Town of Gibsland
Gibsland, Louisiana

Annual Financial Statements
For the Year Then Ended June 30, 2022

Town of Gibsland

Annual Financial Statements
For the Year Ended June 30, 2022
With Supplemental Information Schedules

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WP

Wade & Perry, CPAs
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

Independent Auditor's Report

Mayor and Board of Aldermen
Town of Gibsland
Gibsland, LA

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Gibsland (Town) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town as of June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for

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one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based of the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 22 through 23 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.

Supplementary 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, benefits, and other payments to agency head on page 27 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 June 26, 2024, 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.

Wade & Perry

Ruston, Louisiana
June 26, 2024

Town of Gibsland, Louisiana
Statement of Net Position
As of June 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and equivalents	$214,459	$131,830	$346,289
Receivables	32,716	118,731	151,447
Internal balances	(46,913)	46,913	0
Restricted assets		66,851	66,851
Other assets			0
Capital assets (net)	241,210	2,607,041	2,848,251
TOTAL ASSETS	$441,472	$2,971,366	$3,412,838
Deferred outflows of resources	0	0	0
LIABILITIES			
Cash overdraft	$0	$4,315	$4,315
Accounts, salaries, and other payables	26,058	22,777	48,835
Current loans, bonds, and interest payable		21,283	21,283
Liabilities payable from restricted assets		35,070	35,070
Loans and bonds payable		166,854	166,854
TOTAL LIABILITIES	26,058	250,299	276,357
Deferred inflows of resources	0	0	0
NET POSITION			
Invested in capital assets, net of related debt	241,210	2,418,904	2,660,114
Restricted for customers		35,070	35,070
Restricted for debt		46,416	46,416
Unrestricted	174,204	220,677	394,881
TOTAL NET POSITION	$415,414	$2,721,067	$3,136,481

The accompanying notes are an integral part of this statement.

Statement B

Town of Gibsland, Louisiana
Statement of Activities
Year Ended June 30, 2022

		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	Total
Governmental Activities:							
General government	$145,673		$162,365		$16,692		$16,692
Public safety	48,151	$437			(47,714)		(47,714)
Depreciation	13,736				(13,736)		(13,736)
Total governmental activities	207,560	437	162,365	0	(44,758)	0	(44,758)
Business-type activities:							
Water utilities	308,415	196,861				($111,554)	(111,554)
Sewer utilities	202,953	98,205				(104,748)	(104,748)
Total business-type activities	511,368	295,066	0	0	0	(216,302)	(216,302)
Total primary government	$718,928	$295,503	$162,365	$0	($44,758)	($216,302)	($261,060)
General revenues:							
Ad valorem taxes					$29,047		$29,047
Sales taxes					116,380		116,380
Other taxes					24,571		24,571
Franchise fees					44,164		44,164
Licenses and permits					300		300
Intergovernmental revenues - state					10,000	25,616	35,616
Other general revenues					2,947		2,947
Transfers - net					(80,120)	80,120	0
Total general revenues and transfers					147,289	105,736	253,025
Change in Net Position					102,531	(110,566)	(8,035)
Net Position - beginning					312,883	2,831,633	3,144,516
Prior period adjustment							0
Net Position - ending					$415,414	$2,721,067	$3,136,481

The accompanying notes are an integral part of this statement.

Statement C

Town of Gibsland, Louisiana
Balance Sheet, Governmental Funds
June 30, 2022

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash investments	$214,459	$214,459
Receivable	32,716	32,716
Interfunds	177,022	177,022
Other assets	0	0
TOTAL ASSETS	$424,197	$424,197
LIABILITIES AND FUND BALANCES		
Liabilities:		
Cash overdraft	$0	$0
Accounts, salaries, and other payables	26,058	26,058
Interfunds	223,935	223,935
Total liabilities	249,993	249,993
Fund balances:		
Unassigned	174,204	174,204
TOTAL LIABILITIES AND FUND BALANCES	$424,197	$424,197

The accompanying notes are an integral part of this statement.

Statement D

Town of Gibsland, Louisiana
Reconciliation of The Governmental Funds Balance Sheet
to The Government-Wide Financial Statement of Net Position
June 30, 2022

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

Fund balances, Total governmental funds (Statement C)		$174,204
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Governmental capital assets	$422,994	
Less accumulated depreciation	(181,784)	241,210
Net Position of Governmental Activities (Statement A)		$415,414

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, 2022

	General Fund
REVENUES	
Taxes:	
Ad valorem	$29,047
Sales and use	116,380
Other	24,571
Franchise fees	44,164
Licenses and permits	300
Intergovernmental revenues - state	10,000
Fines and forfeitures	437
Use of money and property	0
Other revenues	2,947
Total Revenues	227,846
EXPENDITURES	
General government	145,673
Public safety	48,151
Capital outlay	50,484
Total Expenditures	244,308
Excess (Deficiency) of Revenues over (under) Expenditures	(16,462)
OTHER FINANCING SOURCES (USES)	
CARES Act grant	162,365
Operating transfers in	10,885
Operating transfers out	(91,005)
Total Other Financing Sources (Uses)	82,245
Net Change in Fund Balance	65,783
Fund Balance – beginning	108,421
Prior period adjustment	0
Fund Balance – ending	$174,204

The accompanying notes are an integral part of this statement.

Statement F

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, 2022

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

Net Change in Fund Balances, Total governmental funds (Statement E)	$65,783
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 ($50,484) exceeded depreciation ($13,736) in the current period.	$36,748
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	0
Change in Net Position of Governmental Activities (Statement B)	$102,531

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Statement of Net Position, Proprietary Funds
June 30, 2022

	Business-Type Activities - Enterprise Funds				
				Totals (Memorandum Only)	
	Water Fund	Sewer Fund	CDBG Fund	2022	2021
ASSETS					
Current assets:					
Cash and equivalents	$0	$131,830	$0	$131,830	$90,505
Receivables	70,221	48,510		118,731	135,679
Interfunds	448,400	224,145		672,545	633,614
Total current assets	518,621	404,485	0	923,106	859,798
Restricted assets:					
Cash and equivalents	20,435	46,416		66,851	108,880
Non-current assets:					
Capital assets (net of accumulated depreciation)	614,298	1,992,743		2,607,041	2,711,558
Total Non-current assets	614,298	1,992,743	0	2,607,041	2,711,558
TOTAL ASSETS	$1,153,354	$2,443,644	$0	$3,596,998	$3,680,236
LIABILITIES					
Current Liabilities:					
Cash overdraft	$4,315	$0	$0	$4,315	$0
Accounts, salaries, and other payables	22,777	$0		22,777	29,666
Interfunds	235,267	390,365		625,632	576,122
Loans, bonds, and interest payable		21,283		21,283	21,283
Total current liabilities	262,359	411,648	0	674,007	627,071
Current liabilities payable from restricted assets	35,070			35,070	33,367
Non-current liabilities:					
Loans and bonds payable	0	166,854		166,854	188,165
Total non-current liabilities	0	166,854	0	166,854	188,165
Total liabilities	297,429	578,502	0	875,931	848,603
NET POSITION					
Net investment in capital assets	614,298	1,804,606	0	2,418,904	2,502,110
Restricted for customers	35,070		0	35,070	33,367
Restricted for debt		46,416	0	46,416	91,123
Unrestricted	206,557	14,120	0	220,677	205,033
TOTAL NET POSITION	$855,925	$1,865,142	$0	$2,721,067	$2,831,633

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, 2022

	Business-Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	CDBG Fund	Totals Memorandum only) 2022	2021
Operating Revenues					
Charges for services:					
Water sales	$196,861			$196,861	$185,805
Sewer charges		$98,205		98,205	89,826
Other services				0	0
Total Operating Revenues	196,861	98,205	0	295,066	275,631
Operating Expenses					
Cost of sales and services	207,857	75,885		283,742	154,256
Administration	53,473	38,379		91,852	64,751
Depreciation	47,085	84,448		131,533	145,745
Total Operating Expenses	308,415	198,712	0	507,127	364,752
Operating income (loss)	(111,554)	(100,507)	0	(212,061)	(89,121)
Nonoperating revenue (expenses)					
Intergovernmental		25,616		25,616	25,595
Grant income				0	0
Interest earnings				0	0
Interest expense		(4,241)		(4,241)	(4,708)
Adjustment				0	0
Total Nonoperating Revenue (Expenses)	0	21,375	0	21,375	20,887
Income before contributions and transfers	(111,554)	(79,132)	0	(190,686)	(68,234)
Fidelity bond insurance proceeds	0	0		0	0
Transfers in	90,992	13		91,005	300
Transfers out	(7,721)	(3,164)		(10,885)	0
Change in Net Position	(28,283)	(82,283)	0	(110,566)	(67,934)
Total Net Position - Beginning	884,208	1,947,425	0	2,831,633	2,871,438
Prior period adjustment			0	0	28,129
Total Net Position - Ending	$855,925	$1,865,142	$0	$2,721,067	$2,831,633

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, 2022

	Water Fund	Sewer Fund	Total (Memo only)	2021
Cash Flows from Operating Activities				
Receipts from customers and users	$164,846	$109,940	$274,786	$218,656
Receipts from other funds	0	25,616	25,616	25,595
Payments to suppliers	(214,315)	(47,034)	(261,349)	(108,125)
Payments to employees	(35,812)	(35,812)	(71,624)	(65,046)
Payments to other funds	0		0	0
Net Cash Provided by Operating Activities	(85,281)	52,710	(32,571)	71,080
Cash Flows from Noncapital Financing Activities				
Transfer to other funds		(3,151)	(3,151)	0
Advances from other funds	83,271		83,271	300
Net Cash Provided (Used) by Noncapital Financing Activities	83,271	(3,151)	80,120	300
Cash Flows from Capital and Related Financing Activities				
Purchases of capital assets	(27,016)		(27,016)	0
Grant income			0	0
Principal paid on capital debt		(21,311)	(21,311)	(24,601)
Interest paid on capital debt		(4,241)	(4,241)	(4,708)
Prior period adjustment			0	28,129
Net Cash Provided (Used) by Capital and Related Financing Activities	(27,016)	(25,552)	(52,568)	(1,180)
Cash Flows from Investing Activities				
Interest and dividends received	0	0	0	0
Net Cash Provided by Investing Activities	0	0	0	0
Net Increase in Cash and equivalents	(29,026)	24,007	(5,019)	70,200
Cash and equivalents, Beginning of Year	45,146	154,239	199,385	129,185
Cash and equivalents, End of Year	$16,120	$178,246	$194,366	$199,385
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities				
Operating income	($111,554)	($100,507)	($212,061)	($89,121)
Depreciation expense	47,085	84,448	131,533	145,745
(Increase) decrease in accounts receivable	5,213	11,735	16,948	(14,934)
Intergovernmental funds		25,616	25,616	25,595
(Increase) decrease in due from other funds	(38,831)		(38,831)	(42,270)
Increase (decrease) in customer deposits	1,703		1,703	230
Increase (decrease) in accounts payable	624	(7,513)	(6,889)	10,228
Increase (decrease) in due to other funds	10,579	38,931	49,510	35,607
Net Cash Provided by Operating Activities	($85,181)	$52,710	($32,471)	$71,080
Reconciliation of total cash and cash investments:				
Current assets - cash and cash investments	($4,315)	$131,830	$127,515	$90,505
Restricted assets - cash and cash investments	20,435	46,416	66,851	108,880
Total cash and cash investments	$16,120	$178,246	$194,366	$199,385

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, 2022

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.

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.

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:

Taxes due for:	Authorized Millage	Levied Millage	Expiration Date
General operations and maintenance	12.90	11.43	6/30/22
Sewer District	5.81	5.04	6/30/22
Sewer Bond	5.81	5.04	6/30/22

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

Taxpayer	Type of business	Assessed Valuation	% of Total Assessed Valuation	Ad valorem Tax Revenue for Town
Gibsland Bank & Trust	financial institution	427,058	16.80%	$4,881
Kansas City Southern	railroad	198,040	7.79%	2,264
Total		625,098	24.60%	$7,145

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:

Description	Estimated Lives
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, 2022, was not material to the financial statements and therefore, was not recorded.

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, 2020.

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.

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, 2022 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.

3. CASH AND CASH EQUIVALENTS

At June 30, 2022, the Town has cash and cash equivalents (book balances) totaling $408,825 as follows:

Demand deposits	$408,825
Time deposits	0
Total	$408,825

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, the deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the town that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Town's name.

These deposits are secured as follows:

Bank balances	$436,026
Federal deposit insurance	$267,757
Pledged securities (uncollateralized)	339,309
Total	$607,066

4. RECEIVABLES

The receivables of $151,447 at June 30, 2022, are as follows:

Class of Receivable	General Fund	Utility Fund	Sewer Fund	Total
Sales and use taxes	$6,944			$6,944
Franchise fees	9,428			9,428
Ad valorem taxes	6,738			6,738
Other	9,606			9,606
Accounts		$70,221	$48,510	118,731
Total	$32,716	$70,221	$48,510	$151,447

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, 2022 is as follows:

Fund	Due from	Due to
General fund	$177,022	$223,935
Water fund	448,400	235,267
Sewer fund	224,145	390,365
Total	$849,567	$849,567

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, 2022, for the primary government is as follows:

	Beginning Balance	Adjustment	Increases	Decreases	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$23,642				23,642
Total capital assets not being depreciated	23,642	0	0	0	23,642
Buildings	44,513				44,513
Improvements other than buildings	227,010				227,010
Machinery and equipment	57,343		$50,484	($7,985)	99,842
Infrastructure	27,989				27,989
Total capital assets being depreciated	356,855	0	50,484	(7,985)	399,354
Accumulated depreciation	176,032		$13,736	(7,985)	181,783
Total capital assets being depreciated, net	$204,465	$0	$36,748	$0	$241,213

Depreciation expense of $13,736 was charged to the general government function.

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$49,175			$49,175
Construction in progress				0
Total capital assets not being depreciated	49,175	0	0	49,175
Capital assets being depreciated:				
Buildings	49,094			49,094
Improvements other than buildings	5,921,294			5,921,294
Equipment	72,573			72,573
Vehicles	15,133	$27,016	(15,133)	27,016
Total capital assets being depreciated	6,058,094	27,016	(15,133)	6,069,977
Less accumulated depreciation	3,395,710	131,534	(15,133)	3,512,111
Total business-type assets being depreciated, net	$2,662,384	($104,518)	$0	$2,607,041

7. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2022:

	Loans payable
Long-term obligations, 6/30/21	$209,448
Additions	0
Reductions	(21,311)
Long-term obligations, 6/30/22	$188,137

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, 2022:

	Loans payable
Current portion	$21,283
Long-term portion	166,854
Total	$188,137

Four loans outstanding at June 30, 2022, 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 $21,283 and $4,267, respectively. The individual issues are as follows:

Loan number	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding	Funding Source
Loan 92-13	7/15/83	2.125	2023	16	4,934	USDA
Loan 92-14	3/8/99	2.125	2039	32,857	183,203	USDA

At June 30, 2022, the Town has accumulated $46,416 for future debt repayments. The annual requirements to amortize all loans outstanding at June 30, 2022, including interest of $32,873 is as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2023	$14,744	$3,862	$18,606
2024	10,045	3,611	13,656
2025	10,260	3,396	13,656
2026	10,482	3,154	13,636
2027	10,707	2,929	13,636
2028 and thereafter	131,899	15,921	147,820
Total	$188,137	$32,873	$221,010

8. ON BEHALF PAYMENTS FOR SALARIES

The Town should recognize 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, 2022, the town's police chief and officers received police supplemental pay from the State of Louisiana, Department of Public Safety and Corrections but the town clerk did not include it with payroll information and pay the applicable taxes on it.

9. CONTINGENT LIABILITIES

At June 30, 2022, the Town has one pending case with the Municipal Police Employees Retirement System (MPERS). An agreement was reached for the Town to pay MPERS 3 years worth of employer portion contributions over a reasonable payment plan that would not break the Town's budget. The case is currently pending the MPERS attorneys to prepare the settlement agreement.

10. USDA

The Town has estimated 401 and 48 water residential and commercial customers, respectively. The Town has estimated 377 and 39 sewer residential and commercial customers, respectively.

11. MILLAGE RATE

The Town adjusted its millage rate effective November 1, 2018. The Town hired an outside millage management company to assist in compliance with any laws and regulations. For the year ended June 30, 2022, the Town collected $25,616 related to the Sewer fund GO bonds and made payments of $11,896. The reserve accounts are fully funded as of June 30, 2022.

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 26, 2024. This date represents the date the financial statements were available to be issued. The Louisiana Legislative Auditor issued an investigative report on October 5, 2022.

REQUIRED SUPPLEMENTAL INFORMATION

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

	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable)
	Original	Final	GAAP Basis	Variance
REVENUES				
Taxes - ad valorem			$29,047	$29,047
Sales taxes			116,380	116,380
Other taxes			24,571	24,571
Licenses and permits			300	300
Franchise fees			44,164	44,164
Fines and forfeitures			437	437
Intergovernmental revenues - state			10,000	10,000
Miscellaneous			2,947	2,947
Total Revenues	0	0	227,846	227,846
EXPENDITURES				
Coroner expense			3,777	(3,777)
Salaries			97,782	(97,782)
Audit services			10,358	(10,358)
Bank charges			42	(42)
Payroll taxes			5,083	(5,083)
Advertising			2,424	(2,424)
Attorney services			3,246	(3,246)
Dues and subscriptions			8,530	(8,530)
Telephone			3,474	(3,474)
Postage			741	(741)
Office supplies			6,263	(6,263)
Utilities			2,745	(2,745)
Contract services			6,990	(6,990)
Permits			954	(954)
Mayor gas			2,319	(2,319)
Insurance expenses			24,172	(24,172)
Miscellaneous expenses			5,433	(5,433)
Auto repairs & maintenance			2,558	(2,558)
Fuel police			1,920	(1,920)
Police travel & training			2,176	(2,176)
Police supplies			2,838	(2,838)
Capital outlay			50,484	(50,484)
Total Expenditures	0	0	244,309	(244,309)
Excess (Deficiency) of Revenues over (under) Expenditures	0	0	(16,463)	(16,463)

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

	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable)
	Original	Final	GAAP Basis	Variance
CARES Act grant			162,365	162,365
Operating transfers in			10,885	10,885
Operating transfers out			(91,006)	(91,006)
Total Other Financing Sources (Uses)	0	0	82,244	82,244
Net Change in Fund Balance	0	0	65,781	65,781
Fund Balance (Deficit) at Beginning of Year	0	0	108,421	108,421
Prior Period Adjustment	0	0	0	0
Fund Balance (Deficit) at End of Year	$0	$0	$174,202	$174,202

Notes to the Schedule
(1) method of budgetary accounting - modified accrual basis

The accompanying notes are an integral part of this schedule.

Justice System Funding Schedule - Receiving Entity

Schedule 2

As Required by Act 87 of the 2020 Regular Legislative Session

Identifying Information	
Entity Name	Town of Gibsland
LLA Entity ID # (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes.)	2251
Date that reporting period ended (mm/dd/yyyy)	6/30/2022

Cash Basis Presentation	**First Six Month Period Ended 12/31/21**	**Second Six Month Period Ended 06/30/22**
Receipts From: (*Must include one agency name and one collection type - see below -*		
nCourt - Criminal Fines - Other	437	-
Subtotal Receipts	437	-
Ending Balance of Amounts Assessed but Not Received ***(only applies to those agencies that assess on behalf of themselves, such as courts)***	-	-

OTHER SUPPLEMENTAL SCHEDULES

Schedule 3

Town of Gibsland
Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2022

Board Member	Amount
Ray Ivory, Mayor	$12,000
Diana Pearson	2,400
Gary Durham	3,600
Julius Pearson	2,400
Debra Rushing	2,400
Richard Rhodes	600
Tim Walker	1,800
Total	$25,200

The accompanying notes are an integral part of this schedule.

Town of Gibsland
Schedule of Compensation, Benefits and Other Payments
to Agency Head
For the Year Ended June 30, 2022

Schedule 4

Agency Head Name: Mayor Ray Ivory, Sr.

Purpose	
Per diem	$12,000
Reimbursements	152
Other amounts paid on behalf	2,722

OTHER REPORTS

WP

Wade & Perry, CPAs
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 26, 2024.

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 of 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

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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. 2022-01, 2022-03, 2022-07 and 2022-09.

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. 2022-02 and 2022-04

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 2021-05, 2021-06, 2021-08, 2021-10, 2021-11 and 2021-12.

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.

Wade & Perry

Ruston, Louisiana
June 26, 2024

OTHER INFORMATION

Town of Gibsland
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

PART I. Summary of Audit Results

Financial statement audit

1. The type of audit report issued was unqualified.

2. There were six significant deficiencies required to be disclosed by Governmental Auditing Standards issued by the Comptroller General of the United States of America. Four of these significant deficiencies were reported as material weakness.

3. There was six instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of Federal Awards

1. The Town received American Rescue Plan Award of $162,365.

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:

2022-01. 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 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. Four bank accounts were not reconciled nor entered in the general ledger for the year ended June 30, 2022.

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.

2022-02. 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.

2022-03. Internal control over disbursements is inadequate. This finding is entity wide.

Condition: Twenty of the 41 randomly selected disbursements were posted to an incorrect account of which 12 disbursements did not have supporting documentation. Four payroll disbursements did not have the timesheet provided to compare. One disbursement was paid from a statement. One disbursement only had 1 of 2 supporting documents provided for testing. Nine disbursements did not have the canceled check provided for testing. A total of 231 missing check numbers 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.

2022-04. 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.

2022-05. Failing to file financial statements pursuant to R.S. 24:513B.(3)

Condition: The Town's audited financial statements were not completed and submitted to the Louisiana Legislative Auditor's office by the statutory date of December 31, 2022.

Criteria: State law requires audited financial statements of governments to be submitted within six months of year end.

Cause: Management did not provide all necessary information in time for the external auditor to complete the audit by its due date.

Effect: Material noncompliance relating to the financial statements.

Recommendation: Management should have financial records completed in a timely manner.

2022-06. Budget violation

Condition: The Town could not provide records to demonstrate a properly adopted budget for the fiscal year ended June 30, 2022. The Town failed to budget American Rescue Plan Act (ARPA) funds.

Criteria: An ordinance must be passed in open meeting before end of prior fiscal year and make it available for public inspection.

Cause: An ordinance was not passed in open meeting before end of prior fiscal year and made available for public inspection.

Effect: Compliance violation of local budget law

Recommendation: Government officials should follow the local government budget act as it pertains to preparing, adopting, monitoring, and amending the budget.

2022-07. Significant deficiency in internal controls over payroll and related records

Condition: Payroll taxes were not filed accurately and paid timely. Supplemental pay was not recorded with payroll records, and therefore payroll taxes were not paid on that pay. Sick and vacation records are not kept according to policy.

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

Cause: Staff is not aware of payroll rules and regulations.

Effect: Internal control violation and potential errors in payroll disbursements.

Recommendation: Employees involved in the payroll function need to understand payroll rules and regulations and the town's policy concerning sick and vacation pay.

2022-08. Open meetings law violation

Condition: Violation of LRS 43:143

Criteria: Public bodies should publish all minutes, ordinances, resolutions, budgets and other official proceedings.

Cause: Town did not publish its minutes, ordinances, resolutions, budgets and other official proceedings.

Effect: Violation of open meetings laws.

Recommendation: Town should publish all minutes, ordinances, resolutions, budgets and other official proceedings.

2022-09. Significant deficiency in internal controls over utility billing and receipts

Condition: Beginning in June, 2020, the Town started billing the minimum amount for all residents. We could not trace payments to the daily total for each deposit.

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

Cause: Town did not read meters for correct usage and just charged minimum 2,000 gallons.

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

Recommendation: The Town should immediately update the billing system for the correct usage for each customer.

2022-10. Municipality improperly classified as Town

Condition: Gibsland is operating as a town and has five elected aldermen.

Criteria: LRS 33:342 (A)(1)

Cause: Federal census indicated Gibsland has less than 1,001 inhabitants so it should be classified as a village and only have 3 members on council

Effect: violation of LRS 33:342(A)(1)

Recommendation: Town should adopt resolution requesting governor change the town's classification to a village and send the resolution to the Governor's Office.

2022-11. Violation of Louisiana Public Bid Law

Condition: The mayor and an alderman signed checks to purchase 3 vehicles without a board-approved budget and without advertising the purchase for bid or receiving quotes.

Criteria: LRS 38:2212

Cause: The budget was not properly adopted and no bids or quotes were received or maintained in the purchase files.

Effect: Violation of LRS 38:2212

Recommendation: The Town maintain all discussions and decisions related to the Town's spending be made at public meetings and properly recorded in the minutes. The Town should comply with provisions of the LA public bid law.

2022-12. Violation of Article VII, Section 14

Condition: Mayor paid some town officials and some employees an incentive pay due to having to work during Covid-19. The lump sum payments of either $1,000 or $2,000 did not follow the US Department of Treasury Final Rule for "premium pay." Also the payments were not included in the budget. The Town said it was using ARPA funds as a replacement for lost revenue. The town clerk was part-time clerk for the Town and full-time clerk for a neighboring town. The mayor did not set a part-time schedule for her and there is no record of hours she worked.

Criteria: Article VII, Section 14 states in part "funds, credit, property, or things of value shall not be loaned, pledged, or donated to of for any person, association, or corporation, public or private"; and LRS 42:1461 (A) states "...and employees of any public entity...assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property, or other thing of value belonging to or under the custody or control of the public entity in which they ... are employed."

Cause: Lump sum payments to town officials and employees are considered bonuses

Effect: Violation of Louisiana Constitution Article VII, Section 14

Recommendation: The Town should comply with Lawrason Act ensuring salaries of mayor, aldermen, town clerk, and chief of police are set by ordinance; Ensure employee pay is commensurate with work performed and that work performed is properly reviewed; Set a schedule for town clerk and require accurate records of time be kept; Recover funds paid to the town clerk for sick and vacation leave used while she was a part-time employee.

Town of Gibsland
Summary of Prior Year Findings
For the Year Ended June 30, 2022

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2021-01. General accounting insufficient
Conclusion: Unresolved - See 2022-01

2021-02. Lack of segregation of duties
Conclusion: Unresolved - See 2022-02

2021-03. Inadequate internal control over disbursements
Conclusion: Unresolved - See 2022-03

2021-04. No sheriff sale for uncollected property taxes
Conclusion: Unresolved - See 2022-04

2021-05. Late report submission
Conclusion: Unresolved - See 2022-05

2021-06. Budget violation
Conclusion: Unresolved - See 2022-06

2021-07. Payroll taxes not paid timely, supplemental pay not included, sick/vacation records not according to town policy
Conclusion: Unresolved - See 2022-07

2021-08. Minutes not published
Conclusion: Unresolved - See 2022-08

2021-09. Inadequate internal control over utility billing and receipts
Conclusion: Unresolved - See 2022-09

2021-10. Article VII, Section 14 violation
Conclusion: Unresolved - See 2022-12

2021-11. Part-time clerk does not record hours worked and receives full budgeted amounts
Conclusion: Unresolved - See 2022-12

2021-12. Municipality improperly classified as Town
Conclusion: Unresolved - See 2022-10

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

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

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2022

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

2022-01. The Town agrees with the recommendations and intends to implement them immediately.

2022-02. The Town agrees with the recommendations and intends to implement them immediately.

2022-03. The Town agrees with the recommendations and intends to implement them immediately.

2022-04. The Town agrees with the recommendations and intends to implement them immediately.

2022-05. The Town agrees with the recommendations and intends to implement them immediately.

2022-06. The Town agrees with the recommendations and intends to implement them immediately.

2022-07. The Town agrees with the recommendations and intends to implement them immediately.

2022-08. The Town agrees with the recommendations and intends to implement them immediately.

2022-09. The Town agrees with the recommendations and intends to implement them immediately.

2022-10. The Town will consult with the town attorney and proceed accordingly.

2022-11. The Town agrees with the recommendations and intends to implement them immediately.

2022-12. The Town will continue to do what is necessary to protect our communities, infrastructure, and critical services. The Town considers the town clerk a vital element to the continued operations of the town.

WP

Wade & Perry, CPAs

A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of Entity of Gibsland (Entity) and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

The Entity has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

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

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

    d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the

[1] *For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.*

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completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

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

g) ***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).

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

i) ***Ethics***[2], including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

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

k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Written policies and procedures were obtained and address the functions noted above except as noted. The entity does not have any written policies and procedures concerning purchasing, disbursements, receipts/collections, contracting, credit cards, ethics, debt service, and disaster recovery/business continuity that covers the functions noted above.

[2] The Louisiana Code of Ethics is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

Board or Finance Committee[3]

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.

      The entity met 11 of the 12 months.

   b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds[4], and semi-annual budget- to-actual, at a minimum, on all special revenue funds[7]. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds[5] if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

      There is no mention of budget-to-actual comparisons in the minutes.

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

      No exceptions.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts[6] (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

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[3] These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.

[4] Proprietary and special revenue funds are defined under GASB standards. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary and special revenue operations that are not required to be budgeted under the Local Government Budget Act.

[5] R.S. 24:513 (A)(1)(b)(iv) defines public funds.

[6] Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

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

Two of the 5 accounts were prepared within 2 months of closing date. Three of the accounts were not reconciled at all.

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

There was no evidence of any bank reconciliation being reviewed.

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

There was no evidence of reconciling items being researched.

Collections (excluding electronic funds transfers)[7]

4. Obtain a listing of deposit sites[8] 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).

   Management represented the list obtained was complete.

5. For each deposit site selected, obtain a listing of collection locations[9] 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 responsible for cash collections do not share cash drawers/registers.

   Employees do share a cash drawer.

   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.

   Another employee does not reconcile collection documentation

   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.

[7] The Collections category is not required to be tested if the entity has a third party contractor performing all collection functions (i.e., receiving collections, preparing deposits, and making deposits).

[8] A deposit site is a physical location where a deposit is prepared and reconciled.

[9] A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school Entity a collection location may be a classroom and a deposit site may be the school office.

Another employee does not reconcile ledger postings to collection entries.

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/official verifies the reconciliation.

Another employee does not verify the reconciliation.

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

No proof of bond coverage was provided.

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:

a) Observe that receipts are sequentially pre-numbered.

The entity does not use sequentially pre-numbered receipts.

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

No exceptions

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

No exceptions

d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

No exceptions

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

Three deposits had no exceptions. One deposit was recorded twice in the general ledger. Two deposits were not posted in the general ledger (no activity was posted all year).

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).

Management represented the list obtained was 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:

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

      No exceptions

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

      There is no mention of how many employees are involved in the process.

   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 town clerk processes payments and can add/modify vendors 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 town clerk processes and mails the payments.

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

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

   a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

      Four of the 5 disbursements did not have supporting documentation.

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

      Four of the 5 disbursements did not have supporting documentation.

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

No supporting documentation was provided for testing.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards[10]. Obtain management's representation that the listing is complete.

    Management did not provide a listing.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

    a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

       No information was provided for testing.

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

       No information was provided for testing.

13. Using the monthly statements or combined statements selected under #12 above, <u>excluding fuel cards</u>, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing)[11]. For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

    No information was provided for testing.

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[10] Including cards used by school staff for either school operations or student activity fund operations.

[11] For example, if 3 of the 5 cards selected were fuel cards, only 10 transactions would be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #12 were fuel cards, Procedure #13 would not be applicable.

Travel and Travel-Related Expense Reimbursements[12] *(excluding card transactions)*

14. 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:

    Management represented the list obtained was complete.

    a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

       No supporting documentation was provided for testing.

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

       No supporting documentation was provided for testing.

    c) Observe 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).

       No supporting documentation was provided for testing.

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

       No supporting documentation was provided for testing..

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

    Management represented the list obtained was complete.

    a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law[13] (e.g., solicited quotes or bids, advertised), if required by law.

       No supporting documentation was provided for testing.

    b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

[12] Non-travel reimbursements are not required to be tested under this category.

[13] If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

No supporting documentation was provided for testing.

c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

No supporting documentation was provided for testing.

d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No supporting documentation was provided for testing.

Payroll and Personnel

16. Obtain a listing of employees and officials[14] employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Management represented the list obtained was complete. No authorized pay rates were provided.

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

a) Observe all selected employees or officials[15] documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

No supporting documentation was provided for testing.

b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No supporting documentation was provided for testing.

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

No supporting documentation was provided for testing.

d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No supporting documentation was provided for testing.

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[14] "Officials" would include those elected, as well as board members who are appointed.

[15] "Officials" would include those elected, as well as board members who are appointed.

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

    No supporting documentation was provided for testing.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

    No representation was provided. Payroll taxes are not paid up to date.

Ethics[16]

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

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

       Two of the 5 employees selected completed ethics training.

    b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

       The entity does not have a written ethics policy.

Debt Service[17]

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

    Not applicable

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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

[16] The Louisiana Code of Ethics is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a nonprofit, the procedures should be performed.

[17] This AUP category is generally not applicable to nonprofit entities; however, if applicable, the procedures should be performed.

Not applicable

Fraud Notice

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 Entity attorney of the parish in which the entity is domiciled.

    Management represented the list obtained is complete.

24. Observe the entity has posted, on its premises[18] and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.[19]

    The entity does not have the notice posted on its premises or website.

Information Technology Disaster Recovery/Business Continuity

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

    a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

       We performed the procedure and discussed the results with management.

    b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

       We performed the procedure and discussed the results with management.

    c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

       We performed the procedure and discussed the results with management.

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

[19] This notice is available for download or print at www.lla.la.gov/hotline.

Sexual Harassment[20]

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

    No supporting documentation was provided regarding sexual harassment training.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

    No supporting documentation was provided regarding sexual harassment training.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

    a) Number and percentage of public servants in the agency who have completed the training requirements;

       No supporting documentation was provided regarding sexual harassment training.

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

       No supporting documentation was provided regarding sexual harassment.

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

       No supporting documentation was provided regarding sexual harassment.

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

       No supporting documentation was provided regarding sexual harassment.

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

       No supporting documentation was provided regarding sexual harassment.

[20] A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:341, et seq. However, the non-profit could be subject to the law as part of its agreement to receive the public funds.

We were engaged by the Town of Gibsland to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Town of Gibsland and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Wade & Perry

Ruston, LA
June 26, 2024

Town of Gibsland
PO Box 309
Gibsland, LA 71028

June 26, 2024

Wade & Perry, CPAs
Ruston, LA

The following is Management's Response to the 2022 AUP report submitted for the Town of Gisbland.

Written policies and procedures

1. Management will work towards writing a policy concerning:
    c) Disbursements
    d) Receipts/collections
    f) Contracting
    g) Credit cards
    i) Ethics
    j) Debt service
    k) Disaster recovery/business continuity
    l) Sexual harassment

Board or finance committee

2. a) Management will document the minutes of every meeting and if no quorums were met.
    b) Management will work toward documenting the process of resolving audit findings.

Bank reconciliations

3. a) Management will work toward reconciling all accounts.
    b) Management will work toward documenting reviews of bank reconciliations.
    c) Management will work toward researching outstanding items.

Collections

5. Management will work toward implementing checks and balances for these procedures.
6. Management will inquire of insurance provider for bond coverage and add as necessary.
7. e) Management will work toward implementing checks and balances for this procedure.

Non-payroll disbursements

9. b) Management will work toward documenting process of approving payments to vendors.
    c) Management will work toward documenting evidence of segregation of duties.
    d) Management will work toward documenting evidence of segregation of duties.
10. a) Management will work toward maintaining supporting documentation in a central location.
    b) Management will work toward maintaining supporting documentation in a central location.
    c) Management will work toward maintaining supporting documentation in a central location.

Credit cards/debit cards/fuel cards/P-cards
Management will work toward documenting policies and procedures for this section.

Travel and travel-related expense reimbursements
Management will work toward documenting policies and procedures for this section.

Contracts
Management will work toward documenting policies and procedures for this section.

Payroll and personnel
Management will work toward documenting policies and procedures for this section.

Ethics
20. a) Management will work toward all employees documenting ethics training.
    b) Management will work toward documenting policies and procedures for this section.

Fraud
24. Management will work toward posting the required notice on its premises.

Prevention of sexual harassment
Management will work toward documenting policies and procedures for this section.