	143,369	329,954
Increase (decrease) between years	(34,473)	(34,249)	(68,722)

	Net Income (Loss) From Operations		
	Water	Sewer	Total
Fiscal year ended June 30, 2017	(7,604)	(55,014)	(62,618)
Fiscal year ended June 30, 2018	36,728	(28,441)	8,287
Increase (decrease) between years	44,332	26,573	70,905

Fund Financial Statements - Governmental Funds

The fund financial statements provide more detailed information about the Town’s most significant funds - not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

The Town currently maintains one individual governmental fund type. This fund type include the General Fund. Information is presented separately in the Governmental Fund Balance Sheet (Statement D) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statements F & G) for the General Fund which is considered to be major fund.

Financial Analysis of the Town’s Governmental Fund

The Town of Gibsland’s governmental fund (General Fund) reported an ending fund balance (deficit) of (\$38,770), which is an increase of \$23,044 from prior year. The entire ending fund balance (deficit) of (\$38,770) is unreserved.

Fund Financial Statements - Proprietary Funds

The Town maintains two proprietary funds. Proprietary funds are used to report the same functions as business-type activities. The Town uses enterprise funds (the first type of proprietary fund) to account for its Water and Sewer Operations. These enterprise funds report the same functions presented as business-type activities in the government-wide financial statements.

Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2018

Financial Analysis of the Town's Proprietary Fund

The Town's proprietary funds show an increase in ending retained earnings of \$331,667 (Water: \$29,735 & Sewer: \$301,932). The 2018 operating income (loss) of the Water department of \$36,728 and Sewer department totaling (\$28,441) represents an increase in revenue of \$2,183 and a decrease in expenses of \$68,722 from 2017 figures.

Financial statements of enterprise funds are presented on the same basis of accounting as in both the governmental-wide financial statements and the individual fund statements. All comments and analysis made under business-type activities apply to these funds.

General Fund Budgetary Highlights

The Town adopted an original budget for the General Fund but did not amend it during the year. Budgeted revenues and other sources exceeded actual revenues and other sources by \$16,685 or 9%.

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2017 is \$3,033,128.

There was one major capital assets purchased or constructed in fiscal 2018 for governmental activities for \$5,700 AC unit or business type activities, other than the continuation of a sewer line improvement for \$313,836.

Current Financial Factors

The Town is trying to get its policies and procedures back in place with the current administration.

Requests for Information

This financial report is designed to provide a general overview of the Town of Gibsland's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Town Clerk, P. O. Box 309, Gibsland, Louisiana 71028.

WADE & PERRY
Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

Independent Auditor's Report

Mayor and Board of Aldermen
Town of Gibsland
Gibsland, LA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the Town of Gibsland ("Town"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Gibsland, as of June 30, 2018, 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 the management's discussion and analysis and budgetary comparison information 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to 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.

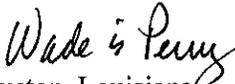
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation paid to elected officials, the schedule of compensation, benefits and other payments to agency head, and schedule of insurance are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 management's discussion and analysis and budgetary comparison information is 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 a report dated December 27, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the 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's internal control over financial reporting and compliance.


Ruston, Louisiana
December 27, 2018

Town of Gibsland, Louisiana
Statement of Net Position
As of June 30, 2018

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and equivalents	\$37,425	\$81,027	\$118,452
Receivables	22,250	89,294	111,544
Internal balances	(33,543)	33,543	0
Restricted assets	0	13,913	13,913
Other assets	0	0	0
Capital assets (net)	234,814	3,135,705	3,370,519
TOTAL ASSETS	<u>\$260,946</u>	<u>\$3,353,482</u>	<u>\$3,614,428</u>
Deferred outflows of resources	0	0	0
LIABILITIES			
Cash overdraft	\$0	\$0	\$0
Accounts, salaries, and other payables	64,902	10,404	75,306
Current loans, bonds, and interest payable	0	67,291	67,291
Liabilities payable from restricted assets	0	31,611	31,611
Loans and bonds payable	0	270,100	270,100
TOTAL LIABILITIES	<u>64,902</u>	<u>379,406</u>	<u>444,308</u>
Deferred inflows of resources	0	0	0
NET POSITION			
Invested in capital assets, net of related debt	234,814	2,798,314	3,033,128
Restricted for customers	0	7,078	7,078
Restricted for debt	0	6,835	6,835
Unrestricted	(38,770)	161,849	123,079
TOTAL NET POSITION	<u>\$196,044</u>	<u>\$2,974,076</u>	<u>\$3,170,120</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Statement of Activities
Year Ended June 30, 2018

	Program Revenues			Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities
Governmental Activities:						
General government	\$151,822				(\$151,822)	(\$151,822)
Public safety	40,167	\$6,441			(33,726)	(33,726)
Depreciation	10,117				(10,117)	(10,117)
Total governmental activities	<u>202,106</u>	<u>6,441</u>	<u>0</u>	<u>0</u>	<u>(195,665)</u>	<u>0</u>
Business-type activities:						
Water utilities	187,696	223,313				\$35,617
Sewer utilities	150,203	114,928		313,836		278,561
Total business-type activities	<u>337,899</u>	<u>338,241</u>	<u>0</u>	<u>313,836</u>	<u>0</u>	<u>314,178</u>
Total primary government	<u>\$540,005</u>	<u>\$344,682</u>	<u>\$0</u>	<u>\$313,836</u>	<u>(\$195,665)</u>	<u>\$314,178</u>
General revenues:						
Ad valorem taxes					\$30,290	\$30,290
Sales taxes					102,873	102,873
Other					26,051	26,051
Franchise fees					35,589	35,589
Licenses and permits					2,825	2,825
Intergovernmental revenues - state					0	24,466
Other general revenues					3,987	3,987
Transfers - net					6,977	(6,977)
Total general revenues and transfers					<u>208,592</u>	<u>17,489</u>
Change in Net Position					12,927	331,667
Net Position - beginning					183,117	2,642,409
Prior period adjustment					0	0
Net Position - ending					<u>\$196,044</u>	<u>\$2,974,076</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
 Balance Sheet, Governmental Funds
 June 30, 2018

	ASSETS	General Fund	Total Governmental Funds
Cash and cash investments		\$37,425	\$37,425
Receivable		22,250	22,250
Interfunds		155,976	155,976
Other assets		0	0
TOTAL ASSETS		<u>\$215,651</u>	<u>\$215,651</u>
	LIABILITIES AND FUND BALANCES		
Liabilities:			
Cash overdraft		\$0	\$0
Accounts, salaries, and other payables		64,902	64,902
Interfunds		<u>189,519</u>	<u>189,519</u>
Total liabilities		<u>254,421</u>	<u>254,421</u>
Fund balances:			
Unassigned		<u>(38,770)</u>	<u>(38,770)</u>
TOTAL LIABILITIES AND FUND BALANCES		<u>\$215,651</u>	<u>\$215,651</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Reconciliation of The Governmental Funds Balance Sheet
to The Government-Wide Financial Statement of Net Position
June 30, 2018

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

Fund balances, Total governmental funds (Statement C)			(\$38,770)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:			
Governmental capital assets	\$415,430		
Less accumulated depreciation	<u>(180,616)</u>	<u>234,814</u>	
Net Position of Governmental Activities (Statement A)			<u>\$196,044</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2018

	<u>General Fund</u>
REVENUES	
Taxes:	
Ad valorem	\$30,290
Sales and use	102,873
Other	26,051
Franchise fees	35,589
Licenses and permits	2,825
Intergovernmental revenues - state	0
Fines and forfeitures	6,441
Interest earnings	0
Other revenues	<u>3,987</u>
Total Revenues	208,056
EXPENDITURES	
General government	151,822
Public safety	40,167
Capital outlay	<u>0</u>
Total Expenditures	<u>191,989</u>
Excess (Deficiency) of Revenues over (under) Expenditures	16,067
OTHER FINANCING SOURCES (USES)	
Operating transfers in	6,977
Operating transfers out	<u>0</u>
Total Other Financing Sources (Uses)	<u>6,977</u>
Net Change in Fund Balance	23,044
Fund Balance – beginning	(61,814)
Prior period adjustment	<u>0</u>
Fund Balance – ending	<u><u>(\$38,770)</u></u>

The accompanying notes are an integral part of this statement.

Town of Gibsland

Reconciliation of The Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds

to the Statement of Activities

For the Year Ended June 30, 2018

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

Net Change in Fund Balances, Total governmental funds (Statement E)	\$23,044
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$0) exceeded depreciation (\$10,117) in the current period.

	(\$10,117)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

	<u>0</u>
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Change in Net Position of Governmental Activities, Statement B

	<u><u>\$12,927</u></u>
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The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Statement of Net Position, Proprietary Funds
June 30, 2018

	Business-Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Totals (Memorandum Only)	
			2018	2017
ASSETS				
Current assets:				
Cash and equivalents	\$57,855	\$23,172	\$81,027	\$21,934
Receivables	60,503	28,791	89,294	81,499
Interfunds	272,894	188,844	461,738	393,445
Total current assets	<u>391,252</u>	<u>240,807</u>	<u>632,059</u>	<u>496,878</u>
Restricted assets:				
Cash and equivalents	7,078	6,835	13,913	7,078
Non-current assets:				
Capital assets (net of accumulated depreciation)	805,169	2,330,536	3,135,705	2,955,522
Total Non-current assets	<u>805,169</u>	<u>2,330,536</u>	<u>3,135,705</u>	<u>2,955,522</u>
TOTAL ASSETS	<u>\$1,203,499</u>	<u>\$2,578,178</u>	<u>\$3,781,677</u>	<u>\$3,459,478</u>
LIABILITIES				
Current Liabilities:				
Cash overdraft	\$0	\$0	\$0	\$0
Accounts, salaries, and other payables	8,662	\$1,742	10,404	18,479
Interfunds	185,237	242,958	428,195	361,690
Loans, bonds, and interest payable	33,945	33,346	67,291	65,585
Total current liabilities	<u>227,844</u>	<u>278,046</u>	<u>505,890</u>	<u>445,754</u>
Current liabilities payable from restricted assets	<u>31,611</u>	<u>0</u>	<u>31,611</u>	<u>32,455</u>
Non-current liabilities:				
Loans and bonds payable	0	270,100	270,100	338,860
Total non-current liabilities	<u>0</u>	<u>270,100</u>	<u>270,100</u>	<u>338,860</u>
Total liabilities	<u>259,455</u>	<u>548,146</u>	<u>807,601</u>	<u>817,069</u>
NET POSITION				
Net investment in capital assets	771,224	2,027,090	2,798,314	2,551,077
Restricted for customers	7,078		7,078	7,078
Restricted for debt		6,835	6,835	0
Unrestricted	165,742	(3,893)	161,849	84,254
TOTAL NET POSITION	<u>\$944,044</u>	<u>\$2,030,032</u>	<u>\$2,974,076</u>	<u>\$2,642,409</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Totals Memorandum only</u>	
	<u>Fund</u>	<u>Fund</u>	<u>2018</u>	<u>2017</u>
Operating Revenues				
Charges for services:				
Water sales	\$209,857		\$209,857	\$198,682
Sewer charges		\$114,879	114,879	122,596
Other services	13,456	49	13,505	14,780
Total Operating Revenues	<u>223,313</u>	<u>114,928</u>	<u>338,241</u>	<u>336,058</u>
Operating Expenses				
Cost of sales and services	93,535	52,995	146,530	254,522
Administration	29,381	14,690	44,071	5,700
Depreciation	63,669	75,684	139,353	138,454
Total Operating Expenses	<u>186,585</u>	<u>143,369</u>	<u>329,954</u>	<u>398,676</u>
Operating income (loss)	36,728	(28,441)	8,287	(62,618)
Nonoperating revenue (expenses)				
Intergovernmental	0	24,466	24,466	23,659
Grant income	0	313,836	313,836	36,741
Interest earnings	0		0	0
Interest expense	(1,111)	(6,834)	(7,945)	(9,354)
Adjustment	0	0	0	0
Total Nonoperating Revenue (Expenses)	<u>(1,111)</u>	<u>331,468</u>	<u>330,357</u>	<u>51,046</u>
Income before contributions and transfers	35,617	303,027	338,644	(11,572)
Fidelity bond insurance proceeds	0		0	0
Transfers in	1,240	145	1,385	6,221
Transfers out	(7,122)	(1,240)	(8,362)	(26,707)
Change in Net Position	<u>29,735</u>	<u>301,932</u>	<u>331,667</u>	<u>(32,058)</u>
Total Net Position - Beginning	914,309	1,728,100	2,642,409	2,674,467
Prior period adjustment	0	0	0	0
Total Net Position - Ending	<u>\$944,044</u>	<u>\$2,030,032</u>	<u>\$2,974,076</u>	<u>\$2,642,409</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Statement of Cash Flows, Proprietary Funds
For the Year Ended June 30, 2018

	Water Fund	Sewer Fund	Total (Memo only)	2017
Cash Flows from Operating Activities				
Receipts from customers and users	\$181,157	\$80,152	\$261,309	\$259,315
Receipts from other funds	0	24,466	24,466	23,659
Payments to suppliers	(66,844)	(6,584)	(73,428)	(139,361)
Payments to employees	(29,371)	(29,371)	(58,742)	(55,272)
Payments to other funds	0	0	0	0
Net Cash Provided by Operating Activities	<u>84,942</u>	<u>68,663</u>	<u>153,605</u>	<u>88,341</u>
Cash Flows from Noncapital Financing Activities				
Transfer to other funds	(7,122)	(1,240)	(8,362)	(26,707)
Advances from other funds	1,240	145	1,385	6,221
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(5,882)</u>	<u>(1,095)</u>	<u>(6,977)</u>	<u>(20,486)</u>
Cash Flows from Capital and Related Financing Activities				
Purchases of capital assets	(5,700)	(313,836)	(319,536)	(36,741)
Adjustment	0	0	0	0
Grant income	0	313,836	313,836	36,741
Principal paid on capital debt	(33,665)	(33,390)	(67,055)	(65,646)
Interest paid on capital debt	(1,111)	(6,834)	(7,945)	(9,354)
Prior period adjustment	0	0	0	0
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(40,476)</u>	<u>(40,224)</u>	<u>(80,700)</u>	<u>(75,000)</u>
Cash Flows from Investing Activities				
Interest and dividends received	0	0	0	0
Net Cash Provided by Investing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Increase in Cash and equivalents	38,584	27,344	65,928	(7,145)
Cash and equivalents, Beginning of Year	<u>26,349</u>	<u>2,663</u>	<u>29,012</u>	<u>36,157</u>
Cash and equivalents, End of Year	<u><u>\$64,933</u></u>	<u><u>\$30,007</u></u>	<u><u>\$94,940</u></u>	<u><u>\$29,012</u></u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities				
Operating income	\$36,728	(\$28,441)	\$8,287	(\$62,618)
Depreciation expense	63,669	75,684	139,353	138,454
(Increase) decrease in accounts receivable	(7,795)	0	(7,795)	(12,771)
Intergovernmental funds	0	24,466	24,466	23,659
(Increase) decrease in due from other funds	(33,517)	(34,775)	(68,292)	(64,884)
Increase (decrease) in customer deposits	(844)	0	(844)	912
Increase (decrease) in accounts payable	(8,075)	0	(8,075)	705
Increase (decrease) in due to other funds	34,776	31,729	66,505	64,884
Net Cash Provided by Operating Activities	<u>\$84,942</u>	<u>\$68,663</u>	<u>\$153,605</u>	<u>\$88,341</u>
Reconciliation of total cash and cash investments:				
Current assets - cash and cash investments	\$57,855	\$23,172	\$81,027	\$21,934
Restricted assets - cash and cash investments	7,078	6,835	13,913	7,078
Total cash and cash investments	<u>\$64,933</u>	<u>\$30,007</u>	<u>\$94,940</u>	<u>\$29,012</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2018

INTRODUCTION

The Town was incorporated under the provisions of Louisiana Revised Statutes 33:52. The Town operates under a form of government consisting of an elected mayor and a Town council, which has five elected members. The Town, with 7 employees, provides public safety, public works, utility services, and administrative services to its residents. The Town consists of approximately 1,000 citizens.

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 Town 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 and local governments. As used in GASB Statement No. 14, fiscally independent means that the Town 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

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

In June, 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Town's activities, including infrastructure (if any).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charge 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.

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2018

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund 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 and the fiduciary 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.

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. Only the portion of special assessment receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

The Water fund is to account for the provision of water services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, but not limited to, administration, operations, maintenance, financing, and related debt service and billing.

The Sewer fund is to account for the provision of sewer services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, but not limited to, administration, operations, maintenance, financing, and related debt service and billing.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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 those charges would distort the direct costs and program revenues reported for the various functions concerned.

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2018

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

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. Principal operating revenues of the proprietary funds include water and sewer services to the residents of the Town. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

C. Deposits and Investments

The Town'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 Town's investment policy allow the Town to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments for the Town are reported at fair value.

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.

All trade and property tax receivables are shown net of an allowance for uncollectives. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

<u>Taxes due for:</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General operations and maintenance	12.90	11.78	6/30/18
Sewer District	5.81	5.04	6/30/18
Sewer Bond	5.81	5.04	6/30/18

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

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2018

<u>Taxpayer</u>	<u>Type of business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad valorem Tax Revenue for Town</u>
Gibsland Bank & Trust	financial institution	689,700	28.02%	\$15,077
Kansas City Southern	railroad	154,290	6.27%	3,373
Total		<u>843,990</u>	<u>34.29%</u>	<u>\$18,450</u>

Sales Taxes. Sales taxes are collected by Bienville parish sales and use tax commission and remitted to the Town. Amounts remitted during the current period and amounts collected by the governmental agency during the current period and remitted within 60 days to the Town are recognized as revenue. The Town's sales tax percentage is 2 per cent.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Restricted assets include cash and cash investments in the Proprietary funds which are restricted to their use. These restrictions are principally related to requirements of bond issues and utility meter deposits. It is the Town's policy to use restricted assets before unrestricted assets for their intended purposes.

G. 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 Town maintains a threshold level of \$500 or more for capitalizing capital assets.

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.

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>
Water and sewer system and lines	40 years
Buildings and improvements	10-27 years
Vehicles	3-5 years
Equipment	3-7 years

H. Compensated Absences

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

The Town's full time employees accrue sick and vacation time on a monthly basis calculated on an 8 hour basis as follows: sick leave is 40 hours per year; vacation is 40 hours for over 1 year of employment, 80 hours for over 2 years; 120 hours for over 5 years; 160 hours for over 12 years, and 200 hours for over 20 years. Sick and vacation time is charged at not less than 4 hours. Vacation and sick time must be used by the next year end (June 30) and cannot be carried forward. The Town's sick and vacation time at June 30, 2018, was not material to the financial statements and therefore, was not recorded.

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2018

I. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types 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.

J. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only for enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

K. 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 the estimates.

L. RISK MANAGEMENT

The town is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the town maintains commercial insurance policies covering its vehicles, professional liability and surety bond coverage. No claims were paid on any of the policies which exceeded to policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2018.

M. GOVERNMENTAL FUND BALANCE

Beginning with fiscal year 2011, the Town implemented GASB Statement 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable - amounts that are not in spendable form (such as prepaids) or are required to be maintained intact.

Restricted - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed - amounts constrained to specific purpose by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

Assigned - amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned - amounts that are available for any purpose; positive amounts are reported only in the general fund.

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2018

The governing body establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balances is established by the governing body through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGET INFORMATION The Town uses the following budget practices:

The Town did not adopt a budget for the year ended June 30, 2018 for the General fund. The Town follows the following procedures in establishing the budgetary data reflected in the financial statements. During the June meeting, the Town clerk submits to the board of aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and expenses and the means of financing them. During the June meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The Town clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures or expenses of any fund must be approved by the board of aldermen. Appropriations lapse at the end of the year. There was no budget amendment for the year ended June 30, 2018.

3. CASH AND CASH EQUIVALENTS

At June 30, 2018, the Town has cash and cash equivalents (book balances) totaling \$132,365 as follows:

Demand deposits	\$132,365
Time deposits	<u>0</u>
Total	<u><u>\$132,365</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2018, the Town has \$154,255 in deposits (collected bank balances) which are all secured from risk by federal deposit insurance. (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 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 Town that the fiscal agent has failed to pay deposited funds upon demand.

4. RECEIVABLES

The receivables of \$111,544 at June 30, 2018, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Utility Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Sales and use taxes	\$11,648			\$11,648
Franchise fees	6,820			6,820
Ad valorem taxes	2,730			2,730
Other	1,052			1,052
Accounts		<u>\$60,503</u>	<u>\$28,791</u>	<u>89,294</u>
Total	<u><u>\$22,250</u></u>	<u><u>\$60,503</u></u>	<u><u>\$28,791</u></u>	<u><u>\$111,544</u></u>

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2018

The Town's policy for bad debt accounting and write-offs is to send a letter to the occupant and owner after the due date. After 60 days, the utility line is sealed close. Reconnect fees must be paid to have service resumed. For deceased accounts, the clerk requests permission from the board to adjust the accounts to close.

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2018 is as follows:

<u>Fund</u>	<u>Due from</u>	<u>Due to</u>
General fund	\$155,976	\$189,519
Water fund	272,894	185,237
Sewer fund	188,844	242,958
Total	<u>\$617,714</u>	<u>\$617,714</u>

The balances consist of allocations for accounting fees, payroll and payroll taxes.

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2018, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$23,642				23,642
Total capital assets not being depreciated	<u>23,642</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,642</u>
Buildings	44,513				44,513
Improvements other than buildings	227,010				227,010
Machinery and equipment	92,277				92,277
Infrastructure	27,989				27,989
Total capital assets being depreciated	<u>391,789</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>391,789</u>
Accumulated depreciation	<u>170,500</u>		<u>\$10,117</u>		<u>180,617</u>
Total capital assets being depreciated, net	<u>\$244,931</u>	<u>\$0</u>	<u>(\$10,117)</u>	<u>\$0</u>	<u>\$234,814</u>

Depreciation expense of \$10,117 was charged to the general government function.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$49,175			\$49,175
Construction in progress	36,741	\$313,836		350,577
Total capital assets not being depreciated	<u>85,916</u>	<u>313,836</u>	<u>0</u>	<u>399,752</u>
Capital assets being depreciated:				
Buildings	49,094			49,094
Improvements other than buildings	5,565,017			5,565,017

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2018

	Beginning Balance	Increases	Decreases	Ending Balance
Equipment	62,164	\$5,700		67,864
Vehicles	21,185			21,185
Total capital assets being depreciated	<u>5,697,460</u>	<u>5,700</u>	<u>0</u>	<u>5,703,160</u>
Less accumulated depreciation	<u>2,827,854</u>	<u>\$139,353</u>		<u>2,967,207</u>
Total business-type assets being depreciated, net	<u>\$2,869,606</u>	<u>(\$133,653)</u>	<u>\$0</u>	<u>\$3,135,705</u>

7. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$75,306 at June 30, 2018, are as follows:

	General Fund	Water Fund	Sewer Fund	Total
Accounts	<u>\$64,902</u>	<u>\$8,662</u>	<u>\$1,742</u>	<u>\$75,306</u>
Total	<u>\$64,902</u>	<u>\$8,662</u>	<u>\$1,742</u>	<u>\$75,306</u>

8. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2018:

	<u>Loans payable</u>
Long-term obligations, 6/30/17	\$404,445
Additions	0
Reductions	<u>(67,054)</u>
Long-term obligations, 6/30/18	<u>\$337,391</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2018:

	<u>Loans payable</u>
Current portion	\$67,291
Long-term portion	<u>270,100</u>
Total	<u>\$337,391</u>

Five loans outstanding at June 30, 2018, are loans payable to the U.S. Department of Agriculture - Farmers Home Administration with interest rates of 2.125%. Principal and interest payable in the next fiscal year are \$67,291 and \$7,706, respectively. The individual issues are as follows:

Loan number	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding	Funding Source
Loan 91-11	11/20/80	2.125	2020	\$831	\$33,945	USDA
Loan 92-02	7/15/83	2.125	2023	1,121	25,545	USDA
Loan 92-12	7/15/83	2.125	2022	835	31,794	USDA
Loan 92-13	7/15/83	2.125	2023	1,379	25,498	USDA
Loan 92-14	3/8/99	2.125	2039	50,860	220,609	USDA

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2018

At June 30, 2018, the Town has accumulated \$6,835 for future debt repayments. The annual requirements to amortize all loans outstanding at June 30, 2018, including interest of \$55,026 is as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2019	\$67,291	\$7,706	\$74,997
2020	34,792	5,429	40,221
2021	25,056	4,738	29,794
2022	26,240	4,320	30,560
2023	9,834	3,822	13,656
2024 and thereafter	174,178	29,011	203,189
Total	<u>\$337,391</u>	<u>\$55,026</u>	<u>\$392,417</u>

9. ON BEHALF PAYMENTS FOR SALARIES

The Town recognizes as general fund revenues and expenses supplemental pay made by the State of Louisiana to the Town's police employees. For the year ended June 30, 2018, the town's police chief and officers received \$6,000 in police supplemental pay from the State of Louisiana, Department of Public Safety and Corrections.

10. CONTINGENT LIABILITIES

At June 30, 2018, there was one litigation pending against the Town of Gibsland. The Town and Counsel expect a favorable outcome on this claim.

11. FUND DEFICIT/BALANCE

At June 30, 2018, the General Fund had a fund deficit of \$38,770. The Town's plan is to pay off all old outstanding debts and liabilities and set up internal controls to eliminate the deficit.

12. USDA

The Town has 265 and 35 water residential and commercial customers, respectively. The Town has 249 and 23 sewer residential and commercial customers, respectively.

13. MILLAGE RATE

The Town adjusted its millage rate effective November 1, 2017. The Town hired an outside millage management company to assist in compliance with any laws and regulations. For the year ended June 30, 2017 the Town collected \$23,659 related to the Sewer fund GO bonds and made payments of \$12,216. For the year ended June 30, 2018 the Town collected \$23,434 related to the Sewer fund GO bonds and made payments of \$12,216. The balances of \$11,443 and \$11,218 have not been deposited into reserve accounts as of June 30, 2018 and 2017, respectively.

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 27, 2018. This date represents the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

Town of Gibbsland
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts GAAP Basis	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Taxes - ad valorem	\$34,000	\$34,000	\$30,290	(\$3,710)
Sales taxes	70,000	70,000	102,873	32,873
Other	23,130	23,130	26,051	2,921
Licenses and permits	600	600	2,825	2,225
Franchise fees	34,000	34,000	35,589	1,589
Fines and forfeitures	5,000	5,000	6,441	1,441
Miscellaneous	23,100	23,100	3,987	(19,113)
Total Revenues	189,830	189,830	208,056	18,226
EXPENDITURES				
General government	170,516	170,516	151,822	18,694
Public Safety	4,788	4,788	40,167	(35,379)
Capital outlay	0	0	0	0
Total Expenditures	175,304	175,304	191,989	(16,685)
Excess (Deficiency) of Revenues over (under) Expenditures	14,526	14,526	16,067	1,541
OTHER FINANCING SOURCES (USES)				
Operating transfers in	0	0	6,977	6,977
Operating transfers out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	6,977	6,977
Net Change in Fund Balance	14,526	14,526	23,044	8,518
Fund Balance (Deficit) at Beginning of Year	0	0	(61,814)	(61,814)
Prior Period Adjustment	0	0	0	0
Fund Balance (Deficit) at End of Year	\$14,526	\$14,526	(\$38,770)	(\$53,296)

Notes to the Schedule

- (1) method of budgetary accounting - GAAP, modified accrual basis
(2) explanation of material variances - underrbudgeted public safety expenditures

The accompanying notes are an integral part of this schedule.

OTHER SUPPLEMENTAL SCHEDULES

Town of Gibsland
 Schedule of Compensation Paid Board Members
 For the Year Ended June 30, 2018

Schedule 2

<u>Board Member</u>	<u>Term Expires</u>	<u>Amount</u>
Terry Wilson, Mayor (former)	resigned	2,300
Eddie Thompson, interim mayor	interim	200
Jeannie Richardson	12/31/23	1,250
Patricia Durham	12/31/23	1,250
Julius Pearson	12/31/23	1,250
Eddie Thompson	9/10/18	1,150
Alvin Pearson	12/31/23	1,250
Total		<u>\$8,650</u>

The accompanying notes are an integral part of this schedule.

Town of Gibsland
Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2018

Schedule 3

Agency Head Name: Mayor Terry Wilson (former), Eddie Thompson (interim)

Purpose	<u>Wilson</u>	<u>Thompson</u>
Salary	\$2,300	\$200
Reimbursements	524	0
Registration fees	610	0
Conference travel	422	0

Town of Gibsland
Schedule of Insurance in Force
As of June 30, 2018

Louisiana Municipal Risk Management Agency

Policy number: 100-0423-15959

Effective: 4/4/2018

Expiration: 4/4/2019

Commercial general liability

Premises operations: \$500,000 per occurrence

Products completed operations: Occurrence: included, \$500,000 aggregate

Medical payments: \$1,000 per person; \$10,000 per accident

Fire legal liability: \$50,000 per occurrence

Law enforcement officer

Deductible: \$1,000

Personal injury and property damage

Automobile liability

Bodily injury and property damage

CNA Surety Company

Bond/Policy # 62293285, 62293250, 62293341

Effective: 1/30/2018

Expiration: 1/30/2019 (renewed annually)

OTHER REPORTS

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REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

Mayor and Town Council
Town of Gibsland
Gibsland, Louisiana

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gibsland ("Town") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) 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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's

financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses. 2018-1.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies. 2018-2 and 2018-4.

Compliance and Other Matters

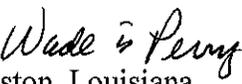
As part of obtaining reasonable assurance about whether Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2018-3, 2018-5, and 2018-6.

Town's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.


Ruston, Louisiana
December 27, 2018

OTHER INFORMATION

Town of Gibsland
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

PART I. Summary of Audit Results

Financial statement audit

1. The type of audit report issued was unqualified.
2. There were three significant deficiencies required to be disclosed by Governmental Auditing Standards issued by the Comptroller General of the United States of America. One of these significant deficiencies was reported as material weakness.
3. There was three instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of Federal Awards

1. There were no federal awards received.

PART II. Findings related to financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

2018-1. Significant deficiency in internal control over financial reporting

Condition: Management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare their annual financial statements. This condition is intentional by management based upon the Town's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. In relation to this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Three bank accounts were not reconciled while one account was not entered in the general ledger for the year ended June 30, 2018. Utility meters were not properly working throughout the year to measure water flow.

Criteria: Considered material weakness if town cannot apply generally accepting accounting principles.

Cause: The town does not have staff capable of preparing report and notes and applying generally accepting accounting principles.

Effect: Potential misstatements in financial statements may not be detected.

Recommendation: No recommendation is made for this deficiency. Management must determine whether the benefit from an internal control exceeds its cost, and therefore it may be impractical to correct all deficiencies required to be reported under SAS 112. The cost benefit analysis is not a factor in the reporting requirement of SAS 112. We do not believe that correcting the significant deficiency as described above would be cost effective or practical for the Town. The Town does need to make sure all bank accounts are entered and reconciled in order for the board to make informed, educated decisions.

2018-2. Lack of segregation of duties

Condition: Due to limited personnel, the Town does not have an adequate segregation of duties regarding its accounting and reporting system to maintain a complete system of internal control. This finding is entity wide.

Criteria: It is considered good business practice to have segregation of duties wherever possible.

Cause: The town clerk is responsible for many duties related to cash, receivables, billing, collections, posting, reconciling, and payroll.

Effect: There is a potential for fraud due to lack of checks and balances and misstatements in financial statements may not be detected.

Recommendation: Accounting duties should be further segregated and proper approval steps implemented. A system of checks and balances should be set up for the town. A clear chain of command should be established.

2018-3. Compliance with local government budget act

For the year ended June 30, 2018, the General fund actual expenditures and other uses exceeded budgeted expenditures and other uses by \$16,685, or 9%.

Criteria: According to LRS 39:1310, failing to amend the budget when necessary is a violation of the local government budget act.

Cause: Management underbudgeted public safety expenditures.

Effect: Noncompliance with local budget law.

Recommendation: We recommend the Town monitor budget and actual figures and amend as necessary.

2018-4. Internal control over disbursements is inadequate. This finding is entity wide.

Condition: Fifteen of the 42 randomly selected disbursements were posted to an incorrect account of which 13 disbursements did not have supporting documentation. Two disbursements were paid from statements. Two payroll disbursements did not have the timesheet signed by a supervisor with one of those showing hours paid that did not agree to hours per the time card. One invoice was paid that was billed to a different agency. Sixteen duplicate check numbers were entered into the general ledger. Fourteen of 69 missing checks from the general ledger could not be located to examine.

Criteria: Internal controls should be set up for all areas.

Cause: Supporting documentation was not kept in a central location.

Effect: Expenditures and payroll expenses may be misstated and is at risk for fraud.

Recommendation: The Town should maintain adequate supporting documentation for all disbursements. Check signers should not sign any disbursements without proper supporting documentation attached.

2018-5. Reserve requirements are under funded. This finding is for the Water and Sewer funds

Condition: The Town re-amortized it's loans and bonds effective May 28, 2016 with reduced interest rates. The Town does not currently have a separate sinking fund, reserve fund, or contingency fund. The Town does not currently have the required amount set aside for customer deposits.

Criteria: Bonds require certain reserves be set up for sinking fund, reserve fund, and contingency fund.

Cause: Due to poor financial management in previous years under other management, the IRS seized all town monies.

Effect: Noncompliance with USDA reserve requirements

Recommendation: The Town should continue working with the USDA Rural development office set up the required sinking fund, reserve fund, and contingency funds.

2018-6. No sheriff sale performed for uncollected property taxes

Condition: The Town did not have a sheriff sale done for uncollected property taxes.

Criteria: State statute requires the town to collect property taxes. When those taxes are not collected, the Town is to have a sheriff sale.

Cause: The Town did not have appropriate software to keep track of who had paid and who had not in order to give the sheriff a listing by property.

Effect: Revenues and accounts receivable may be understated and at risk for fraud.

Recommendation: We recommend that the Town maintain records of all paid and unpaid property taxes and submit that information to the sheriff's office for sheriff sale. The Town should also consult with legal representation regarding this issue.

Town of Gibsland
Summary of Prior Year Findings
For the Year Ended June 30, 2018

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

- 2017-1. General accounting insufficient.
Conclusion: Unresolved - See 2018-1
- 2017-2. Lack of segregation of duties
Conclusion: Unresolved - See 2018-2
- 2017-3. Budget violation
Conclusion: Unresolved - See 2018-3
- 2017-4. Traffic ticket information insufficient for testing
Conclusion: Resolved
- 2017-5. Inadequate internal control over disbursements
Conclusion: Unresolved - See 2018-4
- 2017-6. Reserve requirements are under funded.
Conclusion: Unresolved - See 2018-5
- 2017-7. No sheriff sale for uncollected property taxes
Conclusion: Unresolved - See 2018-6
- 2017-8. Late report submission
Conclusion: Resolved

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

TOWN OF GIBSLAND
P.O. Box 309
Gibsland, LA 71028

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2018

Town of Gibsland hereby submits the following corrective action plan as referenced in the Findings and Questioned Costs:

- 2018-1. The Town agrees with the recommendations and intends to implement them immediately.
- 2018-2. The Town agrees with the recommendations and intends to implement them immediately.
- 2018-3. The Town agrees with the recommendations and intends to implement them immediately.
- 2018-4. The Town agrees with the recommendations and intends to implement them immediately.
- 2018-5. The Town agrees with the recommendations and intends to implement them immediately.
- 2018-6. The Town agrees with the recommendations and intends to implement them immediately.

WADE & PERRY

Certified Public Accountants
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and Board of Aldermen of Town of Gibsland and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Town of Gibsland (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. 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:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

The entity does not have written policies and procedures regarding budgeting.

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The entity does not have written policies and procedures regarding purchasing.

c) ***Disbursements***, including processing, reviewing, and approving

The entity does not have written policies and procedures regarding disbursement.

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g.

periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The entity does not have written policies and procedures regarding receipts/collections.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The entity has an employee handbook that addresses the function noted above.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

The entity does not have written policies and procedures regarding contracting.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

The entity does not have written policies and procedures regarding credit cards.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

The entity addresses travel and expense reimbursement and the functions above in the employee handbook.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The entity does not have written policies and procedures regarding ethics.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The entity does not have written policies and procedures regarding debt service.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Observed that the board met monthly, excluding April, 2018. No reason was given as to why the board did not meet.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.¹ *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions.

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

The minutes did not reference the negative ending unrestricted fund balance for the general fund or a plan to eliminate the negative balance.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Obtained a listing of bank accounts for the fiscal period and management's representation that the listing is complete and observed that;

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

¹ Major funds are defined under GASB standards. The related procedure addresses major funds as a way to verify that boards are provided with financial information necessary to make informed decisions about significant entity operations, including proprietary operations that are not required to be budgeted under the LGBA.

There was no evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Management has not documented that it has researched reconciling items that have been outstanding for more than 12 months.

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained a listing of deposit sites and the corresponding collection locations and management's representation that the listing is complete.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

One employee who is responsible for collecting cash is also responsible for preparing/making deposits and reconciling collections to the deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The same employee mentioned in b) above, is also responsible for posting collection entries to the general ledger.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

The same employee mentioned in b) and c) above, is also responsible for reconciling the cash collections to the general ledger.

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

No exceptions.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

Two of the six total bank accounts did not have any cash deposits. Obtained support for 5 of the 8 deposits tested from the remaining 4 bank accounts, and

- a) Observe that receipts are sequentially pre-numbered.

Did not observe any sequentially pre-numbered receipts.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Traced the deposits from the related collection documentation to the deposit slip for 5 of 8 deposits.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Traced the deposits from the related collection documentation to the deposit slip for 5 of 8 deposits.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Observed 4 of the 8 deposits were deposited within one business day of collection, 1 of the 8 deposits was made within three business days of collection, and 3 of the 8 deposits' date of collection were undetermined.

- e) Trace the actual deposit per the bank statement to the general ledger.

Traced the actual deposit per the bank statement to the general ledger for 6 of the 8 deposits.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained a listing of locations that process payments and management's representation that the listing is complete

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire

of employees about their job duties), and observe that job duties are properly segregated such that:

Obtained a listing of all employees involved with non-payroll purchasing and payment functions, and observed that;

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exception.

- b) At least two employees are involved in processing and approving payments to vendors.

No exception.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The employee responsible for processing payments can add or modify vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The employee responsible for mailing the checks is the employee who adds and modifies vendor files and also the employee in charge of processing payments.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Obtained the entity's non-payroll disbursement transaction population and management's representation that the population is complete and;

- a) Observe that the disbursement matched the related original invoice/billing statement.

Observed that the disbursement matched the related original invoice for 4 of the 5 disbursements tested.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Observed that the disbursement documentation included evidence of segregation of duties as tested under #9 for 4 of 5 disbursements.

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

No prior year exceptions.

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

11. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Three of the 5 reimbursements used per diem with no exceptions.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

One of the 5 reimbursements had no supporting documentation. One reimbursement included 3 items of which only 2 had original receipts.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

The business/public purpose was provided for three of the five reimbursements.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

One of the 5 reimbursements was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

No prior year exceptions.

Payroll and Personnel

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

Obtained a listing of employees and managements representation that the listing is complete. Employee personnel files were not kept.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

Obtained attendance and leave records for the selected pay period and;

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions;

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Observed that supervisors did not approve or sign the daily attendance and leave records, and;

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Obtained a listing of all employees who received termination payments and management's representation that the listing is complete. Agreed the hours paid to the employee's cumulative leave records but could not agree the pay rate to the employee's personnel file, due to no personnel file.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, but not by the required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above², obtain ethics documentation from management, and:

Management could not provide ethics documentation for the selected employees.

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

² If "payroll and personnel" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Entity does not have an ethics policy.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

The entity did not issue any new bonds or notes during the fiscal period.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Obtained a listing of outstanding debt at the end of the fiscal period and management's representation that the listing is complete. Selected the loan for the water system to test, obtained supporting documentation and observed that reserve requirements were not met. All required monthly debt service payments were made.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No exceptions.

24. Observe that the entity has posted on its premises³ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.⁴

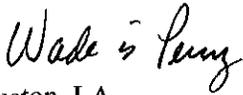
Did not observe the required notice on the entity's premises.

³ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

⁴ This notice is available for download or print at www.la.la.gov/hotline.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Ruston, LA

December 21, 2018

Town of Gibsland
Gibsland, LA

December 21, 2018

Wade & Perry, CPAs
Ruston, LA

The following is Management's Response to the 2018 AUP report submitted for Town of Gibsland.

WRITTEN POLICIES AND PROCEDURES

1. a) Budgeting
Management will work toward documenting existing policy.
- b) Purchasing
Management will work toward documenting existing policy.
- c) Disbursements
Management will work toward documenting existing policy.
- d) Receipts
Management will work toward documenting existing policy.
- f) Contracting
Management will work toward documenting existing policy.
- g) Credit cards
Management will work toward documenting existing policy.
- h) Travel and expense reimbursement
Management will work toward documenting existing policy.
- i) Ethics
Management will work toward documenting existing policy.
- j) Debt Service
Management will work toward documenting existing policy.

BOARD OR FINANCE COMMITTEE

2. a) Management will work toward maintaining minutes of every meeting and documenting when meetings do not have a quorum.
- c) Management will work toward making a formal plan to eliminate its negative fund balance.

BANK RECONCILIATIONS

3. b) Management will work toward showing evidence of bank reconciliations being reviewed and signed off.
- c) Management will work toward having reconciling items researched.

COLLECTIONS

4. b) Management will work toward implementing checks and balances for this procedure.
- c) Management will work toward implementing checks and balances for this procedure.
- d) Management will work toward implementing checks and balances for this procedure.
7. a) Management will work toward issuing sequentially pre-numbered receipts.
- b) Management will work toward maintaining all documentation for all receipts.

- c) Management will work toward maintaining all documentation for all receipts.
- d) Management will work toward making all deposits within 1 business day of receipt.
- e) Management will work toward maintaining all documentation for all receipts.

DISBURSEMENTS

- 9. c) Management will work toward implementing checks and balances for this procedure.
- d) Management will work toward implementing checks and balances for this procedure.
- 10. a) Management will work toward keeping the original invoices in a central location.
- b) Management will work toward keeping the original invoices in a central location.

TRAVEL

- 11. b) Management will work toward keeping the original invoices in a central location.
- c) Management will work toward documenting business/public purpose on all reimbursements.
- d) Management will work toward reviewing and approving, in writing, all reimbursements.

PAYROLL AND PERSONNEL

- 16. Management will keep personnel files and update as necessary.
- 17. b) Management will implement supervisors to approve attendance and leave records.
- 18. Management will keep personnel files and update as necessary.
- 19. Management will work toward paying all taxes, retirement, and insurance by required deadlines.

ETHICS

- 20. Management will work toward having all required employees take ethics course.

DEBT SERVICE

- 22. Management will work toward complying with reserve requirements.

OTHER

- 24. Management will work toward posting the required notices on site.

Part II, Federal, State, and Local Awards

7. We have detailed for you the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes No

8. All transactions relating to federal grants have been properly recorded within our accounting records and reported to the appropriate federal grantor officials.

Yes No

9. All transactions relating to state grants have been properly recorded within our accounting records and reported to the state grantor officials.

Yes No

10. All transactions relating to local grants have been properly recorded within our accounting records and reported to the appropriate local grantor officials.

Yes No

11. The reports filed with federal agencies are properly supported by books of original entry and supporting documentation.

Yes No

12. The reports filed with state agencies are properly supported by books of original entry and supporting documentation.

Yes No

13. The reports filed with local agencies are properly supported by books of original entry and supporting documentation.

Yes No

14. We have complied with all applicable compliance requirements of all federal programs we administer, to include matters contained in the Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and matters contained in the grant awards.

Yes No

15. We have complied with all applicable specific requirements of all state programs we administer, to include matters contained in the grant awards.

Yes No

16. We have complied with all applicable specific requirements of all local programs we administer, to include matters contained in the grant awards.

Yes No

17. We have provided you with all communications from grantors concerning noncompliance with or deficiencies in administering grant programs.

Yes No []

Part III. Public Records

18. We are familiar with the Public Records Act and have made available to the public those records as required by R.S. 44:33.

Yes No []

Part IV. Open Meetings

19. Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website at <http://app1.la.state.la.us/lla.nsf>, to determine whether a non-profit agency is subject to the open meetings law.**

Yes No []

Part V. Budget

20. For each federal grant, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration.

Yes No []

21. For each grant received from the state, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose, duration, specific goals and objectives, and measures of performance.

Yes No []

22. For each local grant, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration.

Yes No []

Part VI. Reporting

23. We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No []

The previous responses have been made to the best of our belief and knowledge.

Secretary 12/18/18 Date

Treasurer _____ Date

President _____ Date

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