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TOWN OF GIBSLAND, LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10-11-00

WILLIAM D. EDWARDS, CPA

A PROFESSIONAL CORPORATION
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TOWN OF GIBSLAND, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of CPAs

INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Aldermen
Town of Gibsland
Gibsland, Louisiana

I have audited the accompanying general purpose financial statements of the Town of Gibsland as of and for the two years ended June 30, 1999, as listed in the table of contents. These financial statements are the responsibility of management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Gibsland as of June 30, 1999, and the results of its operations and the changes in fund balances and for the two years then ended in conformity with generally accepted accounting principles.

As discussed in Note N to the financial statements, certain errors resulting in an understatement of construction in progress as of June 30, 1999, were discovered by the loan administrator subsequent to the issuance of my report on those financial statements dated November 19, 1999. Accordingly, the accompanying June 30, 1999 financial statements have been restated to correct the error.

William D. Edwards

Ruston, Louisiana
November 19, 1999
September 12, 2000

TOWN OF GIBSLAND
 Combined Balance Sheets - All Fund Types and Account Groups
 For the Year Ended June 30, 1999

	Governmental Fund Type		Proprietary Fund Type		General Fixed Asset Account Group	(Memo) Totals
	General Fund	Capital Projects Fund	Water Fund	Sewer Fund		
ASSETS						
Unrestricted assets:						
Cash and equivalents	\$47,878	\$3,341	\$40,370	\$47,490		\$139,079
Accounts receivable	1,586		11,275	13,546		26,407
Due from other funds	17,265		107,176	18,800		143,241
Property, plant, and equipment			1,120,561	1,240,787	\$228,068	2,589,416
Accumulated depreciation			(450,732)	(384,325)		(835,057)
Total unrestricted assets	<u>66,729</u>	<u>3,341</u>	<u>828,650</u>	<u>936,298</u>	<u>228,068</u>	<u>2,063,086</u>
Restricted assets:						
Cash - customer deposits			3,948			3,948
Cash - FmHA requirements			78,098	30,702		108,800
Total restricted assets	<u>0</u>	<u>0</u>	<u>82,046</u>	<u>30,702</u>	<u>0</u>	<u>112,748</u>
TOTAL ASSETS	<u><u>\$66,729</u></u>	<u><u>\$3,341</u></u>	<u><u>\$910,696</u></u>	<u><u>\$967,000</u></u>	<u><u>\$228,068</u></u>	<u><u>\$2,175,834</u></u>
Liabilities and Fund Equity						
Liabilities:						
Accounts payable and taxes payable	\$7,577		\$3,714	\$2,382		\$13,673
Due to other funds	40,488		28,396	74,644		143,528
Loans payable - construction in progress				167,394		167,394
Notes payable - current			11,000	8,000		19,000
Notes payable - long-term			337,000	399,113		736,113
Accrued interest			11,588	17,387		28,975
Customer deposits			3,948			3,948
Total liabilities	<u>48,065</u>	<u>0</u>	<u>395,646</u>	<u>668,920</u>	<u>0</u>	<u>1,112,631</u>
Fund Equity:						
Investment in general fixed assets					\$228,068	228,068
Contributed capital - grants			595,763	351,467		947,230
Retained earnings:						
Reserved for debt retirements			78,003			78,003
Unreserved			(158,716)	(53,387)		(212,103)
Fund balance - unreserved - undesignated	<u>18,664</u>	<u>3,341</u>	<u>515,050</u>	<u>298,080</u>	<u>228,068</u>	<u>1,063,203</u>
Total fund equity	<u>18,664</u>	<u>3,341</u>	<u>515,050</u>	<u>298,080</u>	<u>228,068</u>	<u>1,063,203</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$66,729</u></u>	<u><u>\$3,341</u></u>	<u><u>\$910,696</u></u>	<u><u>\$967,000</u></u>	<u><u>\$228,068</u></u>	<u><u>\$2,175,834</u></u>

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
 Combined Statement of Revenue, Expenditures, and
 Changes in Fund Balances - Governmental Fund Type
 For the year ended June 30, 1999

	General Fund	Capital Projects Fund	Total (Memo Only)
REVENUES			
Capital grant - state		\$5,000	\$5,000
Occupational license	\$16,640		16,640
Sales tax	68,914		68,914
Franchise fees	17,481		17,481
Tobacco tax and beer tax	6,694		6,694
Property tax	36,190		36,190
Fines and forfeitures	10,952		10,952
Interest income	1,982		1,982
Other income	90		90
TOTAL OPERATING REVENUES	<u>158,943</u>	<u>5,000</u>	<u>163,943</u>
EXPENDITURES			
General government	53,741		53,741
Public safety - police	36,656		36,656
Operations and maintenance - street	26,900		26,900
Capital outlay		172,272	172,272
TOTAL EXPENDITURES	<u>117,297</u>	<u>172,272</u>	<u>289,569</u>
EXCESS OF REVENUES OVER EXPENDITURES	41,646	(167,272)	(125,626)
OTHER FINANCING SOURCE (USE)			
Loan proceeds		167,550	167,550
Operating transfer out	(17,207)		(17,207)
TOTAL OTHER FINANCING SOURCE (USE)	<u>(17,207)</u>	<u>167,550</u>	<u>150,343</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES AND OTHER FINANCING USE	24,439	278	24,717
FUND BALANCE (Deficit), BEGINNING	<u>(5,775)</u>	<u>3,063</u>	<u>(2,712)</u>
FUND BALANCE, ENDING	<u><u>\$18,664</u></u>	<u><u>\$3,341</u></u>	<u><u>\$22,005</u></u>

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
 Combined Statement of Revenue, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 Cash Basis - General Fund
 For the year ended June 30, 1999

	<u>Budget</u>	<u>General Fund</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Occupational license	\$13,000	\$16,640	\$3,640
Sales tax	40,000	68,914	28,914
Franchise fees	18,000	17,481	(519)
Tobacco tax and beer tax	3,800	6,694	2,894
Property tax	29,500	36,190	6,690
Fines and forfeitures	6,000	10,952	4,952
Interest income		1,982	1,982
Other income	<u>36,000</u>	<u>90</u>	<u>(35,910)</u>
TOTAL OPERATING REVENUES	<u>146,300</u>	<u>158,943</u>	<u>12,643</u>
EXPENDITURES			
General government	71,000	53,741	17,259
Public safety - police	40,800	36,656	4,144
Operations and maintenance - street	<u>20,500</u>	<u>26,900</u>	<u>(6,400)</u>
TOTAL EXPENDITURES	<u>132,300</u>	<u>117,297</u>	<u>15,003</u>
EXCESS OF REVENUES OVER EXPENDITURES	14,000	41,646	27,646
OTHER FINANCING SOURCE (USE)			
Operating transfer out	<u>(14,000)</u>	<u>(17,207)</u>	<u>(3,207)</u>
TOTAL OTHER FINANCING SOURCE (USE)	<u>(14,000)</u>	<u>(17,207)</u>	<u>(3,207)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES AND OTHER FINANCING USE	0	24,439	24,439
FUND BALANCE (Deficit), BEGINNING	<u>0</u>	<u>(5,775)</u>	<u>(5,775)</u>
FUND BALANCE, ENDING	<u><u>\$0</u></u>	<u><u>\$18,664</u></u>	<u><u>\$18,664</u></u>

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
 Combined Statement of Revenue, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 Cash Basis - General Fund
 For the year ended June 30, 1998

	Budget	General Fund	Variance Favorable (Unfavorable)
REVENUES			
Occupational license	\$15,000	\$14,365	(\$635)
Sales tax	41,750	52,597	10,847
Franchise fees	18,000	19,095	1,095
Tobacco tax and beer tax	4,300	6,713	2,413
Property tax	40,000	40,797	797
Fines and forfeitures	8,200	11,110	2,910
Interest income		222	222
Other income	38,000	3,330	(34,670)
TOTAL OPERATING REVENUES	165,250	148,229	(17,021)
EXPENDITURES			
General government	87,250	42,829	44,421
Public safety - police	43,000	45,461	(2,461)
Operations and maintenance - street	20,500	21,535	(1,035)
TOTAL EXPENDITURES	150,750	109,825	40,925
EXCESS OF REVENUES OVER EXPENDITURES	14,500	38,404	23,904
OTHER FINANCING SOURCE (USE)			
Operating transfer out	(14,500)	(19,987)	(5,487)
TOTAL OTHER FINANCING SOURCE (USE)	(14,500)	(19,987)	(5,487)
EXCESS OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES AND OTHER FINANCING USE	0	18,417	18,417
FUND BALANCE (Deficit), BEGINNING	0	(24,192)	(24,192)
FUND BALANCE, ENDING	\$0	(\$5,775)	(\$5,775)

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
 Combined Statement of Revenues, Expenses, and
 Changes in Retained Earnings - Proprietary Fund Type
 For the year ended June 30, 1999

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>(Memo) Totals</u>
OPERATING REVENUES			
Fees	\$128,358	\$88,041	\$216,399
Other income		1,028	1,028
TOTAL OPERATING REVENUES	<u>128,358</u>	<u>89,069</u>	<u>217,427</u>
OPERATING EXPENSES			
Salaries and related benefits	28,173	28,049	56,222
Maintenance and repairs-plant	1,347	9,055	10,402
Insurance		1,508	1,508
Chemicals	182	11,989	12,171
Sales tax	4,857	200	5,057
Depreciation	28,996	25,826	54,822
Legal and accounting	1,000		1,000
Utilities	15,370	3,476	18,846
Telephone	857	363	1,220
Vehicle expense	2,653	3,899	6,552
Miscellaneous	9,416	6,459	15,875
Supplies	7,879	20,971	28,850
Equipment	523		523
Other		12,536	12,536
NSF checks and bank charges		278	278
TOTAL OPERATING EXPENSES	<u>101,253</u>	<u>124,609</u>	<u>225,862</u>
Operating income (loss)	27,105	(35,540)	(8,435)
Nonoperating revenue (expenses)			
Interest income	3,057	760	3,817
Operating transfer in from General fund		17,207	17,207
Grants		4,791	4,791
Interest expense	(12,905)	(18,441)	(31,346)
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>(9,848)</u>	<u>4,317</u>	<u>(5,531)</u>
NET INCOME (LOSS)	17,257	(31,223)	(13,966)
RETAINED EARNINGS, BEGINNING	<u>497,793</u>	<u>329,303</u>	<u>827,096</u>
RETAINED EARNINGS, ENDING	<u>\$515,050</u>	<u>\$298,080</u>	<u>\$813,130</u>

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
 Combined Statement of Revenues, Expenses, and
 Changes in Retained Earnings - Budget and Actual
 Cash Basis - Water Fund
 For the year ended June 30, 1999

	<u>Budget</u>	<u>Water Fund</u>	<u>Variance Favorable (Unfavorable)</u>
OPERATING REVENUES			
Fees	\$112,450	\$128,071	\$15,621
Other income	3,500		(3,500)
TOTAL OPERATING REVENUES	<u>115,950</u>	<u>128,071</u>	<u>12,121</u>
OPERATING EXPENSES			
Salaries and related benefits	24,200	28,173	(3,973)
Maintenance and repairs-plant	1,000	1,347	(347)
Insurance	3,500		3,500
Chemicals	450	182	268
Sales tax		4,857	(4,857)
Legal and accounting		1,000	(1,000)
Utilities	18,000	15,370	2,630
Telephone	1,300	857	443
Vehicle expense	4,000	2,653	1,347
Miscellaneous	1,000	2,568	(1,568)
Supplies	3,500	7,879	(4,379)
Equipment		523	(523)
Revenue bond	41,000		41,000
TOTAL OPERATING EXPENSES	<u>97,950</u>	<u>65,409</u>	<u>32,541</u>
Operating income (loss)	18,000	62,662	44,662
Nonoperating revenue (expenses)			
Interest income		3,057	3,057
Interest expense	(18,000)	(17,955)	45
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>(18,000)</u>	<u>(14,898)</u>	<u>3,102</u>
NET INCOME (LOSS)	0	47,764	47,764
FUND BALANCE, BEGINNING	<u>0</u>	<u>497,793</u>	<u>497,793</u>
FUND BALANCE, ENDING	<u>\$0</u>	<u>\$545,557</u>	<u>\$545,557</u>

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
 Combined Statement of Revenues, Expenses, and
 Changes in Retained Earnings - Budget and Actual
 Cash Basis - Water Fund
 For the year ended June 30, 1998

	Budget	Water Fund	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Fees	\$96,200	\$129,708	\$33,508
Other income	4,420	3,691	(729)
TOTAL OPERATING REVENUES	<u>100,620</u>	<u>133,399</u>	<u>32,779</u>
OPERATING EXPENSES			
Salaries and related benefits	22,000	23,203	(1,203)
Maintenance and repairs-plant		255	(255)
Insurance	1,100	6,130	(5,030)
Chemicals	20		20
Legal and accounting		3,955	(3,955)
Utilities	15,000	15,569	(569)
Telephone	1,000	1,290	(290)
Vehicle expense	4,000	2,137	1,863
Miscellaneous	500	8,932	(8,432)
Supplies	2,000	13,232	(11,232)
Equipment		2,054	(2,054)
Revenue bond	37,000		37,000
TOTAL OPERATING EXPENSES	<u>82,620</u>	<u>76,757</u>	<u>5,863</u>
Operating income (loss)	18,000	56,642	38,642
Nonoperating revenue (expenses)			
Interest income		2,944	2,944
Interest expense	(17,000)	(16,662)	338
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>(17,000)</u>	<u>(13,718)</u>	<u>3,282</u>
NET INCOME (LOSS)	1,000	42,924	41,924
FUND BALANCE, BEGINNING	<u>0</u>	<u>489,061</u>	<u>489,061</u>
FUND BALANCE, ENDING	<u>\$1,000</u>	<u>\$531,985</u>	<u>\$530,985</u>

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
 Combined Statement of Revenues, Expenses, and
 Changes in Retained Earnings - Budget and Actual
 Cash Basis - Sewer Fund
 For the year ended June 30, 1999

	Budget	Sewer Fund	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Fees	\$89,000	\$88,041	(\$959)
Other income	50	1,028	978
TOTAL OPERATING REVENUES	<u>89,050</u>	<u>89,069</u>	<u>19</u>
OPERATING EXPENSES			
Salaries and related benefits	31,000	28,049	2,951
Maintenance and repairs-plant	5,000	9,055	(4,055)
Insurance	9,800	1,508	8,292
Chemicals	5,000	11,989	(6,989)
Utilities	6,000	3,476	2,524
Telephone	2,000	363	1,637
Vehicle expense	3,000	3,899	(899)
Miscellaneous	2,000	2,288	(288)
Supplies	18,000	20,971	(2,971)
Other	7,250	4,543	2,707
NSF checks and bank charges		277	(277)
TOTAL OPERATING EXPENSES	<u>89,050</u>	<u>86,418</u>	<u>2,632</u>
Operating income (loss)	0	2,651	2,651
Nonoperating revenue (expenses)			
Interest income		760	760
Operating transfer in from General fund		17,207	17,207
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>0</u>	<u>17,967</u>	<u>17,967</u>
NET INCOME (LOSS)	0	20,618	20,618
FUND BALANCE, BEGINNING	<u>0</u>	<u>278,397</u>	<u>278,397</u>
FUND BALANCE, ENDING	<u>\$0</u>	<u>\$299,015</u>	<u>\$299,015</u>

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
 Combined Statement of Revenues, Expenses, and
 Changes in Retained Earnings - Budget and Actual
 Cash Basis - Sewer Fund
 For the year ended June 30, 1998

	<u>Budget</u>	<u>Sewer Fund</u>	<u>Variance Favorable (Unfavorable)</u>
OPERATING REVENUES			
Fees	\$79,000	\$77,356	(\$1,644)
Other income	50	1,248	1,198
TOTAL OPERATING REVENUES	<u>79,050</u>	<u>78,604</u>	<u>(446)</u>
OPERATING EXPENSES			
Salaries and related benefits	27,000	23,100	3,900
Maintenance and repairs-plant	5,000	7,360	(2,360)
Insurance	8,800	4,593	4,207
Chemicals	4,000	5,835	(1,835)
Utilities	6,000	3,731	2,269
Telephone	1,000	440	560
Vehicle expense	2,000	2,253	(253)
Miscellaneous	2,000	6,547	(4,547)
Supplies	17,000	23,743	(6,743)
Other	6,250	1,414	4,836
NSF checks and bank charges		216	(216)
TOTAL OPERATING EXPENSES	<u>79,050</u>	<u>79,232</u>	<u>(182)</u>
Operating income (loss)	0	(628)	(628)
Nonoperating revenue (expenses)			
Interest income		528	528
Operating transfer in from General fund		19,687	19,687
Grant		17,133	17,133
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>0</u>	<u>37,348</u>	<u>37,348</u>
NET INCOME (LOSS)	0	36,720	36,720
FUND BALANCE, BEGINNING	<u>0</u>	<u>305,294</u>	<u>305,294</u>
FUND BALANCE, ENDING	<u>\$0</u>	<u>\$342,014</u>	<u>\$342,014</u>

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
 Statements of Cash Flows - Proprietary Fund Type
 For the Year Ended June 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Income	(\$8,435)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	\$54,822
Increase in accounts receivable	(1,248)
Increase in accrued interest	11,297
Increase in accounts payable	3,192
Increase in customer deposits	50
Increase in interfund payable	8,269
Increase in interfund receivable	<u>(6,622)</u>
NET CASH (USED BY) OPERATING ACTIVITIES	61,325
CASH FLOWS FROM FINANCING ACTIVITIES	
Additions to Property, Plant, & Equipment	<u>(172,701)</u>
NET CASH (USED BY) FINANCING ACTIVITIES	(172,701)
CASH FLOWS FROM INVESTING ACTIVITIES	
Operating transfer	17,207
Grant income	4,791
Loan proceeds	167,394
Principal reductions	(23,953)
Interest payments	(31,344)
Interest income	<u>3,817</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>137,912</u>
NET INCREASE IN CASH	26,536
CASH AT BEGINNING OF YEAR	<u>174,072</u>
CASH AT END OF YEAR	<u><u>\$200,608</u></u>
SUMMARY	
Operating account	\$87,860
Restricted	<u>112,748</u>
	<u><u>\$200,608</u></u>
Expenditures for interest - cash basis	<u>\$17,955</u>
Expenditures for taxes - cash basis	<u>\$5,365</u>

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 1999

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Town of Gibsland, Louisiana, conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Town executive and legislative branches (the Mayor and Board of Aldermen), except for the Gibsland Housing Authority. Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Fund Accounting

The accounts of the Town of Gibsland are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two generic fund types and one broad fund category as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

PROPRIETARY FUNDS

Enterprise Fund - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

TOWN OF GIBSLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 1999

Fixed Assets Account Group - The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements, are not capitalized. No depreciation has been provided on general fixed assets.

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

General Long Term Debt - Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Long-term liabilities expected to be financed from Enterprise Funds. At June 30, 1999, the Town had no General Long-Term Debt.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principle and interest on long-term debt is recognized when due.

TOWN OF GIBSLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 1999

Budgets And Budgetary Accounting

The Town adopted a budget for the fiscal year ended June 30, 1999 and June 30, 1998 for the General fund and both proprietary funds. The town follows the following procedures in establishing the budgetary data reflected in the financial statements. During the May 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.

Advances to Other Funds

Amounts shown as "advances" to other funds are not expected to be available or spendable during the next accounting cycle. However, amounts designated as "due from other funds" are considered "available spendable resources."

Bad debts

Unpaid amounts for utility and sewer bills are generally not significant. The Town considers all debts to be collectible and does not write off any amounts.

Fixed Assets - Proprietary Fund

Depreciation of all exhaustible fixed assets used by the proprietary funds are charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful life using the straight-line method over the estimated useful lives of 5-40 years.

Compensated Absences

Accumulated vacation, sick pay and other employee benefits and pensions are not material and are therefore not accrued.

Memorandum only - total columns

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analyses. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

See accompanying auditor's report.

TOWN OF GIBSLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 1999

B. CASH AND CASH EQUIVALENTS

The Town's cash at June 30, 1999, are categorized below to give an indication of the level of risk assumed by the Town at year end. Category 1 includes cash that is insured or registered, or securities held by the Town or its agent in the Town's name. Category 2 includes uninsured and unregistered cash and investments, with securities held by the counter party or by its trust department or agent, but in the Town's name. Category 3 includes uninsured and unregistered cash and investments, with securities held by the counter party or by its trust department or agent but not in the Town's name. In accordance with GASB 3, this category includes certificates of deposit or money market accounts that are collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Town's name, although balances so collateralized meet the requirements of state law.

	1	Category 2	3	Bank Balance
Cash in bank	\$100,000	\$127,945	0	\$227,945
Certificates of deposit	23,882	0	0	23,882
Total	<u>\$123,882</u>	<u>\$127,945</u>	<u>\$0</u>	<u>\$251,827</u>

C. AD VALOREM TAXES

The Town considers ad valorem taxes receivable at December 31 and recognized income in the year of assessment.

For the year ended June 30, 1999, total taxes originally levied were \$20,301, of which approximately \$12,755 was assessed on residential property, \$4,708 was assessed on public service property, and \$2,838 was assessed on commercial property and dedicated entirely for general purposes.

For the year ended June 30, 1999, total taxes originally levied were \$17,798, of which approximately \$11,182 was assessed on residential property, \$4,128 was assessed on public service property, and \$2,488 was assessed on commercial property and dedicated entirely to the Sewer Proprietary Fund to pay off debt.

For the year ended June 30, 1998, total taxes originally levied were \$20,301, of which approximately \$11,819 was assessed on residential property, \$4,507 was assessed on public service property, and \$3,975 was assessed on commercial property and dedicated entirely for general purposes.

For the year ended June 30, 1998, total taxes originally levied were \$19,169, of which approximately \$11,161 was assessed on residential property, \$4,255 was assessed on public service property, \$3,753 was assessed on commercial property and dedicated entirely to the Sewer Proprietary Fund to pay off debt.

TOWN OF GIBSLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 1999

Property Tax Calendar

Assessment Date	June 30, 1998
Levy Date	October 31, 1998
Tax Bills Mailed	October 15, 1998
Date Taxes Are Due	December 31, 1998
Penalties and Interest Are Added	December 31, 1998
Lien Date	January 15, 1999
Anticipated Tax Sale	February 24, 1999

Assessed values are established by the Bienville Parish Tax Assessor each year.

D. FIXED ASSETS

A summary of the changes in fixed assets for the two years ended June 30, 1999, is shown below:

	<u>General Fixed Asset Account Group</u>				
	<u>Land</u>	<u>Building and Improvements</u>	<u>Vehicles</u>	<u>Furniture and Equipment</u>	<u>Total</u>
Balance, June 30, 1997	\$23,643	\$45,515	\$20,100	\$138,810	\$228,068
Additions - 1998					0
Deletions - 1998					0
Balance, June 30, 1998	23,643	45,515	20,100	138,810	228,068
Additions - 1999					0
Deletions - 1999					0
Balance, June 30, 1999	<u>\$23,643</u>	<u>\$45,515</u>	<u>\$20,100</u>	<u>\$138,810</u>	<u>\$228,068</u>

	<u>Proprietary Funds</u>			
	<u>Balance June 30, 1997</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1998</u>
Land	\$49,175			\$49,175
Buildings	7,935			7,935
Sewer system	1,016,360			1,016,360
Water system	911,811			911,811
Equipment	7,500			7,500
Improvements	142,460			142,460
Vehicle		2,500		2,500
Construction in progress		50,906		50,906
Subtotal	<u>2,135,241</u>	<u>53,406</u>	<u>0</u>	<u>2,188,647</u>

See accompanying auditor's report.

TOWN OF GIBSLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 1999

	Proprietary Funds			Balance June 30, 1998
	Balance June 30, 1997	Additions	Deletions	
Less accumulated depreciation	(724,312)	(55,922)		(780,234)
Total	\$1,410,929	(\$2,516)	\$0	\$1,408,413
	Balance June 30, 1998	Additions	Deletions	Balance June 30, 1999
Land	\$49,175			\$49,175
Buildings	7,935			7,935
Sewer system	1,016,360			1,016,360
Water system	911,811			911,811
Equipment	7,500	430		7,930
Improvements	142,460			142,460
Vehicle	2,500			2,500
Construction in progress	50,906	172,271		223,177
Subtotal	2,188,647	172,701	0	2,361,348
Less accumulated depreciation	(780,234)	(54,823)		(835,057)
Total	\$1,408,413	\$117,878	\$0	\$1,526,291
	Water	Sewer	Total	
Land	\$49,175		\$49,175	
Buildings	7,935		7,935	
Sewer system		\$1,016,360	1,016,360	
Water system	911,811		911,811	
Equipment	7,930		7,930	
Improvements	142,460		142,460	
Vehicle	1,250	1,250	2,500	
Construction in progress		223,177	223,177	
Subtotal	1,120,561	1,240,787	2,361,348	
Less accumulated depreciation	(450,732)	(384,325)	(835,057)	
Total	\$669,829	\$856,462	\$1,526,291	

E. LONG TERM DEBT - PROPRIETARY FUND

The following is a summary of long-term debt transactions for the Town for the two years ended June 30, 1999:

See accompanying auditor's report.

TOWN OF GIBSLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 1999

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance, June 30, 1997	\$370,000	\$436,065	\$806,065
Principal payments - 1998	(11,000)	(16,000)	(27,000)
Principal payments - 1999	<u>(11,000)</u>	<u>(12,953)</u>	<u>(23,953)</u>
Balance, June 30, 1999	<u>\$348,000</u>	<u>\$407,112</u>	<u>\$755,112</u>

Notes payable at June 30, 1999, consists of one notes payable to the U.S. Department of Agriculture - Farmers Home Administration. The basic data on the notes is summarized below:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Loan 91-01 11/20/80 5.00%	\$310,000		\$310,000
Loan 91-05 11/20/80 5.00%	38,000		38,000
Loan 92-01 07/15/83 5.00%		\$81,000	81,000
Loan 92-02 07/15/83 5.00%		166,000	166,000
Loan 92-03 11/20/80 5.00%		80,948	80,948
Loan 92-06 08/08/85 6.75%		<u>79,165</u>	<u>79,165</u>
Total	<u>\$348,000</u>	<u>\$407,113</u>	<u>\$755,113</u>

F. Interfund Receivables and Payables

At June 30, 1999, interfund receivables and payables were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$17,265	\$40,488
Sewer Utility Fund	107,176	28,396
Water Utility Fund	<u>18,800</u>	<u>74,357</u>
Total	<u>\$143,241</u>	<u>\$143,241</u>

G. PENSION AND RETIREMENT PLAN

The Town does not provide pension or retirement plan benefits to any employee.

II. ENTERPRISE FUNDS DEFICIT

See accompanying auditor's report.

TOWN OF GIBSLAND
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 1999

I. PER DIEM PAYMENTS TO MAYOR AND ALDERMEN

The following is a schedule of per diem payments for the two years ended June 30, 1999:

	June 30, 1999	June 30, 1998
Odell Key	\$1,180	\$735
Joe R. Youngblood, Jr	500	350
Dawson Anglin	363	350
Judy Shaffer	125	213
Mary Rochelle	500	337
Karl Pentecost	0	112
Olen Jackson	200	0
Travis Crawford	325	0
Total	\$3,193	\$2,097

J. RELATED ORGANIZATIONS

The Town has set up the Gibsland Housing Authority. That entity is a legally separate entity from the Town of Gibsland, which is not financially responsible for the Gibsland Housing Authority. For the two years ended June 30, 1999, there were no related party transactions.

K. YEAR 2000 COMPUTER SYSTEMS COMPLIANCE

The management of Town of Gibsland has reviewed the software systems and related applications used to assess its requirements regarding the "Year 2000 Issue" which, if unresolved, could have a significant impact on the Town's operations. The Town has made and will continue to make the expenditures necessary to ensure that its software systems and applications continue to function properly before, during, and after the year 2000. These expenditures, which are expensed as incurred, have not been and are not expected to be material to the Town's financial position or results of operations.

L. CONSTRUCTION IN PROGRESS

The Town has a construction project for improving sewer service. This project will be funded by an LCDBG grant for \$552,000; a USDA loan for \$310,000; and a federal grant for \$844,000. The utilization of these revenue sources is summarized below:

TOWN OF GIBSLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 1999

<i>Grant/Loan Title</i>	Expended		<i>Unexpended</i>	<i>Total</i>
	<i>Balance at 6/30/98</i>	<i>Year ended 6/30/99</i>		
LCDBG grant	\$50,906	\$4,791	\$496,303	\$552,000
USDA loan	0	167,395	142,605	310,000
Federal grant	0	0	844,000	844,000
Total	\$50,906	\$172,186	\$1,482,908	\$1,706,000

N. REISSUED REPORT

Subsequent to the issuance of the report dated November 19, 1999, it was later determined that there was an additional bank account set up for a loan that was inadvertently left off of the audit report, which resulted in an understatement of construction in progress of \$73,603. The report has been reissued to include that data.

SUPPLEMENTAL INFORMATION SCHEDULES

TOWN OF GIBSLAND
 Balance Sheet - General Fund
 For the Years Ended June 30, 1999 and 1998

	<u>June 30, 1999</u>	<u>June 30, 1998</u>
ASSETS		
Cash and equivalents	\$47,878	\$24,057
Accounts receivable	1,586	1,586
Due from other funds	<u>17,265</u>	<u>15,906</u>
TOTAL ASSETS	<u><u>\$66,729</u></u>	<u><u>\$41,549</u></u>
Liabilities and Fund Equity		
Liabilities:		
Accounts payable and taxes payable	\$7,577	\$6,836
Due to other funds	<u>40,488</u>	<u>40,488</u>
Total liabilities	<u>48,065</u>	<u>47,324</u>
Fund Equity:		
Fund balance (deficit) - unreserved-designated	<u>18,664</u>	<u>(\$5,775)</u>
Total fund balances	<u>18,664</u>	<u>(5,775)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$66,729</u></u>	<u><u>\$41,549</u></u>

See accompanying auditor's report and notes.

TOWN OF GIBSLAND
Statement of Revenue, Expenditures, and
Changes in Fund Balances - General Fund
For the Years Ended June 30, 1999 and 1998

	<u>June 30, 1999</u>	<u>June 30, 1998</u>
REVENUES		
Occupational license	\$16,640	\$14,365
Sales tax	68,914	52,597
Franchise fees	17,481	19,095
Tobacco tax and beer tax	6,694	6,713
Fines and forfeitures	10,952	11,110
Interest income	1,982	222
Other revenue	90	3,330
TOTAL OPERATING REVENUES	<u>122,753</u>	<u>107,432</u>
EXPENDITURES		
General government	53,741	42,829
Public safety - police	36,656	45,461
Operations and maintenance - street	26,900	21,535
TOTAL EXPENDITURES	<u>117,297</u>	<u>109,825</u>
OTHER FINANCING SOURCE		
Operating transfer in	<u>18,983</u>	<u>20,810</u>
TOTAL OTHER FINANCING SOURCE	<u>18,983</u>	<u>20,810</u>
EXCESS OF REVENUE OVER EXPENDITURES	24,439	18,417
FUND DEFICIT, BEGINNING	<u>(5,775)</u>	<u>(24,192)</u>
FUND BALANCE, ENDING	<u>\$18,664</u>	<u>(\$5,775)</u>

See accompanying auditor's report and notes.

TOWN OF GIBSLAND
 Balance Sheet - Capital Projects Fund
 For the Years Ended June 30, 1999 and 1998

	<u>June 30, 1999</u>	<u>June 30, 1998</u>
ASSETS		
Cash and equivalents	\$3,341	\$3,063
TOTAL ASSETS	<u>\$3,341</u>	<u>\$3,063</u>
Liabilities and Fund Equity		
Liabilities:		
Loans payable	\$0	\$0
Total liabilities	<u>0</u>	<u>0</u>
Fund Equity:		
Fund balance (deficit) - unreserved-designated	3,341	\$3,063
Total fund balances	<u>3,341</u>	<u>3,063</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$3,341</u>	<u>\$3,063</u>

See accompanying auditor's report and notes.

TOWN OF GIBSLAND
Statement of Revenue, Expenditures, and
Changes in Fund Balances - Capital Projects Fund
For the Years Ended June 30, 1999 and 1998

	June 30, 1999	June 30, 1998
REVENUES		
Capital grant - state	\$5,000	\$53,969
TOTAL OPERATING REVENUES	5,000	53,969
EXPENDITURES		
Capital outlay	172,272	50,906
TOTAL EXPENDITURES	172,272	50,906
EXCESS OF REVENUE OVER EXPENDITURES	(167,272)	3,063
OTHER FINANCING SOURCE		
Loan proceeds	167,550	
TOTAL OTHER FINANCING SOURCE	167,550	0
EXCESS OF REVENUE AND OTHER FINANCING SOURCE OVER EXPENDITURES	278	3,063
FUND DEFICIT, BEGINNING	3,063	0
FUND BALANCE, ENDING	\$3,341	\$3,063

See accompanying auditor's report and notes.

TOWN OF GIBSLAND
Statement of Revenues, Expenses, and
Changes in Retained Earnings - Water Fund
For the Years Ended June 30, 1999 and 1998

	<u>June 30, 1999</u>	<u>June 30, 1998</u>
OPERATING REVENUES		
Fees	\$128,358	\$125,082
Other income		3,691
TOTAL OPERATING REVENUES	<u>128,358</u>	<u>128,773</u>
OPERATING EXPENSES		
Salaries and related benefits	28,173	23,203
Office expenses		4,836
Maintenance and repairs-plant	1,347	255
Insurance		6,130
Chemicals	182	
Sales tax	4,857	
Depreciation	28,996	30,305
Legal and accounting	1,000	3,955
Utilities	15,370	15,569
Telephone	857	1,290
Vehicle expense	2,653	2,137
Miscellaneous	9,416	3,157
Supplies	7,879	13,232
Equipment	523	2,054
NSF checks and bank charges		200
TOTAL OPERATING EXPENSES	<u>101,253</u>	<u>106,323</u>
Operating Income	27,105	22,450
Nonoperating revenue (expenses)		
Interest income	3,057	2,944
Interest expense	<u>(12,905)</u>	<u>(16,662)</u>
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>(9,848)</u>	<u>(13,718)</u>
NET INCOME	17,257	8,732
RETAINED EARNINGS, BEGINNING	<u>497,793</u>	<u>489,061</u>
RETAINED EARNINGS, ENDING	<u><u>\$515,050</u></u>	<u><u>\$497,793</u></u>

See accompanying auditor's report and notes.

TOWN OF GIBSLAND
Balance Sheet - Sewer Fund
For the Years Ended June 30, 1999 and 1998

	<u>June 30, 1999</u>	<u>June 30, 1998</u>
ASSETS		
Unrestricted assets:		
Cash and equivalents	\$47,490	\$30,545
Accounts receivable	13,546	10,594
Due from other funds	18,800	34,209
Property, plant, and equipment	1,240,787	1,068,516
Accumulated depreciation	<u>(384,325)</u>	<u>(358,499)</u>
Total unrestricted assets	936,298	785,365
Restricted assets:		
Cash - FmHA requirements	<u>30,702</u>	<u>25,035</u>
Total restricted assets	<u>30,702</u>	<u>25,035</u>
TOTAL ASSETS	<u><u>\$967,000</u></u>	<u><u>\$810,400</u></u>
Liabilities and Fund Equity		
Liabilities:		
Accounts payable and taxes payable	\$2,382	\$1,498
Due to other funds	74,644	51,646
Loans payable - construction in progress	167,394	
Notes payable - current	8,000	8,000
Notes payable - long-term	399,113	412,065
Accrued interest	<u>17,387</u>	<u>7,888</u>
Total liabilities	<u>668,920</u>	<u>481,097</u>
Fund Equity:		
Contributed capital	351,467	346,676
Retained earnings - unreserved	<u>(53,387)</u>	<u>(17,373)</u>
Total fund equity	<u>298,080</u>	<u>329,303</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$967,000</u></u>	<u><u>\$810,400</u></u>

See accompanying auditor's report and notes.

TOWN OF GIBSLAND
Statement of Revenues, Expenses, and
Changes in Retained Earnings - Sewer Fund
For the Years Ended June 30, 1999 and 1998

	<u>June 30, 1999</u>	<u>June 30, 1998</u>
OPERATING REVENUES		
Fees	\$88,041	\$75,387
Other income	1,028	1,248
TOTAL OPERATING REVENUES	<u>89,069</u>	<u>76,635</u>
OPERATING EXPENSES		
Salaries and related benefits	28,049	23,100
Office expenses		781
Maintenance and repairs-plant	9,055	7,360
Insurance	1,508	4,593
Chemicals	11,989	5,835
Contract labor	200	633
Depreciation	25,826	25,617
Utilities	3,476	3,731
Telephone	363	440
Vehicle expense	3,899	2,253
Miscellaneous	6,459	8,042
Supplies	20,971	23,743
Other	12,536	13,134
NSF checks and bank charges	278	218
TOTAL OPERATING EXPENSES	<u>124,609</u>	<u>119,480</u>
Operating Loss	(35,540)	(42,845)
Nonoperating revenue (expenses)		
Interest income	760	528
Operating transfer in from General fund	17,207	19,687
Grants	4,791	68,039
Interest expense	(18,441)	(21,400)
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>4,317</u>	<u>66,854</u>
NET LOSS	(31,223)	24,009
RETAINED EARNINGS, BEGINNING	<u>329,303</u>	<u>305,294</u>
RETAINED EARNINGS, ENDING	<u>\$298,080</u>	<u>\$329,303</u>

See accompanying auditor's report and notes.

WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of LCPA'S

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

Mayor and Board of Aldermen
Town of Gibsland
Gibsland, Louisiana

I have audited the financial statements of the Town of Gibsland as of and for the two years ended June 30, 1999, and have issued my report thereon dated November 19, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Town of Gibsland's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to management of Town of Gibsland, in a separate letter dated November 19, 1999.

This report is intended for the information of the district, the Legislative Auditor, and any interested federal and state agencies. However, this report is a matter of public record and its distribution is not limited.

William H. Edwards

Ruston, Louisiana
November 19, 1999

TOWN OF GIBSLAND
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 1999

I have audited the financial statements of Town of Gibsland as of and for the year ended June 30, 1999, and have issued my report thereon dated November 19, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of November 19, 1999 resulted in an unqualified opinion.

A. Summary of Audit Results

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ___ Yes X No Reportable ___ Yes X No

Compliance

Compliance Material to Financial Statements ___ Yes X No

2. Federal Awards

Internal Control

Material Weaknesses ___ Yes X No Reportable ___ Yes X No

Type of Opinion On Compliance	Unqualified ___	Qualified ___
For Major Programs	Disclaimer ___	Adverse ___

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?
 ___ Yes X No

3. Identification of Major Programs:

CFDA Number(s)	Name of Federal Program (or Cluster)
N/A	
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Is the audited a "low-risk" audited, as defined by OMB Circular A-133? ___ Yes X No

B. Financial Statements Findings

None

C. Federal Award Findings and Questioned Costs

None

TOWN OF GIBSLAND
SUMMARY OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 1999

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

98-1. For the year ended June 30, 1998, the Sewer Fund actual expenses exceeded budgeted expenses by more than 5%.

Recommendation: I recommend that the Town periodically review actual to budget and amend its budget as needed.

Conclusion: Resolved

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

Town of Gibsland

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ODIS ODELL KEY, Mayor

CORRECTIVE ACTION PLAN For the Year Ended June 30, 1999

Town of Gibsland hereby submits the following corrective action plan as referenced in the management letter:

- 99-1. Town of Gibsland has implemented a new process which started in September, 1999. The recommendation and our new process will be discussed at our next board meeting.

TOWN OF GIBSLAND
Balance Sheet - Water Fund
For the Years Ended June 30, 1999 and 1998

	<u>June 30, 1999</u>	<u>June 30, 1998</u>
ASSETS		
Unrestricted assets:		
Cash and equivalents	\$40,370	\$30,947
Accounts receivable	11,275	12,979
Due from other funds	107,176	85,145
Property, plant, and equipment	1,120,561	1,120,131
Accumulated depreciation	<u>(450,732)</u>	<u>(421,735)</u>
Total unrestricted assets	828,650	827,467
Restricted assets:		
Cash - customer deposits	3,948	3,898
Cash - FmHA requirements	<u>78,098</u>	<u>83,647</u>
Total restricted assets	<u>82,046</u>	<u>87,545</u>
TOTAL ASSETS	<u><u>\$910,696</u></u>	<u><u>\$915,012</u></u>
Liabilities and Fund Equity		
Liabilities:		
Accounts payable and taxes payable	\$3,714	\$1,406
Due to other funds	28,396	43,125
Notes payable - current	11,000	11,000
Notes payable - long-term	337,000	348,000
Accrued interest	11,588	9,790
Customer deposits	<u>3,948</u>	<u>3,898</u>
Total liabilities	<u>395,646</u>	<u>417,219</u>
Fund Equity:		
Contributed capital	595,763	595,763
Retained earnings:		
Reserved for Debt Retirements	78,003	78,003
Unreserved	<u>(158,716)</u>	<u>(175,973)</u>
Total fund equity	<u>515,050</u>	<u>497,793</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$910,696</u></u>	<u><u>\$915,012</u></u>

See accompanying auditor's report and notes.