

VILLAGE OF SIMSBORO, LOUISIANA

FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

VILLAGE OF SIMSBORO, LOUISIANA

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Honorable Sybil Smalling-Foster, Mayor
and Members of the Board of Alderman
Village of Simsboro, Louisiana

We have reviewed 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, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA, and the standards applicable to review engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

The combining schedules for nonmajor special revenue funds, Schedule of Compensation Paid Alderman, and the Schedule of Compensation, Benefits and Other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following supplementary information on page 30 be presented to supplement the basic financial statements:

Budgetary comparison information

Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the responsibility of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

Management has omitted the Management's Discussion and Analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report dated December 31, 2017 on the results of our agreed-upon procedures.

Wise, Martin & Cole, LLC

Minden, Louisiana

December 31, 2017

BASIC FINANCIAL STATEMENTS

STATEMENT A

VILLAGE OF SIMSBORO, LOUISIANA
Statement of Net Position
June 30, 2017

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 101,082	\$ 99,875	\$ 200,957
Certificates of deposit	100,112	125,590	225,702
Accounts receivable	45,692	16,448	62,140
Inventory	-	19,515	19,515
Internal balances	244,280	(244,280)	-
Restricted assets- noncurrent			
Cash and cash equivalents	-	123,987	123,987
Capital assets:			
Non-depreciable	50,000	39,246	89,246
Depreciable	122,475	1,947,909	2,070,384
Total assets	<u>663,641</u>	<u>2,128,290</u>	<u>2,791,931</u>
LIABILITIES			
Accounts payable	4,718	2,985	7,703
Deposits payable	-	25,395	25,395
Accrued interest	-	2,213	2,213
Noncurrent liabilities:			
Due within one year	-	11,344	11,344
Due in more than one year	-	223,737	223,737
Total liabilities	<u>4,718</u>	<u>265,674</u>	<u>270,392</u>
NET POSITION			
Invested in capital assets, net of related debt	172,475	1,752,074	1,924,549
Restricted	-	98,591	98,591
Unrestricted	486,448	11,951	498,399
Total net position	<u>\$ 658,923</u>	<u>\$ 1,862,616</u>	<u>\$ 2,521,539</u>

See accompanying notes and independent accountants' review report.

STATEMENT B

VILLAGE OF SIMSBORO, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2017

	<u>Program Revenues</u>				Net (Expenses)/ Revenue	<u>Net (Expenses) Revenues and Changes of Primary Government</u>		
	Expenses	Charges for Services	Capital Grants & Contributions	Operating Grants & Contributions		Governmental Activities	Business-type Activities	Total
Governmental activities								
General government	\$ (163,646)	\$ 49,821	\$ 24,493	-	\$ (89,332)	\$ (89,332)	\$ -	\$ (89,332)
Public safety	(43,340)	41,104	-	-	(2,236)	(2,236)	-	(2,236)
Total governmental activities	<u>(206,986)</u>	<u>90,925</u>	<u>24,493</u>	<u>-</u>	<u>(91,568)</u>	<u>(91,568)</u>	<u>-</u>	<u>(91,568)</u>
Business-type activities								
Water & sewer	<u>(270,573)</u>	<u>213,522</u>	<u>14,940</u>	<u>-</u>	<u>(42,111)</u>	<u>-</u>	<u>(42,111)</u>	<u>(42,111)</u>
Total business-types activities	<u>(270,573)</u>	<u>213,522</u>	<u>14,940</u>	<u>-</u>	<u>(42,111)</u>	<u>-</u>	<u>(42,111)</u>	<u>(42,111)</u>
Total primary government	<u>\$ (477,559)</u>	<u>\$ 304,447</u>	<u>\$ 39,433</u>	<u>\$ -</u>	<u>\$ (133,679)</u>	<u>\$ (91,568)</u>	<u>\$ (42,111)</u>	<u>\$ (133,679)</u>
General revenues:								
Property taxes levied for general purposes						16,169	-	16,169
Franchise revenues						58,377	-	58,377
Miscellaneous						13,134	229	13,363
Interest earned						282	529	811
Transfers (net)						<u>27,976</u>	<u>(26,322)</u>	<u>1,654</u>
Total general revenues						115,938	(25,564)	90,374
Change in net position						24,370	(67,675)	(43,305)
Net position - beginning						<u>634,553</u>	<u>1,930,291</u>	<u>2,564,844</u>
Net position - ending						<u>\$ 658,923</u>	<u>\$ 1,862,616</u>	<u>\$ 2,521,539</u>

See accompanying notes and independent accountants' review report.

STATEMENT C

VILLAGE OF SIMSBORO, LOUISIANA
 Balance Sheet
 Governmental Funds
 June 30, 2017

	General Fund	Property Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 22,027	\$ 68,463	\$ 10,592	\$ 101,082
Certificates of deposit	40,852	59,260	-	100,112
Accounts receivable	45,692	-	-	45,692
Advances to other funds	63,000	-	-	63,000
Due from other funds	<u>145,830</u>	<u>98,810</u>	<u>2,830</u>	<u>247,470</u>
Total assets	<u>\$ 317,401</u>	<u>\$ 226,533</u>	<u>\$ 13,422</u>	<u>\$ 557,356</u>
LIABILITIES				
Accounts, salaries, and other payables	\$ 4,718	\$ -	\$ -	\$ 4,718
Due to other funds	<u>41,190</u>	<u>25,000</u>	<u>-</u>	<u>66,190</u>
Total liabilities	<u>45,908</u>	<u>25,000</u>	<u>-</u>	<u>70,908</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows	<u>37,603</u>	<u>-</u>	<u>-</u>	<u>37,603</u>
FUND BALANCES				
Assigned	63,000	201,533	13,422	277,955
Unassigned	<u>170,890</u>	<u>-</u>	<u>-</u>	<u>170,890</u>
Total fund balances	<u>233,890</u>	<u>201,533</u>	<u>13,422</u>	<u>448,845</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 317,401</u>	<u>\$ 226,533</u>	<u>\$ 13,422</u>	<u>\$ 557,356</u>

See accompanying notes and independent accountants' review report.

VILLAGE OF SIMSBORO, LOUISIANA

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-wide Financial Statement of Net Position**

June 30, 2017

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

Total Governmental Fund Balances (Statement C)	\$ 448,845
Receivables which are not available to pay for current period expenditures and therefore are unavailable in the funds	37,603
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>172,475</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 658,923</u>

See accompanying notes and independent accountants' review report.

STATEMENT E

VILLAGE OF SIMSBORO, LOUISIANA

**Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds**

For the Year Ended June 30, 2017

	General Fund	Property Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ -	\$ 16,169	\$ -	\$ 16,169
Franchise fees	58,377	-	-	58,377
Intergovernmental	36,394	-	-	36,394
Charges for services	49,821	-	-	49,821
Fines and forfeitures	29,930	-	-	29,930
Miscellaneous	1,313	186	16	1,515
Total revenues	<u>175,835</u>	<u>16,355</u>	<u>16</u>	<u>192,206</u>
EXPENDITURES				
Current:				
General government	146,822	-	127	146,949
Public safety	47,565	-	-	47,565
Capital outlay	719	-	-	719
Total expenditures	<u>195,106</u>	<u>-</u>	<u>127</u>	<u>195,233</u>
Excess of revenues over expenditures	(19,271)	16,355	(111)	(3,027)
Other financing sources (uses)				
Transfers in	27,976	-	-	27,976
Transfers out	-	-	(1,654)	(1,654)
Total other financing sources (uses)	<u>27,976</u>	<u>-</u>	<u>(1,654)</u>	<u>26,322</u>
Net change in fund balance	8,705	16,355	(1,765)	23,295
Fund balance - beginning	<u>225,185</u>	<u>185,178</u>	<u>15,187</u>	<u>425,550</u>
Fund balance - ending	<u>\$ 233,890</u>	<u>\$ 201,533</u>	<u>\$ 13,422</u>	<u>\$ 448,845</u>

See accompanying notes and independent accountants' review report.

STATEMENT F

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, 2017

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

Net Change in Fund Balances, Governmental Funds (Statement E)	\$	23,295
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets		(10,099)
Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the Statement of Activities		<u>11,174</u>
Change in Net Position, Governmental Activities (Statement B)	\$	<u>24,370</u>

See accompanying notes and independent accountants' review report.

VILLAGE OF SIMSBORO, LOUISIANA
Statement of Net Position, Proprietary Funds
June 30, 2017

	Business-type Activities
	<u>Water & Sewer Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 99,875
Certificates of deposit	125,590
Accounts receivable	16,448
Inventory	19,515
Due from other funds	51,597
Total current assets	<u>313,025</u>
Noncurrent assets:	
Restricted assets-	
Cash and cash equivalents	123,987
Capital assets	<u>1,987,155</u>
Total noncurrent assets	<u>2,111,142</u>
Total assets	<u>\$ 2,424,167</u>
LIABILITIES	
Current liabilities:	
Accounts payable	2,985
Customer deposits	25,395
Accrued interest	2,213
Notes payable	11,344
Advances from other funds	63,000
Due to other funds	232,877
Total current liabilities	<u>337,814</u>
Noncurrent liabilities:	
Notes payable	<u>223,737</u>
Total noncurrent liabilities	<u>223,737</u>
Total liabilities	<u>561,551</u>
NET POSITION	
Invested in capital assets, net of related debt	1,752,074
Restricted	98,591
Unrestricted	<u>11,951</u>
Total net position	<u>\$ 1,862,616</u>

See accompanying notes and independent accountants' review report.

STATEMENT H

VILLAGE OF SIMSBORO, LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Business-Type Activities
	<u>Water & Sewer Fund</u>
Operating revenues:	
Charges for services	
Water	\$ 133,727
Sewer	<u>80,024</u>
Total operating revenues	<u>213,751</u>
Operating expenses:	
Salaries	28,800
Materials, repairs, & supplies	23,467
Utilities	25,426
Other administrative	26,453
Depreciation	100,239
Outside services	48,407
Sample collections/testing	<u>6,893</u>
Total operating expenses	<u>259,685</u>
Operating income (loss)	(45,934)
Nonoperating income (expenses):	
Interest income	529
Grant income	14,940
Interest expense	<u>(10,888)</u>
Total nonoperating revenues (expenses)	<u>4,581</u>
Income before contributions and transfers	(41,353)
Transfers out	<u>(26,322)</u>
Total transfers	<u>(26,322)</u>
Change in net position	(67,675)
Net position - beginning	<u>1,930,291</u>
Net position - ending	<u><u>\$ 1,862,616</u></u>

See accompanying notes and independent accountants' review report.

STATEMENT I

VILLAGE OF SIMSBORO, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	Business-type <u>Activities</u> Water & <u>Sewer Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 212,415
Cash payments to other suppliers of goods or services	(133,238)
Cash payments to employees for service	<u>(28,800)</u>
Net cash provided by operating activities	<u>50,377</u>
Cash flows from noncapital financing activities:	
Increase in customer deposits	750
Transfers out	<u>(26,322)</u>
Net cash used by noncapital financing activities	<u>(25,572)</u>
Cash flows from capital and related financing activities:	
Grant proceeds	14,940
Principal paid on bonds	(10,931)
Interest paid on bonds	<u>(11,074)</u>
Net cash used by capital and related financing activities	<u>(7,065)</u>
Cash flows from investing activities:	
Interest income	<u>343</u>
Net cash provided by investing activities	<u>343</u>
Net increase in cash and cash equivalents	18,083
Cash and cash equivalents at beginning of year	<u>205,779</u>
Cash and cash equivalents at end of year	<u><u>\$ 223,862</u></u>

See accompanying notes and independent accountants' review report.

STATEMENT I

Business-type
Activities
Water &
Sewer Fund

Reconciliation of operating income to net cash provided (used) by operating activities:

Operating income (loss)	\$	(45,933)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation		100,239
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable		(1,337)
(Decrease) increase in accounts payable		(1,634)
Decrease (increase) in due from other funds		(11,954)
Increase (decrease) in due to other funds		<u>10,996</u>
 Net cash provided by operating activities	 \$	 <u><u>50,377</u></u>

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 alderman. 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 Governmental Accounting Standards Board (GASB) promulgates generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local government entities. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government. The financial reporting practices of the Village comply with the financial reporting standards established by the GASB.

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.

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.

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 are organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 Position and the Statement of Activities) displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial 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.

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 measureable and available. Revenues are considered to

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 measureable and available to finance operations during the year from an accounting perspective are not available 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 measureable 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, 2017 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.

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.

D. Fund Accounting

The financial activities of the Village are recorded in the 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

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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.

Major Governmental Fund

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

Property Tax Fund – This fund accounts for property taxes collected by the Village.

Major Proprietary Fund

Water and Sewer Funds – These funds are used to account for the provision of water and sewerage services to the 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 and 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 direct 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 an original maturity date of three months or less when purchased.

F. Investments

Investments are limited by R.S. 33:2955 and the Village's investment policy. If original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations and repurchase agreements.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

G. Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, the interfund activity was reported as internal balances in an attempt to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

H. Inventory

Inventory items are valued at cost.

I. 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.

J. 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.

K. Capital Assets

Capital assets, which include land, buildings, equipment, and improvements, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Site Improvements	40 years
Equipment	5-10 years

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

L. Compensated Absences

The Village's policy provides vacation and sick leave to full time employees. Part-time employees do not accrue vacation time.

Vacation and sick leave chart is as follows:

Years of <u>service</u>	Days of <u>annual leave</u>	Days of <u>sick leave</u>
1 year after anniversary date	10	10
2 years (Jan 1 – Dec 31)	10	10
3 years (Jan 1 – Dec 31)	10	10
4 years (Jan 1 – Dec 31)	10	10
5 – 9 years (Jan 1 – Dec 31)	15	15
10 - 20 years (Jan 1- Dec 31)	20	20

After the first year of employment, annual vacation leave must be taken between anniversary date of employment and December 31 of the year following year. All other vacation leave days shall be taken between January 1 and December 31, of the year earned or year following. Vacation and sick leave does is not paid upon termination. As of June 30, 2017, no liability was recognized for unused annual leave.

M. 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.

N. Restricted Net Position

For the government-wide Statement of Net Position, net position is restricted when constraints placed on them are either:

- Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments
- Imposed by law through constitutional provisions or enabling legislation.

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 when an expenses is incurred for purposes for which both restricted and unrestricted net position are available.

No amount of restricted net position was restricted by enabling legislation.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

O. Fund Equity of Fund Financial Statements

GASB Statement No. 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

Non-spendable Fund balance that is not in spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily covered to cash such as inventories.

Restricted Fund Balance – Fund balance that can be spent only for specific purposes stipulated by constitution, external resource provides or through enabling legislation.

Committed Fund Balance – Fund balance that can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Village aldermen the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Village alderman remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the field have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance – Fund balance that is constrained by the Village’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Village alderman and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted not committed.

Unassigned Fund Balance – Fund balance that is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

Minimum fund balance – The Village does not have a minimum fund balance policy.

When both restricted and unrestricted resources are available for use, it is the Village’s policy to use externally restricted resources first, then unrestricted resources. The Village reduces committed amounts, followed by assigned amounts when an expenditure is incurred for which amounts in any of those unrestricted fund balance classifications could be used. The Village considers restricted or unrestricted amounts to be spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

P. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has no items that qualify for reporting in this category.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Village has one item that qualifies for reporting in this category.

The governmental funds balance sheet reports unavailable revenues, from amounts which are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

Note 2 – Stewardship, compliance and accountability

BUDGET INFORMATION 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 Alderman.
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.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Excess of expenditures over appropriations in individual funds The following individual fund had actual expenditures over budgeted expenditures for the year ended June 30, 2017:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	\$ 180,000	\$ 195,106	\$ (15,106)

Note 3 – Deposits

Deposits are stated at cost, which approximates fair value. 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 fair 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.

Interest rate risk: The Village’s policy does not address interest rate risk.

Credit Risk: The Village’s investment are in certificates of deposit which do not have credit ratings. The Village’s policy does not address credit risk.

Concentration of credit risk: The Village’s policy does not address concentration of credit risk.

Custodial credit risk – deposits: At year-end, the Village’s carrying amount of deposits was \$550,646 (including \$225,702 in certificates of deposit classified as investments) and the bank balance was \$557,943. These deposits are reported as follows:

Statement A – Cash and cash equivalents	\$ 200,957
Statement A – Investments	225,702
Statement A – Restricted cash	<u>123,987</u>
Total deposits	<u>\$ 550,646</u>

The bank deposits are secured from risk by \$498,092 of federal deposit insurance and \$159,567 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Note 4 - Accounts Receivable

The receivables at June 30, 2017 are as follows:

<u>Class of Receivable</u>	<u>General</u>
Franchise fees	\$ 8,090
Fines/tickets	37,602
Other	<u> -</u>
Total	\$ <u>45,692</u>

These receivables are expected to be collected in full; therefore there is no allowance for doubtful accounts recorded.

At June 30, 2017, the Water and Sewer Fund had accounts receivable of \$16,448, which includes customers' accounts outstanding at June 30, 2017.

Note 5 - Ad Valorem Taxes

The Village levies taxes on real and business personal property located within the Village's boundaries. Property taxes are levied by the Village on property values assessed by the Lincoln Parish Tax Assessor and approved by the State of Louisiana Tax Commission. Property taxes are assessed and collected on a calendar year basis. 2016 property taxes attached as an enforceable lien on property as of January 1, 2017. Tax notices are usually mailed in November each year and become delinquent after December 31, of that year. The tax levy for 2016 was 5.08 mills of the assessed property valuation on tax rolls as of January 1. For the year ended June 30, 2017, taxes of \$16,243 was levied on property with assessed valuations totaling \$3,197,374.

Note 6 – Restricted Assets

At June 30, 2017, all restricted assets were in the form of demand deposits. These assets represent amounts held as follows:

Utility customer deposits	\$ 39,839
Restricted for debt service	<u>84,148</u>
Totals	\$ <u>123,987</u>

Note 7 – Pension and Retirement Plans

At June 30, 2017, no eligible Village employees were participating in any of the state retirement systems.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Note 8 – Capital Assets

A summary of changes in capital assets follows:

	June 30, 2016			June 30, 2017
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Construction in progress	<u>25,821</u>	-	<u>(25,821)</u>	-
Total capital assets, not being depreciated	<u>75,821</u>	-	<u>(25,821)</u>	<u>50,000</u>
Capital assets being depreciated:				
Buildings & improvements	135,809	25,821	-	161,630
Equipment	68,347	719	-	69,066
Vehicles	<u>61,556</u>	-	-	<u>61,556</u>
Total capital assets being depreciated	<u>265,712</u>	<u>26,540</u>	-	<u>292,252</u>
Less accumulated depreciation for:				
Buildings & improvements	39,454	6,863	-	46,317
Equipment	57,950	3,955	-	61,905
Vehicles	<u>61,555</u>	-	-	<u>61,555</u>
Total accumulated depreciation	<u>158,959</u>	<u>10,818</u>	-	<u>169,777</u>
Total capital assets, being depreciated, net	<u>106,753</u>	<u>15,722</u>	-	<u>122,475</u>
Governmental activities capital assets, net	\$ <u>182,574</u>	\$ <u>15,722</u>	\$ <u>(25,821)</u>	\$ <u>172,475</u>

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

	June 30, 2016			June 30, 2017	
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	
Business Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 39,246	\$ -	\$ -	\$ 39,246	
Capital assets being depreciated:					
Waterworks system	1,198,415	-	-	1,198,415	
Sewer treatment facilities	2,712,430	-	-	2,712,430	
Machinery & equipment	<u>59,744</u>	<u>-</u>	<u>-</u>	<u>59,744</u>	
Total capital assets being depreciated	<u>3,970,589</u>	<u>-</u>	<u>-</u>	<u>3,970,589</u>	
Less accumulated depreciation for:					
Waterworks system	580,500	30,639	-	611,139	
Sewer treatment facilities	1,285,854	67,892	-	1,353,746	
Machinery & equipment	<u>56,087</u>	<u>1,708</u>	<u>-</u>	<u>57,795</u>	
Total accumulated depreciation	<u>1,922,441</u>	<u>100,239</u>	<u>-</u>	<u>2,022,680</u>	
Total capital assets, being depreciated, net	<u>\$ 2,048,148</u>	<u>\$ (100,239)</u>	<u>\$ -</u>	<u>\$ 1,947,909</u>	
Business-type activities capital assets, net	<u>\$ 2,087,394</u>	<u>\$ (100,239)</u>	<u>\$ -</u>	<u>\$ 1,987,155</u>	

Depreciation expense for the year ended June 30, 2017 was charged to functions of the primary government as follows:

Government Activities:	
General Government	\$ <u>10,818</u>
Business-Type Activities:	
Water and sewer	\$ <u>100,239</u>

Note 9 – Long-Term Obligations

Long-term debt consists of notes payable to Rural Development for revenue bonds that relate to the Village's sewerage system. The first note requires an annual payment of \$10,850 due by December 31 of each year, at an interest rate of 5%, payable through 2022. The second note with Rural Development requires a monthly payment of \$911, at an interest rate of 4.25%, payable through 2046.

Interest paid during the fiscal year ended June 30, 2017 was \$10,888.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

The following is a summary of changes in long term debt for the year ended June 30, 2017:

	<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	\$ 63,000	\$ -	\$ 8,000	\$ 55,000	\$ 8,000
Rural Development	<u>183,012</u>	<u>-</u>	<u>2,932</u>	<u>180,080</u>	<u>3,344</u>
Total Notes Payable	\$ <u>246,012</u>	\$ <u>-</u>	\$ <u>10,932</u>	\$ <u>235,080</u>	\$ <u>11,344</u>

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

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 11,344	\$ 10,439
2019	11,993	9,789
2020	12,570	9,212
2021	13,174	8,608
2022	13,808	7,975
2023-2027	32,782	32,635
2028-2032	27,866	26,796
2033-2037	34,451	20,211
2038-2042	42,592	12,071
2043-2046	<u>34,500</u>	<u>2,494</u>
Total	\$ <u>235,080</u>	\$ <u>140,230</u>

Note 10 - Interfund Receivables and Payables

Interfund balances at June 30, 2017, were as follows:

<u>Fund</u>	Interfund	
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 208,830	\$ 41,190
Property Tax Fund	98,810	25,000
Proprietary Fund	51,597	295,877
Nonmajor Funds	<u>2,830</u>	<u>-</u>
Total	\$ <u>362,067</u>	\$ <u>362,067</u>

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimburse expenditures occur, transactions are recorded in the accounting system and payments between funds are made. The balances are not expected to be repaid within one year.

Note 11 – Fund Changes and Fund Balances

Amounts for specific purposes by fund and fund balance classifications for the year ended June 30, 2017 are as follows:

<u>Classification/Fund</u>	<u>Purpose</u>	<u>Amount</u>
Assigned:		
General Fund	Funding to business type activities	\$ 63,000
Property Tax	Support village repairs and maintenance	201,533
Madden Park	Park collections and repairs	<u>13,422</u>
	Total assigned fund balances	\$ <u>277,955</u>

Note 12 – Subsequent Events

Subsequent events have been evaluated through December 31, 2017, which is the day the financial statements were available to be issued.

Note 13 – On Behalf Payments

During the fiscal year ended June 30, 2017, qualified village employees of the Village Police Department received supplemental pay from the State of Louisiana. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 24, the Village has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$5,750 for the year ended June 30, 2017, and the related expenditures are \$5,750.

Note 14 – Reclassification

During the fiscal year ended June 30, 2017, the Property Tax Fund was reported as a major fund. This fund was considered a non-major fund in the prior year.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. This required supplementary information includes the Budgetary Comparison Schedule for the General Fund and Property Tax Fund.

SCHEDULE 1a

VILLAGE OF SIMSBORO, LOUISIANA
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues				
Franchise fees	\$ 64,000	\$ 44,000	\$ 58,377	\$ 14,377
Charges for services	64,000	51,000	49,821	(1,179)
Fines and forfeitures	40,000	18,000	29,930	11,930
Grant income	-	31,154	36,394	5,240
Miscellaneous	<u>10,052</u>	<u>1,645</u>	<u>1,313</u>	<u>(332)</u>
Total revenues	<u>178,052</u>	<u>145,799</u>	<u>175,835</u>	<u>30,036</u>
Expenditures				
Current:				
General government	169,000	130,000	146,822	(16,822)
Public safety	38,000	41,000	47,565	(6,565)
Home rehab	9,000	9,000	-	9,000
Capital outlay	<u>-</u>	<u>-</u>	<u>719</u>	<u>(719)</u>
Total expenditures	<u>216,000</u>	<u>180,000</u>	<u>195,106</u>	<u>(15,106)</u>
Excess (deficiency) of revenues over (under) expenditures	(37,948)	(34,201)	(19,271)	14,930
Other financing sources (uses)				
Transfers in	<u>13,000</u>	<u>26,000</u>	<u>27,976</u>	<u>1,976</u>
Total other financing sources (uses)	<u>13,000</u>	<u>26,000</u>	<u>27,976</u>	<u>1,976</u>
Net change in fund balance	(24,948)	(8,201)	8,705	16,906
Fund balance at beginning of year	<u>260,090</u>	<u>260,090</u>	<u>225,185</u>	<u>(34,905)</u>
Fund balance at end of year	<u>\$ 235,142</u>	<u>\$ 251,889</u>	<u>\$ 233,890</u>	<u>\$ (17,999)</u>

See independent accountants' review report.

VILLAGE OF SIMSBORO, LOUISIANA
Budgetary Comparison Schedule - Property Tax Fund
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues				
Property taxes	\$ 14,800	\$ 16,408	\$ 16,169	\$ (239)
Miscellaneous	<u>50</u>	<u>98</u>	<u>187</u>	<u>89</u>
Total revenues	<u>14,850</u>	<u>16,506</u>	<u>16,356</u>	<u>(150)</u>
Expenditures				
Current:				
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	14,850	16,506	16,356	(150)
Other financing sources (uses)				
Transfers out	<u>(13,275)</u>	<u>(15,000)</u>	<u>-</u>	<u>15,000</u>
Total other financing sources (uses)	<u>(13,275)</u>	<u>(15,000)</u>	<u>-</u>	<u>15,000</u>
Net change in fund balance	1,575	1,506	16,356	14,850
Fund balance at beginning of year	<u>184,666</u>	<u>185,178</u>	<u>185,178</u>	<u>-</u>
Fund balance at end of year	<u>\$ 186,241</u>	<u>\$ 186,684</u>	<u>\$ 201,534</u>	<u>\$ 14,850</u>

See independent accountants' review report.

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining statements of nonmajor governmental funds
- Schedule of compensation paid alderman
- Schedule of compensation, benefits and other payments to agency head

VILLAGE OF SIMSBORO, LOUISIANA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	<u>Madden Park</u>
ASSETS	
Cash and cash equivalents	\$ 10,592
Due from other funds	<u>2,830</u>
Total assets	<u><u>13,422</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Due to other funds	<u>-</u>
Total liabilities	<u>-</u>
Fund balances:	
Assigned	<u>13,422</u>
Total fund balances	<u><u>13,422</u></u>
Total liabilities and fund balances	<u><u>\$ 13,422</u></u>

See independent accountants' review report.

VILLAGE OF SIMSBORO, LOUISIANA

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Nonmajor Governmental Funds

For the Year Ended June 30, 2017

	<u>Madden Park</u>
REVENUES	
Miscellaneous	\$ 16
Total revenues	<u>16</u>
EXPENDITURES	
General government	<u>127</u>
Total expenditures	<u>127</u>
Excess of revenues over expenditures	(111)
Other financing sources (uses)	
Transfers out	<u>(1,654)</u>
Total other financing sources (uses)	<u>(1,654)</u>
Net change in fund balance	(1,765)
Fund balances - beginning	<u>15,187</u>
Fund balances - ending	<u><u>\$ 13,422</u></u>

See independent accountants' review report.

**VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF COMPENSATION PAID ALDERMAN
FOR THE YEAR ENDED JUNE 30, 2017**

The following payments were made to the Alderman of the Village of Simsboro, Louisiana during the year ended June 30, 2017:

Doug Durrett	\$ 600
Jerry Davis	600
Joe Reed	<u>350</u>
Total	\$ <u>1,550</u>

See independent accountants' review report.

**VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2017**

Agency Head:

Current Mayor
Sybil Foster

Purpose

Salary	\$ 12,000
Reimbursements	102
Travel	<u>191</u>
Total	\$ <u>12,293</u>

See independent accountants' review report.

OTHER INFORMATION

**VILLAGE OF SIMSBORO, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

There were five findings in the prior year review for the year ended June 30, 2016 as follows:

2016-01 Paying employee as independent contractor

Condition: The former Village Town Clerk, while an employee of the Village, received additional payments totaling \$900 for cleaning the town hall building, that were also not included in her regular payroll.

Current Status: Resolved, the Village stopped this practice on Jan. 25, 2016.

2016-02 Budget Compliance

Agreed upon procedures finding: According to budget laws (LSA RS 39:1311), actual expenditures must not exceed budgeted expenditures by more than 5%. Per review of the Village of Simsboro's budget we noticed that actual expenditures exceeded budgeted expenditures by 24.5%.

Current Status: Not resolved. See current year finding 2017-01.

2016-03 Treatment of supplemental pay

Finding: LSA RS 1667.3(C) requires the Village to include additional compensation paid by the state, i.e. police supplemental pay, to its police officers in the calculation and deduction from pay of such officers the sums required by state or federal law to be withheld by the Village, such as federal income tax and social security tax or contributions to state or local retirement systems.

Currently the Village has one officer who receives supplemental pay from the state. The supplemental pay amounts were not included in the Villages payroll reporting as required by state law.

Current Status: Resolved, the Village began including supplemental pay in January, 2017.

2016-04 Health insurance coverage for employees

Finding: LSA RS 33:515 authorizes a political subdivision to make contracts of insurance with any insurance company legally authorized to do business in this state insuring their employees and officials under policies of group insurance covering hospitalization, and retirement, for such employees.

The Village began reimbursing the cost of health insurance for one of its full-time employees. This health insurance is not provided through a policy of group insurance but through a payment to the employee to reimburse them for health insurance.

Current Status: Resolved, the Village stopped paying the cost of health insurance.

**VILLAGE OF SIMSBORO, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

2016-05 Accounting for restricted revenues

Finding: LSA RS 47:322.33 states that monies from the State of Louisiana, allocated to Simsboro, shall be used solely for infrastructure enhancements which support economic development or tourism. The monies received from the State of Louisiana was deposited into the Village's general fund. We were unable to determine whether the funds were used for their restricted purposes.

Current Status: Not resolved. See current year finding 2017-02.

**VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF FINDINGS AND MANAGEMENT'S RESPONSE
FOR THE YEAR ENDED JUNE 30, 2017**

2017-01 Budget Compliance

Agreed upon procedures finding: According to budget laws (LSA RS 39:1311), actual expenditures must not exceed budgeted expenditures by more than 5%. Per review of the Village of Simsboro's budget, actual expenditures exceeded budgeted expenditures by 8%.

Recommendation: We recommend that the Village monitor its budget throughout the year and appropriately amend the budget when actual plus projected expenditures and transfers out exceed budgeted amounts by five percent or more.

Management's response: Management will monitor budget vs. actual throughout the year and amend as necessary.

2017-02 Accounting and Reporting

Agreed upon procedures finding:

- One of the six selected disbursements did not have supporting documentation.
- One of the six items selected did not indicate proper approval.

Recommendation: We recommend that the Village maintain supporting documentation for all expenditures, evidenced approval for payment made in accordance with the Village policy.

Management's response: Management will maintain supporting documentation for all expenditures and keep them in a central location.

2017-03 Advances or bonuses

Agreed upon procedures finding: We observed minutes of February 6, 2017 meeting approving extra \$500 a month for mileage for clerk. These payments were not included in Clerk's compensation as of June 30, 2017 and will constitute a gift if not included in her compensation and W2 issued for the calendar year 2017.

Recommendation: We recommend that the Village take steps to ensure that payments being made to the Clerk to reimburse mileage without documentation to support mileage reimbursement be included in compensation, since payments are being made under a non-accountable plan. The payments must have documentation to support the business mileage being reimbursed in order to be excluded from compensation.

**VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF FINDINGS AND MANAGEMENT'S RESPONSE
FOR THE YEAR ENDED JUNE 30, 2017**

Management's response: Management has since stopped this practice. Management will now show this as income for the Clerk.

2017-04 Accounting for restricted revenues

Finding: LSA RS 47:322.33 states that monies in the Lincoln Parish Municipalities Fund are allocated to various municipalities, including the Village of Simsboro. Monies allocated to Simsboro, shall be used solely for infrastructure enhancements which support economic development or tourism.

Condition found: While a separate bank account was setup to deposit this restricted funds, monies received from the State of Louisiana for sales tax dedication may have been used for general purposes during the year.

Recommendation: We recommend that the Village use restricted monies for its intended purpose.

Management's response: Management will use these monies solely for its intended purposes now that a separate bank account has been set up.

OTHER REPORTS

WISE, MARTIN & COLE, L.L.C.

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AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Village of Simsboro, Louisiana and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Village of Simsboro, Louisiana and the Louisiana Legislative Auditor, on the Village's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended June 30, 2017 are required Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The Village's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$30,000, and public works exceeding \$152,550. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

We observed no expenditures made during the year for material and supplies exceeding \$30,000 or public works projects exceeding \$152,550 that would be subject to the provisions of R.S. 38:2211-2296.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the ethics law).

Management provided us with the requested information.

3. Obtain a list of all employees paid during the fiscal year.

Management provided us with the requested information.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3. .

None of the employees included on the list provided by management for agreed-upon procedure 3 appeared on the list provided by management for agreed-upon procedure 2.

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Management provided the requested information. None of the businesses of board members, employees, and board members' and employees' immediate families appeared as vendors on the list of disbursements.

Budgeting

6. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original and the amended budget.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

We traced the adoption of the original budget to the minutes of the meeting held June 6, 2016. The budget was amended one time. We traced the amendment to the budget to the minutes of the meeting held on June 5, 2017.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues for the year did not exceed budgeted amounts by more than 5%. Actual expenditures exceeded budgeted by 8%.

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

(a) Report whether the six disbursements agree to the amount and the payee in the supporting documentation.

We examined supporting documentation for five of the six selected disbursements and found that payment was for the proper amount and made to the correct payee. One of the six selected disbursements did not have supporting documentation.

(b) Report whether the six disbursements were coded to the correct fund and general ledger account.

Five of the six payments were properly coded to the correct fund and general ledger account. One of the six did not have supporting documentation.

(c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

Village disbursement policy requires invoice approval in a three-fold manner. Water and Sewer Operator shall initial and date each invoice he has issued, the municipal clerk shall initial approval and the Mayor must initial all invoices prior to any checks to be processed. One of the six items selected did not indicate proper approval.

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

Management represents that the Village is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's office. Although management asserted that such documents were properly posted, we could find no evidence supporting that assertion other than an unmarked copy of the notices and agendas.

Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

We scanned the general ledger for bank deposits for the period under examination and noted no deposits that appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

Payroll detail was examined along with a review of the minutes for the year. We observed minutes of February 6, 2017 meeting approving extra \$500 a month for mileage for clerk. These payments were not included in the Clerk's compensation as of June 30, 2017 and will constitute a gift if not included in her W2 issued for 2017.

Prior Comments

13. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved.

A prior year report, dated December 28, 2016, included comments and unresolved matters. Some of the matters were resolved in the current year. The unresolved matters are listed in the report of current year findings.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's compliance with the foregoing matters. Accordingly,

we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

W. Lee Martin & Cole LLC

Minden, Louisiana
December 31, 2017

ATTACHMENTS:
SIGNED LOUISIANA ATTESTATION QUESTIONNAIRE

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

Aug 8, 2017 (Date Transmitted)

Wise Martin & Cole, LLC
601 Main Street
Minden LA 71055

(Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of August 8, 2017.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

Cynthia J. Haney Secretary 8-8-17 Date

Treasurer _____ Date

Lybil Smalling-Foster President 8-8-17 Date