

Town of Gibsland
Gibsland, Louisiana

Annual Financial Statements
As of June 30, 2015 and for the Year Then Ended

Town of Gibsland
Annual Financial Statements
As of and for the Year Ended June 30, 2015
With Supplemental Information Schedules

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Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2015

The management of the Town of Gibsland, Louisiana offers readers of the Town of Gibsland, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the two years ended June 30, 2015. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government issued June 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2015

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

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

Government-wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$2,843,821 (net position); this represents an increase of \$44,877 from the last fiscal year. Of this total net asset amount, (\$34,810) is unrestricted net position. The Town's net position are comprised of \$183,541 from governmental activities and \$2,660,280 from business-type activities.

The following is a condensed statement of the Town of Gibsland's net position as of June 30, 2014:

	Governmental-Type Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current & Other Assets	\$25,182	\$177,404	\$93,908	\$352	\$119,090	\$177,756
Capital Assets (net)	265,165	39,953	3,199,059	3,344,308	3,464,224	3,384,261
Total Assets	\$290,347	\$217,357	\$3,292,967	\$3,344,660	\$3,583,314	\$3,562,017
Liabilities						
Other Liabilities	\$106,806	\$200,326	\$110,430	\$131,084	\$217,236	\$331,410
Long-term Liabilities	0	0	522,257	535,358	522,257	535,358
Total Liabilities	106,806	200,326	632,687	666,442	739,493	866,768
Net Position						
Invested in capital assets, net	265,165	39,953	2,613,466	2,706,665	2,878,631	2,746,618
Restricted	0	0	0	713	0	713
Unrestricted	(81,624)	(22,922)	46,814	(29,160)	(34,810)	(52,082)
Total Net Position	\$183,541	\$17,031	\$2,660,280	2,678,218	\$2,843,821	\$2,695,249

By far the largest portion of the Town's net position \$2,878,631 reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, town infrastructure, etc.) less any related debt used to acquire those assets still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2015

The balance of (\$34,810) is unrestricted net position, which may be used to meet the government's on-going obligations to citizens and creditors.

The Town has total outstanding debt of \$739,493, which was used to finance some of the \$3,464,224 capital assets. Total liabilities of \$739,493 are equal to 26% of the total net position.

The following is a summary of the statement of activities:

	Governmental-Type Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue						
Program Revenue	\$13,362	\$1,074	\$372,554	\$334,983	\$385,916	\$336,057
General Revenue & Transfers	375,062	259,342	48,351	13,105	423,413	272,447
Total Revenue	<u>388,424</u>	<u>260,416</u>	<u>420,905</u>	<u>348,088</u>	<u>809,329</u>	<u>608,504</u>
Expenses						
General & Administrative	238,121	159,611			238,121	159,611
Public Safety	43,228	18,579			43,228	18,579
Other	3,696	51,514			3,696	51,514
Water Utilities			203,936	325,432	203,936	325,432
Sewer Utilities			234,907	161,465	234,907	161,465
Total Expenses	<u>285,045</u>	<u>229,704</u>	<u>438,843</u>	<u>486,897</u>	<u>723,888</u>	<u>716,601</u>
Increase (Decrease) in Net Position	103,379	30,712	(17,938)	(138,809)	85,441	(108,097)
Net Position, beginning	<u>17,031</u>	<u>(13,681)</u>	<u>2,678,218</u>	<u>2,817,027</u>	<u>2,695,249</u>	<u>2,803,346</u>
Net Position, ending	<u>\$120,410</u>	<u>\$17,031</u>	<u>\$2,660,280</u>	<u>\$2,678,218</u>	<u>\$2,780,690</u>	<u>\$2,695,249</u>

Governmental Activities

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

Business-type Activities

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

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

Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2015

	<u>Operating Revenues Net of Purchases</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Fiscal year ended June 30, 2014	226,548	108,435	334,983
Fiscal year ended June 30, 2015	<u>249,285</u>	<u>123,269</u>	<u>372,554</u>
Increase (decrease) between years	<u>22,737</u>	<u>14,834</u>	<u>37,571</u>
	<u>Operating Expenses</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Fiscal year ended June 30, 2014	268,621	157,288	425,909
Fiscal year ended June 30, 2015	<u>226,794</u>	<u>175,649</u>	<u>402,443</u>
Increase (decrease) between years	<u>(41,827)</u>	<u>18,361</u>	<u>(23,466)</u>
	<u>Net Income (Loss) From Operations</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Fiscal year ended June 30, 2014	(42,073)	(48,853)	(90,926)
Fiscal year ended June 30, 2015	<u>22,491</u>	<u>(52,380)</u>	<u>(29,889)</u>
Increase (decrease) between years	<u>64,564</u>	<u>(3,527)</u>	<u>61,037</u>

The reasons for major fluctuations noted above could not be determined in the current years.

Fund Financial Statements - Governmental Funds

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

The Town currently maintains two individual governmental fund types. These fund types include the General Fund and Capital Projects Fund. Information is presented separately in the Governmental Funds Balance Sheet (Statement D) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statements F & G) for the General Fund and Capital Projects Fund which are both considered to be major funds.

Financial Analysis of the Town's Governmental Fund

The Town of Gibsland's governmental fund (General Fund) reported an ending fund balance of (\$81,624), which is a decrease of \$58,702 from June 30, 2014. The entire ending fund balance of (\$81,624) is unreserved.

Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2015

Fund Financial Statements - Proprietary Funds

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

Financial Analysis of the Town's Proprietary Fund

The Town's proprietary funds show a decrease in ending retained earnings of (\$17,938) (Water: \$51,225 & Sewer: (\$69,163)). The 2015 operating losses of the Water and Sewer Departments totaling (\$29,889) represents an increase in revenue of \$37,571 and a decrease in expenses of \$23,466 from 2014 figures.

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

General Fund Budgetary Highlights

The Town did not provided documentation for its original or any amendment to its General Fund or Capital Projects Fund budget during the course of the year.

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2015 is \$2,878,631.

There major capital assets purchased or constructed in fiscal 2015for governmental activities included street improvement projects.

Current Financial Factors

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

Requests for Information

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

WADE & PERRY

Certified Public Accountants

A Professional Accounting Corporation

Members: AICPA/ Society of LCPA's

Independent Auditor's Report

Mayor and Board of Aldermen
Town of Gibsland
Gibsland, LA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the Town of Gibsland ("Town"), as of and for the year ended June 30, 2015, 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.

Basis for Qualified Opinion

Because the prior year report was a disclaimer of opinion, we were unable to form an opinion regarding the amounts recorded as opening balances for all funds.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Gibsland as of June 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 1-5 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the management’s discussion and analysis and budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 2015, on our consideration of the Town’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town’s internal control over financial reporting and compliance.

Wade & Perry

Ruston, Louisiana
December 29, 2015

Town of Gibsland, Louisiana
Statement of Net Position
As of June 30, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and equivalents	\$30,932	\$68	\$31,000
Receivables	21,050	66,875	87,925
Internal balances	(26,965)	26,965	0
Restricted assets			0
Other assets	165		165
Capital assets (net)	265,165	3,199,059	3,464,224
TOTAL ASSETS	\$290,347	\$3,292,967	\$3,583,314
Deferred outflows of resources	0		0
LIABILITIES			
Cash overdraft		\$856	\$856
Accounts, salaries, and other payables	\$106,806	17,213	124,019
Current loans and interest payable		63,336	63,336
Liabilities payable from restricted assets		29,025	29,025
Loans payable		522,257	522,257
TOTAL LIABILITIES	106,806	632,687	739,493
Deferred inflows of resources	0		0
NET POSITION			
Invested in capital assets, net of related debt	265,165	2,613,466	2,878,631
Restricted for debt service	0	0	0
Unrestricted	(81,624)	46,814	(34,810)
TOTAL NET POSITION	\$183,541	\$2,660,280	\$2,843,821

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Statement of Activities
Year Ended June 30, 2015

	Program Revenues			Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities
Governmental Activities:						
General government	\$238,121				(\$238,121)	(\$238,121)
Public safety	43,228	\$13,362			(29,866)	(29,866)
Other	3,696				(3,696)	(3,696)
Total governmental activities	<u>285,045</u>	<u>13,362</u>	<u>0</u>	<u>0</u>	<u>(271,683)</u>	<u>0</u>
Business-type activities:						
Water utilities	203,936	249,285				\$45,349
Sewer utilities	234,907	123,269				(111,638)
Total business-type activities	<u>438,843</u>	<u>372,554</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(66,289)</u>
Total primary government	<u>\$723,888</u>	<u>\$385,916</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$271,683)</u>	<u>(\$66,289)</u>
General revenues:						
Ad valorem taxes					\$25,015	\$29,736
Sales taxes					88,035	88,035
Other					40,564	
Franchise fees					40,527	40,527
Licenses and permits					2,975	2,975
Intergovernmental revenues - state					194,570	194,570
Other general revenues					1,991	1,991
Transfers - net					(18,615)	18,615
Total general revenues and transfers					<u>375,062</u>	<u>48,351</u>
Change in Net Position					103,379	(17,938)
Net Position - beginning					17,031	2,678,218
Prior period adjustment					0	0
Net Position - ending					<u>\$120,410</u>	<u>\$2,660,280</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
 Balance Sheet, Governmental Funds
 June 30, 2015

	ASSETS	General Fund	Total Governmental Funds
Cash and cash investments		\$30,932	\$30,932
Receivable		21,050	21,050
Interfunds		155,976	155,976
Other assets		165	165
TOTAL ASSETS		<u>\$208,123</u>	<u>\$208,123</u>
	LIABILITIES AND FUND BALANCES		
Liabilities:			
Accounts, salaries, and other payables		106,806	106,806
Interfunds		<u>182,941</u>	<u>182,941</u>
Total liabilities		<u>289,747</u>	<u>289,747</u>
Fund balances:			
Unassigned		<u>(81,624)</u>	<u>(81,624)</u>
TOTAL LIABILITIES AND FUND BALANCES		<u>\$208,123</u>	<u>\$208,123</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
 Reconciliation of The Governmental Funds Balance Sheet
 to The Government-Wide Financial Statement of Net Position
 June 30, 2015

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

Fund balances, Total governmental funds (Statement D)			(\$81,624)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:			
Governmental capital assets	\$415,430		
Less accumulated depreciation	<u>(150,265)</u>	<u>265,165</u>	
Net Position of Governmental Activities (Statement A)			<u>\$183,541</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2014

	<u>General Fund</u>
REVENUES	
Taxes:	
Ad valorem	\$25,015
Sales and use	88,035
Other	40,564
Franchise fees	40,527
Licenses and permits	2,975
Intergovernmental revenues - state	194,570
Fines and forfeitures	13,362
Interest earnings	0
Other revenues	1,991
Total Revenues	<u>407,039</u>
EXPENDITURES	
General government	236,322
Public safety	43,228
Capital outlay	163,880
Adjustment	3,696
Total Expenditures	<u>447,126</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(40,087)
OTHER FINANCING SOURCES (USES)	
Operating transfers in	7,697
Operating transfers out	<u>(26,312)</u>
Total Other Financing Sources (Uses)	<u>(18,615)</u>
Net Change in Fund Balance	(58,702)
Fund Balance – beginning	(22,922)
Prior period adjustment	0
Fund Balance – ending	<u><u>(\$81,624)</u></u>

The accompanying notes are an integral part of this statement.

Town of Gibsland

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

For the Year Ended June 30, 2015

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

Net Change in Fund Balances, Total governmental funds (Statement E)	(\$58,702)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$163,880) exceeded depreciation (\$1,799) in the current period.

\$162,081

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

<u>0</u>

Change in Net Position of Governmental Activities, Statement B

<u><u>\$103,379</u></u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Statement of Net Position, Proprietary Funds
June 30, 2015

	Business-Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Totals (Memorandum Only)	
			2015	2014
ASSETS				
Current assets:				
Cash and equivalents	\$0	\$68	\$68	\$25,678
Receivables	42,287	24,588	66,875	42,857
Interfunds	209,269	86,795	296,064	152,441
Total current assets	<u>251,556</u>	<u>111,451</u>	<u>363,007</u>	<u>220,976</u>
Restricted assets:				
Cash and equivalents	0		0	713
Non-current assets:				
Capital assets (net of accumulated depreciation)	992,048	2,207,011	3,199,059	3,344,308
Total Non-current assets	<u>992,048</u>	<u>2,207,011</u>	<u>3,199,059</u>	<u>3,344,308</u>
TOTAL ASSETS	<u>\$1,243,604</u>	<u>\$2,318,462</u>	<u>\$3,562,066</u>	<u>\$3,565,997</u>
LIABILITIES				
Current Liabilities:				
Cash overdraft	\$856		\$856	\$0
Accounts, salaries, and other payables	15,080	\$2,133	17,213	6,701
Interfunds	87,978	181,121	269,099	221,337
Loans and interest payable	31,917	31,419	63,336	102,285
Total current liabilities	<u>135,831</u>	<u>214,673</u>	<u>350,504</u>	<u>330,323</u>
Current liabilities payable from restricted assets	<u>29,025</u>	<u>0</u>	<u>29,025</u>	<u>22,098</u>
Non-current liabilities:				
Loans payable	125,958	396,299	522,257	535,358
Total non-current liabilities	<u>125,958</u>	<u>396,299</u>	<u>522,257</u>	<u>535,358</u>
Total liabilities	<u>290,814</u>	<u>610,972</u>	<u>901,786</u>	<u>887,779</u>
NET POSITION				
Net investment in capital assets	834,173	1,779,293	2,613,466	2,706,665
Restricted for debt service	0	0	0	713
Unrestricted	118,617	(71,803)	46,814	(29,160)
TOTAL NET POSITION	<u>\$952,790</u>	<u>\$1,707,490</u>	<u>\$2,660,280</u>	<u>\$2,678,218</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Totals Memorandum only)	
	Fund	Fund	2015	2014
Operating Revenues				
Charges for services:				
Water sales	\$234,313		\$234,313	\$202,462
Sewer charges		\$123,269	123,269	107,435
Other services	14,972		14,972	25,086
Total Operating Revenues	249,285	123,269	372,554	334,983
Operating Expenses				
Cost of sales and services	141,558	85,840	227,398	218,483
Administration	14,238	14,125	28,363	61,031
Depreciation	70,998	75,684	146,682	146,395
Total Operating Expenses	226,794	175,649	402,443	425,909
Operating income (loss)	22,491	(52,380)	(29,889)	(90,926)
Nonoperating revenue (expenses)				
Intergovernmental	6,088	23,648	29,736	22,603
Gain on sale of asset	0	0	0	0
Interest earnings	0	0	0	0
Interest expense	(5,676)	(13,274)	(18,950)	(73,393)
Adjustment	28,534	(45,984)	(17,450)	12,405
Total Nonoperating Revenue (Expenses)	28,946	(35,610)	(6,664)	(38,385)
Income before contributions and transfers	51,437	(87,990)	(36,553)	(129,311)
Capital contributions	0	0	0	0
Transfers in	16,603	22,596	39,199	9,765
Transfers out	(16,815)	(3,769)	(20,584)	(19,263)
Change in Net Position	51,225	(69,163)	(17,938)	(138,809)
Total Net Position - Beginning	901,565	1,776,653	2,678,218	2,817,027
Prior period adjustment	0	0	0	0
Total Net Position - Ending	\$952,790	\$1,707,490	\$2,660,280	\$2,678,218

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Statement of Cash Flows, Proprietary Funds
For the Year Ended June 30, 2014

	Utility Fund	Sewer Fund	Total (Memo only)	2014
Cash Flows from Operating Activities				
Receipts from customers and users	\$115,582	\$102,346	\$217,928	\$298,129
Receipts from other funds	0	23,648	23,648	23,603
Payments to suppliers	(76,992)	(30,144)	(107,136)	(288,964)
Payments to employees	(53,214)	(37,136)	(90,350)	0
Payments to other funds	0	0	0	0
Net Cash Provided by Operating Activities	<u>(14,624)</u>	<u>58,714</u>	<u>44,090</u>	<u>32,768</u>
Cash Flows from Noncapital Financing Activities				
Transfer to other funds	(16,815)	(3,769)	(20,584)	(19,265)
Advances from other funds	16,603	22,596	39,199	9,765
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(212)</u>	<u>18,827</u>	<u>18,615</u>	<u>(9,500)</u>
Cash Flows from Capital and Related Financing Activities				
Purchases of capital assets	(1,433)	0	(1,433)	0
Adjustment	28,534	(45,984)	(17,450)	12,407
Principal paid on capital debt	(14,212)	(9,640)	(23,852)	(32,008)
Interest paid on capital debt	(15,815)	(31,334)	(47,149)	(49,158)
Capital contributions	0	0	0	0
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,926)</u>	<u>(86,958)</u>	<u>(89,884)</u>	<u>(68,759)</u>
Cash Flows from Investing Activities				
Interest and dividends received	0	0	0	0
Net Cash Provided by Investing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Increase in Cash and equivalents	(17,762)	(9,417)	(27,179)	(45,491)
Cash and equivalents, Beginning of Year	16,906	9,485	26,391	71,882
Cash and equivalents, End of Year	<u>(\$856)</u>	<u>\$68</u>	<u>(\$788)</u>	<u>\$26,391</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities				
Operating income	\$22,491	(\$52,380)	(\$29,889)	(\$90,926)
Depreciation expense	70,998	75,684	146,682	146,395
(Increase) decrease in accounts receivable	(23,343)	(675)	(24,018)	(907)
Intergovernmental funds	6,088	23,648	29,736	22,603
(Increase) decrease in due from other funds	(123,374)	(20,248)	(143,622)	(22,603)
Increase (decrease) in customer deposits	6,927	0	6,927	0
Increase (decrease) in accounts payable	10,722	(210)	10,512	0
Increase (decrease) in due to other funds	14,867	32,895	47,762	0
Net Cash Provided by Operating Activities	<u>(\$14,624)</u>	<u>\$58,714</u>	<u>\$44,090</u>	<u>\$54,562</u>
Reconciliation of total cash and cash investments:				
Current assets - cash and cash investments	(\$856)	\$68	(\$788)	\$25,678
Restricted assets - cash and cash investments	0	0	0	713
Total cash and cash investments	<u>(\$856)</u>	<u>\$68</u>	<u>(\$788)</u>	<u>\$26,390</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2015

INTRODUCTION

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

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2015

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charge to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

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

The Town reports the following major proprietary funds:

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

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2015

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues of the proprietary funds include water and sewer services to the residents of the Town. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

C. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments for the Town are reported at fair value.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2015

governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

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

<u>Taxes due for:</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General operations and maintenance	12.90	11.60	6/30/15
Sewer District	5.81	5.03	6/30/15
Sewer Bond	5.81	5.03	6/30/15

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

<u>Taxpayer</u>	<u>Type of business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad valorem Tax Revenue for Town</u>
Gibsland Bank & Trust	financial institution	443,600	19.72%	\$9,608
Total		<u>443,600</u>	<u>19.72%</u>	<u>\$9,608</u>

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

E. Prepaid Items

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

F. Restricted Assets

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

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2015

G. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Water and sewer system and lines	40 years
Buildings and improvements	10-27 years
Vehicles	3-5 years
Equipment	3-7 years

H. Compensated Absences

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

The Town's full time employees receive sick and vacation time at the beginning of each calendar year. Vacation time must be used during the course of the calendar year. Unused sick time may be carried forward to the next year. The Town's sick and vacation time at June 30, 2015, was not material to the financial statements and was not recorded.

I. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

J. Comparative Data/Reclassifications

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

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2015

K. Estimates

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

L. RISK MANAGEMENT

The town is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the town maintains commercial insurance policies covering its vehicles, professional liability and surety bond coverage. No claims were paid on any of the policies which exceeded to policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2015.

M. GOVERNMENTAL FUND BALANCE

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

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

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

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

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

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

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

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2015

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGET INFORMATION The Town uses the following budget practices:

The Town did not adopt a budget for the year ended June 30, 2015 for the General fund. The Town follows the following procedures in establishing the budgetary data reflected in the financial statements. During the June meeting, the Town clerk submits to the board of aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and expenses and the means of financing them. During the June meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The Town clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures or expenses of any fund must be approved by the board of aldermen. Appropriations lapse at the end of the year.

3. CASH AND CASH EQUIVALENTS

At June 30, 2015, the Town has cash and cash equivalents (book balances) totaling \$30,144 as follows:

Demand deposits	\$30,127
Time deposits	<u>17</u>
Total	<u><u>\$30,144</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2015, the Town has \$50,644 in deposits (collected bank balances). These deposits are secured from risk by \$50,644 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

4. INVESTMENTS

Investments include a certificate of deposit with a maturity of 12 months that has been included in cash and equivalents in the basic financial statements. Investments are categorized into these three categories of credit risk:

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2015

1. Insured or registered, or securities held by the Town or its agent in the Town's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Town's name

At fiscal year-end, the Town's investments balances were as follows:

Type of investment	Category			Carrying amount			Total Carrying Amount
	1	2	3	Fair Value	Amortized Cost	Cost	
Certificate of deposit	\$17	\$0	\$0	\$17	\$0	\$0	\$17
Total investments	\$17	\$0	\$0	\$17	\$0	\$0	\$17

5. RECEIVABLES

The receivables of \$87,925 at June 30, 2015, are as follows:

Class of Receivable	General Fund	Utility Fund	Sewer Fund	Total
Sales and use taxes	\$7,139			\$7,139
Franchise fees	6,483			6,483
Ad valorem taxes	1,015		\$1,015	2,030
Grants	2,627			2,627
Insurance licenses	3,786			3,786
Accounts		\$42,287	23,573	65,860
Total	\$21,050	\$42,287	\$24,588	\$87,925

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

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2015 is as follows:

Due To/From Other Funds:		
Receivable fund	Payable fund	Amount
General fund	General fund	(\$26,965)
Sewer fund	Sewer fund	(94,326)
Utility fund	Utility fund	121,291
Total		\$0

The balances consist of allocations for accounting fees, payroll and payroll taxes, and assisting the Sewer fund in the payment of its note.

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2015

7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2015, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Construction in progress		\$63,130	\$163,880		\$227,010
Land	<u>\$23,642</u>				<u>23,642</u>
Total capital assets not being depreciated	<u>23,642</u>	<u>63,130</u>	<u>163,880</u>	<u>0</u>	<u>250,652</u>
Capital assets being depreciated:					
Buildings	44,513				44,513
Machinery and equipment	92,277				92,277
Infrastructure	<u>27,989</u>				<u>27,989</u>
Total capital assets being depreciated	<u>164,779</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>164,779</u>
Accumulated depreciation	<u>148,467</u>		<u>1,799</u>		<u>150,266</u>
Total capital assets being depreciated, net	<u>\$39,954</u>	<u>\$63,130</u>	<u>\$162,081</u>	<u>\$0</u>	<u>\$265,165</u>

Depreciation expense of \$1,799 was charged to the general government function. The adjustment is due to prior year records not being audited and capital outlay could not be determined.

8. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$124,019 at June 30, 2015, are as follows:

	<u>General Fund</u>	<u>Utility Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Accounts	<u>\$106,806</u>	<u>\$15,080</u>	<u>\$2,133</u>	<u>\$124,019</u>
Total	<u>\$106,806</u>	<u>\$15,080</u>	<u>\$2,133</u>	<u>\$124,019</u>

9. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2015:

	<u>Loans payable</u>
Long-term obligations, 6/30/14	\$609,444
Adjustments	(595,543)
Additions - new loans with reduced interest rates	595,543
Deductions	<u>(23,851)</u>
Long-term obligations, 6/30/15	<u>\$585,593</u>

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2015

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2015:

	<u>Loans payable</u>
Current portion	\$63,336
Long-term portion	522,257
Total	\$585,593

Five loans outstanding at June 30, 2015, are loans payable to the U.S. Department of Agriculture - Farmers Home Administration with interest rates of 2.125%. Principal and interest payable in the next fiscal year are \$63,130 and \$11,809, respectively. The individual issues are as follows:

<u>Loan number</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>	<u>Funding Source</u>
Loan 91-11	11/20/80	2.125	2020	\$8,297	\$157,875	USDA
Loan 92-02	7/15/83	2.125	2023	4,244	48,838	USDA
Loan 92-12	7/15/83	2.125	2022	6,808	90,799	USDA
Loan 92-13	7/15/83	2.125	2023	3,480	40,201	USDA
Loan 92-14	3/8/99	2.125	2039	65,262	247,882	USDA

At June 30, 2015, the Town has accumulated \$0 for future debt repayments. The annual requirements to amortize all loans outstanding at June 30, 2015, including interest of \$88,091 is as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2016	63,130	11,809	74,939
2017	64,485	10,454	74,939
2018	65,868	9,071	74,939
2019	67,282	7,657	74,939
2020	61,096	6,225	67,321
2021 and thereafter	263,732	42,875	306,607
Total	\$585,593	\$88,091	\$673,684

10. ON BEHALF PAYMENTS FOR SALARIES

The Town recognizes as general fund revenues and expenses supplemental pay made by the State of Louisiana to the Town's police employees. For the year ended June 30, 2015, the town's police chief and officers received \$6,000 in police supplemental pay from the State of Louisiana, Department of Public Safety and Corrections.

11. CONTINGENT LIABILITIES

At June 30, 2015, there were two litigations pending against the Town of Gibsland. The Town and Counsel expect a favorable outcome on one claim. The other claim has a payment arrangement still in effect as of June 30, 2015 but it is anticipated to be paid off within the next fiscal year.

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2015

12. FUND DEFICIT/BALANCE

At June 30, 2015, the General Fund had a fund deficit of \$81,624. The Town's plan is to pay off all old outstanding debts and liabilities and set up internal controls to eliminate the deficit.

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 29, 2015. This date represents the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

Town of Gibsland
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts GAAP Basis	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Taxes - ad valorem	\$24,000	\$48,000	\$25,015	(\$22,985)
Sales taxes	85,000	61,000	88,035	27,035
Other			40,564	40,564
Licenses and permits	20,000	20,000	2,975	(17,025)
Franchise fees	28,000	35,000	40,527	5,527
Fines and forfeitures	24,000	3,500	13,362	9,862
Intergovernmental			194,570	194,570
Use of money and property				0
Miscellaneous	15,000	12,000	1,991	(10,009)
Total Revenues	196,000	179,500	407,039	227,539
EXPENDITURES				
General government	155,823	138,504	236,322	(97,818)
Public Safety	55,136	46,767	43,228	3,539
Other expenditures			3,696	(3,696)
Capital outlay			163,880	(163,880)
Total Expenditures	210,959	185,271	447,126	(261,855)
Excess (Deficiency) of Revenues over (under) Expenditures	(14,959)	(5,771)	(40,087)	(34,316)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	90,059		7,697	7,697
Operating transfers out			(26,312)	(26,312)
Total Other Financing Sources (Uses)	90,059	0	(18,615)	(18,615)
Net Change in Fund Balance	75,100	(5,771)	(58,702)	(52,931)
Fund Balance (Deficit) at Beginning of Year	0	0	(22,922)	(22,922)
Prior Period Adjustment	0	0	0	0
Fund Balance (Deficit) at End of Year	\$75,100	(\$5,771)	(\$81,624)	(\$75,853)

Notes to the Schedule

- (1) method of budgetary accounting - GAAP, modified accrual basis
(2) explanation of material variances - did not budget for state grant income and corresponding expenditures

The accompanying notes are an integral part of this schedule.

OTHER SUPPLEMENTAL SCHEDULES

Town of Gibsland
Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2015

Schedule 2

<u>Board Member</u>	<u>Amount</u>
Marketris Jones, Interim Mayor	800
Terry Wilson, Mayor	1,200
Timmy Cato	500
Delinda Wright	400
Jeannie Richardson	600
Patricia Durham	600
Julius Pearson	600
Eddie Thompson	600
Alvin Pearson	<u>1,000</u>
Total	<u>\$6,300</u>

The accompanying notes are an integral part of this schedule.

Town of Gibsland
Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2015

Schedule 3

Agency Head Name: Mayor Terry Wilson

Purpose	Amount
Salary	\$1,100
Benefits-insurance	0
Benefits-retirement	0
Benefits-other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	756
Registration fees	0
Conference travel	0
Continuing professional education fees	200
Telephone	0
Unvouchered expenses	0
Special meals	0

OTHER REPORTS

WADE & PERRY

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

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

Independent Auditor's Report

Mayor and Town Council
Town of Gibsland
Gibsland, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gibsland ("Town") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 29, 2015.

Internal Control Over Financial Reporting

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

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

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

financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses. 2015-1.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies. 2015-2, 2015-4, 2015-5, 2015-6.

Compliance and Other Matters

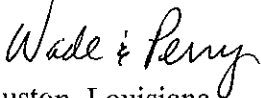
As part of obtaining reasonable assurance about whether Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2015-3 and 2015-7.

Town's Response to Findings

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

Purpose of this Report

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



Ruston, Louisiana
December 29, 2015

OTHER INFORMATION

Town of Gibsland
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

PART I. Summary of Audit Results

Financial statement audit

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

Audit of Federal Awards

1. There were no federal awards received.

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

2015-1. General accounting - This finding is entity wide.

Bank accounts were not reconciled timely after December 31, 2014. We compared the general ledgers to the bank statements for completeness.

Recommendation: Procedures and job descriptions must be established for maintenance of the accounting records. These procedures should include monthly reconciliations of accounts receivable sub ledger to the general ledger. Accounting duties should be further segregated and proper approval steps implemented. A clear chain of command should be established.

2015-2. Lack of segregation of duties - Due to limited personnel, the Town does not have an adequate segregation of duties regarding its accounting and reporting system to maintain a complete system of internal control. This finding is entity wide.

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

2015-3. Compliance with local government budget act - For the year ended June 30, 2015, the General fund actual expenditures and other uses exceeded budgeted expenditures and other uses by \$288,167, or 156%.

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

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

2015-4. Internal control over traffic tickets is inadequate. Five of the seven tickets randomly selected could not be agreed to the fee sheet provided by the town. Tickets are written to traffic violators and turned in the town office. The clerk then logs ticket information in her spreadsheet for the magistrate. The magistrate handles the court proceedings. The magistrate's office then informs the town of fees charges with some reduced for various reasons. The ticket holder then pays the town. No support was provided for reduced fees.

Recommendation: The Clerk should maintain adequate documentation of all tickets written, amounts charged, any reduced charges, payments received, and sufficient documentation on the deposit slips.

2015-5. Internal control over disbursements is inadequate. This finding is entity wide.

Seven of the randomly selected 52 disbursements were posted to an incorrect account. Five disbursements did not have supporting documentation. Six disbursements did not agree to the attached documentation or the employee timecard was not approved.

Recommendation: The Town should maintain adequate supporting documentation for all disbursements of the town and furnish requested information to the auditors.

2015-6. Utility collections/Public works. This finding is for the Water and Sewer funds.

Ten random customers were selected plus an additional 8 customers for the mayor, councilmen and employees accounts. Four accounts were not billed correctly. The water portion is being billed pro-rata but the sewer portion is billed at a flat rate for every 1,000 gallons above the initial 2,000 gallons used.

Total gallons pumped are not recorded daily so we could not compare to total gallons billed

Recommendation: The Town should maintain adequate supporting documentation for all receipts of the town.

2015-7. Reserve requirements are under funded. This finding is for the Water and Sewer funds.

The Internal Revenue Service took all of the town's remaining funds in prior year. The Town has re-amortized it's loans effective May 28, 2015 with reduced interest rates. The Town does not currently have a separate sinking fund, reserve fund, or contingency fund.

Recommendation: The Town should continue working with the Rural development office to get current with all loans payments and then set up the required sinking fund, reserve fund, and contingency funds.

Town of Gibsland
Summary of Prior Year Findings
For the Two Years Ended June 30, 2015

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2014-1. General accounting insufficient.

Conclusion: Partially resolved - See 2015-1

2014-2. Lack of segregation of duties

Conclusion: Unresolved - See 2015-2

2014-3. Budget violation

Conclusion: Partially resolved - See 2015-3

2014-4. Traffic ticket information insufficient for testing

Conclusion: Partially resolved - See 2015-4

2014-5. No monthly financial statements presented to governing body

Conclusion: Resolved

2014-6. Inadequate internal control over disbursements

Conclusion: Unresolved - See 2015-5

2014-7. Utility collections/Public works not provided for testing

Conclusion: Partially resolved - See 2015-6

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

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

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2015

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

- 2015-1. The Town agrees with the recommendations and intends to implement them immediately.
- 2015-2. The Town agrees with the recommendations and intends to implement them immediately.
- 2015-3. The Town agrees with the recommendations and intends to implement them immediately.
- 2015-4. The Town agrees with the recommendations and intends to implement them immediately.
- 2015-5. The Town agrees with the recommendations and intends to implement them immediately.
- 2015-6. The Town agrees with the recommendations and intends to implement them immediately.
- 2015-7. The Town agrees with the recommendations and intends to implement them immediately.