

Village of Gilbert
Gilbert, Louisiana

General Purpose Financial Statements
And
Independent Auditor's Report

For the year ended
June 30, 2003

JIMMIE SELF, CPA
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VILLAGE OF GILBERT
GILBERT, LOUISIANA

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Independent Auditor's Report

I have audited the accompanying general-purpose financial statements of the Village of Gilbert, Louisiana, as of and for the year ended June 30, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Village of Gilbert, Louisiana's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I 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 general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Gilbert, Louisiana, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated November 25, 2003, on my consideration of the Village of Gilbert, Louisiana'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 Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

My audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Village of Gilbert, Louisiana, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general-purpose financial statements. Also, the supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general-purpose financial statements and, in my opinion, is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole.



Jimmie Self, CPA
Monroe, Louisiana
November 25, 2003

VILLAGE OF GILBERT
GILBERT, LOUISIANA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
6/30/2003

	Governmental Fund Types		Proprietary	Account	Totals	
	General	Special	Fund Type	Group	(Memorandum Only)	
	Fund	Revenue	Enterprise	General	June 30, 2003	June 30, 2002
		Fund	Fund	Fixed Assets		
ASSETS						
Cash	\$ 9,170	\$ 83,003	\$ 31,175	\$ -	\$ 123,348	\$ 138,744
Receivables:						
Other	-	-	56,031	-	56,031	17,505
Restricted Assets:						
Cash	-	-	30,000	-	30,000	28,634
Due from Other Funds	-	-	12,958	-	12,958	12,958
Fixed Assets	-	-	1,286,184	1,695,104	2,981,288	2,609,933
TOTAL ASSETS	9,170	83,003	1,416,349	1,695,104	3,203,626	2,807,774
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts Payable	2,728	-	1,990	-	4,718	6,939
Accrued Salaries and Other Expenses	-	-	-	-	-	1,630
Payable from Restricted Assets:						
Revenue Bonds - Current	-	-	27,104	-	27,104	27,104
Revenue Bonds - Long-Term	-	-	119,789	-	119,789	138,323
Customers' Deposits	-	-	13,360	-	13,360	11,955
Due to Other Funds	12,958	-	-	-	12,958	12,958
TOTAL LIABILITIES	15,686	-	162,243	-	177,929	198,909
Fund Equity						
Contributed Capital	-	-	1,705,310	-	1,705,310	1,282,813
Investment in General Fixed Assets	-	-	-	1,695,104	1,695,104	1,695,104
Retained Earnings:						
Reserved	-	-	49,267	-	49,267	49,267
Unreserved (deficit)	-	-	(500,471)	-	(500,471)	(507,056)
Fund Balances:						
Unreserved - Undesignated	(6,516)	83,003	-	-	76,487	88,737
TOTAL FUND EQUITY	(6,516)	83,003	1,254,106	1,695,104	3,025,697	2,608,865
TOTAL LIABILITIES AND FUND EQUITY	9,170	83,003	1,416,349	1,695,104	3,203,626	2,807,774

See Accompanying Notes

**VILLAGE OF GILBERT
 GILBERT, LOUISIANA
 COMBINED STATEMENT OF REVENUES & EXPENDITURES,
 AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2003**

	General Fund	Special Revenue Fund	Totals (Memorandum Only)	
			June 30, 2003	June 30, 2002
REVENUES				
Local Sources:				
Taxes				
Ad Valorem	\$ 6,574	\$ -	\$ 6,574	\$ 6,483
Sales and use	-	34,654	34,654	37,234
Other	27,339	-	27,339	23,279
Fines and forfeitures	43,236	2,500	45,736	54,338
Use of Money & Property	-	-	-	3,257
State Sources:				
Intergovernmental Grants	-	-	-	6,900
Federal Sources:				
Intergovernmental Grants	3,934	-	3,934	18,000
Other Income	19,006	-	19,006	18,548
TOTAL REVENUES	100,089	37,154	137,243	168,039
EXPENDITURES				
General Government	57,193	-	57,193	62,930
Public Safety	70,759	-	70,759	58,312
Public Works	14,159	-	14,159	19,199
Culture and Recreation	3,151	-	3,151	788
Capital Outlay	4,166	-	4,166	26,212
TOTAL EXPENDITURES	149,428	-	149,428	167,441
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(49,339)	37,154	(12,185)	598
OTHER FINANCING SOURCES (USES)				
Interest Income	79	1,856	1,935	
Operating Transfers In	37,000	-	37,000	45,500
Operating Transfers Out	-	(39,000)	(39,000)	(41,300)
TOTAL FINANCING SOURCES (USES)	37,079	(37,144)	(65)	4,200
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
	(12,260)	10	(12,250)	4,798
FUND BALANCE BEGINNING	5,744	82,993	88,737	83,939
FUND BALANCE ENDING	(6,516)	83,003	76,487	88,737

See Accompanying Notes

VILLAGE OF GILBERT
GILBERT, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, & CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL, SPECIAL REVENUE, DEBT SERVICE, AND CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	General Fund			Special Revenue Funds			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Local Sources:									
Taxes:									
Ad Valorem	\$ 6,483	\$ 6,574	\$ 91	\$ -	\$ -	\$ -	\$ 6,483	\$ 6,574	\$ 91
Sales and Use	-	-	-	38,400	34,654	(3,746)	38,400	34,654	(3,746)
Other	18,000	27,339	9,339	-	-	-	18,000	27,339	9,339
Fines and Forfeitures	68,000	43,236	(24,764)	-	-	-	68,000	43,236	(24,764)
Use of Money and Property	101	-	(101)	140	2,500	2,360	241	2,500	2,259
State Sources:									
Restricted Intergovernmental Grants	-	-	-	-	-	-	-	-	-
Federal Sources:									
Restricted Intergovernmental Grants	-	3,934	3,934	-	-	-	-	3,934	3,934
Other Income	23,319	19,006	(4,313)	-	-	-	23,319	19,006	(4,313)
TOTAL REVENUES	115,903	100,089	(15,814)	38,540	37,154	(1,386)	154,443	137,243	(17,200)
EXPENDITURES									
General Government	52,444	57,193	(4,749)	-	-	-	52,444	57,193	(4,749)
Public Safety	51,466	70,759	(19,293)	-	-	-	51,466	70,759	(19,293)
Public Works	11,853	14,159	(2,306)	-	-	-	11,853	14,159	(2,306)
Culture and Recreation	800	3,151	(2,351)	-	-	-	800	3,151	(2,351)
Capital Outlay	-	4,166	(4,166)	-	-	-	-	4,166	(4,166)
TOTAL EXPENDITURES	116,563	149,428	(32,865)	-	-	-	116,563	149,428	(32,865)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES									
	(660)	(49,339)	(48,679)	38,540	37,154	(1,386)	(37,880)	(12,185)	(50,065)
OTHER FINANCING SOURCES (USES)									
Interest Income	101	79	(22)	-	1,856	1,856	101	1,935	1,834
Transfers In	25,000	37,000	12,000	-	-	-	25,000	37,000	12,000
Transfers Out	-	-	-	(25,000)	(39,000)	(14,000)	(25,460)	(39,000)	(14,000)
TOTAL OTHER FINANCING SOURCES (USES)	25,101	37,079	11,978	(25,000)	(37,144)	(12,144)	101	(65)	(166)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER USES									
	24,441	(12,260)	(36,701)	13,540	10	(13,530)	37,981	(12,250)	(50,231)
FUND BALANCE BEGINNING	5,744	5,744	-	82,993	82,993	-	88,737	88,737	-
FUND BALANCE ENDING	\$30,185	\$ (6,516)	\$ 36,701	\$96,533	\$ 83,003	\$(13,530)	\$126,718	\$ 76,487	\$(50,231)

See Accompanying Notes

**VILLAGE OF GILBERT
GILBERT, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>2003</u>	<u>2002</u>
<u>OPERATING REVENUES</u>		
Charges for Services	\$ 116,698	\$ 130,695
Other Income	1,630	950
<u>TOTAL OPERATING REVENUES</u>	<u>118,328</u>	<u>131,645</u>
<u>OPERATING EXPENSES</u>		
Personal Services	26,365	30,314
Materials, Repairs, and Supplies	20,066	6,052
Operational Expenses	64,953	56,136
Depreciation	57,902	46,382
<u>TOTAL OPERATING EXPENSES</u>	<u>169,286</u>	<u>138,884</u>
<u>OPERATING LOSS</u>	(50,958)	(7,239)
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Earned	1,408	1,775
Intergovernmental Grants - Income	439,015	7,579
Intergovernmental Grants - Expenses	(376,312)	
Interest and Fiscal Charges	(8,568)	(8,705)
<u>TOTAL NONOPERATING REVENUES AND (EXPENSES)</u>	<u>55,543</u>	<u>649</u>
<u>NET LOSS BEFORE OPERATING TRANSFERS</u>	4,585	(6,590)
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating Transfers In (Out)	<u>2,000</u>	<u>(4,200)</u>
<u>NET INCOME (LOSS)</u>	6,585	(10,790)
<u>RETAINED EARNINGS - BEGINNING</u>	<u>(457,789)</u>	<u>(446,999)</u>
<u>RETAINED EARNINGS - ENDING</u>	<u>(451,204)</u>	<u>(457,789)</u>

See Accompanying Notes

**VILLAGE OF GILBERT
 GILBERT, LOUISIANA
 STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2003**

	<u>2003</u>	<u>2002</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net Income (Loss)	\$ 6,585	\$(10,790)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	57,902	46,382
(Increase) Decrease in:		
Accounte Receivable	(42,440)	(4,683)
(Decrease) Increase in:		
Accounts Payable	(2,844)	67
Accrued Salaries and Payroll Taxes	-	-
Customers' Deposits	1,405	(615)
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>20,608</u>	<u>30,361</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Equipment Purchases	(7,028)	(4,739)
<u>TOTAL CASH FLOWS FROM INVESTING ACTIVITIES</u>	<u>(7,028)</u>	<u>(4,739)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Reduction of Long Term Debt	(18,534)	(18,399)
<u>TOTAL CASH FLOWS FROM FINANCING ACTIVITIES</u>	<u>(18,534)</u>	<u>(18,399)</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	(4,954)	7,223
<u>CASH AT BEGINNING OF YEAR</u>	<u>66,130</u>	<u>58,907</u>
<u>CASH AT END OF YEAR</u>	<u>61,176</u>	<u>66,130</u>
<u>UNRESTRICTED PORTION OF CASH</u>	31,176	37,496
<u>RESTRICTED PORTION OF CASH</u>	<u>30,000</u>	<u>28,634</u>
<u>TOTAL</u>	<u>\$ 61,176</u>	<u>\$ 66,130</u>

Interest Paid \$8,568

VILLAGE OF GILBERT
Notes to the Financial Statements
As Of And For The Year Ended June 30, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the Village of Gilbert, Louisiana, conform to generally-accepted accounting principles. The following is a summary of such significant policies:

PRINCIPLES DETERMINING SCOPE OF REPORTING ENTITY

The financial statements of the Village consist only of the funds and account groups of the Village. The Village has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Village. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

General Fund

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

Special Revenue Fund

The Special Revenue Fund accounts for revenues derived from specific taxes or other earmarked revenue sources.

Capital Project Funds

Capital Project Funds are used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Principal sources of revenue are federal and state restricted grants.

VILLAGE OF GILBERT

Notes to the Financial Statements

As Of And For The Year Ended June 30, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

PROPRIETARY FUNDS

Enterprise Fund

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

Fixed Assets and Long – Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long – term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets, and sidewalks, drainage systems, and lighting systems, have not been capitalized. Such assets are normally immovable and of value only to the Village, therefore, the purpose of stewardship for these items is satisfied without recording of these assets. No depreciation has been provided on general fixed assets.

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 the Board of Aldermen. Estimated historical costs are not based on any independent authoritative source.

Historical Cost	1,474,112
Estimated Historical Cost	<u>220,992</u>
<u>TOTAL</u>	<u>1,695,104</u>

VILLAGE OF GILBERT

Notes to the Financial Statements

As Of And For The Year Ended June 30, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Long – term liabilities expected to be financed from governmental funds are accounted for in the General Long – Term Debt Account Group, not in the governmental funds.

The two account groups are not “funds.” They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of its spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

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 contributed capital and retained earnings components. Proprietary fund types operating statements present increases (revenues) and decreases (expenses) in net total 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

Basis of Accounting

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

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Property Taxes are recorded as revenue when levied even though a portion of the taxes may be collected in subsequent years. Penalties and Interest, Corporation Court and Miscellaneous Revenues are recorded when received in cash because they are generally not measurable until actually received. Franchise Taxes, Sales Taxes,

VILLAGE OF GILBERT

Notes to the Financial Statements

As Of And For The Year Ended June 30, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Intergovernmental Revenue, and Interest Income are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. Gross sales taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time.

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

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled Water Works and Sewer System Fund utility service receivables are recorded at year’s end.

Budgets and Budgetary Accounting

The Board of Aldermen follows 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 Alderman a proposed operating budget for the fiscal year commencing the following 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 comment.
- (3) On June 13, 2002, the budget was legally enacted through passage of ordinance.
- (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 Alderman can amend the budget during the year through passage of a motion. The amended budget was adopted June 12, 2003.

VILLAGE OF GILBERT

Notes to the Financial Statements

As Of And For The Year Ended June 30, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Investments

Investments are stated at cost or amortized cost, which approximates market. The Village had no investments at the close of the fiscal year.

Inventories

Inventory held by the Water Works and Sewer System Fund is priced at the lower of 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 such inventories was immaterial at the close of the fiscal year and, accordingly, was not recorded in these financial statements.

Restricted Assets

These assets consist of cash equivalents restricted for Water Works 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. Following is a list of all reserves and a description of each:

- (1) Reserved for Revenue 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 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 and bond retirement reserve accounts.

VILLAGE OF GILBERT

Notes to the Financial Statements

As Of And For The Year Ended June 30, 2003

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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

Compensated Absences

Employees with one year of service receive 5 days 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 vacation leave is 15 days for a person who has completed over twenty-five years of service. Employees with less than a 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.

Deficit fund Balance Earnings

The Enterprise Fund – The Enterprise Fund at June 30, 2003, continued to have a deficit amount in its retained earnings account. For the year ended June 30, 2003, the current operating gain was \$6,585. The mayor and aldermen are currently considering alternatives to erasing the deficit. The deficit balance in the retained earnings account at June 30, 2003 was \$451,204.

General Fund

The general fund also had a deficit balance in its Fund Balance account, the current loss of \$12,260 was due to a \$15,000 court cost settled out of court.

Comparative Data

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Village's financial position and operations. However, complete comparative data (i.e., presentation of prior year totals by fund type in each of the statements) have not been presented since their inclusion would make the statements unduly complex and difficult to read.

VILLAGE OF GILBERT

Notes to the Financial Statements

As Of And For The Year Ended June 30, 2003

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, interest bearing demand deposits, and time deposits. Under state law, the Village must 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.

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 financial analysis. Data in these columns do not present financial position, results of operation, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Encumbrance Accounting - Encumbrance Accounting was not used.

NOTE 2-CASH

For the purposes of these financial statements, the Village considers cash and cash equivalents to be amounts held in demand deposits, interest bearing demand deposits, and time deposits.

Cash is classified into three categories to give an indication of the level of risk assumed at year's end. Category 1 includes investments insured or registered or securities that are held by the Village or its agent in the Village's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the bank or agent in the Village's name. Category 3 includes uninsured or unregistered investments with the securities held by the bank or agent but not in the Village's name.

The carrying amount of the Village's deposits with the financial institutions was 231,683 and the book balance was 153,202. The carrying amount is categorized as follows:

	Category		
	1	2	3
Cash	100,000	131,683	0

The Village of Gilbert was inadequately collateralized @ June 30, 2003 due to two outstanding checks which cleared the Bank on July 3, 2003. This has been discussed and is now collateralized adequately.

VILLAGE OF GILBERT

Notes to the Financial Statements

As Of And For The Year Ended June 30, 2003

Furniture & Equipment	30,184	0	0	30,184
Police Equipment	70,679	0	0	70,679
Fire Equipment	105,783	0	0	105,783
Street Equipment	56,125	0	0	56,125
Community Equipment	4,445	0	0	4,445
TOTAL	<u>1,695,104</u>	<u>0</u>	<u>0</u>	<u>1,695,104</u>

A summary of Proprietary Fund type property, plant, and equipment at June 30, 2003:

Plant and Equipment	1,021,997
Water and Sewer Systems	763,563
Sewer Collection System	436,200
	2,221,760
Less: Accumulated Depreciation	(935,576)
Net Property, Plant and Equipment	<u>1,284,184</u>

Depreciation for the year totaled 57,902.

NOTE 7-CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the Village for the fiscal year ended June 30, 2003:

	Payable At 07/01/02	Additions	Reductions	Balance 06/30/03
Enterprise Fund Debt:				
Revenue Bonds	165,427	0	18,534	146,893
TOTAL	<u>165,427</u>	<u>0</u>	<u>18,534</u>	<u>146,893</u>

Revenue Bonds payable at June 30, 2003 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, interest rate at 5%.	146,893
Revenue Bonds Payable at June 30, 2003.	146,893

The annual requirements to amortize all debt outstanding as of June 30, 2003 including interest payments of 31,077 are as follows:

VILLAGE OF GILBERT
Notes to the Financial Statements
As Of And For The Year Ended June 30, 2003

Annual Requirements to Amortize Long-Term Debt
June 30, 2003

Year Ending	
June 30,	<u>Revenue</u>
2004	27,104
2005	27,104
2006	27,104
2007	27,104
2008	27,104
Thereafter	33,583
TOTAL	<u><u>169,103</u></u>

Interest expense for the year was \$8568.

The ordinances authorizing the issuance of Water Works and Sewer System Revenue Bonds created the Interest and Sinking Fund, the Reserve Fund and the Emergency Fund. The gross revenues of the Water Works and Sewer System, after deduction of reasonable expenses of operations and maintenance, are pledged to such funds in amounts equal to the total annual principal and interest requirements of the bonds and amounts required to maintain the Reserve Fund and Emergency Fund.

NOTE 8- ENCUMBRANCES

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 into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

NOTE 9-INTERFUND 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 and proprietary type fund financial statements generally reflect such transactions as transfers.

Individual fund interfund receivable and payable balances at June 30, 2003 arising from these transactions as follows:

Fund	<u>Transferred To</u>	<u>Transferred From</u>
General	37,000	
Enterprise Fund	2,000	
Sales Tax		39,000
TOTAL	<u><u>39,000</u></u>	<u><u>39,000</u></u>

VILLAGE OF GILBERT
Notes to the Financial Statements
As Of And For The Year Ended June 30, 2003
NOTE 10-CONTRIBUTED CAPITAL

During the year, contributed capital had no change.

NOTE 11-LITIGATION AND CONTINGENCIES

There was one lawsuit pending against the Village of Gilbert at June 30, 2002. It was a claim against the chief of police and one of the police officers for unlawful arrest and harassment. The claim was settled out of court and paid for \$15,000 plus attorney fees.

NOTE 12-POST EMPLOYMENT BENEFITS

The Village does not provide continuing health care and life insurance benefits for retirees.

NOTE 13-LEASES

The Village records assets acquired through capital leases as an asset and records the lease as an obligation. The Village had no leases outstanding as of June 30, 2003.

NOTE 14-PENSION COMMITMENTS

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.

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Independent Auditor's Report On Compliance And On Internal Control Over Financial
Reporting Based On An Audit Of Financial Statements Performed In Accordance With
Government Auditing Standards

To the Mayor and Board of Aldermen
Village of Gilbert
Gilbert, Louisiana

I have audited the general purpose financial statements of the Village of Gilbert, Louisiana, as of and for the year ended June 30, 2003, and have issued my report thereon dated November 25, 2003. I conducted my 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

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

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Village of Gilbert, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose 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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal

course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the Village of Grayson's 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 cursive script that reads "Jimmie Self, CPA". The signature is written in black ink and is positioned above the typed name.

Jimmie Self, CPA
Monroe, Louisiana
November 25, 2003

JIMMIE SELF, CPA
A Professional Accounting Corporation
2908 Cameron Street, Suite C
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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, Gilbert, Louisiana 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, 2003. Village of Gilbert's major federal program is 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 its major federal program 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 generally accepted 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, 2003.

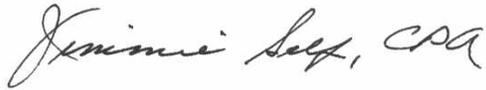
Internal Control Over Compliance

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 the audit committee, management, and others within the organization, Town Council, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Jimmie Self, CPA".

Jimmie Self, CPA
Monroe, Louisiana
November 26, 2003

Village of Gilbert, Louisiana
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2003

<u>Pass Through Grantor Program Title</u>	<u>CFDA Number</u>	<u>Award Period</u>	<u>Expenditures</u>
Community Facilities Grant	10.766	7/1/02 – 6/30/03	<u>16,518</u>
Department of Housing and Urban Development *	14.228		<u><u>376,311</u></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

VILLAGE OF GILBERT
GILBERT, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

PART I – SUMMARY OF THE AUDITOR’S RESULTS

- i. The type of audit issued was unqualified.

Audit of Federal Awards

- ii. There were no reportable conditions required to be disclosed by OMB Circular No. a-133.
- iii. There was one federal program for the year ended June 30, 2003.
- iv. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB circular No. A-133, Section .520 (b) was \$300,000.

PART II – Findings Related to the financial statements that are required to be reported in accordance with Generally Accepted Government Auditing Standards:

FINDING 001 – Duplication of check numbers – Two sets of checks were being utilized, a new set specifically purchased for the computer printer and an older set being written by hand with computer accounting entries made manually. The duplication in check numbers existed for part of the fiscal period ending 6/30/2003.

Corrective action taken: In conferring with Nancy Robbins, Town Clerk, it was noted that she had previously discovered the numbering duplication which began to result in April of 2003 and in conferring with an independent accounting advisor, the firm of Cochran, Clark, and Robinson in Rayville, La they determined that she could add the letter “M” to the check number when making computer entries of the checks written (“M” indicated manually written checks) so that she might be able to distinguish between the two on accounting reports, etc. The checks themselves are visibly distinguishable since the older checks are all hand-written and the newer checks have an American flag to the right of the address block while the address block on the older checks is plain. The current practice of using two sets of checks with duplicate numbers will be abandoned as soon as the supply of older checks is exhausted.

FINDING 002 – The General Fund Budget exceeds the 0.05 limit for special revenues as required by law. The budgets were not timely amended to avoid being under-budgeted. La Revised Statute 39:1311 Budgetary Authority and Control, Para A. (1) states in part, “The chief executive or administrative officer shall advise the governing authority or independently elected official in writing when: (1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.” R.S. 39:1310 Amending the Budget further states, “When the governing authority has received notification pursuant to R.S. 39:1311, or there has been a change in operations upon which the original budget was developed, the governing authority shall adopt a budget amendment in an open meeting to reflect such change. (*Also, he/she*) ...shall adopt a budget amendment and publish such amendment in the official journal as described by R. S. 39:1307(B).

Recommendation: The village of Gilbert should amend the budget as required.

Corrective action taken: The requirement to amend proposed budgets as needed was discussed with the Town Clerk, Nancy Robbins. She has determined to advise the governing body of the need to manage the process as required. She has been made aware of the statutes which govern the process.

FINDING 003 – Cash accounts @ 6/30/03 were under-collateralized by \$73,000 due to outstanding checks. See Note 2 – Cash, which shows this has been discussed and adequately collateralized.

VILLAGE OF GILBERT
GILBERT, LOUISIANA
SCHEDULE OF COMPENSATION PAID MAYOR AND BOARD OF ALDERMEN
FOR THE YEAR ENDED JUNE 30, 2003

<u>NAME</u>		<u>AMOUNT</u>
Lewis Ezell – Mayor	July 1, 2002 – December 31, 2002	1,486.10
Nathan Roberts - Alderman	July 1, 2002 – December 31, 2002	0
Stacy Calhoun - Alderman	July 1, 2002 – December 31, 2002	0
<hr/>		
Stacy Calhoun – Mayor	January 1, 2003 - Present	0
Mike Stephens - Alderman	January 1, 2003 - Present	0
Lois Haralson	January 1, 2002 - Present	0
Lovie Ezell - Alderman	January 1, 2003 - Present	0
TOTAL		<hr/> <u>1,486.10</u>