

Town of Gibsland
Gibsland, Louisiana

Annual Financial Statements
As of June 30, 2020 and for the Year Then Ended

Town of Gibbsland
Annual Financial Statements
As of and for the Year Ended June 30, 2020
With Supplemental Information Schedules

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Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2020

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 year ended June 30, 2020. 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.

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.

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.

Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2020

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 \$3,123,004 (net position); this represents a decrease of \$96,566 from the last fiscal year. Of this total net asset amount, \$187,009 is unrestricted net position. The Town's net position is comprised of \$251,566 from governmental activities and \$2,871,438 from business-type activities.

The following is a condensed statement of the Town of Gibsland's net position as of June 30, 2020:

	Governmental-Type Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current & Other Assets	\$53,280	\$4,999	\$300,758	\$346,123	\$354,038	\$351,122
Capital Assets (net)	214,580	224,697	2,857,304	2,987,848	3,071,884	3,212,545
Total Assets	<u>\$267,860</u>	<u>\$229,696</u>	<u>\$3,158,062</u>	<u>\$3,333,971</u>	<u>\$3,425,922</u>	<u>\$3,563,667</u>
Liabilities						
Other Liabilities	\$15,994	\$35,877	\$77,146	\$74,116	\$93,140	\$109,993
Long-term Liabilities	0	0	209,478	234,104	209,478	234,104
Total Liabilities	<u>15,994</u>	<u>35,877</u>	<u>286,624</u>	<u>308,220</u>	<u>302,618</u>	<u>344,097</u>
Net Position						
Invested in capital assets, net	214,580	224,697	2,623,255	2,718,952	2,837,835	2,943,649
Restricted	0	0	98,160	54,812	98,160	54,812
Unrestricted	36,986	(30,878)	150,023	251,987	187,009	221,109
Total Net Position	<u>\$251,566</u>	<u>\$193,819</u>	<u>\$2,871,438</u>	<u>\$142,266</u>	<u>\$3,123,004</u>	<u>\$336,085</u>

By far the largest portion of the Town's net position \$2,837,835 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.

The Town has accumulated \$7,037 and \$91,123 restricted for customer deposits and debt service, respectively.

The balance of \$187,009 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 \$302,618, which was used to finance some of the \$3,071,884 capital assets. Total liabilities of \$302,618 are equal to 10% of the total net position.

Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2020

The following is a summary of the statement of activities:

	Governmental-Type Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue						
Program Revenue		\$92	\$289,360	\$338,076	\$289,360	\$338,168
General Revenue & Transfers	202,842	183,014	17,011	28,517	219,853	211,531
Total Revenue	<u>202,842</u>	<u>183,106</u>	<u>306,371</u>	<u>366,593</u>	<u>509,213</u>	<u>549,699</u>
Expenses						
General & Administrative	94,250	146,183			94,250	146,183
Public Safety	40,728	31,217			40,728	31,217
Other	10,117	10,117			10,117	10,117
Water Utilities			221,873	215,698	221,873	215,698
Sewer Utilities			161,425	164,042	161,425	164,042
CDBG			82	3,741	82	3,741
Total Expenses	<u>145,095</u>	<u>187,517</u>	<u>383,380</u>	<u>383,481</u>	<u>528,475</u>	<u>570,998</u>
Increase (Decrease) in Net Position	57,747	(4,411)	(77,009)	(16,888)	(19,262)	(21,299)
Net Position, beginning	193,819	196,044	3,025,751	2,974,076	3,219,570	3,170,120
Prior period adjustment		2,186	(77,304)	68,563	(77,304)	70,749
Net Position, ending	<u>\$251,566</u>	<u>\$193,819</u>	<u>\$2,871,438</u>	<u>\$3,025,751</u>	<u>\$3,123,004</u>	<u>\$3,219,570</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:

	Operating Revenues Net of Purchases		
	Water	Sewer	Total
Fiscal year ended June 30, 2019	209,171	125,254	334,425
Fiscal year ended June 30, 2020	191,441	97,919	289,360
Increase (decrease) between years	<u>(17,730)</u>	<u>(27,335)</u>	<u>(45,065)</u>

Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2020

	Operating Expenses		
	Water	Sewer	Total
Fiscal year ended June 30, 2019	215,310	157,924	373,234
Fiscal year ended June 30, 2020	221,873	156,048	377,921
Increase (decrease) between years	<u>6,563</u>	<u>(1,876)</u>	<u>4,687</u>

	Net Income (Loss) From Operations		
	Water	Sewer	Total
Fiscal year ended June 30, 2019	(6,139)	(32,670)	(38,809)
Fiscal year ended June 30, 2020	(30,432)	(58,129)	(88,561)
Increase (decrease) between years	<u>(24,293)</u>	<u>(25,459)</u>	<u>(49,752)</u>

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 one individual governmental fund type. This fund type include the General Fund. Information is presented separately in the Governmental Fund 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 which is considered to be major fund.

Financial Analysis of the Town's Governmental Fund

The Town of Gibsland's governmental fund (General Fund) reported an ending fund balance (deficit) of \$36,986, which is an increase of \$67,864 from prior year. The entire ending fund balance (deficit) of \$36,986 is unreserved.

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 \$154,313 (Water: \$47,650 decrease & Sewer: \$106,661 decrease & CDBG \$2 decrease). The 2020 operating income (loss) of the Water department of (\$30,432) and Sewer department totaling (\$58,129) represents a decrease in revenue of \$45,065

Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2020

and an increase in expenses of \$1,028 from 2019 figures, including CDBG expenses of \$82 plus a prior period adjustment of \$77,304 specific to the Sewer fund.

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 adopt an original budget for the General Fund during the year. Budgeted expenditures and other uses exceeded actual expenditures and other uses by \$45,024 or 50%

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2020 is \$2,837,835.

There was no major capital assets purchased or constructed in fiscal 2020 for governmental activities. There was a mower purchased in the Water fund for business-type activities.

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, 2020, 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, each major fund, and the aggregate remaining fund information of Town of Gibsland, as of June 30, 2020, and the respective changes in financial position and where

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applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

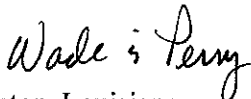
Other Information

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, the schedule of compensation, benefits and other payments to agency head, and schedule of insurance 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 August 11, 2021, 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.



Ruston, Louisiana
August 11, 2021

Town of Gibsland, Louisiana
Statement of Net Position
As of June 30, 2020

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and equivalents	\$85,640	\$31,025	\$116,665
Receivables	18,169	120,744	138,913
Internal balances	(50,829)	50,829	0
Restricted assets		98,160	98,160
Other assets			0
Capital assets (net)	214,580	2,857,304	3,071,884
TOTAL ASSETS	<u>\$267,560</u>	<u>\$3,158,062</u>	<u>\$3,425,622</u>
Deferred outflows of resources	0	0	0
LIABILITIES			
Cash overdraft	\$0	\$0	\$0
Accounts, salaries, and other payables	15,994	19,438	35,432
Current loans, bonds, and interest payable		24,571	24,571
Liabilities payable from restricted assets		33,137	33,137
Loans and bonds payable		209,478	209,478
TOTAL LIABILITIES	<u>15,994</u>	<u>286,624</u>	<u>302,618</u>
Deferred inflows of resources	0	0	0
NET POSITION			
Invested in capital assets, net of related debt	214,580	2,623,255	2,837,835
Restricted for customers		7,037	7,037
Restricted for debt		91,123	91,123
Unrestricted	36,986	150,023	187,009
TOTAL NET POSITION	<u>\$251,566</u>	<u>\$2,871,438</u>	<u>\$3,123,004</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Statement of Activities
Year Ended June 30, 2020

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes of Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$94,250				(\$94,250)		(\$94,250)
Public safety	40,728				(40,728)		(40,728)
Depreciation	10,117				(10,117)		(10,117)
Total governmental activities	145,095	0	0	0	(145,095)	0	(145,095)
Business-type activities:							
Water utilities	221,873	191,441				(\$30,432)	(30,432)
Sewer utilities	161,425	97,919				(\$63,506)	(63,506)
CDBG	82					(82)	(82)
Total business-type activities	383,380	289,360	0	0	0	(94,020)	(94,020)
Total primary government	\$528,475	\$289,360	\$0	\$0	(\$145,095)	(\$94,020)	(\$239,115)
General revenues:							
Ad valorem taxes					\$29,748		\$29,748
Sales taxes					89,815		89,815
Other taxes					26,488		26,488
Franchise fees					35,003		35,003
Licenses and permits					2,525		2,525
Intergovernmental revenues - state						25,455	25,455
Other general revenues					10,819		10,819
Transfers - net					8,444	(8,444)	0
Total general revenues and transfers					202,842	17,011	219,853
Change in Net Position					57,747	(77,009)	(19,262)
Net Position - beginning					193,819	3,025,751	3,219,570
Prior period adjustment						(77,304)	(77,304)
Net Position - ending					\$251,566	\$2,871,438	\$3,123,004

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
 Balance Sheet, Governmental Funds
 June 30, 2020

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash investments	\$85,640	\$85,640
Receivable	18,169	18,169
Interfunds	166,443	166,443
Other assets	0	0
TOTAL ASSETS	<u>\$270,252</u>	<u>\$270,252</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Cash overdraft	\$0	\$0
Accounts, salaries, and other payables	15,994	15,994
Interfunds	<u>217,272</u>	<u>217,272</u>
Total liabilities	<u>233,266</u>	<u>233,266</u>
Fund balances:		
Unassigned	<u>36,986</u>	<u>36,986</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$270,252</u>	<u>\$270,252</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, 2020

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

Fund balances, Total governmental funds (Statement C)		\$36,986
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Governmental capital assets	\$380,495	
Less accumulated depreciation	<u>(165,915)</u>	<u>214,580</u>
Net Position of Governmental Activities (Statement A)		<u><u>\$251,566</u></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, 2020

	General Fund
REVENUES	
Taxes:	
Ad valorem	\$29,748
Sales and use	89,815
Other	26,488
Franchise fees	35,003
Licenses and permits	2,525
Intergovernmental revenues - state	0
Fines and forfeitures	0
Use of money and property	3,039
Other revenues	7,780
Total Revenues	<u>194,398</u>
EXPENDITURES	
General government	94,250
Public safety	40,728
Capital outlay	0
Total Expenditures	<u>134,978</u>
Excess (Deficiency) of Revenues over (under) Expenditures	59,420
OTHER FINANCING SOURCES (USES)	
Operating transfers in	8,494
Operating transfers out	(50)
Total Other Financing Sources (Uses)	<u>8,444</u>
Net Change in Fund Balance	67,864
Fund Balance -- beginning	(30,878)
Prior period adjustment	0
Fund Balance -- ending	<u><u>\$36,986</u></u>

The accompanying notes are an integral part of this statement.

Town of Gibbsland
 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, 2020

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

Net Change in Fund Balances, Total governmental funds (Statement E)	\$67,864
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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 (\$0) exceeded depreciation (\$10,117) in the current period.	(\$10,117)
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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>
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Change in Net Position of Governmental Activities (Statement B)	<u><u>\$57,747</u></u>
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The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Statement of Net Position, Proprietary Funds
June 30, 2020

	Business-Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	CDBG Fund	Totals	
				(Memorandum Only)	
				2020	2019
ASSETS					
Current assets:					
Cash and equivalents	\$93	\$30,932	\$0	\$31,025	\$134,679
Receivables	68,906	51,838		120,744	105,802
Interfunds	373,862	217,482		591,344	548,843
Total current assets	442,861	300,252	0	743,113	789,324
Restricted assets:					
Cash and equivalents	7,037	91,123		98,160	54,813
Non-current assets:					
Capital assets (net of accumulated depreciation)	695,664	2,161,640		2,857,304	2,987,848
Total Non-current assets	695,664	2,161,640	0	2,857,304	2,987,848
TOTAL ASSETS	<u>\$1,145,562</u>	<u>\$2,553,015</u>	<u>\$0</u>	<u>\$3,698,577</u>	<u>\$3,831,985</u>
LIABILITIES					
Current Liabilities:					
Cash overdraft	\$0	\$0	\$0	\$0	\$0
Accounts, salaries, and other payables	18,606	\$832		19,438	7,713
Interfunds	224,688	315,827		540,515	498,014
Loans, bonds, and interest payable		24,571		24,571	34,792
Total current liabilities	243,294	341,230	0	584,524	540,519
Current liabilities payable from restricted assets	33,137			33,137	31,611
Non-current liabilities:					
Loans and bonds payable	0	209,478		209,478	234,104
Total non-current liabilities	0	209,478	0	209,478	234,104
Total liabilities	276,431	550,708	0	827,139	806,234
NET POSITION					
Net investment in capital assets	695,664	1,927,591	0	2,623,255	2,718,952
Restricted for customers	7,037		0	7,037	7,037
Restricted for debt	0	91,123	0	91,123	47,775
Unrestricted	166,430	(16,407)	0	150,023	251,987
TOTAL NET POSITION	<u>\$869,131</u>	<u>\$2,002,307</u>	<u>\$0</u>	<u>\$2,871,438</u>	<u>\$3,025,751</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, 2020

	Business-Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	CDBG Fund	Totals Memorandum only)	
				2020	2019
Operating Revenues					
Charges for services:					
Water sales	\$191,441			\$191,441	\$207,934
Sewer charges		\$97,919		97,919	125,189
Other services				0	1,302
Total Operating Revenues	191,441	97,919	0	289,360	334,425
Operating Expenses					
Cost of sales and services	117,421	51,101		168,522	156,349
Administration	45,717	20,499	82	66,298	72,769
Depreciation	58,735	84,448		143,183	147,857
Total Operating Expenses	221,873	156,048	82	378,003	376,975
Operating income (loss)	(30,432)	(58,129)	(82)	(88,643)	(42,550)
Nonoperating revenue (expenses)					
Intergovernmental		25,455		25,455	26,678
Grant income				0	3,651
Interest earnings				0	
Interest expense		(5,377)		(5,377)	(6,506)
Adjustment				0	0
Total Nonoperating Revenue (Expenses)	0	20,078	0	20,078	23,823
Income before contributions and transfers	(30,432)	(38,051)	(82)	(68,565)	(18,727)
Fidelity bond insurance proceeds	0	0		0	0
Transfers in		8,694	80	8,774	10,580
Transfers out	(17,218)			(17,218)	(8,741)
Change in Net Position	(47,650)	(29,357)	(2)	(77,009)	(16,888)
Total Net Position - Beginning	916,781	2,108,968	2	3,025,751	2,974,076
Prior period adjustment		(77,304)	0	(77,304)	68,563
Total Net Position - Ending	<u>\$869,131</u>	<u>\$2,002,307</u>	<u>\$0</u>	<u>\$2,871,438</u>	<u>\$3,025,751</u>

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, 2020

	Water Fund	Sewer Fund	Total (Memo only)	2019
Cash Flows from Operating Activities				
Receipts from customers and users	\$142,062	\$91,381	\$233,443	\$230,812
Receipts from other funds		25,455	25,455	26,678
Payments to suppliers	(111,269)	8,417	(102,852)	(101,949)
Payments to employees	(38,830)	(38,830)	(77,660)	(56,300)
Payments to other funds			0	0
Net Cash Provided by Operating Activities	<u>(8,037)</u>	<u>86,423</u>	<u>78,386</u>	<u>99,241</u>
Cash Flows from Noncapital Financing Activities				
Transfer to other funds	(17,218)		(17,218)	(8,741)
Advances from other funds		8,694	8,694	10,495
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(17,218)</u>	<u>8,694</u>	<u>(8,524)</u>	<u>1,754</u>
Cash Flows from Capital and Related Financing Activities				
Purchases of capital assets	(12,639)		(12,639)	
Grant income			0	
Principal paid on capital debt		(34,847)	(34,847)	(68,494)
Interest paid on capital debt		(5,377)	(5,377)	(6,506)
Prior period adjustment		(77,304)	(77,304)	68,563
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(12,639)</u>	<u>(117,528)</u>	<u>(130,167)</u>	<u>(6,437)</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	(37,894)	(22,411)	(60,305)	94,558
Cash and equivalents, Beginning of Year	45,024	144,466	189,490	94,932
Cash and equivalents, End of Year	<u>\$7,130</u>	<u>\$122,055</u>	<u>\$129,185</u>	<u>\$189,490</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities				
Operating income	(\$30,432)	(\$58,129)	(\$88,561)	(\$38,809)
Depreciation expense	58,735	84,448	143,183	147,857
(Increase) decrease in accounts receivable	(8,403)	(6,539)	(14,942)	(16,508)
Intergovernmental funds		25,455	25,455	26,678
(Increase) decrease in due from other funds	(42,502)	(1)	(42,503)	(87,105)
Increase (decrease) in customer deposits	1,526		1,526	
Increase (decrease) in accounts payable	13,039	(1,312)	11,727	(2,691)
Increase (decrease) in due to other funds		42,501	42,501	69,819
Net Cash Provided by Operating Activities	<u>(\$8,037)</u>	<u>\$86,423</u>	<u>\$78,386</u>	<u>\$99,241</u>
Reconciliation of total cash and cash investments:				
Current assets - cash and cash investments	\$93	\$30,932	\$31,025	\$134,677
Restricted assets - cash and cash investments	7,037	91,123	98,160	54,813
Total cash and cash investments	<u>\$7,130</u>	<u>\$122,055</u>	<u>\$129,185</u>	<u>\$189,490</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, 2020

INTRODUCTION

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A. Government-Wide and Fund Financial Statements

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

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

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

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

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

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

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

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

The Town reports the following major governmental funds:

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

The Town reports the following major proprietary funds:

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

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

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

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

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

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

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

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

C. Deposits and Investments

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

D. Receivables and Payables

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

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

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

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

<u>Taxes due for:</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General operations and maintenance	12.90	11.78	6/30/20
Sewer District	5.81	5.04	6/30/20
Sewer Bond	5.81	5.04	6/30/20

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

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

<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>
Gibbsland Bank & Trust	financial institution	615,755	24.38%	\$13,460
Kansas City Southern	railroad	145,470	5.76%	3,180
Total		<u>761,225</u>	<u>30.14%</u>	<u>\$16,640</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.

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 accrue sick and vacation time on a monthly basis calculated on an 8 hour basis as follows: sick leave is 40 hours per year; vacation is 40 hours for over 1 year of employment, 80 hours for over 2 years; 120 hours for over 5 years; 160 hours for over 12 years, and 200 hours for over 20 years. Sick and vacation time is charged at not less than 4 hours. Vacation and sick time must be used by the next year end (June 30) and cannot be carried forward. The Town's sick and vacation time at June 30, 2020, was not material to the financial statements and therefore, was not recorded.

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

I. Long-Term Obligations

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

J. Comparative Data/Reclassifications

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

K. Estimates

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

L. RISK MANAGEMENT

The town is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the town maintains commercial insurance policies covering its vehicles, professional liability and surety bond coverage. No claims were paid on any of the policies which exceeded to policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2020.

M. GOVERNMENTAL FUND BALANCE

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

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

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

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

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

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

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGET INFORMATION The Town uses the following budget practices:

The Town did not adopt a budget for the year ended June 30, 2020 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. There was no budget amendment for the year ended June 30, 2020.

3. CASH AND CASH EQUIVALENTS

At June 30, 2020, the Town has cash and cash equivalents (book balances) totaling \$214,825 as follows:

Demand deposits	\$214,825
Time deposits	<u>0</u>
Total	<u><u>\$214,825</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, 2020, the Town has \$251,757 in deposits (collected bank balances) which are all secured from risk by federal deposit insurance. (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. RECEIVABLES

The receivables of \$138,913 at June 30, 2020, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Utility Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Sales and use taxes	\$5,509			\$5,509
Franchise fees	6,835			6,835
Ad valorem taxes	2,579			2,579
Other	3,246			3,246
Accounts		\$68,906	51,838	120,744
Total	<u><u>\$18,169</u></u>	<u><u>\$68,906</u></u>	<u><u>\$51,838</u></u>	<u><u>\$138,913</u></u>

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

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

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2020 is as follows:

<u>Fund</u>	<u>Due from</u>	<u>Due to</u>
General fund	\$166,443	\$217,272
Water fund	373,862	224,688
Sewer fund	217,482	315,827
Total	<u>\$757,787</u>	<u>\$757,787</u>

The balances consist of allocations for accounting fees, payroll and payroll taxes.

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2020, 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:					
Land	\$23,642				23,642
Total capital assets not being depreciated	<u>23,642</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,642</u>
Buildings	44,513				44,513
Improvements other than buildings	227,010				227,010
Machinery and equipment	92,277			(\$34,934)	57,343
Infrastructure	27,989				27,989
Total capital assets being depreciated	<u>391,789</u>	<u>0</u>	<u>0</u>	<u>(34,934)</u>	<u>356,855</u>
Accumulated depreciation	<u>190,734</u>		<u>\$10,117</u>	<u>(34,934)</u>	<u>165,917</u>
Total capital assets being depreciated, net	<u>\$224,697</u>	<u>\$0</u>	<u>(\$10,117)</u>	<u>\$0</u>	<u>\$214,580</u>

Depreciation expense of \$10,117 was charged to the general government function.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$49,175			\$49,175
Construction in progress				0
Total capital assets not being depreciated	<u>49,175</u>	<u>0</u>	<u>0</u>	<u>49,175</u>

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Buildings	49,094			49,094
Improvements other than buildings	5,921,294			5,921,294
Equipment	62,164	\$12,639	(2,230)	72,573
Vehicles	21,185		(6,052)	15,133
Total capital assets being depreciated	<u>6,053,737</u>	<u>12,639</u>	<u>(8,282)</u>	<u>6,058,094</u>
Less accumulated depreciation	<u>3,115,063</u>	<u>143,184</u>	<u>(8,282)</u>	<u>3,249,965</u>
Total business-type assets being depreciated, net	<u>\$2,938,674</u>	<u>(\$130,545)</u>	<u>\$0</u>	<u>\$2,857,304</u>

7. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2020:

	<u>Loans payable</u>
Long-term obligations, 6/30/19	\$268,896
Additions	0
Reductions	<u>(34,847)</u>
Long-term obligations, 6/30/20	<u>\$234,049</u>

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, 2020:

	<u>Loans payable</u>
Current portion	\$24,571
Long-term portion	<u>209,478</u>
Total	<u>\$234,049</u>

Four loans outstanding at June 30, 2020, 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 \$24,571 and \$4,738, respectively. The individual issues are as follows:

Loan number	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding	Funding Source
Loan 92-02	7/15/83	2.125	2023	285	12,887	USDA
Loan 92-12	7/15/83	2.125	2022	15	3,425	USDA
Loan 92-13	7/15/83	2.125	2023	498	15,434	USDA
Loan 92-14	3/8/99	2.125	2039	41,093	202,303	USDA

At June 30, 2020, the Town has accumulated \$91,123 for future debt repayments. The annual requirements to amortize all loans outstanding at June 30, 2020, including interest of \$41,891 is as follows:

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2021	\$24,571	\$4,738	\$29,309
2022	21,287	4,267	25,554
2023	14,775	3,875	18,650
2024	10,045	3,611	13,656
2025	10,260	3,396	13,656
2026 and thereafter	153,111	22,004	175,115
Total	<u>\$234,049</u>	<u>\$41,891</u>	<u>\$275,940</u>

8. ON BEHALF PAYMENTS FOR SALARIES

The Town should recognize as general fund revenues and expenses supplemental pay made by the State of Louisiana to the Town's police employees. For the year ended June 30, 2020, 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 but the town clerk did not include it with payroll information and pay the applicable taxes on it.

9. CONTINGENT LIABILITIES

At June 30, 2020, there was one litigation pending against the Town of Gibsland. The Town and Counsel expect a favorable outcome on this claim.

10. USDA

The Town has 376 and 48 water residential and commercial customers, respectively. The Town has 353 and 39 sewer residential and commercial customers, respectively.

11. MILLAGE RATE

The Town adjusted its millage rate effective November 1, 2018. The Town hired an outside millage management company to assist in compliance with any laws and regulations. For the year ended June 30, 2020 the Town collected \$22,240 related to the Sewer fund GO bonds and made payments of \$12,216. The reserve accounts are fully funded as of June 30, 2020.

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 11, 2021. This date represents the date the financial statements were available to be issued. As a result of COVID-19 coronavirus, economic uncertainties have arisen which are likely to have a negative impact on operations and cause business disruption. However, the related financial impact and duration cannot be reasonably estimated at this time. The Town is closely monitoring its financial statements for future impacts.

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, 2020

	Budgeted Amounts		Actual Amounts GAAP Basis	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Taxes - ad valorem	\$15,423	\$15,423	\$29,748	\$14,325
Sales taxes	51,268	51,268	89,815	38,547
Other taxes	13,094	13,094	26,488	13,394
Licenses and permits	1,955	1,955	2,525	570
Franchise fees	13,797	13,797	35,003	21,206
Use of money and property	46	46	3,039	2,993
Miscellaneous	131	131	7,780	7,649
Total Revenues	95,714	95,714	194,398	98,684
EXPENDITURES				
General government	87,619	87,619	94,250	(6,631)
Public Safety	2,385	2,385	40,728	(38,343)
Capital outlay			0	0
Total Expenditures	90,004	90,004	134,978	(44,974)
Excess (Deficiency) of Revenues over (under) Expenditures	5,710	5,710	59,420	53,710
OTHER FINANCING SOURCES (USES)				
Operating transfers in	0	0	8,494	8,494
Operating transfers out	0	0	(50)	(50)
Total Other Financing Sources (Uses)	0	0	8,444	8,444
Net Change in Fund Balance	5,710	5,710	67,864	62,154
Fund Balance (Deficit) at Beginning of Year	0	0	(30,878)	(30,878)
Prior Period Adjustment	0	0		0
Fund Balance (Deficit) at End of Year	\$5,710	\$5,710	\$36,986	\$31,276

Notes to the Schedule

(1) method of budgetary accounting - GAAP, modified accrual basis

(2) explanation of variances - budget figures are 50% of prior year budget since current year budget was not adopted according to revised statutes; underbudgeted 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, 2020

Schedule 2

<u>Board Member</u>	<u>Term Expires</u>	<u>Amount</u>
Ray Ivory, Mayor	2023	\$2,500
Jeannie Richardson	2023	750
Gary Durham	2023	1,250
Julius Pearson	2023	1,250
Debra Rushing	2023	1,250
Alvin Pearson	2023	<u>1,150</u>
Total		<u>\$8,150</u>

The accompanying notes are an integral part of this schedule.

Town of Gibsland
Schedule of Compensation, Benefits and Other Payments
to Agency Head
For the Year Ended June 30, 2020

Schedule 3

Agency Head Name: Mayor Ray Ivory, Sr.

Purpose	
Per diem	\$2,500
Conference travel	674

Town of Gibsland
Schedule of Insurance in Force
As of June 30, 2020

Louisiana Municipal Risk Management Agency

Policy number: 100-1097-2020-17607

Effective: 4/4/2020

Expiration: 4/4/2021

Commercial general liability

Bodily injury and property damage: \$500,000 CSL

Premises operations: \$500,000 per occurrence

Products completed operations: Occurrence: included, \$500,000 aggregate

Medical payments: \$1,000 per person; \$10,000 per accident

Fire legal liability: \$50,000 per occurrence

Law enforcement officer

Deductible: \$1,000

Personal injury and property damage \$500,000 CSL

Automobile liability

Deductible: \$0

Bodily injury and property damage \$500,000 CSL

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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated August 11, 2021.

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. 2020-001 and 2020-003

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. 2020-002, 2020-004, and 2020-008

Compliance and Other Matters

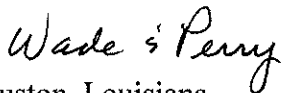
As part of obtaining reasonable assurance about whether Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 2020-005, 2020-006, 2020-007, and 2020-009.

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
August 11, 2021

OTHER INFORMATION

Town of Gibsland
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

PART I. Summary of Audit Results

Financial statement audit

1. The type of audit report issued was unqualified.
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. Two of these significant deficiencies was reported as material weakness.
3. There was four instances 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:

2020-001. Significant deficiency in internal control over financial reporting

Condition: Management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare their annual financial statements. This condition is intentional by management based upon the Town's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. In relation to this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Four bank accounts were not reconciled nor entered in the general ledger for the year ended June 30, 2020.

Criteria: Considered material weakness if town cannot apply generally accepting accounting principles.

Cause: The town does not have staff capable of preparing report and notes and applying generally accepting accounting principles.

Effect: Potential misstatements in financial statements may not be detected.

Recommendation: No recommendation is made for this deficiency. Management must determine whether the benefit from an internal control exceeds its cost, and therefore it may be impractical to correct all deficiencies required to be reported under SAS 112. The cost benefit analysis is not a factor in the reporting requirement of SAS 112. We do not believe that correcting the significant deficiency as described above would be cost effective or practical for the Town. The Town does need to make sure all bank accounts are entered and reconciled in order for the board to make informed, educated decisions.

2020-002. Lack of segregation of duties

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

Criteria: It is considered good business practice to have segregation of duties wherever possible.

Cause: The town clerk is responsible for many duties related to cash, receivables, billing, collections, posting, reconciling, and payroll.

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

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

2020-003. Internal control over disbursements is inadequate. This finding is entity wide.

Condition: One of the 40 randomly selected disbursements were posted to an incorrect account of which 18 disbursements did not have supporting documentation. Three payroll disbursements did not have the timesheet provided to check being signed by a supervisor. Twenty-two duplicate check numbers were entered into the general ledger. Fifty of 84 missing checks from the general ledger could not be located to examine.

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

Cause: Supporting documentation was not kept in a central location.

Effect: Expenditures and payroll expenses may be misstated and is at risk for fraud.

Recommendation: The Town should maintain adequate supporting documentation for all disbursements. Check signers should not sign any disbursements without proper supporting documentation attached.

2020-004. No sheriff sale performed for uncollected property taxes

Condition: The Town did not have a sheriff sale done for uncollected property taxes.

Criteria: State statute requires the town to collect property taxes. When those taxes are not collected, the Town is to have a sheriff sale.

Cause: The Town did not have appropriate software to keep track of who had paid and who had not in order to give the sheriff a listing by property.

Effect: Revenues and accounts receivable may be understated and at risk for fraud.

Recommendation: We recommend that the Town maintain records of all paid and unpaid property taxes and submit that information to the sheriff's office for sheriff sale. The Town should also consult with legal representation regarding this issue.

2020-005. Failing to file financial statements pursuant to R.S. 24:513B.(3)

Condition: The Town's audited financial statements were not completed and submitted to the Louisiana Legislative Auditor's office by the statutory date of December 31, 2020.

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

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

Effect: Material noncompliance relating to the financial statements.

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

2020-006. Town spent funds that do not support the public purpose of the Town.

Condition: Violation of Article VII, Section 14.

Criteria: Article VII, Section 14 states in part “funds, credit, property, or things of value shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.”

Cause: Flowers were purchased for a former board member who passed away which violates Article VII, Section 14 as this does not support the entire town’s financial interest.

Effect: Violation of Article VII, Section 14.

Recommendation: Management should only spend funds on the public purpose of the town to refrain from violating this article.

2020-007. Budget violation

Condition: The fiscal year 2019-2020 budget was not adopted according to RS 39:1305-1309. The budget figures used were 50% of the prior year (2018-2019) and therefore, actual expenditures were greater than 5% of budgeted expenditures.

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

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

Effect: Compliance violation of local budget law

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

2020-008. Significant deficiency in internal controls over payroll and related records

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

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

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

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

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

2020-09. Open meetings law violation

Condition: Violation of LRS 43:143

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

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

Effect: Violation of open meetings laws.

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

Town of Gibbsland
Summary of Prior Year Findings
For the Year Ended June 30, 2020

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

- 2019-1. General accounting insufficient
Conclusion: Unresolved - See 2020-01
- 2019-2. Lack of segregation of duties
Conclusion: Unresolved - See 2020-02
- 2019-3. Inadequate internal control over disbursements
Conclusion: Unresolved - See 2020-03
- 2019-4. No sheriff sale for uncollected property taxes
Conclusion: Unresolved - See 2020-04
- 2019-5. Reserve requirements are under funded.
Conclusion: Resolved
- 2019-6. Late report submission
Conclusion: Unresolved - See 2020-05
- 2019-7. Article VII, Section 14 violation
Conclusion: Unresolved - See 2020-06
- 2019-8. Nepotism violation
Conclusion: Resolved
- 2019-9. Payroll taxes not paid timely, supplemental pay not included, sick/vacation records not according to town policy
Conclusion: Unresolved - see 2020-08
- 2019-10. Minutes not published
Conclusion: Unresolved - see 2020-09

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

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

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2020

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

2020-001. The Town agrees with the recommendations and intends to implement them immediately.

2020-002. The Town agrees with the recommendations and intends to implement them immediately.

2020-003. The Town agrees with the recommendations and intends to implement them immediately.

2020-004. The Town agrees with the recommendations and intends to implement them immediately.

2020-005. The Town agrees with the recommendations and intends to implement them immediately.

2020-006. The Town agrees with the recommendations and intends to implement them immediately.

2020-007. The Town agrees with the recommendations and intends to implement them immediately.

2020-008. The Town agrees with the recommendations and intends to implement them immediately.

2020-009. The Town agrees with the recommendations and intends to implement them immediately.