

Village of Gilbert

Gilbert, Louisiana

Annual Financial Statements
with Independent Auditor's Report

As of and For the Year Ended
June 30, 2018
with Supplemental Information Schedules

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Contents

	Statement	Page
Independent Auditor's Report		4 - 5
Required Supplementary Information - Part I		
Management's Discussion and Analysis		7 - 12
Basic Financial Statements		
Government-Wide Financial Statements:		
Statement of Net Position	A	15
Statement of Activities	B	16
Fund Financial Statements		
Governmental Funds		
Balance Sheet	C	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	19
Statement of Revenues, Expenditures, and Changes in Fund Balance	E	20 - 21
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	F	22
Proprietary Funds		
Statement of Net Position	G	23
Statement of Revenues, Expenses, and Changes in Fund Net Position	H	24
Statement of Cash Flows	I	25
Notes to the Financial Statements		27 - 41

Village of Gilbert
Annual Financial Statements
with Independent Auditor's Report

As of and for the year ended June 30, 2018
with Supplemental Information Schedules

	Schedule	Page
Required Supplementary Information - Part II		
Budgetary Comparison Schedule		
General Fund	1a	43 - 44
Sales Tax Fund	1b	45
Independent Auditor's Report on Internal Control and on Compliance and Other Matters		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		46 - 47
Supplemental Information Schedules		
Schedule of Findings and Questioned Costs	2	49
Schedule of Compensation Paid Aldermen	3	50
Schedule of Compensation, Benefits, and Other Payments to Agency Head	4	51

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Independent Auditor's Report

Village of Gilbert
Gilbert, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Village of Gilbert, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village of Gilbert'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 financial position of the governmental activities, the business-type activities, and each major fund of the Village of Gilbert, 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 on pages 7-12 and pages 43-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Gilbert's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head 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 Schedule of Compensation, Benefits, and Other Payments to Agency Head 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 our report dated December 17, 2018 on our consideration of the Village of Gilbert'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 that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Village of Gilbert's internal control over financial reporting and compliance.

Kenneth D. Felden & Co., CPAs

Jonesboro, Louisiana
December 17, 2018

REQUIRED SUPPLEMENTARY INFORMATION

PART I

Village of Gilbert
Gilbert, Louisiana

Management's Discussion and Analysis
As of and for the year ended June 30, 2018

As Management of the Village of Gilbert, we offer readers of the Village of Gilbert's financial statements this narrative overview and analysis of the financial activities of the Village of Gilbert as of and for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the Village's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Village of Gilbert's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad view of the Village of Gilbert's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Village of Gilbert assets and liabilities, with the difference between the two 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 Village of Gilbert is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave).

The government-wide financial statements can be found on pages 15-16 of this report.

Fund financial statements. The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances left at year-end that are nonspendable, restricted, committed, assigned, or unassigned. Such information may be useful in evaluating a government's near-term financing requirements.

Village of Gilbert
Gilbert, Louisiana

Management's Discussion and Analysis
As of and for the year ended June 30, 2018

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village of Gilbert maintains two individual governmental funds. Information as of and for the year ended June 30, 2018, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Sales Tax Fund, which are considered to be major funds.

The Village of Gilbert adopts an annual appropriated budget for the General Fund and the Sales Tax Fund. A budgetary comparison statement is provided for the major funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 18-22 of this report.

Proprietary funds. The Village maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses its enterprise funds to account for its sewer and water and solid waste operations.

Proprietary funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detailed presentation of the information reported in the business-type activities portion of the government-wide financial statements. The proprietary funds financial statements provide separate information for all of the enterprise funds, which are considered to be major funds of the Village.

The proprietary fund financial statements can be found on pages 23-25 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-41 of this report.

Supplemental information. In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information concerning the Village of Gilbert's compliance with budgets for its major funds. Also, other supplemental information schedules are included in the report.

FINANCIAL HIGHLIGHTS

-The assets of the Village exceeded its liabilities at June 30, 2018 by \$1,815,578 (net position).

-The Village's net position decreased by \$93,868. The net position of the governmental activities decreased by \$109,544, and the net position of the business-type activities increased by \$15,676.

-Of the total net position amount, \$244,785 is unrestricted net position. The Village's net position is comprised of \$848,821 from government activities and \$966,757 from business-type activities.

Village of Gilbert
Gilbert, Louisiana

Management's Discussion and Analysis
As of and for the year ended June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Cash and equivalents	\$ 117,573	\$ 163,417	\$ 127	\$ 18,162	\$ 117,700	\$ 181,579
Investments	56,000	56,000	30,000	30,000	86,000	86,000
Accounts receivable	15,588	9,955	16,668	17,819	32,256	27,774
Prepaid expenses	23,955	21,043	5,601	5,278	29,556	26,321
Cash and equivalents - restricted	-	-	24,771	25,156	24,771	25,156
Capital assets (net of accumulated depreciation)	645,243	717,463	925,550	894,023	1,570,793	1,611,486
Total Assets	\$ 858,359	\$ 967,878	\$ 1,002,717	\$ 990,438	\$ 1,861,076	\$ 1,958,316
Deferred Outflows of Resources						
Liabilities						
Accounts payable	\$ 7,604	\$ 6,639	\$ 9,305	\$ 12,086	\$ 16,909	\$ 18,725
Payroll Liabilities	1,934	2,874	1,890	2,169	3,824	5,043
Customer meter deposits	-	-	24,765	25,101	24,765	25,101
Total Liabilities	\$ 9,538	\$ 9,513	\$ 35,960	\$ 39,356	\$ 45,498	\$ 48,869
Deferred Inflows of Resources						
Net Position						
Net investment in capital assets	\$ 645,243	\$ 717,463	\$ 925,550	\$ 894,023	\$ 1,570,793	\$ 1,611,486
Unrestricted	203,578	240,902	41,207	57,058	244,785	297,960
Total Net Position	\$ 848,821	\$ 958,365	\$ 966,757	\$ 951,081	\$ 1,815,578	\$ 1,909,446

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Village of Gilbert exceeded liabilities by \$1,815,578; this represents a decrease of \$93,868 from the last fiscal year. A significant portion (87%) of the Village of Gilbert's net position reflects its investments in capital assets (e.g., land, building and improvements, and equipment, net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

Village of Gilbert
Gilbert, Louisiana

Management's Discussion and Analysis
As of and for the year ended June 30, 2018

Summary of Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Charges for services	\$ 2,665	\$ 2,930	\$ 182,796	\$ 187,220	\$ 185,461	\$ 190,150
Taxes:						
Ad valorem tax	13,681	14,047	-	-	13,681	14,047
Sales tax	46,464	54,023	-	-	46,464	54,023
Franchise tax	9,903	9,437	-	-	9,903	9,437
Other tax	27,925	22,394	-	-	27,925	22,394
Licenses and permits	9,178	10,660	-	-	9,178	10,660
Capital grant	-	17,500	25,000	-	25,000	17,500
Operating grant	2,048	1,418	-	-	2,048	1,418
Intergovernmental	2,673	2,853	-	-	2,673	2,853
Fines, forfeitures, and court costs	129,694	161,350	-	-	129,694	161,350
Rent, royalty, and commission	191	191	-	1,200	191	1,391
Miscellaneous	303	43	150	-	453	43
Total revenues	<u>244,725</u>	<u>296,846</u>	<u>207,946</u>	<u>188,420</u>	<u>452,671</u>	<u>485,266</u>
Expenses						
Current:						
General government	82,877	80,631	-	-	82,877	80,631
Public safety						
Fire	43,104	49,776	-	-	43,104	49,776
Police	120,330	115,207	-	-	120,330	115,207
Highways and streets	55,061	55,663	-	-	55,061	55,663
Community development	3,773	4,126	-	-	3,773	4,126
Utility	-	-	242,509	236,129	242,509	236,129
Total expenses	<u>305,145</u>	<u>305,403</u>	<u>242,509</u>	<u>236,129</u>	<u>547,654</u>	<u>541,532</u>
Excess (deficiency) of revenues over (under) expenses	<u>(60,420)</u>	<u>(8,557)</u>	<u>(34,563)</u>	<u>(47,709)</u>	<u>(94,983)</u>	<u>(56,266)</u>
Other financing sources (uses)						
Interest earnings	839	754	276	322	1,115	1,076
Operating transfers	(49,963)	(105)	49,963	105	-	-
Total other financing sources (uses)	<u>(49,124)</u>	<u>649</u>	<u>50,239</u>	<u>427</u>	<u>1,115</u>	<u>1,076</u>
Change in net position	<u>(109,544)</u>	<u>(7,908)</u>	<u>15,676</u>	<u>(47,282)</u>	<u>(93,868)</u>	<u>(55,190)</u>
Net position - June 30, 2017	<u>958,366</u>	<u>966,274</u>	<u>951,081</u>	<u>998,363</u>	<u>1,909,447</u>	<u>1,964,637</u>
Net position - June 30, 2018	<u>\$ 848,822</u>	<u>\$ 958,366</u>	<u>\$ 966,757</u>	<u>\$ 951,081</u>	<u>\$ 1,815,579</u>	<u>\$ 1,909,447</u>

Village of Gilbert
Gilbert, Louisiana

Management's Discussion and Analysis
As of and for the year ended June 30, 2018

Governmental activities. The governmental activities of the Village include General Government, Public Safety, Public Works, and Culture and Recreation. Revenues normally associated with municipal operations are sales tax, property tax, franchise fees, license fees, sanitation fees, permits, fines and operating and capital grants. The most significant revenues of the governmental activities are fines and forfeitures (53%), sales taxes (19%), and other taxes (11%).

Public safety expenses are the most significant (54%) of all governmental activities expenses, followed by general government expenses (27%) and highways and streets expenses (18%). Depreciation expense is included in these amounts.

Governmental activities revenues decreased by \$52,121 in the current year as compared to the prior year. The decrease was primarily attributable to a decrease in fines and forfeitures.

Governmental activities expenses decreased by \$258 in the current year as compared to the prior year.

Business-type activities. The business-type activities net position increased by \$15,676. The operating loss of the Water and Sewer Department was \$34,563, a decrease of \$13,146 from the previous year's operating loss, which was \$47,709. The operating loss includes depreciation expense (a non-cash expense) in the amount of \$43,203. The depreciation expense in the previous fiscal year was \$41,858.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental funds. As of June 30, 2018, the combined governmental fund balances of \$203,579 reflect a decrease of \$37,324 from June 30, 2017. Of the total ending fund balance, \$154,852 was assigned in the Sales Tax Fund and \$48,726 was unassigned in the General Fund.

The increases in the revenues and expenses of the governmental funds were described in the above Government-Wide Financial Analysis section.

Proprietary funds. The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Utility Fund's net position increased by \$15,676 in the current year.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund final actual revenues were more than budgeted revenue by \$9,421. General Fund final budgeted expenditures were less than actual expenditures by \$13,052. Other financing sources were less than budgeted amounts by \$7,417, and other financing uses were more than budgeted amounts by \$713.

Village of Gilbert
Gilbert, Louisiana

Management's Discussion and Analysis
As of and for the year ended June 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The total investment in net capital assets as of June 30, 2018 is \$1,570,793, which is a decrease of \$40,693 from the amount of \$1,611,486 at June 30, 2017. As of June 30, 2018, the Village of Gilbert's net investment in capital assets for its governmental activities totals \$645,243 (net of accumulated depreciation), and its investment in capital assets for its business-type activities totals \$925,550 (net of accumulated depreciation). This investment includes land, buildings and improvements, furniture, and equipment. During the year ended June 30, 2018, the major capital assets purchased or constructed were (1) radar and other equipment for police units (\$6,458), (2) improvements to water storage facility (\$27,451), (3) Gaither Street sewer improvements (\$37,523), and (4) sewer lift station pump (\$8,270).

Debt administration. At year ended June 30, 2018, the Village had no long-term obligations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

With the exception of fines, forfeitures, and court costs and grants, revenues for the upcoming fiscal year are expected to be consistent with the actual amounts for the fiscal year ended June 30, 2018. Expenditures excluding capital outlay are expected to increase by approximately 7 percent. Capital grants in the amount of \$25,000 are expected to be received in the year ended June 30, 2019 to fund capital outlay. Operations for the upcoming year are expected to be consistent with the year ended June 30, 2018.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Gilbert's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Diane Parker, Village Clerk, Post Office Box 600, Gilbert, Louisiana 71336.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Village of Gilbert
Gilbert, Louisiana

Statement of Net Position
As of June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equivalents	\$ 117,573	\$ 127	\$ 117,700
Investments	56,000	30,000	86,000
Accounts receivable	15,588	16,668	32,256
Prepaid expenses	23,955	5,601	29,556
Cash and equivalents - restricted	-	24,771	24,771
Capital assets (net of accumulated depreciation)	645,243	925,550	1,570,793
Total Assets	858,359	1,002,717	1,861,076
Liabilities			
Accounts payable	7,604	9,305	16,909
Payroll liabilities	1,934	1,890	3,824
Customer meter deposits	-	24,765	24,765
Total Liabilities	9,538	35,960	45,498
Net Position			
Net investment in capital assets	645,243	925,550	1,570,793
Unrestricted	203,578	41,207	244,785
Total Net Position	\$ 848,821	\$ 966,757	\$ 1,815,578

The accompanying notes are an integral part of these financial statements.

Village of Gilbert
Gilbert, Louisiana

Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Major Funds				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	\$ 82,877	\$ -	\$ 1,048	\$ -	\$(81,829)	\$ -	\$(81,829)
Fire	43,104	-	-	-	(43,104)	-	(43,104)
Police	120,330	129,694	-	-	9,364	-	9,364
Highways and streets	55,061	1,865	-	-	(53,196)	-	(53,196)
Community development	3,773	800	1,000	-	(1,973)	-	(1,973)
Total governmental activities	<u>305,145</u>	<u>132,359</u>	<u>2,048</u>		<u>(170,738)</u>	<u>-</u>	<u>(170,738)</u>
Business-type activities							
Water and sewer	242,509	182,946	-	25,000	-	(34,563)	(34,563)
Total primary government	<u>\$ 547,654</u>	<u>\$ 315,305</u>	<u>\$ 2,048</u>	<u>\$ 25,000</u>	<u>(170,738)</u>	<u>(34,563)</u>	<u>(205,301)</u>
<u>General Revenues</u>							
Taxes:							
Property taxes, levied for general purposes					13,681	-	13,681
Sales taxes					46,464	-	46,464
Franchise taxes					9,903	-	9,903
Other taxes					27,925	-	27,925
Licenses					9,178	-	9,178
Intergovernmental					2,673	-	2,673
Investment earnings					839	276	1,115
Rental income					191	-	191
Other revenue					303	-	303
Operating transfers					(49,963)	49,963	-
Total general revenues and transfers					<u>61,194</u>	<u>50,239</u>	<u>111,433</u>
Change in net position					(109,544)	15,676	(93,868)
Net position - June 30, 2017					958,366	951,081	1,909,447
Net position - June 30, 2018					<u>\$ 848,822</u>	<u>\$ 966,757</u>	<u>\$ 1,815,579</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

Village of Gilbert
Gilbert, Louisiana

Balance Sheet - Governmental Funds
As of June 30, 2018

	Major Funds		Total
	General Fund	Sales Tax Fund	
Assets			
Cash and equivalents	\$ 22,733	\$ 94,840	\$ 117,573
Investments	-	56,000	56,000
Accounts receivable	11,487	4,101	15,588
Prepaid expenses	23,955	-	23,955
Total Assets	<u>\$ 58,175</u>	<u>\$ 154,941</u>	<u>\$ 213,116</u>
Liabilities & Fund Balances			
Liabilities:			
Accounts payable	\$ 7,515	\$ 89	\$ 7,604
Payroll liabilities	1,934	-	1,934
Total Liabilities	<u>9,449</u>	<u>89</u>	<u>9,538</u>
Fund balances:			
Assigned, reported in:			
Special revenue fund	-	154,852	154,852
Unassigned, reported in:			
General revenue fund	48,726	-	48,726
Total Fund Balances	<u>48,726</u>	<u>154,852</u>	<u>203,578</u>
Total Liabilities and Fund Balances	<u>\$ 58,175</u>	<u>\$ 154,941</u>	<u>\$ 213,116</u>

The accompanying notes are an integral part of these financial statements.

Village of Gilbert
Gilbert, Louisiana

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
As of June 30, 2018

Total Fund Balances at June 30, 2018 - Governmental Funds (Statement C) \$ 203,578

Total Net Position reported for governmental activities in the Statement of Net
Position (Statement A) are different because:

Capital assets used in governmental activities are not financial resources and,
therefore, are not reported in governmental funds, net of depreciation. 645,243

Net Position at June 30, 2018 \$ 848,821

The accompanying notes are an integral part of these financial statements.

Village of Gilbert
Gilbert, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2018

	Major Funds		Total
	General Fund	Sales Tax Fund	
Revenues			
Taxes:			
Ad valorem tax	\$ 13,681	\$ -	\$ 13,681
Franchise tax	9,903	-	9,903
Sales tax	-	46,464	46,464
Other tax	27,925	-	27,925
Licenses and permits	9,178	-	9,178
Operating grant	2,048	-	2,048
Intergovernmental	2,673	-	2,673
Fines, forfeitures, and court costs	129,694	-	129,694
Rent, royalty, and commission	191	-	191
Charges for services	2,665	-	2,665
Miscellaneous	303	-	303
Total revenues	<u>198,261</u>	<u>46,464</u>	<u>244,725</u>
Expenditures			
Current:			
General government	80,613	556	81,169
Public safety			
Police	106,047	-	106,047
Fire	10,079	-	10,079
Streets	27,016	-	27,016
Parks and recreation	2,155	-	2,155
Capital outlay	6,458	-	6,458
Total expenditures	<u>232,368</u>	<u>556</u>	<u>232,924</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(34,107)</u>	<u>45,908</u>	<u>11,801</u>

The accompanying notes are an integral part of these financial statements.

Village of Gilbert
Gilbert, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2018

Other financing sources (uses)

Interest earnings	42	796	838
Operating transfers in	49,941	-	49,941
Operating transfers out	(713)	(99,191)	(99,904)
Total other financing sources (uses)	<u>49,270</u>	<u>(98,395)</u>	<u>(49,125)</u>
Net changes in fund balances	15,163	(52,487)	(37,324)
Fund balances - June 30, 2017	<u>33,565</u>	<u>207,338</u>	<u>240,903</u>
Fund balances - June 30, 2018	<u>\$ 48,728</u>	<u>\$ 154,851</u>	<u>\$ 203,579</u>

The accompanying notes are an integral part of these financial statements.

Village of Gilbert
Gilbert, Louisiana

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Funds Balances to the Statement of Activities
For the Year Ended June 30, 2018

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	(37,325)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets capitalized over their estimated useful lives as depreciation expense. This is the amount by which capital outlay differs from depreciation for the period.

Depreciation		(78,678)
Capital outlay		<u>6,458</u>
Change in net position of governmental activities (Statement B)	\$	<u><u>(109,545)</u></u>

Village of Gilbert
Gilbert, Louisiana

Statement of Net Position - Proprietary Fund
As of June 30, 2018

	Water & Sewer Fund
Assets	
Current Assets:	
Cash and equivalents	\$ 127
Investments	30,000
Accounts receivable	16,668
Prepaid expenses	5,601
Total Current Assets	<u>52,396</u>
Noncurrent Assets:	
Cash and equivalents - restricted	24,771
Capital assets (net of accumulated depreciation)	925,550
Total Noncurrent Assets	<u>950,321</u>
Total Assets	<u><u>\$ 1,002,717</u></u>
Liabilities	
Current Liabilities:	
Accounts payable	\$ 9,305
Payroll liabilities	1,890
Total Current Liabilities	<u>11,195</u>
Current liabilities payable from restricted assets	
Customer meter deposits	24,765
Total Liabilities	<u>35,960</u>
Net Position	
Net investment in capital assets	925,550
Unrestricted	41,207
Total Net Position	<u><u>\$ 966,757</u></u>

The accompanying notes are an integral part of these financial statements.

Village of Gilbert
Gilbert, Louisiana

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund
For the Year Ended June 30, 2018

	Water & Sewer Fund
Operating Revenues	
Water sales	\$ 119,753
Sewer fees	63,042
Miscellaneous income	150
Total operating revenues	<u>182,945</u>
Operating Expenses	
Personnel services	85,655
Supplies	828
Utilities	61,096
Repairs and maintenance	27,759
Contractual services	14,716
Miscellaneous	9,251
Depreciation	43,203
Total operating expenses	<u>242,508</u>
Operating Income (Loss)	<u>(59,563)</u>
Non-operating Revenues (Expenses)	
Interest earnings	276
Capital grant	25,000
Total non-operating revenues (expenses)	<u>25,276</u>
Income (loss) before transfers	<u>(34,287)</u>
Transfers in	<u>49,963</u>
Change in net position	15,676
Total Net Position - June 30, 2017	<u>951,081</u>
Total Net Position - June 30, 2018	<u><u>\$ 966,757</u></u>

The accompanying notes are an integral part of these financial statements.

Village of Gilbert
Gilbert, Louisiana

Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2018

	Water & Sewer Fund
Cash flows from operating activities	
Cash received from customers	\$ 183,759
Cash payments to suppliers for goods and services	(127,205)
Cash payments to employees	(75,483)
Net cash provided by (used for) operating activities	(18,929)
Cash flows from non-capital financing	
Transfers from other funds	49,963
Net cash provided by (used for) non-capital financing activities	49,963
Cash flows from capital and related financing activities	
Acquisition of capital assets	(74,730)
Capital grant	25,000
Net cash provided by (used for) capital and related financing activities	(49,730)
Cash flows from investing activities	
Interest earnings	276
Net cash provided by (used for) investing activities	276
Net increase (decrease) in cash and cash equivalents	(18,420)
Cash and cash equivalents - 06/30/17	43,317
Cash and cash equivalents - 06/30/18	\$ 24,897
Reconciliation of operating income to net provided by operating activities	
Operating income	\$ (59,563)
Adjustments	
Depreciation	43,203
Net changes in assets and liabilities	
Accounts receivable	1,151
Prepaid expenses	(323)
Customers' security deposits	(336)
Accounts payable	(2,781)
Payroll liabilities	(279)
Net cash provided for (used for) operating activities	\$ (18,928)

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Village of Gilbert
Gilbert, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

INTRODUCTION

The Village of Gilbert, Louisiana was incorporated in 1912 under the provisions of the Lawrason Act and has a current population of approximately 600. The Village operates under the Mayor-Board of Alderman form of government. The Board of Aldermen consists of three board members who are elected and compensated. The Village is located in Northeast Louisiana in Franklin Parish.

The Village employs a village clerk, chief of police, water and sewer superintendent, and approximately four other full and part-time employees.

The Village provides the following services to its residents: public safety (police and fire), highways and streets, culture and recreation, and general administrative services through the general fund; and water, sewer and sanitation facilities through the enterprise fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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. The Village applies all relevant GASB pronouncements, as applicable to governmental entities. Also, the Village's financial statements are prepared in accordance with the requirements of Louisiana R.S. 24:513, the Louisiana Municipal Audit and Accounting Guide and to the industry guide, Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants.

B. Reporting Entity

GASB Statement No. 14, The Financial 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 Village is considered a primary government, since it is a general purpose local government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Village 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.

GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, establishes criteria for determining which, if any, component units should be considered part of the Village for financial reporting purposes. GASB Statement No. 61 provides additional criteria for classifying entities as component units. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
 - i. The ability of the government to impose its will on that organization and/or
 - ii. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.

Village of Gilbert
Gilbert, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the above criteria, no component units were identified for the Village of Gilbert.

C. Government-Wide Financial Statements

The Village's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements present summaries of the governmental activities and the business-type activities for the Village. Fiduciary activities of the Village are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village of Gilbert's governmental activities.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the Village's taxpayers or citizenry, including (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; program revenues reduce the cost of the function to be financed from the Village's general revenues.

Direct Expenses - The Village reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

Indirect Expenses - The Village reports all indirect expenses separately on the Statement of Activities (Statement B). Indirect expenses are those expenses that are not clearly identifiable with a function. Interest on long-term debt is considered an indirect expense.

General revenues are taxes and other items that are not properly included among program revenues. The effect of interfund activity has been removed from the government-wide financial statements.

Village of Gilbert
Gilbert, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

D. Fund Financial Statements

The accounts of the Village of Gilbert are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, expenditures or expenses, as appropriate, additions, and deductions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Funds of the Village are classified into two categories: governmental and proprietary.

Governmental Funds

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The Village has presented all major funds.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheets. Amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. Long-term debts are reported as an other financing source, and repayment of long-term debt is reported as an expenditure. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. Accordingly, revenues are recorded when received in cash and when collected within 60 days after year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due.

The Village of Gilbert reports the following major governmental funds:

General Fund - The primary operating fund of the Village, the General Fund, accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Village policy.

Special Revenue Fund - Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The Village has the following special revenue fund:

Sales Tax Fund - To account for the proceeds of sales taxes received and the expenditures of those funds in accordance with the law. This fund is considered by management to be a major governmental fund.

Village of Gilbert
Gilbert, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

Revenues

The governmental funds use the following practices in recording revenues:

Those revenues susceptible to accrual are property taxes, franchise taxes, and charges for services. Fines and permit and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Entitlements and shared revenues are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred, all other grant requirements have been met, and the susceptible-to-accrual criteria have been met.

Interest earnings are recorded when the investments have matured and the interest is available.

Expenditures

The governmental funds use the following practices in recording expenditures:

Salaries are recorded as expenditures when earned by employees.

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees, or their heirs, are paid for accrued leave upon retirement or death.

Principal and interest on long-term debt are recognized when due.

Other Financing Sources (Uses)

The governmental funds use the following practices in recording other financing sources (uses):

Transfers between funds that are not expected to be repaid, sales of fixed assets, and long-term debt proceeds and payments, are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Proprietary Funds

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total position) is segregated into three components-net investment in capital assets, restricted net position, and unrestricted net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total position. The proprietary funds use the accrual basis of accounting, where revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows.

Village of Gilbert
Gilbert, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are financed through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

The Enterprise Fund of the Village of Gilbert is the Water and Sewer Fund, which accounts for the operations of the waterworks and sewerage systems. The intent of the Village for these facilities is (a) that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Revenues and Expenses

Operating revenues in the proprietary fund are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

E. Equity Classifications

The Village of Gilbert has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

In the Government-Wide Financial Statements and the Proprietary Fund Financial Statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and reported in three components:

Net investment in capital assets: This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted net position: This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted net position: Any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

Village of Gilbert
Gilbert, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

The Governmental Fund Financial Statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Village did not have any nonspendable funds for the year ended June 30, 2018.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Village did not have any restricted funds for the year ended June 30, 2018.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen. These amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board typically establishes commitments through the adoption and amendment of the budget. The Village did not have any committed funds for the year ended June 30, 2018.

Assigned: This classification includes amounts that are constrained by the Village's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board delegating this responsibility to a body or official (Mayor) for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Village has assigned funds of \$154,852 in the Sales Tax Fund for year ended June 30, 2018.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. The Village has \$48,726 of unassigned funds in the General Fund.

The Village would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Village of Gilbert
Gilbert, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

F. Budgets

The Village Clerk prepares a proposed budget and submits it to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted. The budget ordinance is structured such that revenues are budgeted by source and appropriations are budgeted by department and by principal object of expenditure. Appropriations lapse at the end of each fiscal year. The Board of Aldermen may revise or amend the budget at its discretion during legally convened sessions. Management may amend the budget only below the department level. The Village utilizes formal budgetary integration as a management control device for all funds.

The 2017-2018 general fund budget was published in the official journal and made available for public inspection. A public hearing for the proposed budget was held on June 8, 2017, and the budget was adopted by the Mayor and Board of Aldermen. The budget was legally amended on June 4, 2018.

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village of Gilbert may deposit funds in demand deposits in stock-owned federally insured depository institutions organized under the laws of the state of Louisiana or of any other state of the United States, or under the laws of the United States. The Village may invest in certificates and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For the purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of 90 days or less when purchased.

Under state law, the Village may invest in United States bonds, treasury notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all other reported as investments.

The Village reports restricted assets on the Statement of Net Position (Statement A), which includes restricted cash (customer deposits) that is collected by the Water and Sewer Department.

H. Investments

The Village of Gilbert's investments comply with Louisiana Revised Statute 33:2955. Under state law, the Village may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Village may invest in United States bonds, treasury notes and bills, or government-backed agency securities or certificates, and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These deposits are classified as investments if their original maturities exceed 90 days. Investments are stated at fair value except for those which are permitted under GASB Statement No. 31 to use a different valuation measurement.

Village of Gilbert
Gilbert, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

In accordance with paragraph 69 of GASB Statement No. 72, the Village reports at amortized cost money market investments and participating interest-bearing investment contracts that have a remaining maturity at the time of purchase of one year or less. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

I. Interfund Receivables and Payables

Activity between funds that is representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" on the fund financial statements balance sheets, as well as all other outstanding balances between funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

J. Inventories and Prepaid Items

Inventories of supplies in the Proprietary Fund are not material and are charged to operations as purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are recorded in the applicable governmental or business-type activities columns of the government-wide financial statements, but are not reported in the governmental fund financial statements. Acquisitions of property and equipment 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 Village maintains a threshold level of \$500 or more for capitalizing capital assets.

Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the Statement of Activities.

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Depreciation is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. The estimated useful life for classes of assets are as follows:

Description	Estimated Lives
Land improvements	20-30 years
Buildings and building improvements	7-40 years
Furniture and fixtures	5-12 years
Vehicles	5-15 years
Equipment	5-20 years
Water and sewer system facilities	40 years
Infrastructure	40 years

Village of Gilbert
Gilbert, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

In accordance with GASB Statement No. 34, general infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets.

L. Deferred Outflows of Resources

The Village reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Village reported no deferred outflows of resources.

M. Compensated Absences

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

Employees with one year of service earn 5 days of vacation and 10 days of sick leave per year. Employees with two to twenty years of service earn 10 days vacation and 10 days of sick leave per year. Employees with twenty-one to twenty-five years of service receive an additional day of vacation leave for each year of service over twenty years. The maximum annual vacation leave is fifteen days for an employee who has completed twenty-five years of service. Employees with less than one year of service receive no paid leave. After completing one year of service, employees may carry over sick leave with the maximum accumulation limited to 15 days.

There is no provision to pay for accumulated sick or annual leave.

N. Deferred Inflows of Resources

The Village reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Village will not recognize the related revenues until a future event occurs. The Village reported no deferred inflows of resources.

O. Interfund Transactions

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or enterprise funds are netted as part of the reconciliation to the government-wide financial statements.

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without the expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient fund and as an expenditure by the providing fund.

Activity between funds that is representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other funds" or "due to other funds" on the Fund Financial Statements Balance Sheet (Statement C), as well as all other outstanding balances between funds.

Village of Gilbert
Gilbert, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

In the process of aggregating data for the Statement of Net Position (Statement A) and the Statement of Activities (Statement B), some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

P. Estimates

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

2. Ad Valorem Tax

All ad valorem tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts through the establishment of an allowance account. Ad valorem taxes are levied on a calendar year basis and become delinquent on December 31. The Village bills and collects its own ad valorem taxes. For the 2017 ad valorem taxes, one rate of tax was levied on property within the corporate limits, as follows:

General corporate purposes - 7.63 mills on an assessed value of \$1,781,805

This millage was approved by the Board of Aldermen on July 13, 2017. This millage is the maximum millage that can be assessed without the approval of the voters of the Village.

3. Sales Tax

The Village of Gilbert, currently has an authorized sales tax of 1% for all taxable sales and use of goods and services within the Village. The sales tax is collected for the Village by the Franklin Sales and Use Tax Department. The tax is to be used for the general operations of the Village as approved by the mayor and board of aldermen.

4. Cash, Cash Equivalents, and Investments

At June 30, 2018, the Village had cash and cash equivalents (book balances) totaling \$142,471, including interest bearing demand deposits of \$140,530, interest-bearing savings accounts of \$1,841, and \$100 cash on hand. 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.

At June 30, 2018, the Village had \$151,838 in deposits (collected bank balances). These deposits are secured from risk by \$151,838 of federal deposit insurance.

Village of Gilbert
Gilbert, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

Cash and investments are categorized to give an indication of the level of risk assumed by the Village at June 30, 2018. Deposits are considered to be exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the the pledging financial institution's trust department or agent but not in the depositor-government's name. The Village of Gilbert has cash and cash equivalents that are covered by \$208,473 of federal depository insurance.

At June 30, 2018, the Village had investments of \$86,000 which were covered by \$98,162 of federal depository insurance and \$50,007 in pledged securities.

5. Receivables

The receivables of \$32,256 at June 30, 2018, are as follows:

	Fund			Total
	General	Sales Tax	Enterprise	
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	-
Sales and use	-	4,101	-	4,101
Other	2,510	-	-	2,510
Other revenues	8,977	-	-	8,977
Accounts	-	-	17,456	17,456
Allowance for uncollectible accounts	-	-	(788)	(788)
Total	<u>\$ 11,487</u>	<u>\$ 4,101</u>	<u>\$ 16,668</u>	<u>\$ 32,256</u>

Based on prior payment experience, aging of accounts, and current economic conditions, the allowance for collectible accounts in the water and sewer enterprise fund has been established at 5% of outstanding receivables.

6. Prepaid Items

Prepaid items at June 30, 2018 consist of prepaid insurance premiums in the General Fund of \$23,955 and in the Enterprise Fund of \$5,601.

Village of Gilbert
Gilbert, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

7. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2018, is as follows:

A. Capital Assets - Governmental Activities

	Balance, July 01, 2017	Additions	Deletions	Balance, June 30, 2018
Capital assets not depreciated				
Land	\$ 60,415	\$ -	\$ -	\$ 60,415
Total capital assets not being depreciated	60,415	-	-	60,415
Capital assets being depreciated				
Buildings	299,092	-	-	299,092
Improvements other than buildings	665,557	-	-	665,557
Infrastructure - Streets	328,341	-	-	328,341
Machinery and equipment	341,617	6,458	-	348,075
Vehicles	352,799	-	-	352,799
Total capital assets being depreciated	1,987,406	6,458	-	1,993,864
Less accumulated depreciation				
Buildings	119,104	7,791	-	126,895
Improvements other than buildings	587,907	26,622	-	614,529
Infrastructure - Streets	79,349	16,417	-	95,766
Machinery and equipment	222,612	17,791	-	240,403
Vehicles	321,386	10,057	-	331,443
Total accumulated depreciation	1,330,358	78,678	-	1,409,036
Capital assets, net	657,048	(72,220)	-	584,828
Governmental capital assets - net	\$ 717,463	\$ (72,220)	\$ -	\$ 645,243

Functional Allocation of Depreciation Expense

General government	\$ 1,708
Public safety	
Police	14,283
Fire	33,025
Public works	28,044
Culture and recreation	1,618
Total	\$ 78,678

Village of Gilbert
Gilbert, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

B. Capital Assets - Proprietary Funds

	Balance, July 01, 2017	Additions	Deletions	Balance, June 30, 2018
Capital assets not depreciated				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Total capital assets not being depreciated	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Capital assets being depreciated				
Buildings	24,000	-	-	24,000
Improvements other than buildings	2,473,809	74,730	-	2,548,539
Machinery and equipment	<u>77,156</u>	<u>-</u>	<u>-</u>	<u>77,156</u>
Total capital assets being depreciated	<u>2,574,965</u>	<u>74,730</u>	<u>-</u>	<u>2,649,695</u>
Less accumulated depreciation				
Buildings	4,850	600	-	5,450
Improvements other than buildings	1,639,558	36,500	-	1,676,058
Machinery and equipment	<u>37,534</u>	<u>6,103</u>	<u>-</u>	<u>43,637</u>
Total accumulated depreciation	<u>1,681,942</u>	<u>43,203</u>	<u>-</u>	<u>1,725,145</u>
Capital assets, net	<u>893,023</u>	<u>31,527</u>	<u>-</u>	<u>924,550</u>
Business-type activities capital assets - net	<u>\$ 894,023</u>	<u>\$ 31,527</u>	<u>\$ -</u>	<u>\$ 925,550</u>

8. Payables

The payables of \$20,734 at June 30, 2018, are as follows:

	Fund			
	General	Sales Tax	Enterprise	Total
Accounts	\$ 7,515	\$ 89	\$ 9,225	\$ 16,829
Payroll liabilities	1,934	-	1,891	3,825
Other	-	-	80	80
Total	<u>\$ 9,449</u>	<u>\$ 89</u>	<u>\$ 11,196</u>	<u>\$ 20,734</u>

9. Short-Term Debt

The Village of Gilbert had no short term debt activity for the year ended June 30, 2018, and there was no short-term debt outstanding at the end of the fiscal year.

Village of Gilbert
Gilbert, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

10. Leases

The Village of Gilbert had no lease activity for the year ended June 30, 2018 and had no leases outstanding at the end of the fiscal year.

11. Long-Term Obligations

The Village had no long-term debt activities during the year ended June 30, 2018, and there was no long-term debt outstanding at the end of the fiscal year.

12. Retirement Systems

On June 25, 2002, the Mayor and Board of Aldermen of the Village of Gilbert voted in regular session to withdraw from all municipal retirement programs in which they had previously participated. They also voted to withdraw from participation in any group health or other medical employment benefits. The Village withholds Social Security and Medicare taxes from the wages and salaries of all employees and is obligated for the matching employer contribution for the taxes.

13. Reserved and Designated Retained Earnings/Fund Balances

The Water and Sewer Fund had restricted net position as follows:

Restricted Assets - Cash and investments	
Customer deposits	\$ 24,765
Less liabilities payable from restricted assets	
Customer deposits	<u>24,771</u>
Total	<u>\$ (6)</u>

14. Related Party Transactions

The Village of Gilbert had no related party transactions for the year ended June 30, 2018.

15. Grants

During the year ended June 30, 2018, the Village of Gilbert received a grant from the Louisiana Office of Community Development Community Water Enrichment Fund for \$25,000 to be used for the repair and improvements to the water storage facility.

16. Risk Management

The Village is exposed to various risk of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk of loss, the Village maintains commercial insurance policies covering automobile liability and uninsured motorist, surety bond coverage, flood insurance, and property insurance. In addition to the above policies, the Village maintains a general liability policy and an errors and omissions policy. No claims were paid on any of the policies during the past three years, which exceeded the policies' coverage amount.

Village of Gilbert
Gilbert, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

17. Litigation and Claims

At June 30, 2018, the Village was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.

18. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 17, 2018, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

Village of Gilbert
Gilbert, Louisiana

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2018

	Budget - Original	Budget - Final	Actual	Variance - Favorable (Unfavorable)
Revenues				
Taxes:				
Ad valorem tax	\$ 14,500	\$ 13,700	\$ 13,681	\$ (19)
Franchise tax	12,000	13,000	9,903	(3,097)
Other tax	1,500	1,500	27,925	26,425
Licenses and permits	27,000	23,000	9,178	(13,822)
Operating grant	25,000	800	2,048	1,248
Intergovernmental	3,600	2,850	2,673	(177)
Fines, forfeitures, and court costs	170,000	130,000	129,694	(306)
Rent, royalty, and commission	200	190	191	1
Charges for services	3,300	2,700	2,665	(35)
Miscellaneous	6,500	1,100	303	(797)
Total revenues	<u>263,600</u>	<u>188,840</u>	<u>198,261</u>	<u>9,421</u>
Expenditures				
Current:				
General government	84,200	86,800	80,613	6,187
Public safety				
Police	124,800	113,370	106,047	7,323
Fire	16,000	13,100	10,079	3,021
Streets	28,800	28,750	27,016	1,734
Parks and recreation	3,750	3,400	2,155	1,245
Capital outlay	25,000	-	6,458	(6,458)
Total expenditures	<u>282,550</u>	<u>245,420</u>	<u>232,368</u>	<u>13,052</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,950)</u>	<u>(56,580)</u>	<u>(34,107)</u>	<u>22,473</u>

The accompanying notes are an integral part of these financial statements.

Village of Gilbert
Gilbert, Louisiana

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2018

	Budget - Original	Budget - Final	Actual	Variance - Favorable (Unfavorable)
Other financing sources (uses)				
Interest earnings	700	400	42	(358)
Operating transfers in	25,000	57,000	49,941	(7,059)
Operating transfers out	-	-	(713)	(713)
Total other financing sources (uses)	<u>25,700</u>	<u>57,400</u>	<u>49,270</u>	<u>(8,130)</u>
Net changes in fund balances	6,750	820	15,163	14,343
Fund balances - June 30, 2017	<u>33,565</u>	<u>33,565</u>	<u>33,565</u>	<u>-</u>
Fund balances - June 30, 2018	<u>\$ 40,315</u>	<u>\$ 34,385</u>	<u>\$ 48,728</u>	<u>\$ 14,343</u>

The accompanying notes are an integral part of these financial statements.

Village of Gilbert
Gilbert, Louisiana

Budgetary Comparison Schedule - Sales Tax Fund
For the Year Ended June 30, 2018

	Budget - Original	Budget - Final	Actual	Variance - Favorable (Unfavorable)
Revenues				
Taxes:				
Sales tax	\$ 55,000	\$ 45,000	\$ 46,464	\$ 1,464
Total revenues	<u>55,000</u>	<u>45,000</u>	<u>46,464</u>	<u>1,464</u>
Expenditures				
Current:				
General government	<u>600</u>	<u>600</u>	<u>556</u>	<u>44</u>
Total expenditures	<u>600</u>	<u>600</u>	<u>556</u>	<u>44</u>
Excess (deficiency) of revenues over (under) expenditures	<u>54,400</u>	<u>44,400</u>	<u>45,908</u>	<u>1,508</u>
Other financing sources (uses)				
Interest earnings	300	500	796	296
Operating transfers out	<u>(30,000)</u>	<u>(95,000)</u>	<u>(99,191)</u>	<u>(4,191)</u>
Total other financing sources (uses)	<u>(29,700)</u>	<u>(94,500)</u>	<u>(98,395)</u>	<u>(3,895)</u>
Net changes in fund balances	24,700	(50,100)	(52,487)	(2,387)
Fund balances - June 30, 2017	<u>207,338</u>	<u>207,338</u>	<u>207,338</u>	<u>-</u>
Fund balances - June 30, 2018	<u><u>\$ 232,038</u></u>	<u><u>\$ 157,238</u></u>	<u><u>\$ 154,851</u></u>	<u><u>\$ (2,387)</u></u>

The accompanying notes are an integral part of these financial statements.

Kenneth D. Folden & Co.

Kenneth D. Folden, CPA

Certified Public Accountants

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Village of Gilbert
Gilbert, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Gilbert, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village of Gilbert's basic financial statements and have issued our report thereon dated December 17, 2018. 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.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Gilbert'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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under Government Auditing Standards.

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 Village of Gilbert's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kenneth D. Felden & Co., CPAs

Jonesboro, Louisiana
December 17, 2018

SUPPLEMENTAL INFORMATION

Village of Gilbert
Gilbert, Louisiana

Schedule of Findings and Questioned Costs
For the year ended June 30, 2018

We have audited the basic financial statements of the Village of Gilbert as of and for the year ended June 30, 2018 and have issued our report thereon dated December 17, 2018. 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 Governmental Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2018 resulted in an unqualified opinion.

A. Summary of Auditor's Report

Report on Internal Control and Compliance Material to Financial Statements

Internal Control

Material Weakness ☐ Yes ☒ No Significant Deficiencies ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

B. Findings - Financial Statements Audit

Current Year

No current year findings.

Prior Year

No prior year findings.

Village of Gilbert
Gilbert, Louisiana

Schedule of Compensation Paid Aldermen
For the year ended June 30, 2018

	2018
Randall T. Lloyd	\$ 1,200
Christine Ezell	1,200
Susan Britt	1,500
	<u>\$ 3,900</u>

Village of Gilbert
Gilbert, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the year ended June 30, 2018

Mike Stephens Mayor		
Salary	\$	4,800
Conference travel		160
Conference meals		175
Conference lodging		430
	\$	<u>5,565</u>