

**Town of Sibley
Sibley, Louisiana**

Financial Statement with Auditors' Report

As of and For the Year Ended June 30, 2019

Town of Sibley
Sibley, Louisiana

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Sibley, Louisiana

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Independent Auditors' Report

The Honorable Jimmy Williams, Mayor
and Members of the Town Council
Town of Sibley
Sibley, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Sibley, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Sibley, Louisiana, as of June 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

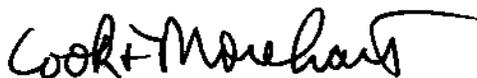
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 – 9 and 37 – 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sibley's basic financial statements. The other supplementary information listed in the table of contents and shown on pages 40 – 41 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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 basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2019, on our consideration of the Town of Sibley, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Sibley's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Sibley's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
December 30, 2019

TOWN OF SIBLEY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Sibley's financial performance provides an overview of the Town of Sibley's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Town's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- The Town of Sibley's net position of our governmental activities decreased by \$116,165 or 9.8%. The Town of Sibley's net position of our business-type activities decreased by \$106,203 or 5.2%.
- In the Town's governmental activities, total general and program revenues were \$753,885 in 2019 compared to \$685,255 in 2018. Total expenses, excluding depreciation, totaled \$566,759 for the year ended June 30, 2019.
- In the Town's business-type activities, revenues increased by \$34,342, while expenses increased by \$18,695.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 10 and 11) provide information about the activities of the Town of Sibley as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town of Sibley's operations in more detail than the government-wide statements by providing information about the Town of Sibley's most significant funds.

Reporting the Town of Sibley as a Whole

Our analysis of the Town of Sibley as a whole begins on page 10. One of the most important questions asked about the Town of Sibley's finances is "Is the Town of Sibley as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Town of Sibley as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town of Sibley's *net position* and changes in them. You can think of the Town of Sibley's net position – the difference between assets and liabilities – as one way to measure the Town of Sibley's financial health, or *financial position*. Over time, *increases* or *decreases* in the Town of Sibley's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

Governmental activities – Most of the Town's basic services are reported here, including the police, fire, public works, and general administration. Property taxes, franchise fees, sales taxes, and police department fines, and various other revenues finance most of these activities.

Business-type activities – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system are reported here.

Reporting the Town's Most Significant Funds

Our analysis of the major funds maintained by the Town of Sibley begins on page 12. The fund financial statements begin on page 12 and provide detailed information about the most significant funds maintained by the Town of Sibley – not the Town of Sibley as a whole. The Town of Sibley's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

Governmental funds – Most of the Town of Sibley's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town of Sibley's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Town of Sibley expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.

Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE TOWN OF SIBLEY AS A WHOLE

The Town of Sibley's combined net position changed from a year ago, increasing from \$3,244,401 to \$3,254,363. A comparative analysis of the funds maintained by the Town of Sibley is presented below.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 634,140	\$ 498,847	\$ 271,126	\$ 285,585	\$ 905,266	\$ 784,432
Capital assets	747,600	818,561	2,020,049	2,117,195	2,767,649	2,935,756
Total assets	<u>1,381,740</u>	<u>1,317,408</u>	<u>2,291,175</u>	<u>2,402,780</u>	<u>3,672,915</u>	<u>3,720,188</u>
Current liabilities	13,016	18,480	84,413	69,815	97,429	88,295
Long-term liabilities	66,123	112,492	255,000	275,000	321,123	387,492
Total liabilities	<u>79,139</u>	<u>130,972</u>	<u>339,413</u>	<u>344,815</u>	<u>418,552</u>	<u>475,787</u>
Net position:						
Net investment in capital assets	681,477	706,069	1,745,049	1,827,195	2,426,526	2,533,264
Restricted	503,632	399,335	29,017	22,695	532,649	422,030
Unrestricted	117,492	81,032	177,696	208,075	295,188	289,107
Total net position	<u>\$1,302,601</u>	<u>\$1,186,436</u>	<u>\$1,951,762</u>	<u>\$2,057,965</u>	<u>\$ 3,254,363</u>	<u>\$ 3,244,401</u>

Net position of the Town of Sibley's governmental activities increased by \$116,165 or 9.8%. Net position of the Town of Sibley's business-type activities decreased by \$106,203 or 5.2%.

**Table 2
Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charge for services	\$ 87,147	\$ 72,635	\$ 328,381	\$ 352,056	\$ 415,528	\$ 424,691
Operating grants				4,675		
Capital grants and contributions		31,248	60,325		60,325	
General revenue						
Ad valorem taxes	55,335	57,354			55,335	57,354
Sales taxes	412,591	320,297			412,591	320,297
Licenses and permits	92,251	83,547			92,251	83,547
Investment earnings	3,918	900	3,210	843	7,128	1,743
Intergovernmental	71,500	84,799			71,500	84,799
Miscellaneous	31,143	34,475			31,143	34,475
Total revenues	753,885	685,255	391,916	357,574	1,145,801	1,042,829
Expenses						
General government	315,548	282,149			315,548	282,149
Public safety	233,946	305,250			233,946	305,250
Public works	84,386	114,379			84,386	114,379
Interest on long-term debt	3,840	4,607			3,840	4,607
Water			271,672	264,695	271,672	264,695
Sewer			226,447	214,729	226,447	214,729
Total expenses	637,720	706,385	498,119	479,424	1,135,839	1,185,809
Increases (decreases) in net position	\$ 116,165	\$ (21,130)	\$ (106,203)	\$ (121,850)	\$ 9,962	\$ (142,980)

The Town's total revenues increased by \$102,972 or 9.9%. The total cost of all programs and services decreased \$49,970 or 4.2%. Our following analysis separately considers the operations of the governmental and business-type activities.

Governmental Activities

Total revenues for the governmental activities increased \$68,630 (10.0%) from a year ago, from total revenues in the year ended June 30, 2018 of \$685,255 to total revenues of \$753,885 in the year ended June 30, 2019.

The cost of all governmental activities this year was \$637,720. These costs were covered by \$87,147 of program revenues, with the remaining costs covered by property taxes, sales taxes, and other general revenues.

Business-type Activities

Total revenues for the business-type activities increased \$34,342 (9.6%) from total revenues in the year ended June 30, 2018 of \$357,574 to total revenues of \$391,916 in the year ended June 30, 2019. The increase was mainly due to a increase in capital grants received for improvements.

The cost of all business-type activities this year was \$498,119. These costs were covered in large part by \$388,706 of program revenues and capital grant contributions.

THE TOWN'S FUNDS

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a *combined* fund balance of \$621,124, which is an increase over last year's fund balance of \$480,367. Revenues increased \$68,630 from the prior year, mainly due to increases in intergovernmental revenues and sales tax. Expenditures decreased by \$128,640 mainly due to less capital outlay and public work expenditures for the year ended June 30, 2019.

General Fund Budgetary Highlights

The Town adopted a budget for its General Fund for the year ended June 30, 2019. There was one amendment to the budget during the year. The Town's budgetary comparison is presented as required supplementary information and shown on page 37. Highlights for the year are as follows:

Sales tax revenue transferred in was \$204,059.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2019, the Town of Sibley had invested \$2,767,649 in capital assets. (see table 3 below)

Table 3
Capital Assets at Year End
(Net Depreciation)

	Governmental Activities		Business-type Activities		Total	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Land	\$ 44,007	\$ 44,007	\$ 26,988	\$ 26,988	\$ 70,995	\$ 70,995
Buildings	59,071	68,455			59,071	68,455
Infrastructure	83,384	92,907			83,384	92,907
Furniture, equipment, and vehicles	53,452	69,237			53,452	69,237
Fire department equipment and vehicles	507,686	543,955			507,686	543,955
Sewer system			570,756	655,103	570,756	655,103
Water system			1,422,305	1,435,104	1,422,305	1,435,104
Total assets	\$ 747,600	\$ 818,561	\$ 2,020,049	\$ 2,117,195	\$ 2,767,649	\$ 2,935,756

This year's major additions included:

Distribution System	\$ 62,357
	<u>\$ 62,357</u>

More detailed information about the capital assets are presented in Note 5 to the financial statements.

Debt

At year-end, the Town had \$341,123 in debt outstanding, versus \$402,492 last year – a decrease of 16%.

Table 4
Outstanding Debt At Year End

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Capital lease obligation	\$ 66,123	\$ 112,492			\$ 66,123	\$ 112,492
Sewer revenue refunding bonds			275,000	290,000	275,000	290,000
Totals	<u>\$ 66,123</u>	<u>\$ 112,492</u>	<u>\$ 275,000</u>	<u>\$ 290,000</u>	<u>\$ 341,123</u>	<u>\$ 402,492</u>

State law restricts the amount of debt that the Town of Sibley may issue. The aggregate principal amount of debt may not exceed 10% of the assessed valuation for property tax purposes of all real and personal property located within the parish. The Town of Sibley's total debt outstanding at year-end was well below this limitation.

More detailed information about the debt is presented in Note 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Town of Sibley's management considered many factors when setting a fiscal year June 30, 2020 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same.

Expenditures for the year ended June 30, 2020 are expected to remain substantially the same.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Town of Sibley and to show the Town of Sibley's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mayor at P.O. Box 128, Sibley, LA 71073.

Town of Sibley
Sibley, Louisiana
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 517,795	\$ 129,647	\$ 647,442
Investments	60,544	50,740	111,284
Receivables	39,601	31,012	70,613
Internal balances	16,200	(16,200)	
Restricted assets:			
Cash- customer deposits		46,910	46,910
Cash and cash equivalents- debt service		29,017	29,017
Capital assets not being depreciated	44,007	26,988	70,995
Depreciable capital assets, net	703,593	1,993,061	2,696,654
Total assets	1,381,740	2,291,175	3,672,915
Liabilities			
Accounts payable and accrued expenses	13,016	11,384	24,400
Payable from restricted assets:			
Revenue bonds - due within one year		20,000	20,000
Accrued interest		6,119	6,119
Customer deposits		46,910	46,910
Non-current liabilities:			
Due within one year	47,387		47,387
Due in more than one year	18,736	255,000	273,736
Total liabilities	79,139	339,413	418,552
Net Position			
Net investment in capital assets	681,477	1,745,049	2,426,526
Restricted for:			
Debt Service		29,017	29,017
Public Safety	260,297		260,297
Public Works	243,335		243,335
Unrestricted	117,492	177,696	295,188
Total net position	\$ 1,302,601	\$ 1,951,762	\$ 3,254,363

See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
Statement of Activities
For the Year Ended June 30, 2019

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Functions / Programs:						
Governmental Activities						
General government	\$ 315,548	\$	\$	\$ (315,548)	\$	\$ (315,548)
Public safety	233,946	87,147		(146,799)		(146,799)
Public works	84,386			(84,386)		(84,386)
Interest on long-term debt	3,840			(3,840)		(3,840)
Total governmental activities	<u>637,720</u>	<u>87,147</u>		<u>(550,573)</u>		<u>(550,573)</u>
Business-type Activities						
Water	271,672	197,363	60,325		(13,984)	(13,984)
Sewer	226,447	131,018			(95,429)	(95,429)
Total business-type activities	<u>498,119</u>	<u>328,381</u>	<u>60,325</u>		<u>(109,413)</u>	<u>(109,413)</u>
Total Government	<u>\$ 1,135,839</u>	<u>\$ 415,528</u>	<u>60,325</u>	<u>(550,573)</u>	<u>(109,413)</u>	<u>(659,986)</u>
General revenues:						
				55,335		55,335
				412,591		412,591
				92,251		92,251
				71,500		71,500
				3,918	3,210	7,128
				31,143		31,143
				<u>666,738</u>	<u>3,210</u>	<u>669,948</u>
				116,165	(106,203)	9,962
				1,186,436	2,057,965	3,244,401
				<u>\$ 1,302,601</u>	<u>\$ 1,951,762</u>	<u>\$ 3,254,363</u>

See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
Balance Sheet
Governmental Funds
June 30, 2019

	General	Sales Tax	Volunteer Fire Department	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 99,946	\$ 199,788	\$ 218,061	\$ 517,795
Investments	20,290		40,254	60,544
Receivables	4,000	35,601		39,601
Due from other fund	10,000	13,620	2,967	26,587
Total assets	<u>\$ 134,236</u>	<u>\$ 249,009</u>	<u>\$ 261,282</u>	<u>\$ 644,527</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 10,226	\$ 1,954	\$ 836	\$ 13,016
Due to other fund	6,518	3,720	149	10,387
Total liabilities	<u>16,744</u>	<u>5,674</u>	<u>985</u>	<u>23,403</u>
Fund balances:				
Restricted for:				
Public works		243,335		243,335
Public safety			260,297	260,297
Unassigned	117,492			117,492
Total fund balances	<u>117,492</u>	<u>243,335</u>	<u>260,297</u>	<u>621,124</u>
Total liabilities and fund balances	<u>\$ 134,236</u>	<u>\$ 249,009</u>	<u>\$ 261,282</u>	<u>\$ 644,527</u>

See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2019

Fund balances - total governmental funds	\$ 621,124
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	747,600
Long-term liabilities and other amounts not due and payable in the current period and therefore are not reported in the funds.	<u>(66,123)</u>
Net position of governmental activities	<u>\$ 1,302,601</u>

See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

Revenues:	General	Sales Tax	Volunteer Fire Department	Total Governmental Funds
Ad valorem taxes	\$ 55,335	\$	\$	\$ 55,335
Sales tax		412,591		412,591
Licenses and permits	92,251			92,251
Intergovernmental revenues			71,500	71,500
Fines and forfeitures	87,147			87,147
Investment earnings	1,122	111	2,685	3,918
Miscellaneous	26,708	2,480	1,955	31,143
Total revenues	<u>262,563</u>	<u>415,162</u>	<u>76,140</u>	<u>753,885</u>
Expenditures:				
Current:				
General government	244,587			244,587
Public safety	185,575		48,371	233,946
Public works		84,386		84,386
Debt Service:				
Principal		6,229	40,140	46,369
Interest		687	3,153	3,840
Total expenditures	<u>430,162</u>	<u>91,302</u>	<u>91,664</u>	<u>613,128</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(167,599)</u>	<u>323,880</u>	<u>(15,524)</u>	<u>140,757</u>
Other financing sources (uses):				
Transfers in	204,059		81,624	285,683
Transfers out		(285,683)		(285,683)
Total other financing sources (uses)	<u>204,059</u>	<u>(285,683)</u>	<u>81,624</u>	
Net change in fund balances	36,460	38,197	66,100	140,757
Fund balances at beginning of year	<u>81,032</u>	<u>205,138</u>	<u>194,197</u>	<u>480,367</u>
Fund balances at end of year	<u>\$ 117,492</u>	<u>\$ 243,335</u>	<u>\$ 260,297</u>	<u>\$ 621,124</u>

See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
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, 2019

Net change in fund balances - total governmental funds	\$	140,757
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Amounts reported for governmental activities in the statement of activities are different because:

<p>Governmental funds report capital outlays as expenditures. However, in the statements of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$70,961) exceeds capital outlays (\$0) in the current period.</p>		(70,961)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial

Principal payments on long-term debt		46,369
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Change in net position of governmental activities	\$	<u>116,165</u>
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See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 101,407	\$ 28,240	\$ 129,647
Investments	50,740		50,740
Receivables	19,063	11,949	31,012
Restricted cash- customer deposits	46,910		46,910
Due from other fund		32	32
Total current assets	218,120	40,221	258,341
Noncurrent assets:			
Restricted cash and cash equivalents- debt service		29,017	29,017
Capital assets:			
Land	3,799	23,189	26,988
Plant and equipment	2,556,548	2,589,073	5,145,621
Less: accumulated depreciation	(1,134,243)	(2,018,317)	(3,152,560)
Total noncurrent assets	1,426,104	622,962	2,049,066
Total assets	\$ 1,644,224	\$ 663,183	\$ 2,307,407
Liabilities			
Current liabilities:			
Accounts payable	\$ 3,900	\$ 7,484	\$ 11,384
Due to other fund	637	15,595	16,232
Payable from restricted assets:			
Customer deposits	46,910		46,910
Revenue bonds		20,000	20,000
Accrued interest		6,119	6,119
Total current liabilities	51,447	49,198	100,645
Noncurrent liabilities:			
Revenue bonds		255,000	255,000
Total noncurrent liabilities		255,000	255,000
Total liabilities	51,447	304,198	355,645
Net position			
Net investment in capital assets	1,426,104	318,945	1,745,049
Restricted for debt service		29,017	29,017
Unrestricted	166,673	11,023	177,696
Total net position	1,592,777	358,985	1,951,762
Total liabilities and net position	\$ 1,644,224	\$ 663,183	\$ 2,307,407

See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Operating revenues:			
Charges for service -			
Water sales	\$ 190,057	\$	\$ 190,057
Sewerage service charges		128,628	128,628
Other charges and fees	7,306	2,390	9,696
Total operating revenues	<u>197,363</u>	<u>131,018</u>	<u>328,381</u>
Operating expenses:			
Salaries	65,420	27,461	92,881
Payroll taxes	4,951	2,012	6,963
Employee benefits	10,343	8,533	18,876
Insurance - general	13,715	2,749	16,464
Maintenance and repairs	27,838	52,582	80,420
Miscellaneous expenses	3,415	6,761	10,176
Office expense	8,479	94	8,573
Materials and supplies	48,903	15,587	64,490
Uniforms	1,605	1,533	3,138
Utilities	11,847	12,550	24,397
Depreciation	75,156	84,347	159,503
Total operating expenses	<u>271,672</u>	<u>214,209</u>	<u>485,881</u>
Operating income (loss)	<u>(74,309)</u>	<u>(83,191)</u>	<u>(157,500)</u>
Non-operating revenues (expenses):			
Capital contributions	60,325		60,325
Interest income	3,150	60	3,210
Interest expense and charges		(12,238)	(12,238)
Total non-operating revenues (expenses)	<u>63,475</u>	<u>(12,178)</u>	<u>51,297</u>
Transfers in		31,000	31,000
Transfers out	(31,000)		(31,000)
Total other financing sources (uses)	<u>(31,000)</u>	<u>31,000</u>	
Change in net position	(41,834)	(64,369)	(106,203)
Net position - beginning of year	<u>1,634,611</u>	<u>423,354</u>	<u>2,057,965</u>
Net position - end of year	<u>\$ 1,592,777</u>	<u>\$ 358,985</u>	<u>\$ 1,951,762</u>

See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Cash Flows From Operating Activities			
Receipts from customers	\$ 205,404	\$ 129,520	\$ 334,924
Cash payments to suppliers for goods and services	(117,479)	(99,123)	(216,602)
Cash payments to employees for services	(70,371)	(29,473)	(99,844)
Net Cash Provided By Operating Activities	<u>17,554</u>	<u>924</u>	<u>18,478</u>
Cash Flows From Noncapital Financing Activities			
Transfers to other funds	(31,000)	31,000	
Advances to/from other fund	10,001		10,001
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>(20,999)</u>	<u>31,000</u>	<u>10,001</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	(62,357)		(62,357)
Capital grants	60,325		60,325
Principal paid on capital debt		(15,000)	(15,000)
Interest paid on capital debt		(12,571)	(12,571)
Net Cash (Used In) Capital and and Related Financing Activities	<u>(2,032)</u>	<u>(27,571)</u>	<u>(29,603)</u>
Cash Flows From Investing Activities			
Purchase of investments	(14,718)		(14,718)
Interest income	3,150	60	3,210
Net Cash Provided By (Used In) Investing Activities	<u>(11,568)</u>	<u>60</u>	<u>(11,508)</u>
Net increase (decrease) in cash and cash equivalents	(17,045)	4,413	(12,632)
Cash, Beginning of year	165,362	52,844	218,206
Cash, End of year	<u>\$ 148,317</u>	<u>\$ 57,257</u>	<u>\$ 205,574</u>
Cash and cash equivalents are reflected on the statement of net position as follows:			
Cash and cash equivalents	\$ 101,407	\$ 28,240	\$ 129,647
Restricted cash-customer deposits	46,910		46,910
Restricted cash and cash equivalents debt service		29,017	29,017
Total	<u>\$ 148,317</u>	<u>\$ 57,257</u>	<u>\$ 205,574</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By/(Used In) Operating Activities			
Operating income (loss)	\$ (74,309)	\$ (83,191)	\$ (157,500)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	75,156	84,347	159,503
Accounts receivable	8,041	(1,497)	6,544
Customer deposits	10,624		10,624
Accounts payable	(1,958)	1,265	(693)
Net Cash Flows Provided By Operating Activities	<u>\$ 17,554</u>	<u>\$ 924</u>	<u>\$ 18,478</u>

See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2019

INTRODUCTION

The Town of Sibley is incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor–Council form of government.

(1) Summary of Significant Accounting Policies

The Town of Sibley's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town of Sibley are discussed below.

A. Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Sibley is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town of Sibley), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the Town of Sibley are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB established criteria for determining which component units should be considered part of the Town of Sibley for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Town to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

In addition, the GASB states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2019
(Continued)

2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government.

Based on the criteria described above, there are no component units to be included as part of the reporting entity.

B. Basic Financial Statements – Government-Wide Statements

The Town of Sibley's basic financial statements include both government-wide (reporting the funds maintained by the Town of Sibley as a whole) and fund financial statements (reporting the Town of Sibley's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's sales tax fund, fire protection fund, and general fund are classified as governmental activities. The Town's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Town of Sibley's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town of Sibley's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 the proprietary fund's principal ongoing operations of providing water and sewer services.

The net costs (by function) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, interest income, etc.).

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2019
(Continued)

This government-wide focus is more on the sustainability of the Town of Sibley as an entity and the change in the Town of Sibley's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town of Sibley are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town of Sibley:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town of Sibley:
 - a. General fund is the general operating fund of the Town of Sibley. It is used to account for all financial resources except those required to be accounted for in another fund.
 - b. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:
 - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2019
(Continued)

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

Sales Tax Fund - accounts for the proceeds of sales taxes levied for fire department maintenance, maintenance of streets, capital construction, and other general purposes of the Town.

Volunteer Fire Department Fund – accounts for the transfers from the sales tax fund to be used for fire protection.

Water Fund – accounts for the provision of water services of the Town.

Sewer Fund - accounts for the provision of sewer services of the Town.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Budgets

The Town uses the following budget practices:

1. The Mayor and Town Council prepare a proposed budget.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance.

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2019
(Continued)

3. Budgetary amendments involving the transfer of funds from one department, program or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Council.
4. All budgetary appropriations lapse at the end of each fiscal year.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts in the accompanying statements are as originally adopted, or as amended by the Council. There was one amendment to the budget for the year ended June 30, 2019.
6. The Town's fiscal year is June 30.

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-45 years
Infrastructure	20 years
Furniture and equipment	5-20 years
Vehicles	4-10 years
Fire-fighting apparatus	15-35 years
Water and sewer systems	5-50 years

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2019
(Continued)

GASBS requires the Town to report and depreciate new infrastructure assets effective July 1, 2003. Infrastructure assets include roads, bridges, traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required.

H. Revenues

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The Town bills and collects its own property taxes, using the assessed values determined by the tax assessor of Webster Parish. Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Town is entitled to the funds.

I. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

J. Sales Taxes

On April 1, 1980, the electors of the Town authorized a 1% sales and use tax, proceeds of which may be used for any lawful corporate purpose of the Town, including making capital improvements (after paying the reasonable and necessary expenses of collecting and administering the tax). Town officials have designated 50% of the tax proceeds for General Fund operations and 50% for capital improvements.

On October 24, 1987, the electors of the Town authorized an additional 1% sales and use tax, proceeds of which were dedicated as follows: 50% of income for fire department purchase and maintenance; 25% for streets and street construction, repair and maintenance; and 25% for capital construction, general fund or general administrative expenses. The effective date of this additional 1% sales tax was January 1, 1988.

On October 2, 2010, the electors of the Town authorized an additional 1/2% sales and use tax, proceeds of which are to be used as follows: 50% of the proceeds for maintaining, operating and supporting the Town's Police department and acquiring equipment, including vehicles and supplies, therefor, and 50% of the proceeds to be used for supporting the general fund of the Town.

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2019
(Continued)

K. Compensated Absences

The Town allows up to three weeks vacation depending upon years of service. No carryover or accrued vacation leave is allowed. Unused vacation time will be applied upon termination.

The Town allows up to twelve days per year of sick leave and employees can accumulate up to twenty four days depending upon years of service. Unused accumulated sick pay will not be paid upon separation of service.

L. Interfund Activity

Interfund activity is reported as either loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

M. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

N. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net assets. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Bad Debts

The Town uses the direct charge-off method of accounting for uncollectible ad valorem taxes and water system receivables. Although this method is not in accordance with generally accepted accounting principles, the overall effect on the financial statements is immaterial.

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2019
(Continued)

P. Capitalized Interest

The Town capitalizes net interest costs and interest earned as part of the cost of constructing various water and sewer projects when material.

Q. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Water and Sewer Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

R. Postretirement Benefits

The Town provides no postretirement benefits to its employees.

S. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. **Nonspendable fund balances** are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. **Restricted fund balances** are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. **Committed fund balances** include amounts that can be used only for the specific purposes as a result of constraints imposed by the board of alderman (the Town's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of aldermen remove those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. **Assigned fund balances** are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the Mayor, an appointed body, or official the Town's Alderman has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes.
5. **Unassigned fund balance** are the residual classification for the Town's general fund and include all spendable amounts not contained in the other classifications.

The Town's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order.

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2019
(Continued)

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the Town has no transactions that meet the definition of deferred outflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the Town has no transactions that meet the definition of deferred inflows of resources.

U. Fair Value Measurements

Generally accepted accounting principles require disclosure to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs – The valuation is based on quoted market prices for identical assets or liabilities traded in active markets;

Level 2 inputs – The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;

Level 3 inputs – The valuation is determined by using the best information available under the circumstances and might include the government's own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on lowest level of any input that is significant to the fair value measurement.

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2019
(Continued)

(2) Ad Valorem Taxes

The distributions of the Town's levy (tax rate per \$1,000 assessed value) were as follows:

	Tax Roll
	2018
General Fund	9.22

(3) Cash and Cash Equivalents and Investments

At June 30, 2019, the Town has cash, cash equivalents, and investments (book balances) totaling \$834,653 as detailed below:

A. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2019 (book balances) totaled \$723,369, of which \$75,927 is shown as restricted cash. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

B. Investments

At June 30, 2019, the Town had investments totaling \$111,284 consisting of the following:

Investments in Louisiana Asset Management Pool (LAMP)	\$ 27,146
Money Market Funds	10,957
U.S. Government Securities	<u>73,181</u>
	<u>\$ 111,284</u>

At June 30, 2019, the Town had investments totaling \$27,146 in Louisiana Asset Management Pool (LAMP). The Louisiana Asset Management Pool (LAMP) is a local government investment pool. In accordance with GASB codification section 150.126, the investment in LAMP at the Town of Sibley is not categorized in the three risk categories provided by GASB because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

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

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2019
(Continued)

Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

At June 30, 2019, the Town had investments totaling \$84,138 in U.S. Government securities and money market funds. The market value of these particular type of investments are not materially different from their carrying amount. The investment in U.S. Government Securities and money market funds are registered in the name of the Town and are held in a brokerage account insured by the SIPC. These investments are presented in the financial statements at fair value using level 2 fair value measure.

C. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2019, \$287,426 of the Town's bank balances were exposed to custodial credit risk as follows:

Uninsured and collateral held by the
pledging bank's trust department; not
in the Town's name:

Cash and cash equivalents	<u>\$ 287,426</u>
---------------------------	-------------------

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2019
(Continued)

(4) **Restricted Assets – Proprietary Fund Type**

Restricted assets were applicable to the following at June 30, 2019:

	Enterprise Fund		Total
	Sewer	Water	
Customer deposits	\$ -	\$ 46,910	\$ 46,910
Bond and interest sinking fund	26,119	-	26,119
Depreciation and contingency fund	2,898	-	2,898
	\$ 29,017	\$ 46,910	\$ 75,927

Enterprise Fund – Sewer

Under the terms of the bond agreement-resolution, on outstanding Sewer Revenue Bonds, income and revenues derived from the operating of the Town's Sewer System are pledged in amounts sufficient for the payment of principal and interest on the bonds as they become due and payable, and are to be set aside into the following special funds:

Revenue Fund – All income and revenues derived or to be derived from the operation of the Sewer System shall be deposited promptly into the Revenue Fund. Current expenses of operating and maintaining the system shall be paid from the Revenue Fund.

Revenue Bond and Interest Sinking Fund – Each month, there shall be transferred from the Revenue Fund an amount equal to 1/12th of the principal and interest of the next maturing installment on the outstanding bonds into this fund.

Depreciation and Contingency Fund – Funds will be transferred into this fund for the purpose of caring for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the system. Also, funds may be used for the purpose of payment of bonds for which there is not sufficient money in the Bond and Interest Sinking Fund. The monthly transfer amount will be at least equal to five percent (5%) of the amount to be paid into the sinking fund until a sum equal to \$25,000 is on deposit.

For the year ended June 30, 2019 the Town was in compliance with the requirements for deposits into the reserve accounts.

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2019
(Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 44,007	\$	\$	\$ 44,007
Capital assets, being depreciated:				
Buildings	271,912			271,912
Infrastructure	190,456			190,456
Furniture, equipment & vehicles	292,101			292,101
Fire department equipment and vehicles	995,591			995,591
Total capital assets, being depreciated, at historical cost	<u>1,750,060</u>			<u>1,750,060</u>
Less accumulated depreciation:				
Buildings	(203,457)	(9,384)		(212,841)
Infrastructure	(97,549)	(9,523)		(107,072)
Furniture, equipment & vehicles	(222,864)	(15,785)		(238,649)
Fire department equipment and vehicles	(451,636)	(36,269)		(487,905)
Total accumulated depreciation	<u>(975,506)</u>	<u>(70,961)</u>		<u>(1,046,467)</u>
Total capital assets, being depreciated, net	<u>774,554</u>	<u>(70,961)</u>		<u>703,593</u>
Governmental activities capital assets, net	<u>\$ 818,561</u>	<u>\$ (70,961)</u>	<u>\$</u>	<u>\$ 747,600</u>

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2019
(Continued)

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
<u>Business-Type Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 26,988	\$ _____	\$ _____	\$ 26,988
 Capital assets, being depreciated:				
Sewer system	2,589,073			2,589,073
Water:				
Wells	47,261			47,261
Storage tanks	276,697			276,697
Treatment plant	114,321			114,321
Distribution system	1,990,957	62,357		2,053,314
Other equipment	64,955			64,955
Total capital assets, being depreciated, at historical cost	5,083,264	62,357	_____	5,145,621
 Less accumulated depreciation:				
Sewer system	(1,933,970)	(84,347)		(2,018,317)
Water:				
Wells	(47,261)			(47,261)
Storage tanks	(57,227)	(12,987)		(70,214)
Treatment plant	(114,311)	(10)		(114,321)
Distribution system	(797,714)	(56,681)		(854,395)
Other equipment	(42,574)	(5,478)		(48,052)
Total accumulated depreciation	(2,993,057)	(159,503)	_____	(3,152,560)
Total capital assets, being depreciated, net	2,090,207	(97,146)	_____	1,993,061
Business-type activities capital assets, net	\$ 2,117,195	\$ (97,146)	\$ _____	\$ 2,020,049

Depreciation expense was charged to Governmental and Business-type Activities as follows:

	Governmental Activities	Business-type Activities	Total
Public safety	\$ 41,697	\$ _____	\$ 41,697
Public works	19,880		19,880
General government	9,384		9,384
Water		75,156	75,156
Sewer		84,347	84,347
Total	\$ 70,961	\$ 159,503	\$ 230,464

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2019
(Continued)

(6) Receivables

The following is a summary of receivables at June 30, 2019:

<u>Class of Receivable</u>		
Governmental activities – Sales taxes and other	\$	39,601
Business-type activities – Accounts receivable – water and sewer charges		<u>31,012</u>
Total	\$	<u>70,613</u>

(7) Interfund Balances

Interfund balances at June 30, 2019 consisted of the following:

	<u>Due From Other Fund</u>	<u>Due To Other Fund</u>	<u>Net</u>
Governmental Funds:			
General	\$ 10,000	\$ 6,518	\$ 3,482
Sales tax	13,620	3,720	9,900
Volunteer Fire Department	<u>2,967</u>	<u>149</u>	<u>2,818</u>
Total Governmental Funds	<u>26,587</u>	<u>10,387</u>	<u>16,200</u>
Enterprise Funds:			
Water		637	(637)
Sewer	<u>32</u>	<u>15,595</u>	<u>(15,563)</u>
Total Enterprise Funds	<u>32</u>	<u>16,232</u>	<u>(16,200)</u>
Total	<u>\$ 26,619</u>	<u>\$ 26,619</u>	<u>\$</u>

The interfund balances are the result of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2018, consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 4,672	\$ 7,066	\$ 11,738
Payroll and payroll taxes	<u>8,344</u>	<u>4,318</u>	<u>12,662</u>
Total	<u>\$ 13,016</u>	<u>\$ 11,384</u>	<u>\$ 24,400</u>

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2019
(Continued)

(9) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$46,910 at June 30, 2019.

(10) Interfund Transfers

Interfund transfers for the year ended June 30, 2019 consisted of the following:

	Transfer To	Transfer From
Governmental Funds:		
General	\$ 204,059	\$
Sales Tax		285,683
Volunteer Fire Department	81,624	
Enterprise Funds:		
Water		31,000
Sewer	31,000	
	\$ 316,683	\$ 316,683

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

(11) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Capital lease - truck	\$ 81,897	\$	\$ (40,140)	\$ 41,757	\$ 41,757
Capital lease - equipment	30,595		(6,229)	24,366	5,630
Total Governmental Activities	\$ 112,492	\$	\$ (46,369)	\$ 66,123	\$ 47,387
Business-type Activities:					
Sewer Revenue					
Refunding Bonds - 2017	290,000		(15,000)	275,000	20,000
Total Business-type Activities	\$ 290,000	\$	\$ (15,000)	\$ 275,000	\$ 20,000

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2019
(Continued)

Sewer Revenue Refunding Bonds – Series 2017

\$290,000 sewer revenue bonds dated September 27, 2017; due in annual payments of approximately \$32,000 which includes principal and interest; interest rate of 4.45%; final payment due July, 2029.

\$ 275,000

The Sewer Revenue Bonds constitute special obligations of the Town solely secured by a lien on and pledge of the net revenues of the water and sewer system. The capital lease obligations will be paid by general fund revenues.

Debt service requirements at June 30, 2019 were as follows:

Business-Type Activities - Sewer Revenue Refunding Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 20,000	\$ 11,793
2021	21,000	10,880
2022	22,000	9,924
2023	22,000	8,944
2024	24,000	7,921
2025-2029	135,000	22,361
2030	31,000	690
	<u>\$ 275,000</u>	<u>\$ 72,513</u>

(12) **Capital Lease Obligations**

During the year ended June 30, 2017, the Town entered into a capital lease obligation to purchase a fire truck. The lease agreement qualifies as a capital lease for accounting purposes. The Town purchased the vehicle paying \$160,000 and financing the remaining \$120,583 with a capital lease. Gross amount of the asset purchased with this lease is \$280,583 with accumulated depreciation at June 30, 2019 of \$28,058 as reported in the governmental activities on the statement of net position. Interest has been imputed at a rate of 3.85%. The lease matures on January 10, 2020.

Future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2019 were as follows:

<u>Fiscal Year</u> <u>June 30</u>	<u>Governmental</u> <u>Activities</u>
2019	\$ 43,328
Total minimum lease payments	\$ 43,328
Less amount representing interest	(1,571)
Present value of net minimum lease payments	<u>\$ 41,757</u>

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2019
(Continued)

During the year ended June 30, 2018, the Town entered into a capital lease obligation to purchase a backhoe tractor. The lease has an interest rate of 5.28% and matures on November 12, 2022. The debt will be repaid from funds legally available for such purposes by the Town. The backhoe tractor acquired through this capital lease, as reported in the governmental activities on the statement of net position, is reported at \$30,595, less accumulated depreciation of \$3,314, for a net of \$27,281 at June 30, 2019. Depreciation expense for the year ended June 30, 2019 was \$3,059. The Town grants a security interest in the equipment to the lessor during the term of the lease.

Future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2019 were as follows:

Fiscal Year <u>June 30</u>	Governmental <u>Activities</u>
2020	\$ 6,916
2021	6,916
2022	6,916
2023	<u>6,916</u>
Total minimum lease payments	\$ 27,664
Less amount representing interest	<u>(3,298)</u>
Present value of future minimum lease payments	<u>\$ 24,366</u>

(13) Retirement Plan

Employees of the Town participate in a Savings Incentive Match Plan (SIMPLE IRA). The amounts contributed by the Town during the years ended June 30, 2019 was \$4,631.

(14) Risk Management

The Town purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the previous year.

(15) Subsequent Events:

Subsequent events have been evaluated through December 30, 2019, the date the financial statements were available to be issued.

Town of Sibley
Sibley, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u> Original	<u>Budgeted Amounts</u> Final	<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 55,000	\$ 55,000	\$ 55,335	\$ 335
Licenses and permits	60,000	60,000	92,251	32,251
Fines and forfeitures	100,000	85,000	87,147	2,147
Investment earnings	50	50	1,122	1,072
Miscellaneous	37,000	37,000	26,708	(10,292)
Total revenues	<u>252,050</u>	<u>237,050</u>	<u>262,563</u>	<u>25,513</u>
Expenditures:				
Current:				
General government	261,850	261,850	244,587	17,263
Public safety	219,600	209,600	185,575	24,025
Capital outlay	15,000	15,000	15,000	15,000
Total expenditures	<u>496,450</u>	<u>486,450</u>	<u>430,162</u>	<u>56,288</u>
Excess (deficiency) of revenues over expenditures	<u>(244,400)</u>	<u>(249,400)</u>	<u>(167,599)</u>	<u>81,801</u>
Other financing sources:				
Transfers in	140,000	145,000	204,059	59,059
Total other financing sources	<u>140,000</u>	<u>145,000</u>	<u>204,059</u>	<u>59,059</u>
Net change in fund balance	(104,400)	(104,400)	36,460	140,860
Fund balance at beginning of year	104,400	104,400	81,032	(23,368)
Fund balance at end of year	<u>\$</u>	<u>\$</u>	<u>\$ 117,492</u>	<u>\$ 117,492</u>

Town of Sibley
Sibley, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Sales Tax Fund
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:			
Sales tax	\$ 280,000	\$ 412,591	\$ 132,591
Intergovernmental revenues	3,100		(3,100)
Miscellaneous		2,480	2,480
Investment earnings	90	111	21
Total revenues	<u>283,190</u>	<u>415,182</u>	<u>131,992</u>
Expenditures:			
Current:			
Public works	200,273	84,386	115,887
Capital outlay	30,000		30,000
Debt service	6,917	6,916	1
Total expenditures	<u>237,190</u>	<u>91,302</u>	<u>145,888</u>
Excess (deficiency) of revenues over expenditures	<u>46,000</u>	<u>323,880</u>	<u>277,880</u>
Other financing sources (uses):			
Transfers out	(196,000)	(285,683)	(89,683)
Total other financing sources (uses)	<u>(196,000)</u>	<u>(285,683)</u>	<u>(89,683)</u>
Net change in fund balance	(150,000)	38,197	188,197
Fund balance at beginning of year	<u>150,000</u>	<u>205,138</u>	<u>55,138</u>
Fund balance at end of year	<u>\$</u>	<u>\$ 243,335</u>	<u>\$ 243,335</u>

Town of Sibley
Sibley, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Fire Department
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:			
Intergovernmental revenues	\$ 77,700	\$ 71,500	\$ (6,200)
Miscellaneous		1,955	1,955
Investment earnings	150	2,685	2,535
Total revenues	<u>77,850</u>	<u>76,140</u>	<u>(1,710)</u>
Expenditures:			
Current:			
Public safety	253,113	48,371	204,742
Capital outlay	5,000		5,000
Debt service	43,293	43,293	
Total expenditures	<u>301,406</u>	<u>91,664</u>	<u>209,742</u>
Excess (deficiency) of revenues over expenditures	<u>(223,556)</u>	<u>(15,524)</u>	<u>208,032</u>
Other financing sources:			
Transfers in	56,000	81,624	25,624
Total other financing sources	<u>56,000</u>	<u>81,624</u>	<u>25,624</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(167,556)</u>	<u>66,100</u>	<u>233,656</u>
Fund balance at beginning of year	<u>167,556</u>	<u>194,197</u>	<u>26,641</u>
Fund balance at end of year	<u>\$</u>	<u>\$ 260,297</u>	<u>\$ 260,297</u>

**Town of Sibley
Sibley, Louisiana
Schedule of Compensation Paid to Board Members
For the Year Ended June 30, 2019**

Mayor - Jimmy Williams	\$ 14,560
Alderman:	
Helen Chanler	4,080
Larry Merritt	4,080
Alan Myers	4,080
John Langford	4,080
Robert Smart	4,080
	<hr/>
	\$ 34,960
	<hr/> <hr/>

Town of Sibley
Sibley, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2019

Agency Head: Jimmy Williams, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 14,560
Benefits - retirement	437
Travel	993

COOK & MOREHART

Certified Public Accountants

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Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Independent Auditor's Report

The Honorable Jimmy Williams, Mayor
and Members of the Town Council
Town of Sibley
Sibley, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities and each major fund of the Town of Sibley, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Sibley's basic financial statements, and have issued our report thereon dated December 30, 2019.

Internal Control Over Financial Reporting

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

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

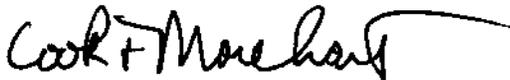
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Sibley's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
December 30, 2019

**Town of Sibley
Sibley, Louisiana
Summary Schedule of Prior Year Audit Findings
Schedule For Louisiana Legislative Auditor
June 30, 2019**

There were no findings for the prior year audit for the year ended June 30, 2018.

**Summary Schedule of Current Year Audit Findings
for the Louisiana Legislative Auditor
June 30, 2018**

There were no findings for the current year audit for the year ended June 30, 2019.

COOK & MOREHART

Certified Public Accountants

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Town Council
Town of Sibley
Sibley, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Sibley, and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. Town of Sibley (Town) management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - 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***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collection for each type of revenue or agency fund additions.
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - 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, and (5) monitoring card usage
- 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**, including (1) the prohibitions as defined in Louisiana Revised Statutes 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) Continuing disclosures/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **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.

The Town provided written policies and procedures addressing all of the above.

Board (or Finance Committee, if applicable)

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to no exceptions being noted in prior year.

Bank Reconciliations

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to no exceptions being noted in prior year.

Collections (excluding EFTs)

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

Management provided the requested information, along with management's representation that the listing is complete.

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

Management provided the requested information, along with management's representation that the listing is complete.

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

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

Management provided the requested information, along with management's representation that the listing was complete. Employees responsible for cash collections are not responsible for preparing/making bank deposits, and are not responsible for posting collections entries to the general ledger. The employee responsible for reconciling cash collections to the general ledger by revenue source is not responsible for collecting cash.

Exception: The Town has one collection location which is at Town Hall. The Town utilizes only one cash drawer. That cash drawer could at times be utilized by two (2) employees if the employee responsible for collecting is absent.

Management's Response: The Town has controls in place to review all collections by the Town Clerk.

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

All employees who have access to cash are covered by a bond or blanket insurance policy for theft.

- 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.
- b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c. Trace the deposit slip total to the actual deposit per the bank statement.
- d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e. Trace the actual deposit per the bank statement to the general ledger.

For the 10 deposits selected for testing, there were no exceptions noted for the procedures listed above.

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 provided the requested information, along with management's representation that the listing is complete.

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

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

Exception: Town Clerk is responsible for processing payments and can modify/ add vendors to the system.

Management's Response: All payments are made from approved vendor invoices.

- 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. Segregation of duties exists as noted above, except for as follows:

Exception: Town Clerk processes payments, is an authorized check signer, and mails checks.

Management's Response: All payments are made from approved vendor invoices.

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

For the transactions selected for testing, the disbursement matched the related original invoice and included evidence of segregation of duties.

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. Obtain management's representation that the listing is complete.

Management provided the requested information, along with management's representation that the listing is complete.

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 that 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) was 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.]]

Monthly statements selected for testing were reviewed and approved in writing by someone other than the authorized card holder.

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

No finance charges or late fees were noted on the statements tested.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, 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). For each transaction, observe that 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.

Transactions selected for testing were supported by an original itemized receipt that identified precisely what was purchased, contained written documentation of the business purpose, and documentation of the individuals participating in meals, as applicable, except as noted below:

Exception: Of the ten transactions tested for one employee, four transactions did not have business purposes documented. Of the five transactions selected for testing, there were four missing receipts totaling \$100.

Management's Response: It is the Town's policy to state the business purpose on all receipts. It is the Town's policy to maintain receipts – invoices on all transactions.

Travel and Expense Reimbursement

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to no exceptions being noted in prior year.

Contracts

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to no exceptions being noted in prior year.

Payroll and Personnel

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

Management provided the requested information, along with management's representation that the listing is complete. For the 5 employees selected for testing, the paid salaries agreed with the authorized salaries/pay rates in the personnel files, except as noted below:

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

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

For the transactions selected for testing, the daily attendance and leave (e.g. vacation, sick, compensatory) was documented.

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

Exception: Three of the five employees selected for testing did not have supervisory approval noted on the timecard for the pay period selected.

Management's Response: The Town will have management approve all time sheets going forward.

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

For the transactions selected for testing, the Town maintained written leave records.

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

No termination payments were made during the examination period.

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

The Town provided representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and the associated forms have been filed, by required deadlines.

Ethics (excluding nonprofits)

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to no exceptions being noted in prior year.

Debt Service (excluding nonprofits)

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to no exceptions being noted in prior year.

Other

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to no exceptions being noted in prior year.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a long, sweeping horizontal line extending to the right.

Cook & Morehart
Certified Public Accountants
December 30, 2019