

**VILLAGE OF GILBERT**  
Gilbert, Louisiana

Report On Audit  
Of  
Basic Financial Statements  
For The Year Ended  
June 30, 2004

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 2-9-05

**Jimmie Self, CPA**  
***A Professional Accounting Corporation***  
**2908 Cameron Street, Suite C**  
**Monroe, Louisiana 71201**  
**Phone 318/323-4656 • FAX 318/388-0724**

# **VILLAGE OF GILBERT**

Gilbert, Louisiana

Report On The Audit  
Of The  
Basic Financial Statements  
For The Year Ended  
June 30, 2004

**Jimmie Self, CPA**  
*A Professional Accounting Corporation*  
**2908 Cameron Street, Suite C**  
**Monroe, Louisiana 71201**  
**Phone 318/323-4656 • FAX 318/388-0724**

**VILLAGE OF GILBERT, LOUISIANA**  
**Table of Contents**  
As of and for the year ended June 30, 2004

	<u>Exhibit</u>	<u>Schedule</u>	<u>Page</u>
<b>Independent Auditor's Report</b>			1-2
<b>Required Supplementary Information (Part I)</b>			
Management Discussion and Analysis			3-9
<b>Basic Financial Statements</b>			
Government-Wide Statements:			
Statement of Net Assets	A		10
Statement of Activities	B		11
<b>Fund Financial Statements</b>			
Governmental Funds:			
Balance Sheet – Governmental Funds	C		12
Reconciliation of the Balance Sheet to the Statement of Net Assets - Governmental Funds	C-1		13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	D		14
Reconciliation of the Statement of Revenues Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	D-1		15
Statement of Net Assets - Proprietary Funds	E		16
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	F		17
Statement of Cash Flows – Proprietary Funds	G		18
<b>Notes to Financial Statements</b>			19-35
<b>Required Supplementary Information (Part II)</b>			
Statement of Revenues, Expenditures, and Changes in Fund Balances Budget (GAAP Basis) to Actual – General Fund and Sales Tax Funds		1	36
Schedule of Federal Financial Assistance			37
<b>Compensation Paid Elected Officials</b>			
Schedule of Compensation Paid Elected Officials			38

**VILLAGE OF GILBERT, LOUISIANA**  
**Table of Contents**  
As of and for the year ended June 30, 2004

---

---

**Other Independent Auditor's Reports and Findings  
and Recommendations**

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	39-40
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	41-42
Schedule of Findings and Questioned Costs	43
Management Recommendations	44

Jimmie Self, CPA  
*A Professional Accounting Corporation*  
2908 Cameron Street, Suite C  
Monroe, Louisiana 71201  
Phone 318-323-4656 Fax 318-388-0724

---

---

Independent Auditor's Report

Board of Directors  
Village of Gilbert  
Gilbert, Louisiana

I have audited the accompanying basic financial statements of the governmental activities and the business-type activities, as of and for the year ended June 30, 2004 which collectively comprise the Village of Gilbert's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of Village of Gilbert's management. My responsibility is to express opinions on these basic financial statements based on my audit.

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

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Gilbert, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I.B.2., the Village of Gilbert has implemented a new financial reporting model as required by the provisions of GASB Statement No. 34, Basic Financial Statements and the Management Discussion and Analysis for State and Local Governments, as of June 30, 2004.

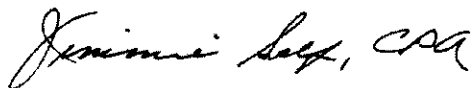
The Management Discussion and Analysis and budgetary comparison information on pages 3 through 9 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and

presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, I have also issued my report dated December 17, 2004, on my consideration of the Village of Gilbert's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Gilbert's basic financial statements. The introductory section, individual non-major fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

My audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information listed in the table of contents under Supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Jimmie Self, CPA  
Monroe, Louisiana  
December 17, 2004

**Required Supplementary Information  
(Part I)**

**Management Discussion and Analysis**

VILLAGE OF GILBERT  
Gilbert, Louisiana  
Management Discussion and Analysis  
June 30, 2004

---

---

As management of the Village of Gilbert, Louisiana, hereafter referred to as the Village, we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2004. The Management Discussion and Analysis ("MD&A") is designed to provide an objective and easy to read analysis of the Village's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Village finances. It is also intended to provide readers with an analysis of short-term and long-term activities of the Village based on information presented in the financial report and fiscal policies that have been adopted by the Village. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Village's financial activity, identify changes in the Village'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 fund issues or concerns.

This will be the first year the Village has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement Number 34. This reporting model will significantly change the presentation of financial data and also the manner in which the data is recorded. Prior year comparative information for this reporting period has been omitted from the MD&A that is allowable for the first year of GASB Statement No. 34 presentation. Beginning next year, our second year of GASB Statement No. 34 implementation, prior year comparative information will be included.

As with other sections of the financial report, the information contained within the MD&A should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplementary Information ("RSI") that is provided in addition to this Management Discussion and Analysis.

#### **Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Village's financial statements. The Village's basic financial statements consist of the following components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements
4. Other Supplementary Information, which is in addition to the basic financial statements themselves.

#### **1. Government-Wide Financial Statements**

Government-Wide Financial Statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Assets and Statement



VILLAGE OF GILBERT  
Gilbert, Louisiana  
Management Discussion and Analysis  
June 30, 2004

---

---

of Activities, seeking to give the user of the financial statements a broad overview of the Village's financial position and results of operations in a manner similar to a private-sector business.

A. The *Statement of Net Assets* presents information on all the Village'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 assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or weakening.

B. The *Statement of Activities* presents information showing how government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements further assist the reader in their evaluation by distinguishing functions of the Village into:

A. *Governmental activities* that are principally supported by taxes and intergovernmental revenues, and

B. *Business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Village's assets exceeded its liabilities at the close of the most recent fiscal year by \$2,454,411. Of that total amount, (\$575,169) are unrestricted net assets. The Village's net assets are comprised of \$1,341,371 from Governmental Activities and \$1,241,272 from Business-Type Activities as shown in the Statement of Net Assets.

By far, the largest portion of the Village's net assets (93 percent) reflects its investment in capital assets (e.g., land, buildings, machinery & equipment, vehicles, etc.), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is 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.

An additional portion of the city's net assets (3.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance (3.8

VILLAGE OF GILBERT  
 Gilbert, Louisiana  
 Management Discussion and Analysis  
 June 30, 2004

percent) in unrestricted assets may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village is able to report positive balances in both categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Governmental Activities**

The Governmental Activities of the city include General Government, Public Safety, Public Works, Community Development, and Miscellaneous Programs. Sales taxes, property taxes, as well as licenses, permits, and fines fund most of these governmental activities.

Here we show the Village's expenditures related to those functions typically associated with governments. In the chart below, General government includes the following departments: Legislative (Village Council), Executive, Financial, Building, and other General Administration. Public Safety encompasses the police and fire protection departments. Public Works is made up of Water, Sewerage, and street departments.

GOVERNMENTAL ACTIVITIES EXPENDITURES	Amount	Percentage
General Government	\$ 130,248	47.71 %
Public Safety	85,429	31.28 %
Public Works	9,965	3.65 %
Transfers Out	47,399	17.36 %
<b>Total Governmental Activities</b>	<b>\$ 273,041</b>	<b>100.00%</b>

General revenues are those available for the city to use to pay for the governmental activities as described above.

GENERAL REVENUES	Amount	Percentage
Taxes:		
Property Taxes	\$ 31,328	15.88%
Other Taxes	1,776	.90%
Transfers In	44,000	22.31%
Governmental Grants	9,338	4.73%
Investment Earnings	989	0.5%
Fines	49,130	24.92%
Miscellaneous	60,654	30.76%
<b>Total General Revenues and Transfers</b>	<b>\$ 197,215</b>	<b>100.00%</b>

VILLAGE OF GILBERT  
 Gilbert, Louisiana  
 Management Discussion and Analysis  
 June 30, 2004

Fines are the largest revenue source for the Village comprising 24.92 % of total governmental revenue. Property tax revenues for the year ended June 30, 2004 were in the amount of \$31,328. Sales tax (included in the above chart under "Transfers In") is the third largest revenue source for the Village comprising 16.97 % of the total governmental revenue. For the year ended June 30, 2004 the total revenue from sales taxes was in the amount of \$33,485.

**Business-Type Activities**

The Business-Type Activities of the Village are those fees to customers that help cover all or most of the cost of the services it provides. The Village water and sewer departments are reported here.

BUSINESS TYPE ACTIVITIES	
(Water and Sewer Fund)	<u>Operating Revenues</u>
Fiscal Year Ended June 30, 2004	\$ 126,173
	<u>Operating Expenses</u>
Fiscal Year Ended June 30, 2004	\$ 138,487

**2. Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like any other state or local government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

**A. Governmental funds**

Governmental funds are used to account for most of the Village's basic services reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Those funds are reported using modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general governmental operations and basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government

VILLAGE OF GILBERT  
 Gilbert, Louisiana  
 Management Discussion and Analysis  
 June 30, 2004

funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are located on pages 13 and 15.

The Village maintains two individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund. The basic governmental fund financial statements can be found on pages 12 and 14 of this report

*Financial Analysis of Government Funds*

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$34,657. In the General Fund, the unreserved fund balance is \$(14,987).

There are no reserved fund balances.

CHANGES IN FUND BALANCES		
Fund Balance Date	General Fund	Water and Sewer Fund
June 30, 2004	\$ 18,613	\$ (609,826)

**B. Proprietary Funds**

Proprietary Funds, also referred to as Enterprise funds, are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its Water and Sewer Department. These funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Department, which is considered to be major funds of the Village. The basic proprietary fund financial statements can be found on pages in the "Basic Financial Statements" section of this report.

**3. Notes to the Financial Statements**

The Notes to the Financial Statements provide additional information that is essential for a full understanding of the data provided in the government-wide and financial statements. The notes to the financial statements can be found immediately following the section entitled "Basic Financial Statements."

VILLAGE OF GILBERT  
Gilbert, Louisiana  
Management Discussion and Analysis  
June 30, 2004

---

---

4. Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found beginning with a section entitled "Required Supplementary Information – Part I."

A. Budgetary Comparison Schedule

The Village adopts an annual appropriated budget for its general fund. A budgetary comparison schedule (Schedule 1 in the Required Supplementary Information Part II section) has been provided for the purpose of comparing the budgeted and actual amounts of individual revenues and expenditures to demonstrate compliance with the adopted budget and state laws.

B. Analysis of Significant Budget Variances in the General Fund.

- i. Revenues – \$34,767 favorable
- ii. Expenditures – \$63,947 unfavorable

[The unfavorable budgetary expenditures are due to depreciation in the amount of \$62,611 charged to different categories in the General Fund and not included in the original budget. These depreciation amounts are required by the new GASB 34 implementation. Management is now aware of the requirement under GASB 34 to include annual depreciation of Capital Fixed Assets in the General Fund as an expenditure in the annual budget. (See Page 3)]

5. Combining Statements for the non-major Governmental Funds – The village reports no non-major Governmental Funds.

6. Other Supplementary Schedules are included in this report.

**Capital Assets and Debt Administration**

1. Capital Assets

The Village's investment in capital assets, net of accumulated depreciation, as of June 30, 2004 in its governmental activities is \$1,324,270 and in business-type activities is \$1,145,461 which totals \$2,469,731 for the Village. This investment in governmental activities assets includes land, buildings and systems, machinery and equipment. The investment in assets for business-type activities includes the water and sewer system and treatment plants. Additions to governmental activities assets within the year include the purchase of 40 acres of land for industrial development for the amount of \$36,000. The Business-type portion of the Village's operations which includes water and sewer services shows increases in assets of \$121,475 which was for the completion of the

VILLAGE OF GILBERT  
Gilbert, Louisiana  
Management Discussion and Analysis  
June 30, 2004

---

---

laying of 14 miles of water pipes begun in the previous year. This finances required to fund this improvement project were received in the form of an LCDBG grant. The decrease in business-type assets was due the abandonment of water wells and the demolition of the Village's water treatment facility and a water storage tank. The amount of \$208,444 that was carried on the books showing these items as assets was removed from the books.

2. Long-Term Debt

At the end of the current fiscal year the Village had a revenue bond indebtedness of \$128,005 in addition to a note payable of \$36,000. This represents a total indebtedness for the Village in the amount of \$164,005.

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Nancy Robbins, Village Clerk, P. O. Box 600, Gilbert, LA 71366.

## Basic Financial Statements

**VILLAGE OF GILBERT**  
**STATEMENT OF NET ASSETS**  
**June 30, 2004**

Exhibit A

	GOVERNMENTAL ACTIVITIES		BUSINESS TYPE ACTIVITIES	TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	SALES TAX FUNDS		
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 17,101	\$ 13,600	\$ 43,489	\$ 74,190
Investments	-	56,000	30,000	86,000
Receivables, Net	-	-	22,322	22,322
Restricted Investments	-	-	-	-
Capital Assets, Net	1,324,270	-	1,145,461	2,469,731
Other Debits	-	-	-	-
<b>Total Assets:</b>	<b>\$ 1,341,371</b>	<b>\$ 69,600</b>	<b>\$ 1,241,272</b>	<b>\$ 2,652,243</b>
<b>Liabilities:</b>				
Accounts and Other Payables	\$ 2,479	\$ -	\$ 3,125	\$ 5,604
Payable from Restricted Assets:	607	-	14,658	15,265
Customer Deposits	12,958	-	-	12,958
Current Portion of Long-Term Obligations	-	36,000	27,104	63,104
Non Current Portion of Long-Term Obligations	-	-	100,901	100,901
<b>Total Liabilities:</b>	<b>\$ 16,044</b>	<b>\$ 36,000</b>	<b>\$ 145,788</b>	<b>\$ 197,832</b>
<b>Net Assets:</b>				
Invested in Capital Assets	\$ 1,340,314	\$ -	\$ 1,705,310	\$ 3,045,624
Restricted	-	33,600	-	33,600
Unrestricted	(14,987)	-	(609,826)	(624,813)
<b>Total Net Assets</b>	<b>\$ 1,325,327</b>	<b>\$ 33,600</b>	<b>\$ 1,095,484</b>	<b>\$ 2,454,411</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT



**VILLAGE OF GILBERT**  
**Statement of Activities**  
**For the Year ended June 30, 2004**

Exhibit B

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expenses) Revenues and Changes in Net Assets		Total (Memorandum Only)
			Governmental Activities	Business-type Activities	
<b>Governmental Activities</b>					
General Government	\$ (130,248)	\$ -	\$ (130,248)	\$ -	\$ (130,248)
Public Safety	(85,429)	-	(85,429)	-	(85,429)
Public Works	(9,965)	-	(9,965)	-	(9,965)
Transfers Out	(47,399)	-	-	-	(47,399)
<b>Total Governmental Activities</b>	<b>\$ (273,041)</b>	<b>\$ -</b>	<b>\$ (273,041)</b>	<b>\$ -</b>	<b>\$ (273,041)</b>
<b>Business Type Activities</b>					
Water	(138,484)	126,173	(12,311)	-	(12,311)
<b>Total Business Type Activities</b>	<b>\$ (138,484)</b>	<b>\$ 126,173</b>	<b>\$ (12,311)</b>	<b>\$ -</b>	<b>\$ (12,311)</b>
<b>Total Primary Government</b>	<b>\$ (420,869)</b>	<b>\$ 126,173</b>	<b>\$ (285,352)</b>	<b>\$ -</b>	<b>\$ (285,352)</b>

**General Revenues:**

<b>Taxes</b>					
Property Taxes		\$ 31,328	\$ -	\$ 31,328	
Sales & Use Taxes		33,485	-	33,485	
Transfers in		44,000	-	44,000	
Other Taxes		1,776	-	1,776	
Fines		49,130	-	49,130	
Government Grant		-	78,668	78,668	
Investment Earnings		1,500	291	1,791	
Interest Expense		-	(8,216)	(8,216)	
Income from Loan		36,000	-	36,000	
Capital Outgoes, net		-	(217,051)	(217,051)	
Miscellaneous		60,654	-	60,654	
Operating Grants		9,338	-	9,338	
<b>Total General Revenues</b>		<b>\$ 267,211</b>	<b>\$ (146,308)</b>	<b>\$ 120,903</b>	
<b>Change in Net Assets</b>		<b>(5,630)</b>	<b>(158,622)</b>	<b>(164,252)</b>	
<b>Net Assets Beginning of year</b>		<b>1,364,557</b>	<b>1,254,106</b>	<b>2,618,663</b>	
<b>Net assets - end of year</b>		<b>\$ 1,358,927</b>	<b>\$ 1,095,484</b>	<b>\$ 2,454,411</b>	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT

## Fund Financial Statements

**VILLAGE OF GILBERT, LOUISIANA**  
**BALANCE SHEET**  
**Governmental Funds**  
**June 30, 2004**

Exhibit C

	General Fund	Sales Tax Funds	Total Governmental Funds (Memorandum Only)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash	\$ 17,101	\$ 13,600	\$ 30,701
Investments	-	56,000	56,000
Receivables-(net, where applicable, of allowance for doubtful accounts)	-	-	-
<b>Total Assets:</b>	<u>\$ 17,101</u>	<u>\$ 69,600</u>	<u>\$ 86,701</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities:</b>			
Accounts and Other Payables	16,044	36,000	16,044
Current Liabilities	<u>\$ 16,044</u>	<u>\$ 36,000</u>	<u>\$ 52,044</u>
<b>Net Assets</b>			
Unrestricted	1,057	33,600	34,657
<b>TOTAL LIABILITY, EQUITY AND OTHER CREDITS</b>	<u>\$ 17,101</u>	<u>\$ 69,600</u>	<u>\$ 86,701</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT

**Reconciliation of the Governmental Funds  
Balance Sheet to the Government Wide Statement of Net Assets  
June 30, 2004**

Total Fund Balances at June 30, 2004 - Governmental Funds		<u>\$ 34,657</u>
Cost of capital assets at June 30, 2004	\$ 1,731,102	
Accumulated Depreciation	<u>(406,832)</u>	
Net Assets at June 30, 2004		<u><u>\$ 1,358,927</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF GILBERT, LOUISIANA**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2004**

Exhibit D

	General Fund	Sales Tax Funds	Total Governmental Funds (Memorandum only)
<b>Revenues:</b>			
<b>Taxes:</b>			
Property Taxes	\$ 31,328	\$ -	\$ 31,328
Sales Taxes	-	33,485	33,485
Other Taxes	1,776	-	1,776
Transfers In	44,000	-	44,000
Government Grants	9,338	-	9,338
Investment Earnings	989	511	1,500
Fines	49,130	-	49,130
Miscellaneous	60,654	-	60,654
Total Revenues	<u>\$ 197,215</u>	<u>\$ 33,996</u>	<u>\$ 231,211</u>
<b>Expenditures:</b>			
General Government	\$ 130,248	\$ -	\$ 130,248
Public Safety	85,429	-	85,429
Public Works	9,965	-	9,965
Total Expenditures	<u>\$ 225,642</u>	<u>\$ -</u>	<u>\$ 225,642</u>
Excess (Deficiency) of Revenues over expenditures	(28,427)	33,996	5,569
<b>Non-Operating Revenues/Expenditures:</b>			
Bank Loan to Purchase Land	36,000	-	36,000
Transferred from Sales Tax Fund	-	(47,399)	(3,399)
Total Non-Operating Revenues/Expenditures	<u>36,000</u>	<u>(47,399)</u>	<u>11,399</u>
Change in Net Assets	7,573	(13,403)	(5,830)
Fund Balance Beginning of Year - Originally Stated	(6,516)	83,003	76,487
Fund Balance-End of Year	<u>\$ 1,057</u>	<u>\$ 69,600</u>	<u>\$ 70,657</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT

**VILLAGE OF GRAYSON, LOUISIANA**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Government Wide Statement of Activities**  
**For the Year ended June 30, 2004**

Exhibit D-1

Net Change in Fund Balances - Total Governmental Funds \$ 70,657

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

Due to pronouncement GASB 34, requirements to depreciate capital assets of Governmental funds, resulted in a prior year restatement of fund balance as follows:

Fund Balance @ 06-03-2003	1,731,102	(344,221)
Adjustment due to accumulated depreciation charge	(344,221)	

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation charged exceeded capital outlay in the current period of the governmental funds.

Depreciation Expense	\$ (62,611)	(62,611)
Total current year Depreciation and Capital Outlay	<u>\$ (62,611)</u>	

Governmental funds expense interest payments on long-term debt when paid. In the statement of activities, the total accrued interest applicable to the current year is expensed.

Prior Year accrued interest	
Current Year Accrued Interest	

Change in Net Assets of Governmental Activities \$ (336,175)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF GILBERT, LOUISIANA**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2004**

Exhibit E

**Business-Type Activities**  
**Enterprise Funds**

---

Assets:

Current Assets:

Cash and Cash Equivalents	\$ 43,489
Accounts Receivable, Net	22,322
Investments	<u>30,000</u>
Total Current Assets	95,811

Capital Assets:

Property, Plant, and Equipment, at cost	2,134,791
Less Accumulated Depreciation	<u>(989,330)</u>
Total Capital Assets	1,145,461

Total Assets

\$ 1,241,272

Liabilities and Net Assets:

Current Liabilities (Payable from Current Assets)	3,125
Revenue Bonds-Current	27,104
Customer Deposits	<u>14,658</u>
Accounts Payable	<u>\$ 44,887</u>
Total Current Liabilities (Payable from Current Assets)	

Long-Term Liabilities:

Bonds Payable	<u>100,901</u>
Total Long-Term Liabilities	<u>100,901</u>
Total Liabilities	145,788

Net Assets:

Invested in Capital Assets, Net of Related Debt	1,705,310
Unrestricted	<u>(609,826)</u>
Total Net Assets	<u>1,095,484</u>

Total Liabilities and Net Assets

\$ 1,241,272

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT

**VILLAGE OF GILBERT, LOUISIANA**  
**Statement of Revenues, Expenses,**  
**and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2004**

Exhibit F

	Business-Type Activities Enterprise Funds
Operating Revenues:	
Charges for Services	\$ 119,419
Miscellaneous Revenues	6,754
Total Operating Revenues	<u>126,173</u>
Operating Expenses:	
WD Salaries	27,039
Maintenance/Supplies/Repairs	2,258
Water Purchased	25,630
WD Power	4,453
Water Tech-Support Dues	432
Safe Drinking Water Fee	818
Gas	1,948
Insurance	1,216
Water Sales Tax	167
SD Mtrls, Supplies, Reprs	1,338
Other Expenses	846
SD-Power	6,970
SD-Chemicals	180
SD-Testing	4,378
Bank Charges	119
CKS Ordered-Office/Postage	49
CF & Travel	752
Payroll Taxes	3,150
Office Supplies	957
Telephone	512
Depreciation	53,755
Other	1,521
Total Operating Expense	<u>138,487</u>
Net Operating Income(Loss)	(12,314)
Non-Operating Revenues(Expenses)	
Interest Earned	291
Government Grants	78,668
Interest Expense	(8,216)
Total Non-Operating Revenues/Expenses	<u>70,743</u>
Non-Cash Revenues/Expenses	
Abandonment of unused water wells	(281,742)
Prior Accumulated Depreciation charged	64,691
Net loss of abandonment of unused water wells	<u>(217,051)</u>
Change in Net Assets	(158,622)
Net Assets-Beginning of Year	1,254,106
Net Assets-End of Year	<u>\$ 1,095,484</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT



VILLAGE OF GILBERT, LOUISIANA

Exhibit G

**Statement of Cash Flows**  
**All Proprietary Fund Types**  
**For the Year Ended June 30, 2004**

	Business-Type Activities Enterprise Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from customers	\$ 119,419
Payments to Suppliers	(111,448)
Payments to Employees	(27,039)
Miscellaneous Revenues	6,754
Net Cash Provided by Operating Activities	<u>(12,314)</u>
<u>CASH AT BEGINNING OF YEAR</u>	61,176
<u>CASH AT END OF YEAR</u>	<u>\$ 73,489</u>
<u>UNRESTRICTED PORTION OF CASH</u>	\$ 42,313
<u>RESTRICTED PORTION OF CASH</u>	31,176
<u>TOTAL</u>	<u>\$ 73,489</u>

Reconciliation of Operating Income (Loss) to Net Cash

Adjustments to reconcile net income to net cash provided by operating activities

Operating Income (Loss)	\$ (12,314)
Depreciation	53,755
Increase (Decrease) in Accounts Receivable	49,799
Increase (Decrease) in Accounts Payable	1,135
Increase (Decrease) in Customer Deposits	1,298
Intergovernmental Grants	78,668
Interest income	291
Interest Expense	(8,216)
Purchase of equipment-net	(157,842)
Payment of current portion of long-term debt	(18,888)
Net cash provided by operating activities:	<u>\$ (12,314)</u>

The accompanying notes are an integral part of this report.

**Notes to Financial Statements**

VILLAGE OF GILBERT  
GILBERT, LOUISIANA  
Notes to the Financial Statements  
June 30, 2004

---

---

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**I.A. INTRODUCTION**

The accounting and reporting framework and the more significant accounting principles and practices of the Village of Gilbert are discussed in subsequent sections of this Note. The remainder of the Notes is organized to provide explanations, including required disclosures of the Village of Gilbert's financial activities for the fiscal year ended June 30, 2004.

**I.B. FINANCIAL REPORTING ENTITY**

The Village of Gilbert, Louisiana, was incorporated under the provisions of the Larson Act. The Village of Gilbert operates under a Mayor – Board of Aldermen form of government.

The Village provides the following services to its residents: public safety (police), highways and streets, gas, water, sewer, and sanitation facilities through the utility fund, culture/recreation and general administrative services.

The accounting and reporting policies of the municipality conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

**I.B.1. Basis of Presentation**

The accompanying financial statements of the Village of Gilbert have been prepared in conformity with generally accepted accounting principles (GAAP) 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.

**I.B.2. Reporting Entity**

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

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village

VILLAGE OF GILBERT  
GILBERT, LOUISIANA  
Notes to the Financial Statements  
June 30, 2004

---

---

of Gilbert, Louisiana for the financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

As required by generally accepted accounting principles, these financial statements present the Village of Gilbert, Louisiana.

The fiscal year ended 6/30/2004 will mark the first year the Village of Gilbert will be presenting its annual financial audit in compliance with the Governmental Accounting Standards Board Statement Number 34. GASB 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual financial reports easier to understand and to be more useful to the people who use governmental financial information to make decisions.

### **I.B.3. Government-Wide and Fund Financial Statements**

#### *Government-wide Financial Statements*

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Village of Gilbert as a whole excluding fiduciary activities such as employee pension plans. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Village of Gilbert general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of

VILLAGE OF GILBERT  
GILBERT, LOUISIANA  
Notes to the Financial Statements  
June 30, 2004

---

---

similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Village of Gilbert's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

*Fund Financial Statements*

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

**I.B.4. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the Village of Gilbert are prepared in accordance with generally accepted accounting principles (GAAP). The Village of Gilbert's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Village of Gilbert's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally include the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Village of Gilbert's departments. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund statements and financial statements of the Village of Gilbert's component units also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements reports use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible

VILLAGE OF GILBERT  
GILBERT, LOUISIANA  
Notes to the Financial Statements  
June 30, 2004

---

---

within the current period or soon enough thereafter to pay current liabilities. The Village of Gilbert considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include sales and use taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

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

#### **I.B.5. Fund Types and Major Funds**

##### *Governmental Funds*

The Village reports the following major governmental funds:

*General Fund* – reports as the primary fund of the Village of Gilbert. This fund is used to account for all financial resources not reported in other funds.

*Sales Tax Fund* – reports revenues gained from sales tax receipts. Sales taxes are not restricted funds.

*Proprietary Fund* – The Village of Gilbert reports the following enterprise funds:

*Water/Sewer Utilities* – accounts for the operating activities of the Village of Gilbert's water utilities and sewer services. This is not a major fund.

#### **I.B.6. Total Columns on Combined Statements – Overview**

Total Columns on the Combined Statements – Overview are captioned Memorandum Only to indicate that they are presented only to facilitate analysis. Data in these columns do not present financial position, results of operation, or changes in financial position in

VILLAGE OF GILBERT  
GILBERT, LOUISIANA  
Notes to the Financial Statements  
June 30, 2004

---

---

conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

## **I.C. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

### **I.C.1. Cash and Investments**

The Village of Gilbert maintains and controls cash and investments, some of which are restricted. Legal restrictions and the Village of Gilbert's policies governing deposits and investments are discussed in Notes III.A.1. and III.A.2.

The Village of Gilbert's reporting entity considers highly liquid investments (included restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value that is determined using selected bases. Short-term investments are reported at cost that approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount that reasonably estimates fair value. The composition of pension trust investments, additional cash and investment information, and fair values are presented in Note III.A.1.

### **I.C.2. Investment Income**

Investment income, which includes changes in the fair value of investments, is administered by both funds as shown in Note III.A.2.

### **I.C.3. Capital Assets**

Capital Outlays are recorded as expenditures of the General Special Revenue and Capital Projects Funds and as assets in the government-wide financial statements to the extent the Village's capitalization threshold is met. In accordance with GASB Statement No. 34, infrastructure has not been capitalized due to an existing exception for local governments with annual revenues of less than \$10 million.

Depreciation is recorded on general fixed assets on a government-wide basis. Capital outlays for Proprietary Funds are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis and government-wide basis. All fixed assets are valued at their estimated fair market value on the date donated.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related

VILLAGE OF GILBERT  
 GILBERT, LOUISIANA  
 Notes to the Financial Statements  
 June 30, 2004

accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

All Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Estimated historical costs are based on estimates prepared by the Mayor, Village Clerk, and Board of Aldermen. Estimated historical costs are not based on and independent authoritative source.

Historical Cost	\$ 1,103,278
Estimated Historical Cost	220,992
<b>TOTAL</b>	<b>\$ 1,324,270</b>

See also Note III.A.5. Capital Assets on Page 29.

All proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributes capital and retained earnings components. Proprietary fund types operating statements present increases (revenues) and decreases (expenses) in total net assets.

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

Water Distribution System	40 Years
Sewer Collection System	40 Years
Machinery and Equipment	5 – 10 Years
Improvements	10 – 20 Years

**I.C.4. Long-Term Debt**

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

**I.C.5. Fund Equity**

*Contributed Capital*

Contributed capital is recorded in the Enterprise Fund for capital grants restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based



VILLAGE OF GILBERT  
GILBERT, LOUISIANA  
Notes to the Financial Statements  
June 30, 2004

---

---

on the depreciation on that portion of the assets acquired or constructed from such resources. Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

*Designated Fund Balances*

Designated fund balances represent tentative plans for future use of financial resources.

*Deficit Fund Balance – Enterprise Fund*

The Enterprise Fund at June 30, 2004 continued to have a deficit amount in its retained earnings account. For the year ended June 30, 2004, the current operating gain was \$63,229. The Mayor and Aldermen are currently considering alternatives to erase the deficit. The deficit balance in the retained earnings account at June 30, 2004 was \$609,826. The deficit balance was increased an additional \$213,926 due to the abandonment of two wells and the junking of vehicles which were not salvageable.

*Deficit Fund Balance – General Fund*

The General Fund also had a deficit balance in its Fund Balance account. The current year loss is \$41,830. This loss was caused by implementation of GASB 34 and allocation of current depreciation in the amount of \$62,611.

**I.D. REVENUES, EXPENDITURES, AND EXPENSES**

**I.D.1. Property Taxes and other revenues**

*Property Taxes*

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1, and are due and payable on or before December 31. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

Property Tax revenues are recognized when they become available. Available includes those property tax receivables to be collected within sixty days after year end. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

The year ended June 30, 2004 taxes of 6.2 mills were levied on property with assessed valuations totaling \$31,328 and were deducted as follows:

General corporate purposes 6.2 mills.

VILLAGE OF GILBERT  
GILBERT, LOUISIANA  
Notes to the Financial Statements  
June 30, 2004

---

---

*Fines, Bond Forfeitures, and Fees*

Fines, bond forfeiture, and fees are recognized when collected by the Village of Gilbert. Interest income is recorded when the Bank credits it to the accounts.

**I.D.2. Expenditures**

Salaries are recorded as expenditures when earned by employees. Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred. Principal and interest on general long-term debt and installment purchase payments are recognized when due.

**I.D.3. Compensated Absences**

Employees with one year of service receive 5 days of vacation and 10 days sick leave per year. Employees with two to twenty years of service receive 10 days vacation and 10 days sick leave per year. Employees with twenty-one to twenty-five years of service receive an additional day vacation leave for each year of service over twenty. The maximum leave is 15 days for a person who has completed twenty-five years of service. Employees with less than one year of service receive no paid days off. After one year of service, employees may carry over 5 days sick leave with maximum accumulation being 15 days. The amount to be accrued is immaterial to the financial statements, thus, this liability is not accrued.

**NOTE II. BUDGETARY INFORMATION**

**II.A.1. Budget Policy and Practice**

The Board of Aldermen follow these procedures in establishing the budgetary data reflected in the financial statements:

(1) Prior to June 30, the Village Clerk submits to the Board of Aldermen a proposed operating budget for the upcoming fiscal year commencing the upcoming July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The budget is submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level

(2) Public hearings are conducted to obtain taxpayer comments.

(3) In the regular June monthly meeting of the Board of Aldermen, the proposed budget was adopted for the upcoming year July 1, 2003 to June 30, 2004.

VILLAGE OF GILBERT  
GILBERT, LOUISIANA  
Notes to the Financial Statements  
June 30, 2004

---

---

(4) Budgets for the General and Special Revenue Funds are adopted on a basis of cash receipts and cash disbursements which is a variance with generally accepted accounting principles.

(5) Appropriations lapse at the end of each fiscal year.

(6) The Board of Aldermen may amend the budget during the year through passage of a motion. The amended budget was adopted June 12, 2004

### **II.A.2. Basis Of Budgeting**

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, other services and charges, supplies, capital outlay, transfers, and debt service. Budget revisions at this level are subject to final review by the Board of Aldermen.

The budgets for the operating funds and proprietary fund operations are prepared on accrual basis. Revenues are budgeted in the year receipt is expected; and expenditures, the year that the applicable purchase orders are expected to be issued. Public hearings are held to obtain public taxpayer comments.

### **II.A.3. Encumbrance Accounting**

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken onto consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

## **NOTE III. DETAILED NOTES ON FUNDS**

### **III.A. ASSETS**

#### **III.A.1. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village of Gilbert may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

VILLAGE OF GILBERT  
GILBERT, LOUISIANA  
Notes to the Financial Statements  
June 30, 2004

At June 30, 2004, the Village of Gilbert had cash (bank balance) totaling \$162,781 with a book value of \$160,190 as follows:

Demand Deposits (Book Value)	\$ 74,190
Restricted Cash and Investments Deposits	<u>86,000</u>
Total	<u>\$ 160,190</u>

*The difference between bank balance and book balance amounts was due to outstanding checks.*

Under state law, the Village of Gilbert may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

Cash and investments are secured as follows:

Bank Balances	\$ 162,781
Federal Deposit Insurance	<u>\$ 100,000</u>
Pledge Securities (Book Value)	<u>\$ 75,000</u>
Pledge Securities have a Market Value of	<u>\$ 72,545</u>

### III.A.2. Investments

Investments are stated at cost or amortized cost, which approximates market. The Village had investments at the close of the year in the form of a \$50,000 Certificate of Deposit that was being held as security for a \$36,000 bank borrowed to purchase 40 acres of land for industrial development property for the Village. There is also a \$6000 CD held by the Village. The Village Waterworks/Sewerage Fund holds an additional CD in the amount of \$30,000 for a total of \$86,000 in investments.

### III.A.3. Receivables

Receivables include amounts due from customers primarily for utility services. A summary of receivables as of June 30, 2004 is as follows:

General Fund	
Fines	<u>\$ -</u>
Enterprise Fund (Water/Sewerage)	
Due from General Fund	12,959
Trade Accounts	9856
Allowance for Doubtful Accounts	<u>(493)</u>
Total Enterprise Fund	<u>22,322</u>
TOTAL ALL FUNDS	<u>\$ 22,322</u>

Allowance for Doubtful Accounts for the Proprietary Fund – Water/Sewer Receivable

VILLAGE OF GILBERT  
GILBERT, LOUISIANA  
Notes to the Financial Statements  
June 30, 2004

---

---

Accounts have been established at 5% of the outstanding water accounts at June 30, 2004

#### **III.A.4. Restricted Assets and Reserves**

##### *Restricted Assets*

These assets consist of cash equivalents restricted for Waterworks and Sewer System Fund Debt Service.

##### *Reserves*

The Village records reserves to indicate that a portion of the fund balance is legally segregated for a specific future use. The following is a list of all reserves and a description of each:

- (1) Reserved for Bond Debt Service – An account used to segregate a portion of funds balance for debt service resources legally restricted to the payment of long-term debt principal and interest amounts maturing in future years.
- (2) Reserved for Revenue Bond Retirement – An account used to segregate a portion of fund balance for debt service resources restricted to the payment of long-term debt principal and interest amounts maturing in future years when sufficient amounts are not reserved in bond debt service accounts.
- (3) Reserved for Revenue Bond Contingency – An account used to segregate a portion of the fund balance for debt service resources restricted to the payment of long-term debt principal and interest amounts maturing in the future years when sufficient amounts are not reserved in the bond debt service retirement reserve accounts.

#### **III.A.5. Capital Assets**

Capital outlays are recorded as expenditures of the General Special Revenue and Capital Projects Funds and as assets in the government-wide financial statements to the extent the Village's capitalization threshold is met. In accordance with GASB Statement No. 34, infrastructure has not been capitalized due to an existing exception for local governments with annual revenues of less than \$10 million.

Depreciation is recorded on general fixed assets on a government-wide basis. Capital outlays for Proprietary Funds are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis and government-wide basis. All fixed assets are valued at historical or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

VILLAGE OF GILBERT  
GILBERT, LOUISIANA  
Notes to the Financial Statements  
June 30, 2004

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations. The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2004.

GOVERNMENTAL ACTIVITIES	Balance 6/30/2003	Increases	Decreases	Balance 6/30/2004
Capital Assets Not Depreciated:				
Land and Land Improvements	\$ 14,390	\$ 36,000	\$ -	\$ 50,390
Total Capital Assets Not Depreciated	\$ 14,390	\$ 36,000	\$ -	\$ 50,390
Other Capital Assets:				
Buildings	1,417,943	-	-	1,417,943
Furniture & Equipment	30,184	-	-	30,184
Police, Street, Etc. Equipment	232,585	-	-	232,585
Total Other Capital Assets	<u>\$1,680,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,680,712</u>
Less Accumulated Depreciation:				
Buildings	\$ 219,214	\$ 37,472	\$ -	\$ 256,686
Furniture & Equipment	23,812	3,018	-	26,830
Police, Street, Etc. Equipment	101,195	22,121	-	123,316
Total Accumulated Depreciation	<u>344,221</u>	<u>62,611</u>	<u>-</u>	<u>406,832</u>
Other Capital Assets, Net	1,336,491	(62,611)	-	1,273,880
	50,390	-	-	50,390
Total	<u>\$ 1,386,881</u>	<u>\$(62,611)</u>	<u>\$ -</u>	<u>\$ 1,324,270</u>

Current Depreciation of General Fund Assets was allocated as follows:

Buildings – General Government	\$37,472
Public Works	3,018
Public Safety	22,121
Total Accumulated Depreciation	<u>\$62,611</u>

**NOTE:** The amount listed above as "Total Accumulated Depreciation - \$62,611" was not included in the budget FYE June 30, 2004. This resulted in a 30.5% unfavorable budget variance in expenditures. (See Page 44 – "Management Recommendations")

VILLAGE OF GILBERT  
GILBERT, LOUISIANA  
Notes to the Financial Statements  
June 30, 2004

Prior Years Accumulated Depreciation was charged to governmental functions as follows:

General Government (buildings)	\$ 219,214
Public Safety (vehicles and equipment)	101,195
Furniture and Equipment	23,812
Total	\$ 344,221

*(See Note IV.A.9., page 34. Differences in totals are due to rounding up or rounding down of figures.)*

BUSINESS-TYPE ACTIVITIES	Balance 6/30/2003	Increases	Decreases	Balance 6/30/2004
Assets Not Depreciated:				
Plant and Equipment	1,021,997	121,475	-	1,143,472
Water/Sewer Systems	763,563	-	(208,444)	555,119
Sewer Collection System	436,200	-	-	436,200
	\$ 2,221,760	\$ 121,475	\$(208,444)	\$ 2,134,791
Less Accumulated Depreciation:				
Plant and Equipment	\$ 734,244	\$28,613	\$ -	\$ 762,857
Water/Sewer System	70,686	14,237	-	84,946
Sewer Collection System	130,646	10,904	-	141,547
	\$ 935,576	\$262,198	\$(208,444)	\$ 989,330
Total Accumulated Depreciation				
Net Assets	\$ 1,286,184	\$262,198	\$(208,444)	\$ 1,145,461

*(Differences in totals are due to rounding up or rounding down of figures.)*

#### II.A.6. Inventories

Inventory held by the Waterworks and Sewer System fund is priced at the lower cost (first-in-first-out) or market. Inventories shown in the General Fund consist of gasoline and office supplies held for consumption. Inventory acquisitions in the General Fund are recorded in expense accounts initially and charged as current assets when not used at the end of the fiscal, year. Minimum amounts of inventory are not maintained; therefore, equity reserves for inventory have not been established. The cost value of each inventory was immaterial at the close of the fiscal year, and accordingly, was not recorded in these financial statements.

VILLAGE OF GILBERT  
GILBERT, LOUISIANA  
Notes to the Financial Statements  
June 30, 2004

**III.B. LIABILITIES**

**III.B.1. Long-Term Obligations**

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

The following is a summary of long-term debt transactions of the Village of Gilbert for the fiscal year ended June 30, 2004:

ENTERPRISE FUND DEBT	Payable at 7/01/03	Additions	Reductions	Balance 06/30/04
Revenue Bonds (See Note I.B.4.)	\$146,893	\$ -	\$18,888	\$128,005

*Revenue Bonds Payable* – Revenue bonds payable at June 30, 2004 are comprised of the following individual issues:

*Revenue Bond*

750,000 Series Water and Sewer System Revenue Bonds due in monthly installments of \$2,259 through September, 2009 with an interest rate of 5%. Revenue bonds payable at June 30 2004 were \$128,005.

The annual requirements to amortize all debt outstanding as of June 30, 2004 is as follows:

Annual Requirements to Amortize Long-Term Debt	
Year Ending June 30, 2004	Revenue
2005	-
2006	-
2007	-
2008	-
2009	-
Thereafter	-
Total	\$ 161,999

Interest expense for the year was \$8216.00



VILLAGE OF GILBERT  
 GILBERT, LOUISIANA  
 Notes to the Financial Statements  
 June 30, 2004

**III.B.2. Notes Payable**

Notes payable consisted of a \$36,000 note that is secured against a \$50,000 Certificate of Deposit.

**NOTE IV. OTHER**

**IV.A.1. One Percent Sales and Use Tax**

The revenue derived from sales tax revenues is not dedicated to any specific purpose.

**IV.A.2. Restrictions on Use of Utilities Revenues**

Funds provided by utilities revenue is to be used in the following manner before they are available for other lawful purposes:

1. Operating expense of utility system.
2. Revenue bond service funds.
3. Revenue bonds reserve funds.
4. Revenue bond depreciation and contingencies fund.

**IV.A.3. Pension Plans**

On June 25, 2002, the Mayor and Board of Aldermen in regular session voted to withdraw from all municipal retirement programs in which they had previously participated. They further voted to withdraw from participation in any health insurance programs. The Village of Gilbert withholds Social Security taxes from the wages and salaries of all employees and pays the matching employer portion on Social Security taxes.

**IV.A.4. Accounts, Salaries, and Other Payables**

Accounts, salaries, and other payables of \$7,815 are as follows:

	General Fund	Prop Fund	Total
Withholdings	\$ 3,559	\$ 3,042	\$ 6,601
Other Payables	130	1,084	1,214
Total	\$3,689	\$ 4,126	\$ 7,815

VILLAGE OF GILBERT  
 GILBERT, LOUISIANA  
 Notes to the Financial Statements  
 June 30, 2004

**IV.A.5. Inter-fund Transactions**

During the course of normal operations, the Village has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental funds financial statements generally reflect such transactions as transfers.

FUND TRANSFERS	Transferred To	Transferred From
General Fund	\$ 44,000	\$ -
Enterprise Fund	3,399	-
Sales Tax		47,399
<b>TOTAL</b>	<b>\$ 47,399</b>	<b>\$ 47,399</b>

**IV.A.6. Litigation and Contingencies**

*Litigation or Unasserted Claims*

The Village of Gilbert is involved in litigation entitled Carol James vs. Tony LaCaze. The Case is pending in Fifth Judicial Court in Franklin Parish. It is the opinion of the Village's attorney that the Village has no liability in the case.

*Contingencies*

There are no other known contingencies pending against the Village of Gilbert at this time.

**IV.A.7. Subsequent Events**

There were no subsequent events noted which would affect the financial statement.

**IV.A.8. Leases**

The Village of Gilbert records assets acquired through capital leases as an asset and records the lease as an obligation. The Village has no leases outstanding as of June 30, 2004

**IV.A.9. Prior Period Adjustments**

The prior period adjustment of (\$344,221) in the General Fund is the result of the GASB 34 pronouncement that required depreciation of general fixed assets.

VILLAGE OF GILBERT  
GILBERT, LOUISIANA  
Notes to the Financial Statements  
June 30, 2004

---

---

**IV.A.10. Post Employment Benefits**

The Village of Grayson does not provide continuing health care or life insurance benefits for retirees.

Required Supplementary Information  
(Part II)

VILLAGE OF GILBERT  
 GILBERT, LOUISIANA  
 STATEMENT OF REVENUES, EXPENDITURES, & CHANGES  
 IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND AND SALES TAX FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2004

Schedule 1

	General Fund				Sales Tax Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>								
Taxes:								
Property Taxes	\$ 30,000	\$ 31,328	\$ 31,328	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	32,000	33,485	33,485	-
Other Taxes	-	1,776	1,776	-	-	-	-	-
Transfers In	30,000	44,000	44,000	-	-	-	-	-
Government Grants	-	9,338	9,338	-	-	-	-	-
Investment Earnings	780	989	989	-	-	511	511	-
Fines	57,000	49,130	49,130	-	-	-	-	-
Miscellaneous Revenues	11,484	25,887	60,654	34,767	80	-	-	-
<b>TOTAL REVENUES</b>	<b>\$129,264</b>	<b>\$162,448</b>	<b>\$197,215</b>	<b>\$ 34,767</b>	<b>\$ 32,080</b>	<b>\$ 33,996</b>	<b>\$ 33,996</b>	<b>\$ -</b>
<b>EXPENDITURES</b>								
General Government	\$ 83,100	\$ 119,809	\$ 130,248	\$ (10,439)	\$ 25	\$ 24	\$ -	\$ 24
Public Safety	41,800	38,173	85,429	(47,256)	-	-	-	-
Public Works	3,700	7,088	9,965	(2,877)	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 128,600</b>	<b>\$ 165,070</b>	<b>\$ 225,642</b>	<b>\$ (60,572)</b>	<b>\$ 30,025</b>	<b>\$ 24</b>	<b>\$ -</b>	<b>\$ 24</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>								
	664	(2,622)	(28,427)	(25,805)	2,055	33,972	33,996	24
<b>NON-OPERATING EXPENDITURES/REVENUES:</b>								
Bank Loan to Purchase Land		-	36,000	36,000	-	-	-	-
Transferred from Sales Tax Fund		-	-	-	-	(44,000)	(47,399)	(3,399)
Total Non-Operating Expenditures/Revenues		-	36,000	36,000	-	(44,000)	(47,399)	(3,399)
<b>CHANGE IN NET ASSETS</b>		(2,622)	7,573	10,195		(10,028)	(13,403)	(3,375)
<b>FUND BALANCE BEGINNING</b>		(6,516)	(6,516)	-		83,003	83,003	-
<b>FUND BALANCE ENDING</b>		<b>\$ (9,138)</b>	<b>\$ 1,057</b>	<b>\$ 10,195</b>		<b>\$ 72,975</b>	<b>\$ 69,600</b>	<b>\$ 3,375</b>

See Accompanying Notes

**Village of Gilbert, Louisiana**  
**Schedule of Federal Financial Assistance**  
**Year Ended June 30, 2003**

<u>Pass Through Grantor Program Title</u>	<u>CFDA Number</u>	<u>Award Period</u>	<u>Expenditures</u>
Department of Housing and Urban Development	*	14.228	\$ 126,958
Total			<u>\$ 126,958</u>

\* Denotes Major Program

Note A-Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Village of Gilbert and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See Notes to Financial Statements

**Compensation Paid Elected Officials**

VILLAGE OF GILBERT  
GILBERT, LOUISIANA  
SCHEDULE OF COMPENSATION PAID MAYOR AND BOARD OF ALDERMEN  
FOR THE YEAR ENDED JUNE 30, 2004

<u>NAME</u>	<u>AMOUNT</u>
Stacy Calhoun – Mayor	\$ 4250.00
Mike Stephens - Alderman	0
Lois Haralson - Alderman	0
Lovie Ezell - Alderman	0
TOTAL	<u>\$ 4250.00</u>



Other Independent Auditor's Reports  
and  
Findings and Recommendations

Jimmie Self, CPA  
A Professional Accounting Corporation  
2908 Cameron St, Suite C  
Monroe, LA 71201  
Phone (318)-323-4656 • Fax (318)388-0724

---

---

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

Board of Directors  
Village of Gilbert  
Gilbert, Louisiana

I have audited the basic financial statements of the governmental activities, the business-type activities, and each major fund, of the Village of Gilbert, Louisiana as of and for the year ended June 30, 2004, which collectively comprise the Village of Gilbert, Louisiana's basic financial statements and have issued my report thereon dated December 17, 2004. I have conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

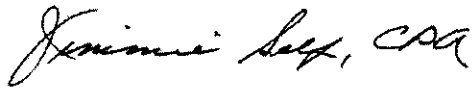
As part of obtaining reasonable assurance about whether Village of Gilbert, Louisiana's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of basic 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. However, I noted certain immaterial instances of noncompliance that I have reported to management of Village of Gilbert, Louisiana in a separate letter dated December 17, 2004.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Village of Gilbert, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the basic financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in 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 basic 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 considered to be material weaknesses. However, I noted other matter involving the internal control over financial reporting that I have reported to management of Village of Gilbert, Louisiana, in a separate letter dated December 17, 2004.

This report is intended solely for the information and use of the management, Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Jimmie Self, CPA  
Monroe, Louisiana  
December 17, 2004

**Jimmie Self, CPA**  
***A Professional Accounting Corporation***  
**2908 Cameron Street, Suite C**  
**Monroe, Louisiana 71201**  
**Phone (318) 323-4656 Fax (318) 388-0724**

---

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Village of Gilbert  
Gilbert, Louisiana

Compliance

I have audited the compliance of Village of Gilbert with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Village of Gilbert's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Village of Gilbert's management. My responsibility is to express an opinion on Village of Gilbert's compliance based on my audit.

I conducted my audit of compliance 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Village of Gilbert's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Village of Gilbert's compliance with those requirements.

In my opinion, Village of Gilbert complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Village of Gilbert is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Village of Gilbert's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Jimmie Self, CPA". The signature is written in a cursive style.

Jimmie Self, CPA  
Monroe, Louisiana  
December 17, 2004

**Jimmie Self, CPA**  
**A Professional Accounting Corporation**  
**2908 Cameron Street, Suite C**  
**Monroe, Louisiana 71201**  
**Phone (318) 323-4656 Fax (318) 388-0724**

---

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2004

I have audited the financial statements of Village of Gilbert as of and for the year ended June 30, 2004, and have issued my report dated December 17, 2004. I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of OMB Circular A-133. My audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion (qualified, adverse, disclaimer).

Section I Summary of Auditor's Reports

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

Internal Control

Material Weaknesses yes X no Reportable Conditions yes X no

Compliance

Compliance material to Financial Statements yes X no

b. Federal Awards

Internal Control

Material Weaknesses yes X no Reportable Conditions yes X no

Type of Opinion On Compliance: Unqualified X 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

c. Identification of major Programs:

14.228 Loan outstanding at June 30, 2004 with the  
Department of Housing and Urban Development was in the amount of \$126,958.

Jimmie Self, CPA  
*A Professional Accounting Corporation*  
2908 Cameron Street, Suite C  
Monroe, Louisiana 71201  
Phone 318/323-4656 • Fax 318/388-0724

---

---

#### MANAGEMENT RECOMMENDATIONS

To the Mayor and Aldermen  
Village of Gilbert  
Gilbert, Louisiana

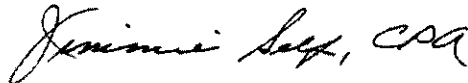
During my audit, the following came to my attention. The actual expenditures for the year ended June 30, 2004 exceeded the budgeted expenditures by \$63,947. This amount exceeds the final budgeted amount by 30.5%. The Louisiana budgeting statute calls for a variance of no more than 5%.

The variance was due to the omission by the town's management of the Capital Assets depreciation required in the implementation of the new GASB standard No. 34 which is being complied with by the Village of Gilbert for the first time this year. (See MD&A page 3, paragraph 2.) In the past, Capital assets were carried on the books at the cost of acquisition and were not depreciated, and therefore were not included as a yearly budgetary expenditure. The variance between budgeted and actual amounts of total expenditures would have been \$1336 with the exclusion of the Capital Assets depreciation. This would have been well within the 5% limit. The amount of \$1336 was increased by \$62,611 as an expenditure for depreciation. [The depreciation shown for the General Fund is only for Capital Assets (or general fixed assets.) As a Phase 3 government with annual revenues of less than \$10 million, the Village is not required to show infrastructure depreciation in its annual report.]

The Village's management is only now learning the requirements for compliance with the new GASB 34 standards. Management is newly informed that future budgets must include the yearly amounts for depreciation of Capital Assets as an expenditure. It is my recommendation to management that you review your current budget for the year to be ended June 30, 2005 and that you amend your budgeted expenditures a proper amount for depreciation of Capital assets for this year.

[See MD&A page 8, item B. "Analysis of Significant Budget Variances in the General Fund. Also, please see the budgetary comparison schedule on page 36 entitled "Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund and Special Revenue Funds - Schedule 1. Note that the General Fund Variance (\$60,572) added to the Special Revenue Funds Variance (\$3375) equals the amount \$63,947 referred to in the first paragraph.]

Respectfully submitted,



Jimmie Self, CPA  
Monroe, Louisiana  
December 17, 2004

**VILLAGE OF GILBERT**  
**P. O. Box 600**  
**Gilbert, LA 71336**

December 16, 2004

Steve J. Theriot, CPA  
Louisiana Legislative Auditor  
P. O. 94397, 1600 N. Third Street  
Baton Rouge, La 70804

Subject: Management's Plan of Corrective Action for the year ended June 30, 2004

In receiving the letter of Management Recommendations from Jimmie Self, CPA, APAC pursuant to the completion of the annual financial audit, the management of the Village of Gilbert has been advised of the need to make changes in budgeting procedures for the purpose of future compliance with GASB Statement 34. We understand that the corrective action needed shall be in two areas.

(1) We shall amend the currently used budget for the year, which ends June 30, 2005 so that the omission of depreciation from the budget will not be repeated in the present budgeting procedure and the upcoming annual financial audit to be completed FYE June 30, 2005.

(2) In the future, we shall include annual depreciation of capital assets as a line item in budgeting expenditures for the year. We will work with our accountant and Mayor and Council Members in determining the annual depreciation on fixed governmental assets and including these amounts in the yearly budget.

Respectfully submitted,

  
Nancy Robbins  
Village Clerk