

**Town of Sibley
Sibley, Louisiana**

Financial Statement with Auditors' Report

As of and For the Year Ended June 30, 2018

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, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Sibley, Louisiana, as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity 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 36 – 38 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 39 – 40 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 20, 2018, 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 20, 2018

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, 2018. 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 \$21,130 or 1.7%. The Town of Sibley's net position of our business-type activities decreased by \$121,850 or 5.6%.
- In the Town's governmental activities, total general and program revenues were \$685,255 in 2018 compared to \$624,833 in 2017. Total expenses, excluding depreciation, totaled \$630,090 for the year ended June 30, 2018.
- In the Town's business-type activities, revenues increased by \$46,817, while expenses increased by \$41,594.

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, decreasing from \$3,387,381 to \$3,244,401. A comparative analysis of the funds maintained by the Town of Sibley is presented below.

Table 1
Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 498,847	\$ 553,940	\$ 285,585	\$ 314,519	\$ 784,432	\$ 868,459
Capital assets	818,561	788,360	2,117,195	2,263,782	2,935,756	3,052,142
Total assets	<u>1,317,408</u>	<u>1,342,300</u>	<u>2,402,780</u>	<u>2,578,301</u>	<u>3,720,188</u>	<u>3,920,601</u>
Current liabilities	18,480	14,151	69,815	68,086	88,295	82,237
Long-term liabilities	112,492	120,583	275,000	330,400	387,492	450,983
Total liabilities	<u>130,972</u>	<u>134,734</u>	<u>344,815</u>	<u>398,486</u>	<u>475,787</u>	<u>533,220</u>
Net position:						
Net investment in						
capital assets	706,069	667,777	1,827,195	1,927,108	2,533,264	2,594,885
Restricted	399,335	353,837	22,695	71,765	422,030	425,602
Unrestricted	81,032	185,952	208,075	180,942	289,107	366,894
Total net position	<u>\$ 1,186,436</u>	<u>\$ 1,207,566</u>	<u>\$ 2,057,965</u>	<u>\$ 2,179,815</u>	<u>\$ 3,244,401</u>	<u>\$ 3,387,381</u>

Net position of the Town of Sibley's governmental activities decreased by \$21,130 or 1.7%. Net position of the Town of Sibley's business-type activities decreased by \$121,850 or 5.6%.

Table 2
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charge for services	\$ 72,635	\$ 89,412	\$ 352,056	\$ 308,233	\$ 424,691	\$ 397,645
Operating grants			4,675		4,675	
Capital grants and contributions	31,248				31,248	
General revenue						
Ad valorem taxes	57,354	55,401			57,354	55,401
Sales taxes	320,297	280,478			320,297	280,478
Licenses and permits	83,547	82,455			83,547	82,455
Investment earnings	900	2,099	843	2,524	1,743	4,623
Intergovernmental	84,799	88,903			84,799	88,903
Miscellaneous	34,475	26,085			34,475	26,085
Total revenues	<u>685,255</u>	<u>624,833</u>	<u>357,574</u>	<u>310,757</u>	<u>1,042,829</u>	<u>935,590</u>
Expenses						
General government	282,149	247,148			282,149	247,148
Public safety	305,250	201,723			305,250	201,723
Public works	114,379	144,019			114,379	144,019
Interest on long-term debt	4,607				4,607	
Water			264,695	251,002	264,695	251,002
Sewer			214,729	186,828	214,729	186,828
Total expenses	<u>706,385</u>	<u>592,890</u>	<u>479,424</u>	<u>437,830</u>	<u>1,185,809</u>	<u>1,030,720</u>
Transfers		(14,770)		14,770		
Increases (decreases) in net position	<u>\$ (21,130)</u>	<u>\$ 17,173</u>	<u>\$ (121,850)</u>	<u>\$ (112,303)</u>	<u>\$ (142,980)</u>	<u>\$ (95,130)</u>

The Town's total revenues increased by 11.5% or \$107,239. The total cost of all programs and services increased 15.05% or \$155,089. Our following analysis separately considers the operations of the governmental and business-type activities.

Governmental Activities

Total revenues for the governmental activities increased \$60,422 from a year ago, from total revenues in the year ended June 30, 2017 of \$624,833 to total revenues of \$685,255 in the year ended June 30, 2018.

The cost of all governmental activities this year was \$706,385. These costs were covered by \$103,883 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 \$46,817 (15.07%) from total revenues in the year ended June 30, 2017 of \$310,757 to total revenues of \$357,574 in the year ended June 30, 2018. The decrease was mainly due to a decrease in capital grants received for improvements.

The cost of all business-type activities this year was \$479,424. These costs were covered in large part by \$356,731 of program revenues, consisting of charges for services assessed to users.

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 \$480,367, which is a decrease over last year's fund balance of \$506,285. Revenues increased \$60,422 from the prior year, mainly due to increases in intergovernmental revenues and sales tax. Expenditures decreased by \$95,823 mainly due to the purchase of a new fire truck in the prior year.

General Fund Budgetary Highlights

The Town adopted a budget for its General Fund for the year ended June 30, 2018. 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 36. Highlights for the year are as follows:

Sales tax revenue transferred in was \$156,738.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2018, the Town of Sibley had invested \$2,935,756 in capital assets. (see table 3 below)

**Table 3
Capital Assets at Year End
(Net Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017
Land	\$ 44,007	\$ 44,007	\$ 26,988	\$ 26,988	\$ 70,995	\$ 70,995
Buildings	68,455	51,134			68,455	51,134
Infrastructure	92,907	102,429			92,907	102,429
Furniture, equipment, and vehicles	69,237	33,830			69,237	33,830
Fire department equipment and vehicles	543,955	556,960			543,955	556,960
Sewer system			655,103	739,450	655,103	739,450
Water system			1,435,104	1,497,344	1,435,104	1,497,344
Total assets	\$ 818,561	\$ 788,360	\$ 2,117,195	\$ 2,263,782	\$ 2,935,756	\$ 3,052,142

This year's major additions included:

Backhoe tractor	\$ 30,595
Two (2) vehicles	26,750
Early warning system	19,990
New roof - town hall	26,912
	<u>\$ 104,247</u>

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

Debt

At year-end, the Town had \$402,492 in debt outstanding, versus \$457,257 last year – a decrease of 12%.

Table 4
Outstanding Debt At Year End

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Capital lease obligation	\$ 112,492	\$ 120,583			\$ 112,492	\$ 120,583
Sewer revenue refunding bonds			290,000	336,674	290,000	336,674
Totals	<u>\$ 112,492</u>	<u>\$ 120,583</u>	<u>\$ 290,000</u>	<u>\$ 336,674</u>	<u>\$ 402,492</u>	<u>\$ 457,257</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, 2019 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same.

Expenditures for the year ended June 30, 2019 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, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 403,325	\$ 159,225	\$ 562,550
Investments	54,746	36,023	90,769
Receivables	34,576	37,556	72,132
Internal balances	6,200	(6,200)	
Restricted assets:			
Cash- customer deposits		36,286	36,286
Cash and cash equivalents- debt service		22,695	22,695
Capital assets not being depreciated	44,007	26,988	70,995
Depreciable capital assets, net	774,554	2,090,207	2,864,761
Total assets	1,317,408	2,402,780	3,720,188
 Liabilities			
Accounts payable and accrued expenses	18,480	12,077	30,557
Payable from restricted assets:			
Revenue bonds - due within one year		15,000	15,000
Accrued interest		6,452	6,452
Customer deposits		36,286	36,286
Non-current liabilities:			
Due within one year	46,405		46,405
Due in more than one year	66,087	275,000	341,087
Total liabilities	130,972	344,815	475,787
 Net Position			
Net investment in capital assets	706,069	1,827,195	2,533,264
Restricted for:			
Debt Service		22,695	22,695
Public Safety	194,197		194,197
Public Works	205,138		205,138
Unrestricted	81,032	208,075	289,107
Total net position	\$ 1,186,436	\$ 2,057,965	\$ 3,244,401

See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
Statement of Activities
For the Year Ended June 30, 2018

Functions / Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 282,149	\$	\$	\$ 8,443	\$ (273,706)	\$	\$ (273,706)
Public safety	305,250	72,635		22,805	(209,810)		(209,810)
Public works	114,379				(114,379)		(114,379)
Interest on long-term debt	4,607				(4,607)		(4,607)
Total governmental activities	<u>706,385</u>	<u>72,635</u>		<u>31,248</u>	<u>(602,502)</u>		<u>(602,502)</u>
Business-type Activities							
Water	264,695	219,985	4,675			(40,035)	(40,035)
Sewer	214,729	132,071				(82,658)	(82,658)
Total business-type activities	<u>479,424</u>	<u>352,056</u>	<u>4,675</u>			<u>(122,693)</u>	<u>(122,693)</u>
Total Government	<u>\$ 1,185,809</u>	<u>\$ 424,691</u>	<u>4,675</u>	<u>31,248</u>	<u>(602,502)</u>	<u>(122,693)</u>	<u>(725,195)</u>
General revenues:							
					57,354		57,354
					320,297		320,297
					83,547		83,547
					84,799		84,799
					900	843	1,743
					34,475		34,475
					<u>581,372</u>	<u>843</u>	<u>582,215</u>
					(21,130)	(121,850)	(142,980)
					1,207,566	2,179,815	3,387,381
					<u>\$ 1,186,436</u>	<u>\$ 2,057,965</u>	<u>\$ 3,244,401</u>

See accompanying notes to the basic financial statements.

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

	General	Sales Tax	Volunteer Fire Department	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 83,641	\$ 162,568	\$ 157,116	\$ 403,325
Investments	16,945		37,801	54,746
Receivables		34,576		34,576
Due from other fund		13,620	2,968	16,588
Total assets	<u>\$ 100,586</u>	<u>\$ 210,764</u>	<u>\$ 197,885</u>	<u>\$ 509,235</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 13,036	\$ 1,905	\$ 3,539	\$ 18,480
Due to other fund	6,518	3,721	149	10,388
Total liabilities	<u>19,554</u>	<u>5,626</u>	<u>3,688</u>	<u>28,868</u>
Fund balances:				
Restricted for:				
Public works		205,138		205,138
Public safety			194,197	194,197
Unassigned	81,032			81,032
Total fund balances	<u>81,032</u>	<u>205,138</u>	<u>194,197</u>	<u>480,367</u>
Total liabilities and fund balances	<u>\$ 100,586</u>	<u>\$ 210,764</u>	<u>\$ 197,885</u>	<u>\$ 509,235</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, 2018

Fund balances - total governmental funds	\$ 480,367
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.	818,561
Long-term liabilities and other amounts not due and payable in the current period and therefore are not reported in the funds.	<u>(112,492)</u>
Net position of governmental activities	<u>\$ 1,186,436</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, 2018

Revenues:	General	Sales Tax	Volunteer Fire Department	Total Governmental Funds
Ad valorem taxes	\$ 57,354	\$	\$	\$ 57,354
Sales tax		320,297		320,297
Licenses and permits	83,547			83,547
Intergovernmental revenues	8,443	7,350	100,254	116,047
Fines and forfeitures	72,635			72,635
Investment earnings	396	110	394	900
Miscellaneous	29,969	4,506		34,475
Total revenues	<u>252,344</u>	<u>332,263</u>	<u>100,648</u>	<u>685,255</u>
 Expenditures:				
Current:				
General government	256,513			256,513
Public safety	182,073		59,138	241,211
Public works		94,255		94,255
Capital Outlay	41,912	36,594	27,990	106,496
Debt Service:				
Principal			38,686	38,686
Interest			4,607	4,607
Total expenditures	<u>480,498</u>	<u>130,849</u>	<u>130,421</u>	<u>741,768</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(228,154)</u>	<u>201,414</u>	<u>(29,773)</u>	<u>(56,513)</u>
 Other financing sources (uses):				
Proceeds from capital lease		30,595		30,595
Transfers in	156,738		62,695	219,433
Transfers out		(219,433)		(219,433)
Total other financing sources (uses)	<u>156,738</u>	<u>(188,838)</u>	<u>62,695</u>	<u>30,595</u>
Net change in fund balances	(71,416)	12,576	32,922	(25,918)
Fund balances at beginning of year	<u>152,448</u>	<u>192,562</u>	<u>161,275</u>	<u>506,285</u>
Fund balances at end of year	<u>\$ 81,032</u>	<u>\$ 205,138</u>	<u>\$ 194,197</u>	<u>\$ 480,367</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, 2018

Net change in fund balances - total governmental funds \$ (25,918)

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

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 capital outlays (\$106,496) exceeds depreciation (\$76,295) in the current period. 30,201

Proceeds from capital lease that are recorded as revenue in the governmental funds but increase long-term liabilities in the statement of net assets. (30,595)

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 38,686

The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources. (33,504)

Change in net position of governmental activities \$ (21,130)

See accompanying notes to the basic financial statements.

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

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 129,076	\$ 30,149	\$ 159,225
Investments	36,023		36,023
Receivables	27,104	10,452	37,556
Restricted cash- customer deposits	36,286		36,286
Due from other fund	9,790	32	9,822
Total current assets	<u>238,279</u>	<u>40,633</u>	<u>278,912</u>
Noncurrent assets:			
Restricted cash and cash equivalents- debt service		22,695	22,695
Capital assets:			
Land	3,799	23,189	26,988
Plant and equipment	2,494,191	2,589,073	5,083,264
Less: accumulated depreciation	(1,059,087)	(1,933,970)	(2,993,057)
Total noncurrent assets	<u>1,438,903</u>	<u>700,987</u>	<u>2,139,890</u>
Total assets	<u>\$ 1,677,182</u>	<u>\$ 741,620</u>	<u>\$ 2,418,802</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 5,858	\$ 6,219	\$ 12,077
Due to other fund	427	15,595	16,022
Payable from restricted assets:			
Customer deposits	36,286		36,286
Revenue bonds		15,000	15,000
Accrued interest		6,452	6,452
Total current liabilities	<u>42,571</u>	<u>43,266</u>	<u>85,837</u>
Noncurrent liabilities:			
Revenue bonds		275,000	275,000
Total noncurrent liabilities		<u>275,000</u>	<u>275,000</u>
Total liabilities	<u>42,571</u>	<u>318,266</u>	<u>360,837</u>
Net position			
Net investment in capital assets	1,438,903	388,292	1,827,195
Restricted for debt service		22,695	22,695
Unrestricted	195,708	12,367	208,075
Total net position	<u>1,634,611</u>	<u>423,354</u>	<u>2,057,965</u>
Total liabilities and net position	<u>\$ 1,677,182</u>	<u>\$ 741,620</u>	<u>\$ 2,418,802</u>

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, 2018

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Operating revenues:			
Charges for service -			
Water sales	\$ 215,176	\$	\$ 215,176
Sewerage service charges		129,630	129,630
Other charges and fees	4,809	2,441	7,250
Total operating revenues	<u>219,985</u>	<u>132,071</u>	<u>352,056</u>
Operating expenses:			
Salaries	53,925	25,924	79,849
Payroll taxes	2,840	2,134	4,974
Employee benefits	10,249	9,494	19,743
Insurance - general	19,681	3,360	23,041
Maintenance and repairs	26,062	36,020	62,082
Miscellaneous expenses	6,209	7,219	13,428
Office expense	8,877	229	9,106
Materials and supplies	47,355	6,821	54,176
Uniforms	1,344	1,175	2,519
Utilities	14,164	19,674	33,838
Depreciation	73,989	84,347	158,336
Total operating expenses	<u>264,695</u>	<u>196,397</u>	<u>461,092</u>
Operating income (loss)	<u>(44,710)</u>	<u>(64,326)</u>	<u>(109,036)</u>
Non-operating revenues (expenses):			
Operating grants	4,675		4,675
Interest income	770	73	843
Interest expense and charges		(18,332)	(18,332)
Total non-operating revenues (expenses)	<u>5,445</u>	<u>(18,259)</u>	<u>(12,814)</u>
Change in net position	(39,265)	(82,585)	(121,850)
Net position - beginning of year	<u>1,673,876</u>	<u>505,939</u>	<u>2,179,815</u>
Net position - end of year	<u>\$ 1,634,611</u>	<u>\$ 423,354</u>	<u>\$ 2,057,965</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, 2018

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Cash Flows From Operating Activities			
Receipts from customers	\$ 208,672	\$ 132,325	\$ 340,997
Cash payments to suppliers for goods and services	(145,610)	(76,586)	(222,196)
Cash payments to employees for services	(53,925)	(28,058)	(81,983)
Net Cash Provided By Operating Activities	<u>9,137</u>	<u>27,681</u>	<u>36,818</u>
Cash Flows From Noncapital Financing Activities			
Operating grants	4,675		4,675
Advances to/from other fund	(9,292)	(12,185)	(21,477)
Net Cash (Used In) Noncapital Financing Activities	<u>(4,617)</u>	<u>(12,185)</u>	<u>(16,802)</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	(11,750)		(11,750)
Principal paid on capital debt		(46,674)	(46,674)
Interest paid on capital debt		(18,332)	(18,332)
Net Cash (Used In) Capital and and Related Financing Activities	<u>(11,750)</u>	<u>(65,006)</u>	<u>(76,756)</u>
Cash Flows From Investing Activities			
Purchase of investments	(457)		(457)
Interest income	770	73	843
Net Cash Provided By Investing Activities	<u>313</u>	<u>73</u>	<u>386</u>
Net (decrease) in cash and cash equivalents	(6,917)	(49,437)	(56,354)
Cash, Beginning of year	172,279	102,281	274,560
Cash, End of year	<u>\$ 165,362</u>	<u>\$ 52,844</u>	<u>\$ 218,206</u>
Cash and cash equivalents are reflected on the statement of net position as follows:			
Cash and cash equivalents	\$ 129,076	\$ 30,149	\$ 159,225
Restricted cash-customer deposits	36,286		36,286
Restricted cash and cash equivalents debt service		22,695	22,695
Total	<u>\$ 165,362</u>	<u>\$ 52,844</u>	<u>\$ 218,206</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By/(Used In) Operating Activities			
Operating income (loss)	\$ (44,710)	\$ (64,326)	\$ (109,036)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	73,989	84,347	158,336
Prepaid expenses	5,060	513	5,573
Accounts receivable	(11,313)	254	(11,059)
Customer deposits	(6,803)		(6,803)
Accounts payable	(7,086)	6,893	(193)
Net Cash Flows Provided By Operating Activities	<u>\$ 9,137</u>	<u>\$ 27,681</u>	<u>\$ 36,818</u>

See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2018

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, 2018
(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, 2018
(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, 2018
(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, 2018
(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, 2018.
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, 2018
(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, 2018
(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, 2018
(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, 2018
 (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.

(2) Ad Valorem Taxes

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

	Tax Roll
	<u>2017</u>
General Fund	<u>9.22</u>

(3) Cash and Cash Equivalents and Investments

At June 30, 2018, the Town has cash, cash equivalents, and investments (book balances) totaling \$712,300 as detailed below:

A. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2018 (book balances) totaled \$621,531, of which \$58,981 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.

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

B. Investments

At June 30, 2018, the Town had investments totaling \$90,769 consisting of the following:

Investments in Louisiana Asset Management Pool (LAMP)	\$	12,604
Money Market Funds		6,925
U.S. Government Securities		<u>71,240</u>
	\$	<u>90,769</u>

At June 30, 2018, the Town had investments totaling \$12,604 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. 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, 2018, the Town had investments totaling \$78,165 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

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

the SIPC. These investments are considered category A in applying the credit risk of the Governmental Accounting Standards Board (GASB).

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, 2018, \$653,926 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>653,926</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.

(4) Restricted Assets – Proprietary Fund Type

Restricted assets were applicable to the following at June 30, 2018:

	Enterprise Fund		Total
	Sewer	Water	
Customer deposits	\$ -	\$ 36,286	\$ 36,286
Bond and interest sinking fund	21,453	-	21,453
Depreciation and contingency fund	1,242	-	1,242
	\$ 22,695	\$ 36,286	\$ 58,981

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.

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

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, 2018 the Town was in compliance with the requirements for deposits into the reserve accounts.

(5) Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 44,007	\$	\$	\$ 44,007
Capital assets, being depreciated:				
Buildings	245,000	26,912		271,912
Infrastructure	190,456			190,456
Furniture, equipment & vehicles	275,414	51,594	(34,907)	292,101
Fire department equipment and vehicles	967,601	27,990		995,591
Total capital assets, being depreciated, at historical cost	<u>1,678,471</u>	<u>106,496</u>	<u>(34,907)</u>	<u>1,750,060</u>
Less accumulated depreciation:				
Buildings	(193,867)	(9,590)		(203,457)
Infrastructure	(88,026)	(9,523)		(97,549)
Furniture, equipment & vehicles	(241,584)	(16,187)	34,907	(222,864)
Fire department equipment and vehicles	(410,641)	(40,995)		(451,636)
Total accumulated depreciation	<u>(934,118)</u>	<u>(76,295)</u>	<u>34,907</u>	<u>(975,506)</u>
Total capital assets, being depreciated, net	<u>744,353</u>	<u>30,201</u>		<u>774,554</u>
Governmental activities capital assets, net	<u>\$ 788,360</u>	<u>\$ 30,201</u>	<u>\$</u>	<u>\$ 818,561</u>

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
<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			1,990,957
Other equipment	53,205	11,750		64,955
Total capital assets, being depreciated, at historical cost	5,071,514	11,750		5,083,264
Less accumulated depreciation:				
Sewer system	(1,849,623)	(84,347)		(1,933,970)
Water:				
Wells	(47,261)			(47,261)
Storage tanks	(44,240)	(12,987)		(57,227)
Treatment plant	(113,088)	(1,223)		(114,311)
Distribution system	(742,434)	(55,280)		(797,714)
Other equipment	(38,075)	(4,499)		(42,574)
Total accumulated depreciation	(2,834,721)	(158,336)		(2,993,057)
Total capital assets, being depreciated, net	2,236,793	(146,586)		2,090,207
Business-type activities capital assets, net	\$ 2,263,781	\$ (146,586)	\$	\$ 2,117,195

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

	Governmental Activities	Business-type Activities	Total
Public safety	\$ 47,822	\$ -	\$ 47,822
Public works	18,883	-	18,883
General government	9,590	-	9,590
Water	-	73,989	73,989
Sewer	-	84,347	84,347
Total	\$ 76,295	\$ 158,336	\$ 234,631

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

(6) Receivables

The following is a summary of receivables at June 30, 2018:

<u>Class of Receivable</u>		
Governmental activities –		
Sales taxes	\$	34,576
Business-type activities –		
Accounts receivable – water and sewer charges		<u>37,556</u>
Total	\$	<u>72,132</u>

(7) Interfund Balances

Interfund balances at June 30, 2018 consisted of the following:

	<u>Due From Other Fund</u>	<u>Due To Other Fund</u>	<u>Net</u>
Governmental Funds:			
General	\$ –	\$ 6,518	\$ (6,518)
Sales tax	13,620	3,721	9,899
Volunteer Fire Department	<u>2,968</u>	<u>149</u>	<u>2,819</u>
Total Governmental Funds	<u>16,588</u>	<u>10,388</u>	<u>6,200</u>
Enterprise Funds:			
Water	9,790	427	9,363
Sewer	<u>32</u>	<u>15,595</u>	<u>(15,563)</u>
Total Enterprise Funds	<u>9,822</u>	<u>16,022</u>	<u>(6,200)</u>
Total	<u>\$ 26,410</u>	<u>\$ 26,410</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	\$ 9,465	\$ 8,470	\$ 17,935
Payroll and payroll taxes	<u>9,015</u>	<u>3,607</u>	<u>12,622</u>
Total	<u>\$ 18,480</u>	<u>\$ 12,077</u>	<u>\$ 30,557</u>

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

(9) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$36,286 at June 30, 2018.

(10) Interfund Transfers

Interfund transfers for the year ended June 30, 2018 consisted of the following:

	Transfer To	Transfer From
Governmental Funds:		
General	\$ 156,738	\$ —
Sales Tax	—	219,433
Volunteer Fire Department	62,695	—
	\$ 219,433	\$ 219,433

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, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Capital lease - truck	\$ 120,583	\$ —	\$ (38,686)	\$ 81,897	\$ 40,175
Capital lease - equipment		30,595		30,595	6,230
Total Governmental Activities	\$ 120,583	\$ 30,595	\$ (38,686)	\$ 112,492	\$ 46,405
Business-type Activities:					
Sewer Revenue Refunding Bonds	\$ 203,000	\$ —	\$ (203,000)	\$ —	\$ —
Sewer Revenue Bonds	133,674		(133,674)		
Sewer Revenue Refunding Bonds - 2107		290,000		290,000	15,000
Total Business-type Activities	\$ 336,674	\$ 290,000	\$ (336,674)	\$ 290,000	\$ 15,000

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2018
(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.

\$ 290,000

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, 2018 were as follows:

Business-Type Activities - Sewer Revenue Refunding Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 15,000	\$ 12,571
2020	20,000	11,793
2021	21,000	10,880
2022	22,000	9,924
2023	22,000	8,944
2024-2028	130,000	28,257
2029-2030	60,000	2,715
	<u>\$ 290,000</u>	<u>\$ 85,084</u>

(12) Capital Lease Obligations

During the year ended June 30, 2018, 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, 2018 of \$16,835 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, 2018 were as follows:

<u>Fiscal Year</u> <u>June 30</u>	<u>Governmental</u> <u>Activities</u>
2019	\$ 43,328
2020	43,328
Total minimum lease payments	\$ 86,656
Less amount representing interest	(4,759)
Present value of net minimum lease payments	<u>\$ 81,897</u>

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2018
(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 \$255, for a net of \$30,340 at June 30, 2018. Depreciation expense for the year ended June 30, 2018 was \$255. 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, 2018 were as follows:

Fiscal Year June 30	Governmental Activities
2019	\$ 6,916
2020	6,916
2021	6,916
2022	6,916
2023	<u>6,916</u>
Total minimum lease payments	\$ 34,580
Less amount representing interest	<u>(3,985)</u>
Present value of future minimum lease payments	<u>\$ 30,595</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, 2018 was \$5,472.

(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 20, 2018, the date the financial statements were available to be issued.

(16) Commitments – Water Distribution System Improvements

The Town entered into a construction contract for water system improvements totaling approximately \$62,358. No costs were incurred on this contract as of June 30, 2018.

Town of Sibley
Sibley, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	<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	\$ 57,354	\$ 2,354
Licenses and permits	64,000	64,000	83,547	19,547
Fines and forfeitures	100,000	75,000	72,635	(2,365)
Intergovernmental revenues			8,443	8,443
Investment earnings	75	75	396	321
Miscellaneous	30,500	30,500	29,969	(531)
Total revenues	<u>249,575</u>	<u>224,575</u>	<u>252,344</u>	<u>27,769</u>
Expenditures:				
Current:				
General government	310,992	310,992	256,513	54,479
Public safety	201,600	176,600	182,073	(5,473)
Capital outlay	15,000	15,000	41,912	(26,912)
Total expenditures	<u>527,592</u>	<u>502,592</u>	<u>480,498</u>	<u>22,094</u>
Excess (deficiency) of revenues over expenditures	<u>(278,017)</u>	<u>(278,017)</u>	<u>(228,154)</u>	<u>49,863</u>
Other financing sources:				
Transfers in	140,000	140,000	156,738	16,738
Total other financing sources	<u>140,000</u>	<u>140,000</u>	<u>156,738</u>	<u>16,738</u>
Net change in fund balance	(138,017)	(138,017)	(71,416)	66,601
Fund balance at beginning of year	138,017	138,017	152,448	14,431
Fund balance at end of year	<u>\$</u>	<u>\$</u>	<u>\$ 81,032</u>	<u>\$ 81,032</u>

Town of Sibley
Sibley, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Sales Tax Fund
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original & Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
			<u>Positive</u>
			<u>(Negative)</u>
Revenues:			
Sales tax	\$ 280,000	\$ 320,297	\$ 40,297
Intergovernmental revenues	3,100	7,350	4,250
Miscellaneous		4,506	4,506
Investment earnings	75	110	35
Total revenues	<u>283,175</u>	<u>332,263</u>	<u>49,088</u>
Expenditures:			
Current:			
Public works	206,498	94,255	112,243
Capital outlay	30,000	36,594	(6,594)
Total expenditures	<u>236,498</u>	<u>130,849</u>	<u>105,649</u>
Excess (deficiency) of revenues over expenditures	<u>46,677</u>	<u>201,414</u>	<u>154,737</u>
Other financing sources (uses):			
Proceeds capital lease		30,595	30,595
Transfers out	(196,000)	(219,433)	(23,433)
Total other financing sources (uses)	<u>(196,000)</u>	<u>(188,838)</u>	<u>7,162</u>
Net change in fund balance	(149,323)	12,576	161,899
Fund balance at beginning of year	<u>149,323</u>	<u>192,562</u>	<u>43,239</u>
Fund balance at end of year	<u>\$</u>	<u>\$ 205,138</u>	<u>\$ 205,138</u>

Town of Sibley
Sibley, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Fire Department
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u> Original & Final	<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 77,700	\$ 100,254	\$ 22,554
Investment earnings	185	394	209
Total revenues	<u>77,885</u>	<u>100,648</u>	<u>22,763</u>
Expenditures:			
Current:			
Public safety	172,588	59,138	113,450
Capital outlay	5,000	27,990	(22,990)
Debt service	60,000	43,293	16,707
Total expenditures	<u>237,588</u>	<u>130,421</u>	<u>107,167</u>
Excess (deficiency) of revenues over expenditures	<u>(159,703)</u>	<u>(29,773)</u>	<u>129,930</u>
Other financing sources:			
Transfers in	56,000	62,695	6,695
Total other financing sources	<u>56,000</u>	<u>62,695</u>	<u>6,695</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(103,703)	32,922	136,625
Fund balance at beginning of year	<u>103,703</u>	<u>161,275</u>	<u>57,572</u>
Fund balance at end of year	<u>\$</u>	<u>\$ 194,197</u>	<u>\$ 194,197</u>

Town of Sibley
Sibley, Louisiana
Schedule of Compensation Paid to Board Members
For the Year Ended June 30, 2018

Mayor - Jimmy Williams	\$ 14,560
Alderman:	
Doyle Chanler	1,700
Helen Chanler	2,380
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, 2018

Agency Head: Jimmy Williams, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 14,560
Benefits - retirement	628
Travel	2,261

COOK & MOREHART

Certified Public Accountants

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STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

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, 2018, 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 20, 2018.

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.

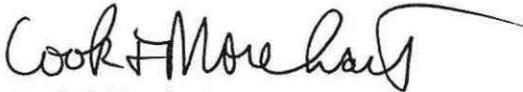
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during 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 20, 2018

Town of Sibley
Sibley, Louisiana
Summary Schedule of Prior Year Audit Findings
Schedule For Louisiana Legislative Auditor
June 30, 2018

There were no findings for the prior year audit for the year ended June 30, 2017.

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, 2018.

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, 2017 through June 30, 2018. 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

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Board (or Finance Committee, if applicable)

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

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

The Board of Alderman for the Town met with a quorum at least monthly.

b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

The Town's minutes referenced budget-to-actual comparisons on the general fund, as well as monthly financial statements for the proprietary funds.

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

The Town's prior year unrestricted fund balance was not negative for the general fund.

Bank Reconciliations

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

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

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

Bank reconciliations selected included evidence that they were prepared within 2 months of the related statement closing date.

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

Bank reconciliations selected included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

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

Bank reconciliations selected did not have items that have been outstanding for more than 12 months.

Collections

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

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:

- 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 are covered by a 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). 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 deposits selected for testing, receipts were traced to the deposit slip, the deposit slip total was located on the bank statement, the deposit was made within one week, and the actual deposit was traced to the general ledger.

Exception: For the deposits selected for testing, the receipts included on the deposit were not sequentially pre-numbered.

Management's Response: The Town's software pre-numbers all collections.

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

The Town's written policies and procedures and employee job duties provide for the segregation of duties as noted above, except for as noted below:

Exception: The Town Clerk is the person responsible for processing payments and adding vendors to the Town's disbursement system.

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

Exception: The Town Clerk responsible for processing payments is the same employee that mails out the signed 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.

Management provided the requested information, along with management's representation that the listing is complete. 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, by someone other than the authorized card holder.

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.

Exception: For the selected statements, a late charge of \$1.12 was assessed.

Management's Response: It is the Town's policy to pay the credit cards as they become due.

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).

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: For the statements selected for testing, there was one transaction missing a receipt for \$96.50 and 4 transactions that did not contain a business purpose totaling \$347.20.

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, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Contracts

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Payroll and Personnel

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

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.

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

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

For the transactions selected for testing, the daily attendance and leave were documented.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials. Transactions selected for testing contained evidence that supervisors approved the attendance and leave of the selected employees, except as noted below:

Exception: For the transaction selected for testing, 4 of the 5 did not contain supervisors approval on the attendance records

Management's Response: It is the Town's policy that the Police Chief approve time sheets for police officers. The Town will have management approve all other 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.

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

The Town did not pay out any termination payments during the fiscal period.

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

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

Ethics (excluding nonprofits)

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, 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, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Other

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

Management is not aware of any misappropriation of public funds or assets.

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

The Town has posted on its premises and on its website the notice required by R.S. 24:523.1.

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

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

A handwritten signature in cursive script that reads "Cook & Morehart". The signature is written in black ink and is positioned above the printed name of the firm.

Cook & Morehart
Certified Public Accountants
December 20, 2018