

2445

RECEIVED
LEGISLATIVE AUDITOR
05 JAN -3 PM 1:23

VILLAGE OF SIMSBORO, LOUISIANA

*Financial Statements
For the Year Ended June 30, 2004*

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

Release Date 1-26-05



VILLAGE OF SIMSBORO, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2004

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report -----	1-2
Required Supplemental Information (Part A)	
Management's Discussion and Analysis -----	3-8
Government-Wide Financial Statements	
Statement of Net Assets -----	9
Statement of Activities -----	10
Fund Financial Statements	
Governmental Funds:	
Balance Sheet -----	11
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Assets -----	11
Statement of Revenues, Expenditures and Changes in Fund Balances -----	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities -----	12
Proprietary Funds:	
Statement of Net Assets -----	13
Statement of Revenues, Expenses and Changes in Fund Net Assets -----	14
Statement of Cash Flows -----	15
Notes to Financial Statements -----	16-26
Required Supplemental Information (Part B)	
Budgetary Comparison Schedules	
General Fund -----	27
Notes to Budgetary Comparison Schedules -----	28

VILLAGE OF SIMSBORO, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2004

TABLE OF CONTENTS (CONTINUED)

OTHER SUPPLEMENTAL INFORMATION - GRANT ACTIVITY

	<u>Page</u>
Report on Internal Control Over Financial Reporting and On Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> -----	29-30
Report on Compliance with Requirements Applicable To Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 -----	31-32
Schedule of Findings And Questioned Costs -----	33-34
Schedule of Expenditures of Federal Awards -----	35
Notes to Schedule of Expenditures of Federal Awards -----	36
Schedule of Prior Year Findings -----	37

CAMERON, HINES & HARTT

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474
West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

E-Mail: chhcpas@bellsouth.net

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen of
Simsboro, Louisiana

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Simsboro, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the basic financial statements of the Village as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, business-type activities, each major fund and the aggregate remaining fund information for the Village of Simsboro, Louisiana, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2004, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Mayor and Board of Aldermen of
Simsboro, Louisiana
Page 2

As described in Note 1, the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as of June 30, 2004.

Management’s discussion and analysis and budgetary comparison information on pages 3 through 8 and 27 through 28, 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.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
December 17, 2004

REQUIRED SUPPLEMENTAL INFORMATION (PART A)
MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF SIMSBORO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2004

Our discussion and analysis of the Village of Simsboro, Louisiana provides an overview of the Village's activities for the year ended June 30, 2004. Please read it in conjunction with the basic financial statements. The intent of this discussion and analysis is to look at the Village's financial performance as a whole.

FINANCIAL HIGHLIGHTS

- The assets of the Village of Simsboro, on a government-wide basis, exceeded its liabilities at the end of the fiscal year by \$2,165,415. Of this amount, \$223,419 is unrestricted.
- The Village's total net assets increased by \$616,662 for the fiscal year. This increase is a result of a \$23,345 increase in governmental activities and a \$593,317 increase in net assets of business-type activities. The business-type activities include a grant funds in the amount of \$592,073.
- The Village's governmental funds reported combined ending fund balances of \$222,304.
- The unreserved fund balance of the general fund was \$90,476, or 77% of the total general fund expenditures.
- The general fund reported a deficit of \$6,187 before transfers, and a surplus of \$15,240 after transfers.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- *Government-wide financial statements.*
- *Fund financial statements.*
- *Notes to the financial statements.*

This report contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the Village's government, reporting operations in more detail than the government-wide statements.
- The governmental fund statement tells how general government services like public safety were financed in the short term as well as what amounts remain for future spending.
- The proprietary fund statement offers short and long term financial information about the activities the government operates like businesses, such as the public utilities (water, sewer, sewer treatment systems).

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

In the past, the primary focus of local government financial statements has been summarized fund type information on a current resources basis. However, with the implementation of Statement No. 34 of the Governmental Accounting Standards Board (GASB Statement No. 34) for June 30, 2004, the new focus is on both the Village as a whole (government-wide) and the fund financial statements. Each view provides a different snapshot of the Village's finances. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year-to-year or government-to-government) and enhance the Village's accountability.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Village of Simsboro as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets and the statement of activities, which are the government-wide statements, include all of the government's assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the Village's net assets and how they have changed. Net assets - the difference between the Village's assets and liabilities - are one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating.

In the statement of net assets and the statement of activities, the Village is divided into two categories:

- Governmental activities – Most of the Village's basic services are included here, such as the activities of the police, garbage and trash collection, park, and general administration. Franchise fees, insurance taxes, traffic fines, and payments from other governments finance most of these activities.
- Business-type activities – The Village charges fees to customers to cover the cost of the services it provides. Water, sewer and sewer treatment are included here. Grants have provided most of the capital assets required for these services.

FUND FINANCIAL STATEMENTS

The format of the fund financial statements will be more familiar to traditional users of government financial statements. The fund financial statements provide more detailed information about the Village's most significant funds – not the Village as a whole. Funds are accounting mechanisms that the Village uses to keep track of specific sources of funding and spending for particular purposes.

The Village has two kinds of funds:

- Governmental funds – Most of the Village’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village’s programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided on a subsequent page that explains the relationship (or differences) between the government-wide and fund statements.
- Proprietary funds – Services for which the Village charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short-term and long-term financial information. The Village’s enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

The Total Governmental Funds column requires reconciliation because of the different measurement focus from the government-wide statements (current financial resources versus total economic resources) which is reflected at the bottom of each statement. The flow of current financial resources will reflect interfund transfers as other financing sources as well as capital expenditures as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column (in the government-wide statements).

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The Village’s combined net assets for the 2003-2004 fiscal year increased by \$616,662. Since this is the first year that GASB Statement No. 34 has been implemented, comparative figures for prior periods are not available. Such comparative information will be provided in future years.

Statement of Net Assets

The following table reflects the condensed net assets:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total Primary Government</u>
ASSETS:			
Current and Other Assets	\$ 263,941	\$ 30,546	\$ 294,487
Capital Assets	<u>130,369</u>	<u>1,995,627</u>	<u>2,125,996</u>
Total Assets	<u>\$ 394,310</u>	<u>\$ 2,026,173</u>	<u>\$ 2,420,483</u>
LIABILITIES:			
Long-term Debt Outstanding	\$ -	\$ 180,000	\$ 180,000
Other Liabilities	<u>41,637</u>	<u>33,431</u>	<u>75,068</u>
Total Liabilities	41,637	213,431	255,068
NET ASSETS:			
Invested in Capital Assets			
Net of Debt	130,369	1,811,627	1,941,996
Unrestricted	<u>222,304</u>	<u>1,115</u>	<u>223,419</u>
Total Net Assets	<u>\$ 352,673</u>	<u>\$ 1,812,742</u>	<u>\$ 2,165,415</u>

Net assets (assets less liabilities) may serve over time as a useful indicator of a government's financial position. The Village of Simsboro's assets exceeded liabilities by \$2,165,415 at the close of the fiscal year. The largest portion of the Village's net assets (89.85%) reflects its investment in capital assets. The Village uses these assets to provide services to its citizens and those assets are not available for spending.

Governmental Activities

Net assets of the Village's governmental activities increased \$12,678 during the fiscal year.

Business-type Activities

Net assets of the Village's business-type activities increased \$593,317 during the fiscal year. This includes contributed capital in the form of a grant of \$592,073. Thus, net assets from operations decreased by \$2,576 during the fiscal year.

Statement of Activities

The following table shows the revenues and expenses of the governmental and business type activities:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total Primary Government</u>
REVENUES:			
Program Revenues			
Charges for Services	\$ 59,689	\$ 185,652	\$ 245,341
Capital Grants and Contributions	592,073	-	592,073
General Revenues			
Property Taxes	8,785	-	8,785
Insurance Proceeds	15,933	-	15,933
Franchise Revenue	32,220	-	32,220
Miscellaneous	6,824	-	6,824
Interest Earned	-	70	70
Capital Contributions	-	<u>592,073</u>	<u>592,073</u>
Total Revenue	<u>715,524</u>	<u>777,795</u>	<u>1,493,319</u>
EXPENSES:			
General Government	699,206	-	699,206
Public Safety	14,400	-	14,400
Utilities	-	<u>163,051</u>	<u>163,051</u>
Total Expenses	<u>713,606</u>	<u>163,051</u>	<u>876,657</u>
Increase in Net Assets Before Transfers	1,918	614,744	616,662
Transfers	<u>21,427</u>	<u>(21,427)</u>	<u>-</u>
Increase/Decrease in Net Assets	23,345	593,317	616,662
Net Assets June 30, 2003	<u>329,328</u>	<u>1,219,425</u>	<u>1,548,753</u>
Net Assets June 30, 2004	<u>\$ 352,673</u>	<u>\$ 1,812,742</u>	<u>\$ 2,165,415</u>

Governmental Activities

During the fiscal year ended June 30, 2004, the major sources of income were:

- | | |
|--------------------------------------|-----|
| • Charges for Services | 22% |
| • Franchise Fees and Insurance Taxes | 39% |
| • Fines & Forfeitures | 26% |
| • Property Taxes | 7% |

Business-type Activities

Total revenues from business-type activities were \$ 185,652 for the fiscal year.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

The Village of Simsboro uses Fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Village's combined ending fund balances was \$222,304 at June 30, 2004. The unreserved portion or the portion available for spending was \$153,304. The remaining balance is not available for spending because it has already been committed.

The general fund is the chief operating fund of the Village. The unreserved fund balance at June 30, 2004 was \$90,476. Unreserved fund balance represents 77% of the total general fund expenditures.

Proprietary Funds

The Village's proprietary funds provide the same type information found in the government-wide financial statements, but in more detail.

Net assets of the Utilities Enterprise fund at the end of the fiscal year were \$1,812,742. The fund had an operating profit of \$22,601 before operating transfers-out of \$21,427, and contributed capital of \$592,073.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Village of Simsboro's investment in Capital assets for its governmental and business-type activities as of June 30, 2004 amounted to \$2,125,996 (net of depreciation). This investment includes land, buildings and improvements, equipment, vehicles, water and sewer facilities. The outstanding debt of \$180,000 is to Rural Development for revenue bonds that were used to upgrade the Village's sewer system.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village's management and elected officials considered many factors when preparing the 2004-2005 budget. Most revenue sources should remain fairly consistent with prior year collections. Solid waste fees increased during the fiscal year ended June 30, 2004 due to a one-time receipt of approximately \$12,000. Traffic ticket revenue increased over \$19,000 during the fiscal year ended June 30, 2004. This revenue source is expected to level out somewhere between the collected amounts from the prior fiscal years and was budgeted accordingly.

Budgeted expenditures were increased for the 2004-2005 fiscal year budget by approximately \$23,000 to take into account an increase in utility costs, higher insurance premiums, and additional personnel costs.

REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the funds it receives. If you have any questions about this report or need additional information, contact the Village Clerk, Village of Simsboro, Louisiana, 2742 Martha Street, Simsboro, Louisiana 71275.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF SIMSBORO, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2004

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 57,655	\$ 178,956	\$ 236,611
Accounts Receivable	39,333	18,543	57,876
Internal Balances	166,953	(166,953)	-
Capital Assets:			
Non-Depreciable	50,000	-	50,000
Depreciable	80,369	1,995,627	2,075,996
<u>TOTAL ASSETS</u>	\$ 394,310	\$ 2,026,173	\$ 2,420,483
<u>LIABILITIES</u>			
Accounts Payable	\$ 2,304	\$ 2,916	\$ 5,220
Retainage Payable	39,333	-	39,333
Deposits Payable	-	24,527	24,527
Accrued Interest	-	5,988	5,988
Non-Current Liabilities			
Due Within One Year			
Notes Payable	-	5,000	5,000
Due in More Than One Year			
Notes Payable	-	175,000	175,000
<u>TOTAL LIABILITIES</u>	41,637	213,431	255,068
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	130,369	1,811,627	1,941,996
Unrestricted	222,304	1,115	223,419
Total Net Assets	352,673	1,812,742	2,165,415
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 394,310	\$ 2,026,173	\$ 2,420,483

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

Function/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Primary Government:</u>				
Government Activities:				
General Government	\$ 699,206	\$ 27,257	\$ -	\$ 592,073
Public Safety	14,400	32,432	-	-
Total Governmental Activities	713,606	59,689	-	592,073
 Business-Type Activities:				
Utilities	163,051	185,652	-	-
Total Primary Government	\$ 876,657	\$ 245,341	\$ -	\$ 592,073

General Revenues:

Taxes:

Property Taxes Levied for General Purposes

Insurance Proceeds

Franchise Revenue

Miscellaneous

Interest Earned

Capital Contributions

Transfers

Total General Revenues, Special Items and Transfers

Changes in Net Assets

Net Assets - Beginning

Net Assets - Ending

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (79,876)	\$ -	\$ (79,876)
18,032	-	18,032
<u>(61,844)</u>	-	<u>(61,844)</u>
-	22,601	22,601
<u>\$ (61,844)</u>	<u>\$ 22,601</u>	<u>\$ (39,243)</u>
8,785	-	8,785
15,933	-	15,933
32,220	-	32,220
6,824	-	6,824
-	70	70
-	592,073	592,073
21,427	(21,427)	-
<u>85,189</u>	<u>570,716</u>	<u>655,905</u>
23,345	593,317	616,662
<u>329,328</u>	<u>1,219,425</u>	<u>1,548,753</u>
<u>\$ 352,673</u>	<u>\$ 1,812,742</u>	<u>\$ 2,165,415</u>

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

VILLAGE OF SIMSBORO, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2004

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 42,449	\$ -	\$ 15,206	\$ 57,655
Accounts Receivable	-	39,333	-	39,333
Advances To Other Funds	69,000	-	-	69,000
Due From Other Funds	50,331	-	59,006	109,337
<u>TOTAL ASSETS</u>	<u>\$ 161,780</u>	<u>\$ 39,333</u>	<u>\$ 74,212</u>	<u>\$ 275,325</u>
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 2,304	\$ -	\$ -	\$ 2,304
Retainage Payable	-	39,333	-	39,333
Due To Other Funds	-	-	11,384	11,384
Total Liabilities	<u>2,304</u>	<u>39,333</u>	<u>11,384</u>	<u>53,021</u>
<u>FUND BALANCE</u>				
Fund Balance				
Reserved for:				
Advances To Other Funds	69,000	-	-	69,000
Unreserved, Reported In:				
General Fund	90,476	-	-	90,476
Special Revenue Funds	-	-	62,828	62,828
Total Fund Balance	<u>159,476</u>	<u>-</u>	<u>62,828</u>	<u>222,304</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 161,780</u>	<u>\$ 39,333</u>	<u>\$ 74,212</u>	<u>\$ 275,325</u>

VILLAGE OF SIMSBORO, LOUISIANA
RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCES TO NET ASSETS OF
GOVERNMENTAL FUNDS
JUNE 30, 2004

Total Governmental Fund Balances	\$ 222,304
----------------------------------	------------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>130,369</u>
---	----------------

Net Assets of Governmental Activities	<u><u>\$ 352,673</u></u>
---------------------------------------	--------------------------

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ 8,785	\$ 8,785
Intergovernmental	-	592,073	-	592,073
Licenses and Permits	48,153	-	-	48,153
Charges for Services	27,257	-	-	27,257
Fines and Forfeitures	32,432	-	-	32,432
Miscellaneous	3,546	-	3,278	6,824
Total Revenues	111,388	592,073	12,063	715,524
<u>EXPENDITURES</u>				
General Government	103,303	-	973	104,276
Public Safety	14,272	-	-	14,272
Capital Expenditures and Major Projects	-	-	13,652	13,652
Capital Projects	-	592,073	-	592,073
Total Expenditures	117,575	592,073	14,625	724,273
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>				
	(6,187)	-	(2,562)	(8,749)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers - In	21,427	-	-	21,427
Operating Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	21,427	-	-	21,427
<u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</u>				
	15,240	-	(2,562)	12,678
<u>FUND BALANCE AT BEGINNING OF YEAR</u>				
	144,236	-	65,390	209,626
<u>FUND BALANCE AT END OF YEAR</u>				
	\$ 159,476	\$ -	\$ 62,828	\$ 222,304

VILLAGE OF SIMSBORO, 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, 2004

Net Change in Fund Balances - Total Governmental Funds	\$ 12,678
---	-----------

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

Governmental funds report capital outlays as
expenditures while governmental activities
report depreciation expense to allocate those
expenditures over the life of the assets:

Capital asset purchases capitalized	13,652
Depreciation expense	(2,985)
	10,667

Change in Net Assets in Governmental Activities	\$ <u>23,345</u>
---	------------------

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2004

	<u>Business-Type Activities Utility Enterprise Fund</u>
<u>ASSETS</u>	
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 117,498
Accounts Receivable	18,543
Total Current Assets	136,041
<u>Non-Current Assets</u>	
Restricted:	
Cash	61,458
Capital Assets	1,995,627
Total Non-Current Assets	2,057,085
<u>TOTAL ASSETS</u>	\$ 2,193,126
<u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Accounts Payable	\$ 2,916
Customer Deposits	24,527
Accrued Interest	5,988
Notes Payable	5,000
Advances From Other Funds	69,000
Due to Other Funds	97,953
Total Current Liabilities	205,384
<u>Non-Current Liabilities</u>	
Notes Payable	175,000
Total Liabilities	380,384
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	1,811,627
Reserved for Debt Retirement	13,866
Unrestricted	(12,751)
Total Net Assets	1,812,742
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 2,193,126

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Business-Type Activities Utility Enterprise Fund</u>
<u>Operating Revenues</u>	
Charges for Services - Water	\$ 116,195
Charges for Services - Sewer	69,457
Total Operating Revenues	185,652
<u>Operating Expenses</u>	
Insurance	678
Interest	7,716
Materials, Repairs & Supplies	46,342
Salaries & Wages	11,948
Utilities	25,083
Other Administrative	9,308
Depreciation	59,730
Sample Collections/Testing	2,246
Total Operating Expenses	163,051
<u>Operating Income</u>	22,601
<u>Nonoperating Income</u>	
Interest Income	70
<u>Income Before Operating Transfers and Contributed Capital</u>	22,671
Contributed Capital	592,073
Transfers Out	(21,427)
Total	570,646
<u>Change in Net Assets</u>	593,317
<u>Net Assets - Beginning</u>	1,219,425
<u>NET ASSETS - ENDING</u>	\$ 1,812,742

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Business-Type Activities Utility <u>Enterprise Fund</u>
<u>Cash Flows From Operations</u>	
Cash Received From Customers	\$ 182,594
Payments to Provide Services	(54,659)
Payments to Employees	(11,948)
Net Cash Provided by Operating Activities	<u>115,987</u>
 <u>Cash Flows From Noncapital Financing Activities</u>	
Increase in Customer Deposits	5,175
Increase in Restricted Assets (Cash)	(5,458)
Operating Transfers Out	(21,427)
Net Cash Flows From Noncapital Financing Activities	<u>(21,710)</u>
 <u>Cash Flows From Capital and Related Financing Activities</u>	
Acquisitions of Capital Assets	(604,239)
Capital Contribution From Other Funds	592,073
Principal Paid on Bonds	(8,000)
Net Cash Flows From Capital and Related Financing Activities	<u>(20,166)</u>
 <u>Cash Flows From Investing Activities</u>	
Interest Income	<u>70</u>
 <u>Net Decrease in Cash and Cash Equivalents</u>	 74,181
 <u>Cash and Cash Equivalents at Beginning of Year</u>	 <u>43,317</u>
 <u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	 <u>\$ 117,498</u>

VILLAGE OF SIMSBORO, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Business-Type Activities Utility Enterprise Fund</u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Changes in Net Assets	\$ 22,601
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	59,730
Increase in Accounts Receivable	(3,058)
Increase in Accounts Payable	(453)
Decrease in Due to Other Funds	37,167
Total Adjustments	93,386
<u>Net Cash Provided by Operating Activities</u>	\$ 115,987

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

Introduction

The Village of Simsboro, Louisiana (the Village) consists of an executive branch of government headed by a mayor and a legislative branch of government consisting of three aldermen. The Village's combined balance sheet includes the accounts of all village operations. The Village's major operations include police protection, garbage and trash collection, and administrative services. In addition, the Village operates a Utility Enterprise Fund to provide water and sewerage services.

Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued *Statement 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments and Statement 35 Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. These Statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. They require new information and restructure much of the information that government should have presented in the past. Comparability with reports issued in years prior to 2004 is affected.

Other GASB Statements are required to be implemented in conjunction with GASB Statements 34 and 35. Therefore, the Village has implemented the following GASB Statements: Statement 37 – *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and Statement 38 – *Certain Financial Statements Note Disclosures*.

The accompanying financial statements present the financial position of the Village and the various funds and fund types, the results of operations of the Village and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2004 and for the year then ended.

A. Financial Reporting Entity

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

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

GASB Statement 14 established criteria for determining which component units should be considered part of the Village of Simsboro, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Village to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Village. Organizations for which the Village does not appoint a voting majority but are *fiscally dependent* on the Village. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship. Based on the previous criteria, the Village has determined that there are no component units that are part of the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information of all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has *been removed from these government-wide 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues. *The Village does not allocate general government (indirect) expenses to other functions.*

Net assets are restricted when constraints placed on them are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

Note 1 – Summary of Significant Account Policies (continued)

B. Government-Wide Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 – The 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 Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Principal revenue sources considered susceptible to accrual include federal grants, interest on investments, sales and income taxes, and lease payments receivable. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the Village's present appropriation system. These revenues have been accrued in accordance with accounting principles generally accepted in the United States of America since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the Village.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

- Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at June 30, 2004 has been reported only in the government-wide financial statements.
- Interest on general long-term obligations is recognized when paid.
- Debt service expenditures are recorded only when payment is due.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

Note 1 – Summary of Significant Account Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Proprietary Funds – The financial statements of the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

Each proprietary fund has the option under Governmental Accounting Standards Board (GASB), Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting* to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The primary government's enterprise fund has elected to not apply FASBs issued after the applicable date.

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. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Fund Accounting

The financial activities of the Village are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Village uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

1. Major Governmental Funds

General Fund – This fund accounts for all activities of the Village not specifically required to be accounted for in other funds. Included are transactions for services such as general government, health services, public safety, regulatory services and social services.

Capital Projects Fund – These funds account for the Community Development Block Grant funds used for street overlay projects.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

2. Proprietary Funds

Water and Sewer Funds – These funds are used to account for the provision of water and sewerage to residents of the Village of Simsboro. These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

E. Cash and Cash Equivalents

Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

For purposes of the Statement of Cash Flows, cash equivalents include all highly liquid investments (including restricted assets) with a maturity date of three months or less when purchased.

F. Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

G. Bad Debts

Uncollectible amounts for ad valorem taxes and utility receivables are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible.

H. Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized in the general fixed assets account group. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or fair market value at date of gift, if donated.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

H. Fixed Assets (continued)

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight-line method. The estimated useful lives are as follows:

Buildings	40 years
Improvements	40 years
Equipment	5-10 years

I. Compensated Absences

The Village does not have a formal leave policy.

J. Fund Equity

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. There were no restricted net assets at June 30, 2004.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

Note 2 - Cash and Cash Equivalents

At June 30, 2004, the book balance of the Village's bank deposits was \$236,611.

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. Cash and cash equivalents (bank balances) at June 30, 2004 are secured as follows:

Bank Balances	<u>\$ 238,139</u>
Federal Deposit Insurance	\$ 200,000
Pledged Securities (Uncollateralized)	<u>183,868</u>
Total	<u>\$ 383,868</u>

Because the pledged securities are held by the custodial bank in the name of the fiscal agent bank rather than in the name of the Village, they are considered uncollateralized (Category 3) under the provision of GASB Codification C20.106; however Louisiana Revised Statute 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 Village that the fiscal agent bank has failed to pay deposited funds upon demand.

One financial institution maintains a certificate of deposit that is recorded at market value of \$1,803 that is fully insured at year end and is considered a cash equivalent.

Note 3 - Fund Deficits

At June 30, 2004, the Regan Madden Park fund had a deficit balance of \$9,331.

Note 4 - Ad Valorem Taxes

Property taxes are assessed and collected on a calendar year. Property taxes attach as an enforceable lien on property as of January 1. Tax notices are usually mailed in November each year and become delinquent after December 31, of that year.

The ad valorem tax millage is 5.08 mills.

For the calendar year 2003, the 5.08 mills were levied on property with an assessed valuation totaling \$1,587,851.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

Note 5- Accounts Receivable

Accounts Receivable at June 30, 2004, consisted of the following:

	<u>Capital Projects Fund</u>	<u>Enterprise Funds</u>
Accounts Receivable	\$ <u>39,333</u>	\$ <u>18,543</u>

Note 6- Fixed Assets

A summary of changes in general fixed assets follows:

	<u>June 30, 2003 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2004 Balance</u>
Government Activities:				
Non-Depreciable Assets:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Depreciable Assets:				
Buildings & Improvements	71,370	-	-	71,370
Equipment	8,134	13,652	-	21,786
Vehicles	<u>2,200</u>	<u>-</u>	<u>-</u>	<u>2,200</u>
Total at Historical Cost	131,704	13,652	-	145,356
Less Accumulated Depreciation for:				
Buildings & Improvements	(3,000)	(1,784)	-	(4,784)
Equipment	(7,242)	(761)	-	(8,003)
Vehicles	<u>(1,760)</u>	<u>(440)</u>	<u>-</u>	<u>(2,200)</u>
Total Accumulated Depreciation	<u>(12,002)</u>	<u>(2,985)</u>	<u>-</u>	<u>(14,987)</u>
<u>Government Activities Capital Assets, Net</u>	<u>\$ 119,702</u>	<u>\$ 10,667</u>	<u>\$ -</u>	<u>\$ 130,369</u>
Business-Type Activities:				
Non-Depreciable Assets:				
Land	\$ 39,246	\$ -	\$ -	\$ 39,246
Construction in Progress	<u>66,354</u>	<u>592,073</u>	<u>658,427</u>	<u>-</u>
Total Non-Depreciable	105,600	592,073	658,427	39,246
Depreciable Assets:				
Waterworks System	981,767	12,166	-	993,933
Treatment Facilities	1,115,111	658,427	-	1,773,538
Machinery & Equipment	<u>7,922</u>	<u>-</u>	<u>-</u>	<u>7,922</u>
Totals at Historical Cost	2,210,400	1,262,666	658,427	2,814,639

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

Note 6- Fixed Assets (continued)

Less Accumulated				
Depreciation for:				
Waterworks System	(206,855)	(29,109)	-	(235,964)
Treatment Facilities	(550,634)	(30,423)	-	(581,057)
Machinery & Equipment	(1,793)	(198)	-	(1,991)
Total Accumulated				
Depreciation	(759,283)	(59,730)	-	(819,012)
<u>Business-Type Activities</u>				
Capital Assets, Net	<u>\$1,451,117</u>	<u>\$1,202,936</u>	<u>\$(658,427)</u>	<u>\$1,995,627</u>

Depreciation expense for the year ended June 30, 2004 was charged to functions of the primary government as follows:

Government Activities:	
General Government	\$ 2,857
Public Safety	<u>128</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,985</u>
Business-Type Activities:	
Utilities	<u>\$ 59,730</u>

Note 7- Restricted Assets

At June 30, 2004, all restricted assets were in the form of demand deposits. These assets represent amounts held as follows:

Utility Customer Deposits	\$ 24,527
Restricted for Debt Reduction	<u>13,866</u>
Totals	<u>\$ 38,393</u>

Note 8- Pension and Retirement Plans

At June 30, 2004 no eligible Village employees were participating in any of the State retirement systems.

Municipal Police Employees' Retirement System

All full-time police officers engaged in law enforcement are eligible to participate in the Municipal Police Employees' Retirement System (MPERS), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. Members who retire at or after age 55 with 12 years of creditable service, at or after age 50 with 20 years of creditable service, or at any age with 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of the member's final compensation multiplied by his years of creditable service, not to exceed 100 percent of his average final compensation.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

Note 8- Pension and Retirement Plans (continued)

Average final compensation is the average annual earned compensation of a member for any period of 36 successive or joined months of service that produce the highest average. The system also provides death and disability benefits. Benefits are established by state statute.

Funding Policy - State statute requires covered employees to contribute 7.50 percent of their salaries to the system. The Village is required to contribute 9.00 percent of the covered employees' salaries. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Village contributed \$0, \$923, and \$1,675 to the System for the years ended June 30, 2004, 2003 and 2002, respectively.

Note 9- Long-Term Debt

Long-term debt consists of two notes payable to Rural Development for revenue bonds that relate to the Village's sewerage system. These notes require an annual payment due by December 31 of each year. Interest ranges from 5% to 7.875%. The annual principal requirement is \$5,000. Interest paid during the fiscal year ended June 30, 2004 was \$11,716.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
Notes Payable:					
Rural Development	\$ 137,000	\$ -	\$ 7,000	\$ 130,000	\$ 4,000
Rural Development	<u>51,000</u>	<u>-</u>	<u>1,000</u>	<u>50,000</u>	<u>1,000</u>
Total Notes Payable	<u>\$ 188,000</u>	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$ 180,000</u>	<u>\$ 5,000</u>

Principal and interest requirements to retire the Village's notes payable obligations are as follows:

Year Ended June 30,	<u>Rural Development #1</u>		<u>Rural Development #2</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 4,000	\$ 6,651	\$ 1,000	\$ 4,073
2006	4,000	6,446	1,000	3,992
2007	5,000	6,242	2,000	3,910
2008	5,000	5,986	2,000	3,747
2009	5,000	5,730	2,000	3,584
2010-2014	30,000	24,508	10,000	15,478
2015-2019	38,000	15,963	12,000	11,405
2020-2022	<u>39,000</u>	<u>5,167</u>	<u>20,000</u>	<u>4,317</u>
Total	<u>\$ 130,000</u>	<u>\$ 76,693</u>	<u>\$ 50,000</u>	<u>\$ 50,506</u>

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

Note 10- Post-Employment Health Care Benefits

The Village does not provide medical coverage for its retirees; consequently there is no liability for post-employment health care benefits.

REQUIRED SUPPLEMENTAL INFORMATION (PART B)
BUDGETARY COMPARISON SCHEDULES

VILLAGE OF SIMSBORO, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Licenses and Permits	\$ 30,000	\$ 30,000	\$ 48,153	\$ 18,153
Charges for Services	18,000	18,000	27,257	9,257
Fines and Forfeitures	24,000	24,000	32,432	8,432
Miscellaneous	525	525	3,546	3,021
Transfers In	13,480	13,480	21,427	7,947
Total Revenues	<u>86,005</u>	<u>86,005</u>	<u>132,815</u>	<u>46,810</u>
<u>EXPENDITURES</u>				
General Government	60,983	60,983	103,303	(42,320)
Public Safety	18,080	18,080	14,272	3,808
Total Expenditures	<u>79,063</u>	<u>79,063</u>	<u>117,575</u>	<u>(38,512)</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	6,942	6,942	15,240	8,298
<u>FUND BALANCE AT BEGINNING OF YEAR</u>				
	<u>117,905</u>	<u>117,905</u>	<u>144,236</u>	<u>26,331</u>
<u>FUND BALANCE AT END OF YEAR</u>				
	<u>\$ 124,847</u>	<u>\$ 124,847</u>	<u>\$ 159,476</u>	<u>\$ 34,629</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004

The Village uses the following budget practices:

1. In May of each year, the Mayor submits to the Board of Aldermen an operating and capital budget for the succeeding year.
2. A public hearing is scheduled by the Mayor and the Board of Aldermen after allowing for at least ten days notice to the public at the time the budget is initially submitted to the Board of Aldermen.
3. Final adoption of the Budget by the Board of Aldermen is on the first Monday in June.
4. The Mayor may authorize transfers of budgetary amounts within departments. Any revision requiring alteration of levels of expenditures or transfers between departments must be approved by the Board of Aldermen.
5. *Operating appropriations and non-major capital appropriations, to the extent not expended, lapse at year end.*
6. *All legally adopted budgets of the Village are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgets are adopted for the General Fund and Special Revenue Funds.*

Budget comparison statements included in the accompanying financial statements include the original adopted budgets and all subsequent adopted amendments. There were not amendments to the original adopted budgets after year end.

OTHER SUPPLEMENTAL INFORMATION –
GRANT ACTIVITY

CAMERON, HINES & HARTT

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place
West Monroe, Louisiana 71291

Mailing Address:
P. O. Box 2474
West Monroe, LA 71294-2474

Phone (318) 323-1717
Fax (318) 322-5121
E-Mail: chhcpas@bellsouth.net

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

Honorable Mayor and Board of Aldermen of
Simsboro, Louisiana

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Simsboro, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 17, 2004. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Simsboro, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 04-1.

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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Honorable Mayor and Board of Aldermen of
Simsboro, Louisiana
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Simsboro, Louisiana'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 test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of management, the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:516, this report is distributed by the Legislative Auditor as a public document.

Cameron, Hines & Hart (APAC)

West Monroe, Louisiana
December 17, 2004

CAMERON, HINES & HARTT

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (818) 323-1717

Fax (818) 322-5121

E-Mail: chhcpas@bellsouth.net

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

Honorable Mayor and Board of Aldermen of
Simsboro, Louisiana

Compliance

We have audited the compliance of the Village of Simsboro, Louisiana (the Village) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The Village's major federal program is identified in the summary of auditors' 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 the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 we 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 the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

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

Internal Control Over Compliance

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

Honorable Mayor and Board of Aldermen of
Simsboro, Louisiana
Page 2

Our 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 caused by error or fraud 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. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

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

Cameron, Hines & Hart (APAC)

West Monroe, Louisiana
December 17, 2004

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

Honorable Mayor and Board of Aldermen of
Simsboro, Louisiana

We have audited the financial statements of the Village of Simsboro, Louisiana as of and for the year ended June 30, 2004, and have issued our report thereon dated December 17, 2004. 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. Our audit of the financial statements as of June 30, 2004, resulted in an unqualified opinion.

Section I- Summary of Auditors' Reports

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

Internal Control

Material Weakness ___ yes X no Reportable Conditions X yes ___ no

Compliance

Compliance Material to Financial Statements ___ yes X no

B. Federal Awards

Internal Control

Material Weakness ___ yes X no Reportable Conditions ___ yes X no

Type of Opinion on Compliance
For Major Programs

Unqualified X Qualified _____
Disclaimer _____ Adverse _____

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

C. Identification of Major Programs:

CFDA Number(s)	Name of Federal Program (or cluster)
14.228	Community Planning and Development

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? No

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

(Continued)

Section II- Financial Statement Findings

04-1 Customer Utility Deposits

Condition:

In performing the audit of the utility funds, it was noted that the customer deposit listing subsidiary ledger did not agree with the general ledger.

Criteria:

In order for the Village to properly account for all customer deposits, the subsidiary ledger should be updated each time a deposit is received or refunded and the appropriate entry made to the general ledger.

Effect:

By not reconciling these ledgers timely, discrepancies will occur and an accurate deposit listing cannot be maintained nor be recorded on the Village's financial statements correctly.

Recommendation:

When an update to the customer utility deposits occur, the general ledger should be updated at the same time and any differences be resolved immediately.

Response:

The Village will update the general ledger each time there is a change to the customer utility deposit ledger and these will be reconciled timely.

Section III- Federal Award Findings and Question Costs- N/A

VILLAGE OF SIMSBORO, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2004

<u>Federal Grants/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
Department of Housing & Urban Development				
Community Planning and Development LCDBG - Public Facilities Program	14.228	<u>\$ 658,427</u>	<u>\$ 592,073</u>	<u>\$ 592,073</u>

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Village. The Village did not pass through any of its federal awards to a subrecipient during the year.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting as contemplated under accounting principles generally accepted in the United States of America and which is the same basis of accounting used for presenting the general purpose financial statements. The information in this schedule is presented in accordance with the requirements 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.

VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

Section I- Internal Control and Compliance Material to the Financial Statements

This section is not applicable for this entity.

Section II- Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III- Management Letter

No management letter was issued.