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Town of Gibsland
Gibsland, Louisiana

Annual Financial Statements
As of June 30, 2008 and for the Year Then Ended

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 2/11/09

Town of Gibsland
Annual Financial Statements
As of and for the Year Ended June 30, 2008
With Supplemental Information Schedules

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Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2008

The management of the Town of Gibsland, Louisiana offers readers of the Town of Gibsland, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2008. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2008

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

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

Government-wide Financial Analysis

As noted earlier, net assets may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$2,725,303 (net assets); this represents an decrease of \$124,209 from the last fiscal year. Of this total net asset amount, \$41,650 is unrestricted net assets. The Town's net assets are comprised of \$103,232 from governmental activities and \$2,622,071 from business-type activities.

The following is a condensed statement of the Town of Gibsland's net assets as of June 30, 2008:

	Governmental-Type Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current & Other Assets	\$47,279	\$78,806	\$265,285	\$352,431	\$312,564	\$431,237
Capital Assets (net)	70,279	64,573	3,184,107	3,302,183	3,254,386	3,366,756
Total Assets	\$117,558	\$143,379	\$3,449,392	\$3,654,614	\$3,566,950	\$3,797,993
Liabilities						
Other Liabilities	\$14,326	\$81,467	\$91,216	\$87,071	\$105,542	\$168,538
Long-term Liabilities	0	0	736,103	779,944	736,103	779,944
Total Liabilities	14,326	81,467	827,319	867,015	841,645	948,482
Net Assets						
Invested in capital assets, net	70,279	64,573	2,410,214	2,470,806	2,480,493	2,535,379
Restricted	0	0	203,159	167,920	203,159	167,920
Unrestricted	32,953	(2,661)	8,698	148,874	41,651	146,213
Total Net Assets	\$103,232	\$61,912	\$2,622,071	\$2,787,600	\$2,725,303	\$2,849,512

**Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2008**

By far the largest portion of the Town's net assets \$2,480,493 reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, town infrastructure, etc.) less any related debt used to acquire those assets still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of \$41,320 is unrestricted net assets, which may be used to meet the government's on-going obligations to citizens and creditors.

The Town has total outstanding debt of \$791,715, which was used to finance some of the \$3,254,386 capital assets. Total liabilities of \$841,645 are equal to 30% of the total net assets.

The following is a summary of the statement of activities:

	Governmental-Type Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenue						
Program Revenue	\$0	\$0	\$372,054	\$816,554	\$372,054	\$816,554
General Revenue & Transfers	262,767	168,160	(97,819)	86,266	164,948	254,426
Total Revenue	262,767	168,160	274,235	902,820	537,002	1,070,980
Expenses						
General & Administrative	158,666	193,836			158,666	193,836
Public Safety	62,781	50,943			62,781	50,943
Water Utilities			248,760	176,855	248,760	176,855
Sewer Utilities			191,003	202,732	191,003	202,732
Total Expenses	221,447	244,779	439,763	379,587	661,210	624,366
Increase (Decrease) in Net Assets	41,320	(76,619)	(165,528)	523,233	(124,208)	446,614
Net Assets, June 30, 2007	61,912	36,310	2,787,600	2,264,367	2,849,512	2,300,677
Net Assets, June 30, 2008	\$103,232	(\$40,309)	\$2,622,072	\$2,787,600	\$2,725,304	\$2,747,291

Governmental Activities

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

Business-type Activities

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

Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2008

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

	<u>Operating Revenues Net of Purchases</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Fiscal year ended June 30, 2007	194,624	126,727	321,351
Fiscal year ended June 30, 2008	<u>215,648</u>	<u>104,170</u>	<u>319,818</u>
Increase (decrease) between years	<u>21,024</u>	<u>(22,557)</u>	<u>(1,533)</u>
	<u>Operating Expenses</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Fiscal year ended June 30, 2007	164,829	175,310	175,310
Fiscal year ended June 30, 2008	<u>237,210</u>	<u>164,448</u>	<u>401,658</u>
Increase (decrease) between years	<u>72,381</u>	<u>(10,862)</u>	<u>226,348</u>
	<u>Net Income (Loss) From Operations</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Fiscal year ended June 30, 2007	29,795	(48,583)	(18,788)
Fiscal year ended June 30, 2008	<u>(21,562)</u>	<u>(60,278)</u>	<u>(81,840)</u>
Increase (decrease) between years	<u>(51,357)</u>	<u>(11,695)</u>	<u>(63,052)</u>

The reasons for major fluctuations noted above are as follows:

Water and sewer revenues increased due to a rate increase for residential and contract users in mid-year 2007. Water expenses increased due to grant income for repairs and maintenance.

Fund Financial Statements - Governmental Funds

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

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

The Town adopts an annual budget for the General Fund. A statement of revenues, expenditures, and changes in fund balance for the General Fund is presented in the Required Supplemental Information Schedule 1), which compares actual revenues and expenditures to the original budget and amended budget (if applicable) figures.

Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2008

Financial Analysis of the Town's Governmental Fund

The Town of Gibsland's governmental fund (General Fund) reported an ending fund balance of \$32,933, which is an increase of \$35,611. This increase is caused mostly by operating transfers in. The entire ending fund balance of \$32,933 is unreserved.

Fund Financial Statements - Proprietary Funds

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

Financial Analysis of the Town's Proprietary Fund

The Town's proprietary funds show a decrease in ending retained earnings of (\$165,529) (Water - (\$64,168) & Sewer - (\$101,361). The 2008 operating losses of the Water and Sewer Departments totaling \$81,840 represents an increase in loss of \$63,052 from fiscal year 2007.

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

General Fund Budgetary Highlights

The Town did not amend their original General Fund budget during the course of the year.

The actual deficiency of revenue for the current fiscal year was not sufficient to meet all expenditures. The final budget and the actual results differ by a negative position of \$27,695.

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2008 is \$3,254,386.

There were no new major capital assets purchased or constructed in fiscal 2008 for governmental activities.

Current Financial Factors

There are no major changes in the current year.

The town has received grant monies for town hall improvements.

Town of Gibsland, Louisiana
Management Discussion and Analysis
June 30, 2008

Requests for Information

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

EDWARDS, WADE & PERRY

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

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Gibsland, as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Gibsland's management. Our responsibility is to express opinions on these financial statements based on our audit.

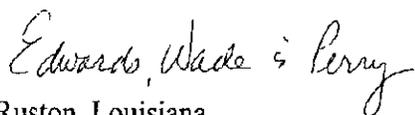
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Gibsland, as of June 30, 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 23, 2008, on our consideration of the Town's internal control over financial reporting and our tests of its compliance and other matters with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The required supplementary information on pages 1 through 6 and 28 through 31 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. We 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, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gibsland's basic financial statements. The accompanying supplementary information, as referenced in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Ruston, Louisiana
December 23, 2008

Town of Gibsland, Louisiana
Statement of Net Assets
As of June 30, 2008

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and equivalents	\$34,601	\$21,568	\$56,169
Receivables	19,607	33,464	53,071
Internal balances	(7,094)	7,094	0
Restricted assets	0	203,159	203,159
Other assets	165	0	165
Capital assets (net)	70,279	3,184,107	3,254,386
TOTAL ASSETS	<u>\$117,557</u>	<u>\$3,449,392</u>	<u>\$3,566,949</u>
Liabilities			
Accounts, salaries, and other payables	\$14,326	\$14,306	\$28,632
Current loans and interest payable	0	55,612	55,612
Liabilities payable from restricted assets	0	21,299	21,299
Loans payable	0	736,103	736,103
TOTAL LIABILITIES	<u>14,326</u>	<u>827,320</u>	<u>841,646</u>
NET ASSETS			
Invested in capital assets, net of related debt	70,279	2,410,214	2,480,493
Restricted for debt service	0	203,159	203,159
Unrestricted	32,953	8,698	41,651
TOTAL NET ASSETS	<u>\$103,232</u>	<u>\$2,622,071</u>	<u>\$2,725,303</u>

The accompanying notes are an integral part of this statement.

Statement B

Town of Gibsland, Louisiana
 Statement of Activities
 Year Ended June 30, 2008

	Program Revenues		Net (Expenses) Revenues and Changes of Primary Government	
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
Expenses		Capital Contributions		Total
Governmental Activities:				
General government	\$158,666	\$18,457	(\$140,209)	(\$140,209)
Public safety	62,781		(62,781)	(62,781)
Total governmental activities	221,447	18,457	(202,990)	(202,990)
Business-type activities				
Water utilities	248,760	\$32,560		(\$552)
Sewer utilities	191,003	19,676		(67,157)
Total business-type activities	439,763	52,236	0	(67,709)
Total primary government	\$661,210	\$70,693	(\$202,990)	(\$67,709)
General revenues:				
Property taxes	\$22,877		\$22,877	\$22,877
Sales taxes	66,628		66,628	66,628
Franchise fees	21,192		21,192	21,192
Licenses and permits	21,245		21,245	21,245
Fines and forfeitures	2,493		2,493	2,493
State funds	25		25	25
Investment earnings	473		473	473
Other general revenues	6,978		6,978	6,978
Transfers	100,399		100,399	100,399
Total general revenues and transfers	244,310		244,310	244,310
Change in Net Assets			41,320	(165,528)
Net assets - beginning			61,912	2,787,600
Net assets - ending			\$103,232	\$2,622,072
				\$2,725,304

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
 Balance Sheet, Governmental Funds
 June 30, 2008

	ASSETS	General Fund	Capital Projects Fund	Total Governmental Funds
Cash and cash investments		\$34,581	\$20	\$34,601
Receivable		19,607		19,607
Other assets		165		165
TOTAL ASSETS		<u>\$54,353</u>	<u>\$20</u>	<u>\$54,373</u>
	LIABILITIES AND FUND BALANCES			
Liabilities:				
Accounts, salaries, and other payables		\$14,326		\$14,326
Due to other funds		7,094		7,094
Total liabilities		<u>21,420</u>	<u>0</u>	<u>21,420</u>
Fund balances:				
Unreserved, reported in:				
General fund		32,933		32,933
Capital projects fund			\$20	20
TOTAL LIABILITIES AND FUND BALANCES		<u>\$54,353</u>	<u>\$20</u>	<u>\$54,373</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Reconciliation of The Governmental Funds Balance Sheet
to The Government-Wide Financial Statement of Net Assets
June 30, 2008

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

Fund balances, Total governmental funds (Statement C)	\$32,953
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	
Governmental capital assets	189,419
Less accumulated depreciation	<u>(119,140)</u> <u>70,279</u>
Net Assets of Governmental Activities (Statement A)	<u>\$103,232</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2008

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes:			
Ad valorem	\$22,877		\$22,877
Sales and use	66,628		66,628
Franchise fees	21,192		21,192
Licenses and permits	23,245		23,245
Intergovernmental revenues:			
State grants	18,457		18,457
State funds-state revenue sharing	25		25
Fines and forfeitures	2,493		2,493
Interest earnings	470	3	473
Other revenues	<u>6,978</u>		<u>6,978</u>
Total Revenues	<u>162,365</u>	<u>3</u>	<u>162,368</u>
EXPENDITURES			
General government	150,569		150,569
Public safety	62,781		62,781
Capital outlay	<u>13,803</u>		<u>13,803</u>
Total Expenditures	<u>227,153</u>	<u>0</u>	<u>227,153</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(64,788)	3	(64,785)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	<u>100,399</u>		<u>100,399</u>
Total Other Financing Sources (Uses)	<u>100,399</u>	<u>0</u>	<u>100,399</u>
Net Change in Fund Balance	35,611	3	35,614
Fund Balance – beginning	<u>(2,678)</u>	<u>17</u>	<u>(2,661)</u>
Fund Balance – ending	<u>\$32,933</u>	<u>\$20</u>	<u>\$32,953</u>

The accompanying notes are an integral part of this statement.

Statement F

Town of Gibsland, Louisiana
 Reconciliation of The Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2008

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

Net Change in Fund Balances, Total governmental funds (Statement E)	\$35,614
When recognizing the sale of capital assets, governmental funds report the total proceeds of the sale. Only the gain or loss on the sale is reported on the Statement of Net Assets.	(\$2,056)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Expenditures for capital assets	<u>7,762</u>
Change in Net Assets of Governmental Activities, Statement B	<u>\$41,320</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Statement of Net Assets, Proprietary Funds
June 30, 2008

	Business-Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Totals (Memorandum Only)	
			2008	2007
ASSETS				
Current assets:				
Cash and equivalents	\$8,309	\$13,259	\$21,568	\$34,341
Receivables	19,493	13,972	33,464	70,791
Due from other funds	85,894	0	85,894	116,058
Total current assets	<u>113,695</u>	<u>27,231</u>	<u>140,926</u>	<u>221,190</u>
Restricted assets:				
Cash and equivalents	141,562	61,597	203,159	210,041
Non-current assets:				
Capital assets (net of accumulated depreciation)	954,363	2,229,744	3,184,107	3,302,183
Total Non-current assets	<u>954,363</u>	<u>2,229,744</u>	<u>3,184,107</u>	<u>3,302,183</u>
TOTAL ASSETS	<u>\$1,209,620</u>	<u>\$2,318,571</u>	<u>\$3,528,191</u>	<u>\$3,733,414</u>
LIABILITIES				
Current Liabilities:				
Accounts, salaries, and other payables	\$9,951	\$4,355	\$14,306	\$14,560
Due to other funds	0	78,800	78,800	78,800
Loans and interest payable	18,792	36,820	55,612	51,433
Total current liabilities	<u>28,743</u>	<u>119,975</u>	<u>148,718</u>	<u>144,793</u>
Current liabilities payable from restricted assets	<u>21,299</u>	<u>0</u>	<u>21,299</u>	<u>21,077</u>
Non-current liabilities:				
Loans payable	211,000	525,103	736,103	779,944
Total non-current liabilities	<u>211,000</u>	<u>525,103</u>	<u>736,103</u>	<u>779,944</u>
Total liabilities	<u>261,042</u>	<u>645,078</u>	<u>906,120</u>	<u>945,814</u>
NET ASSETS				
Invested in capital assets, net of related debt	731,363	1,678,851	2,410,214	2,470,806
Restricted for debt service	141,562	61,597	203,159	167,920
Unrestricted	75,653	(66,955)	8,698	148,874
TOTAL NET ASSETS	<u>\$948,578</u>	<u>\$1,673,493</u>	<u>\$2,622,071</u>	<u>\$2,787,600</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Totals Memorandum only)	
	Fund	Fund	2008	2007
Operating Revenues				
Charges for services:				
Water sales	\$181,273		\$181,273	\$168,656
Sewer charges		\$104,170	104,170	119,258
Other services	<u>34,375</u>	<u>0</u>	<u>34,375</u>	<u>33,437</u>
Total Operating Revenues	215,648	104,170	319,818	321,351
Operating Expenses				
Cost of sales and services	135,246	42,816	178,062	136,038
Administration	50,457	55,063	105,520	108,077
Depreciation	<u>51,507</u>	<u>66,569</u>	<u>118,076</u>	<u>96,024</u>
Total Operating Expenses	<u>237,210</u>	<u>164,448</u>	<u>401,658</u>	<u>340,139</u>
Operating income (loss)	(21,562)	(60,278)	(81,840)	(18,788)
Nonoperating revenue (expenses)				
Intergovernmental	32,560	19,676	52,236	19,401
Interest earnings	1,727	853	2,580	2,221
Interest expense	<u>(11,550)</u>	<u>(26,555)</u>	<u>(38,105)</u>	<u>(39,448)</u>
Total Nonoperating Revenue (Expenses)	<u>22,737</u>	<u>(6,026)</u>	<u>16,711</u>	<u>(17,826)</u>
Income before contributions and transfers	1,175	(66,304)	(65,129)	(36,614)
Capital contributions			0	495,203
Transfers in	18,190	0	18,190	64,644
Transfers out	<u>(83,533)</u>	<u>(35,057)</u>	<u>(118,590)</u>	<u>0</u>
Change in Net Assets	(64,168)	(101,361)	(165,529)	523,233
Total Net Assets - Beginning	<u>1,012,746</u>	<u>1,774,854</u>	<u>2,787,600</u>	<u>2,264,367</u>
Total Net Assets - Ending	<u>\$948,578</u>	<u>\$1,673,493</u>	<u>\$2,622,071</u>	<u>\$2,787,600</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Statement of Cash Flows, Proprietary Funds
For the Year Ended June 30, 2008

	Utility Fund	Sewer Fund	Total (Memo only)	2007
Cash Flows from Operating Activities				
Receipts from customers and users	\$269,752	\$139,621	\$409,373	\$286,324
Receipts from other funds	0	19,676	19,676	31,820
Payments to suppliers	(130,430)	(73,559)	(203,989)	(148,634)
Payments to employees	(46,733)	(23,094)	(69,827)	(90,552)
Payments to other funds	0	0	0	(12,419)
Net Cash Provided by Operating Activities	<u>92,589</u>	<u>62,644</u>	<u>155,233</u>	<u>66,539</u>
Cash Flows from Noncapital Financing Activities				
Transfer to other funds	(83,533)	(35,057)	(118,590)	0
Advances from other funds	18,190	0	18,190	64,644
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(65,343)</u>	<u>(35,057)</u>	<u>(100,400)</u>	<u>64,644</u>
Cash Flows from Capital and Related Financing Activities				
Purchases of capital assets	0	0	0	(551,305)
Principal paid on capital debt	(12,000)	(26,632)	(38,632)	(31,707)
Interest paid on capital debt	(11,750)	(26,686)	(38,436)	(40,148)
Capital contributions	0	0	0	495,203
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(23,750)</u>	<u>(53,318)</u>	<u>(77,068)</u>	<u>(127,957)</u>
Cash Flows from Investing Activities				
Interest and dividends received	1,727	853	2,580	2,221
Net Cash Provided by Investing Activities	<u>1,727</u>	<u>853</u>	<u>2,580</u>	<u>2,221</u>
Net Increase in Cash and equivalents	5,223	(24,878)	(19,655)	5,447
Cash and equivalents, Beginning of Year	144,648	99,734	244,382	238,935
Cash and equivalents, End of Year	<u>\$149,871</u>	<u>\$74,856</u>	<u>\$224,727</u>	<u>\$244,382</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities				
Operating income	(\$21,562)	(\$60,278)	(\$81,840)	(\$23,378)
Depreciation expense	51,507	66,569	118,076	95,066
(Increase) decrease in accounts receivable	21,544	15,784	37,328	(6,080)
(Increase) decrease in intergovernmental funds	32,560	19,676	52,236	19,335
(Increase) decrease in due from other funds	0	0	0	(36,709)
Increase (decrease) in customer deposits	222	0	222	(6,679)
Increase (decrease) in accounts payable	8,318	(9,235)	(917)	(571)
Increase (decrease) in due to other funds	0	0	0	3,026
Net Cash Provided by Operating Activities	<u>\$92,589</u>	<u>\$32,516</u>	<u>\$125,105</u>	<u>\$44,010</u>
Reconciliation of total cash and cash investments:				
Current assets - cash and cash investments	\$8,309	\$13,259	\$21,568	\$22,859
Restricted assets - cash and cash investments	141,562	61,597	203,159	216,076
Total cash and cash investments	<u>\$149,871</u>	<u>\$74,856</u>	<u>\$224,727</u>	<u>\$238,935</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2008

INTRODUCTION

The Town was incorporated under the provisions of Louisiana Revised Statutes 33:52. The Town operates under a form of government consisting of an elected mayor and a Town council, which has five elected members. The Town, with 11 employees, provides public safety, public works, utility services, and administrative services to its residents. The Town consists of approximately 1,119 citizens.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A. Government-Wide and Fund Financial Statements

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

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2008

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

The Capital projects fund is used to account for all resources and expenditures in connection with the acquisition of capital facilities and major capital improvements.

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2008

The Town reports the following major proprietary funds:

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

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

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

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

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

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

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

C. Deposits and Investments

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

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2008

D. Receivables and Payables

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

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

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

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

<u>Taxes due for:</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General operations and maintenance	12.90	11.93	6/30/08
Sewer District	5.81	5.18	6/30/08
Sewer Bond	5.81	5.18	6/30/08

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

<u>Taxpayer</u>	<u>Type of business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad valorem Tax Revenue for Town</u>
Gibsland Bank & Trust	financial institution	407,190	21.23%	\$8,860
Bellsouth Telecommunications	communications	208,100	10.85%	4,528
Total		<u>615,290</u>	<u>32.08%</u>	<u>\$13,388</u>

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

E. Prepaid Items

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

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2008

F. Restricted Assets

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

G. Capital assets

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

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

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

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

H. Compensated Absences

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

The Town's full time employees receive sick and vacation time at the beginning of each calendar year. Vacation time must be used during the course of the calendar year. Unused sick time may be carried forward to the next year. The Town's sick and vacation time at June 30, 2008, was not material to the financial statements and was not recorded.

I. Long-Term Obligations

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

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2008

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. There are no reservations or designations for the year ended June 30, 2008.

K. Comparative Data/Reclassifications

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

L. Estimates

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

M. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets. The following reconciles the fund balances of governmental funds to the government-wide statement of net assets.

Governmental capital assets	\$186,916
Less accumulated depreciation	<u>(119,140)</u>
Net adjustment	<u>\$67,776</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities. The following reconciles the net changes in fund balance-total governmental funds to the changes in net assets of governmental activities.

Expenditures for capital assets	\$7,762
Loss on sale of asset	<u>(2,992)</u>
Net adjustment	<u>\$4,770</u>

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2008

N. RISK MANAGEMENT

The town is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the town maintains commercial insurance policies covering its vehicles, professional liability and surety bond coverage. No claims were paid on any of the policies which exceeded to policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2008.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGET INFORMATION The Town uses the following budget practices:

The Town adopted a budget for the year ended June 30, 2008 for the General fund. The Town follows the following procedures in establishing the budgetary data reflected in the financial statements. During the June meeting, the Town clerk submits to the board of aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and expenses and the means of financing them. During the June meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The Town clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures or expenses of any fund must be approved by the board of aldermen. Appropriations lapse at the end of the year. There were no amendments to the original budget.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS. The following individual funds had actual expenditures over budgeted appropriations for the year ended June 30, 2008.

	Budget	Actual	Variance
General fund	\$199,458	\$227,153	(\$27,695)
Total	\$199,458	\$227,153	(\$27,695)

The Town's daily management and Town council will monitor the budget and actual figures on a monthly basis for needed amendments.

3. CASH AND CASH EQUIVALENTS

At June 30, 2008, the Town has cash and cash equivalents (book balances) totaling \$259,328 as follows:

Demand deposits	\$52,099
Interest-bearing demand deposits	190,642
Time deposits	16,587
Total	\$259,328

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

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2008

At June 30, 2008, the Town has \$265,168 in deposits (collected bank balances). These deposits are secured from risk by \$121,300 of federal deposit insurance and \$143,868 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

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

4. INVESTMENTS

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

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

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

Type of investment	Category			Carrying amount			Total Carrying Amount
	1	2	3	Fair Value	Amortized Cost	Cost	
Certificate of deposit	\$16,587	\$0	\$0	\$16,587	\$0	\$0	\$16,587
Total investments	<u>\$16,587</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,587</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,587</u>

5. RECEIVABLES

The receivables of \$53,072 at June 30, 2008, are as follows:

Class of Receivable	General	Capital	Utility	Sewer	Total
	Fund	Projects Fund	Fund	Fund	
Sales and use taxes	\$8,944				\$8,944
Franchise fees	4,008				4,008
Insurance tax	6,542				6,542
Fines	113				113
Accounts			\$19,493	\$13,972	33,465
Total	<u>\$19,607</u>	<u>\$0</u>	<u>\$19,493</u>	<u>\$13,972</u>	<u>\$53,072</u>

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2008

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

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2008 is as follows:

Due To/From Other Funds:		
<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
	General fund	(\$7,094)
Sewer fund	Sewer fund	(78,800)
Utility fund		<u>85,894</u>
Total		<u>\$0</u>

The balances consist of allocations for accounting fees, payroll and payroll taxes, and assisting the Sewer fund in the payment of its note. The Town's management will pay monies back to the funds as monies come in.

7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2008, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$23,642			\$23,642
Total capital assets not being depreciated	<u>23,642</u>	<u>0</u>	<u>0</u>	<u>23,642</u>
Capital assets being depreciated:				
Buildings	44,513			44,513
Machinery and equipment	90,772	\$13,803	(\$11,300)	93,275
Infrastructure	27,989			27,989
Total capital assets being depreciated	<u>163,274</u>	<u>13,803</u>	<u>(11,300)</u>	<u>165,777</u>
Less accumulated depreciation for:				
Buildings	\$39,753	1,649		\$41,402
Machinery and equipment	77,406	3,356	(9,033)	71,729
Infrastructure	4,973	1,036		6,009
Total accumulated depreciation	<u>122,132</u>	<u>6,041</u>	<u>(9,033)</u>	<u>119,140</u>
Total capital assets being depreciated, net	<u>\$64,784</u>	<u>\$7,762</u>	<u>(\$2,267)</u>	<u>\$70,279</u>

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2008

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$49,175			\$49,175
Total capital assets not being depreciated	<u>49,175</u>	<u>0</u>	<u>0</u>	<u>49,175</u>
Capital assets being depreciated:				
Buildings	7,935			7,935
Improvements other than buildings	4,710,099			4,710,099
Machinery and equipment	30,282			30,282
Total capital assets being depreciated	<u>4,748,316</u>	<u>0</u>	<u>0</u>	<u>4,748,316</u>
Less accumulated depreciation for:				
Buildings	7,935			7,935
Improvements other than buildings	1,465,388	\$114,667		1,580,055
Machinery and equipment	21,985	3,409		25,394
Total accumulated depreciation	<u>1,495,308</u>	<u>118,076</u>	<u>0</u>	<u>1,613,384</u>
Total capital assets being depreciated, net	<u>\$3,302,183</u>	<u>(\$118,076)</u>	<u>\$0</u>	<u>\$3,184,107</u>

Depreciation expense of \$6,041 for the year ended June 30, 2008, was charged to the following governmental functions:

General government	<u>\$6,041</u>
Total	<u>\$6,041</u>

8. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$28,631 at June 30, 2008, are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Utility Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Accounts	<u>\$14,326</u>	<u>\$0</u>	<u>\$9,950</u>	<u>\$4,355</u>	<u>\$28,631</u>
Total	<u>\$14,326</u>	<u>\$0</u>	<u>\$9,950</u>	<u>\$4,355</u>	<u>\$28,631</u>

9. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2008:

	<u>Loans payable</u>
Long-term obligations at beginning of year	\$812,524
Additions	0
Deductions	<u>(38,631)</u>
Long-term obligations at end of year	<u>\$773,893</u>

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2008

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2008:

	<u>Loans payable</u>
Current portion	\$38,790
Long-term portion	<u>735,103</u>
Total	<u><u>\$773,893</u></u>

All loans outstanding at June 30, 2008, for \$773,893, are loans payable to the U.S. Department of Agriculture - Farmers Home Administration with interest rates from 4.5% to 6.75%. Principal and interest payable in the next fiscal year are \$39,143 and \$31,240, respectively. The individual issues are as follows:

<u>Loan number</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>	<u>Funding Source</u>
Loan 91-01	11/20/80	5.00	2020	\$90,050	\$223,000	USDA
Loan 92-01	7/15/83	5.00	2023	31,900	64,000	USDA
Loan 92-02	7/15/83	5.00	2022	58,950	126,000	USDA
Loan 92-03	7/15/83	5.00	2023	31,900	64,000	USDA
Loan 92-06	8/8/85	6.75	2009	1,980	18,000	USDA
Loan 92-08	3/8/99	4.50	2039	210,545	210,545	USDA

At June 30, 2008, the Town has accumulated \$148,215 for future debt repayments. The annual requirements to amortize all loans outstanding at June 30, 2008, including interest of \$387,933 is as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2009	39,010	35,415	74,425
2010	31,240	33,299	64,539
2011	32,481	31,808	64,289
2012	34,733	30,306	65,039
2013	35,996	28,743	64,739
2014 - 2018	218,375	116,369	334,744
2019 - 2023	185,031	62,014	247,045
2024 - 2028	53,865	30,579	84,444
2029 - 2033	67,427	17,015	84,442
2034 - 2037	49,833	2,385	52,218
Total	<u><u>\$747,991</u></u>	<u><u>\$387,933</u></u>	<u><u>\$1,135,924</u></u>

10. ON BEHALF PAYMENTS FOR SALARIES

The Town recognizes as general fund revenues and expenses supplemental pay made by the State of Louisiana to the Town's police employees. For the year ended June 30, 2008, the State made contributions of \$5,191.

Town of Gibsland, Louisiana
Notes to the Financial Statements
As of and For the Year Ended June 30, 2008

11. LITIGATION, CLAIMS, AND ASSESSMENTS

As of June 30, 2008, the Town is party to one legal proceeding as follows:

This pending law suit arises from the monies received by a former employee while she was town clerk. The Town's attorney indicates that after the civil lawsuit was filed, the district attorney's office pursued a criminal investigation. Since the town's attorney is an assistant district attorney, he cannot proceed in the civil action. He will file a formal motion to withdraw as counsel for the town and will recommend a local attorney to proceed.

REQUIRED SUPPLEMENTAL INFORMATION

Town of Gibsland, Louisiana
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Favorable (Unfavorable) Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Ad valorem	\$60,000	\$60,000	\$22,877	(\$37,123)
Sales and use	75,000	75,000	66,628	(8,372)
Franchise fees	26,000	26,000	21,192	(4,808)
Licenses and permits	25,200	25,200	23,245	(1,955)
Intergovernmental revenues:				
State grants	0	0	18,457	18,457
State funds - state revenue sharing	120	120	25	(95)
Fines and forfeitures	4,800	4,800	2,493	(2,307)
Interest earnings	300	300	470	170
Other revenues	10,200	10,200	6,978	(3,222)
Total Revenues	<u>201,620</u>	<u>201,620</u>	<u>162,365</u>	<u>(39,255)</u>
EXPENDITURES				
General government	151,458	151,458	150,569	889
Public safety	48,000	48,000	62,781	(14,781)
Capital outlay	0	0	13,803	(13,803)
Total Expenditures	<u>199,458</u>	<u>199,458</u>	<u>227,153</u>	<u>(27,695)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	2,162	2,162	(64,788)	(66,950)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	4,800	4,800	100,399	95,599
Operating transfers out	0	0	0	0
Total Other Financing Sources (Uses)	<u>4,800</u>	<u>4,800</u>	<u>100,399</u>	<u>95,599</u>
Net Change in Fund Balance	6,962	6,962	35,611	28,649
Fund Balance (Deficit) at Beginning of Year	<u>63,680</u>	<u>63,680</u>	<u>(2,678)</u>	<u>(66,358)</u>
Fund Balance (Deficit) at End of Year	<u>\$70,642</u>	<u>\$70,642</u>	<u>\$32,933</u>	<u>(\$37,709)</u>

Notes to the Schedule

(1) method of budgetary accounting - GAAP

(2) explanation of material variances

Public safety expenditures included more payroll than was budgeted

The accompanying notes are an integral part of this statement.

OTHER SUPPLEMENTAL SCHEDULES

Town of Gibsland
Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2008

Schedule 2

<u>Board Member</u>	<u>Amount</u>
Patrick White, Mayor	\$2,400
Dawson Anglin	650
Marketris Jones	650
Ray Ivory	650
Timmy Cato	625
Olen Jackson	<u>625</u>
Total	<u><u>\$5,600</u></u>

The accompanying notes are an integral part of this statement.

OTHER REPORTS

EDWARDS, WADE & PERRY

Certified Public Accountants

A Professional Accounting Corporation

Members: AICPA / Society of LCPA's

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

Mayor and Town Council
Town of Gibsland
Gibsland, Louisiana

We have audited the financial statements of the Town of Gibsland as of and for the year ended June 30, 2008 and have issued our report thereon dated December 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Gibsland's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 08-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Gibsland's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the district's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting as item 08-2.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

The Town's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of management, the town council, and the Legislative Auditor 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.

Edwards, Wade & Perry

Ruston, Louisiana
December 23, 2008

Town of Gibsland
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2008

We have audited the financial statements of Town of Gibsland as of and for the year ended June 30, 2008, and have issued our report thereon dated December 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 23, 2008 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 No Significant Deficiency Yes No

Compliance

Compliance Material to Financial Statements Yes No

2. Federal Awards

Internal Control

Material Weaknesses Yes No Reportable Yes 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 No

Was a management letter issued? Yes 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 auditee a "low-risk" auditee, as defined by OMB Circular A-133? Yes No

B. Financial Statements Findings

- 08-1. For the year ended June 30, 2008 actual expenditures exceeded budgeted expenditures by \$27,695 or 14% (more than 5%) for the General fund. According to LRS 39:1310, failing to amend the budget when necessary is a violation of the local government budget act.

Recommendation: Town should monitor budget and actual figures monthly and amend as necessary.

- 08-2. Lack of segregation of duties - Due to limited personnel, the Town does not have an adequate segregation of duties regarding its accounting and reporting system to maintain a complete system of internal control.

Recommendation: We do not recommend that it would be cost effective for the Town to hire additional personnel to resolve this problem. We believe the Town has taken all possible steps by requiring dual signatures and other separation of duties between personnel to ensure that internal controls are maintained as effectively as is possible with limited staff.

C. Federal Award Findings and Questioned Costs

None

Town of Gibsland
Summary of Prior Year Findings
For the Year Ended June 30, 2008

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

07-1. Actual expenditures exceeded budgeted expenditures.

Conclusion: Unresolved - see 08-1.

07-2. Overall internal control for the Town is inadequate in areas such as a) traffic tickets, b) insurance license support, c) original invoices/documentation for disbursements, d) missing support for utility billings and collections, e) sewer bills calculated incorrectly, f) several items not supplied for testing, g) town was not given fund financial statements by its accountant and what financial information was provided was not in balance.

Conclusion: Resolved.

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

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

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2008

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

- 08-1. We have entered the budget into accounting software and will review monthly.
- 08-2. Management is aware of the problem of segregation of duties and will continue to develop and implement internal control procedures to offset this inherent problem associated with being a small entity.