

VILLAGE OF SIMSBORO, LOUISIANA
FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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, 2018, 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 Matter Paragraphs

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 31 be presented to supplement the basic financial statements:

Budgetary comparison schedule

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. The 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 21, 2018 on the results of our agreed-upon procedures.

Wise Martin & Cole LLC

Minden, Louisiana

December 21, 2018

BASIC FINANCIAL STATEMENTS

VILLAGE OF SIMSBORO, LOUISIANA
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 132,141	\$ 164,148	\$ 296,289
Investments	100,246	125,777	226,023
Accounts receivable	53,975	28,613	82,588
Inventory	-	19,515	19,515
Internal balances	245,265	(245,265)	-
Restricted assets- noncurrent			
Cash and cash equivalents	-	116,087	116,087
Capital assets:			
Non-depreciable	50,000	39,246	89,246
Depreciable	111,954	1,848,690	1,960,644
Total assets	<u>693,581</u>	<u>2,096,811</u>	<u>2,790,392</u>
LIABILITIES			
Current liabilities:			
Accounts payable	8,402	7,828	16,230
Accrued interest	-	2,001	2,001
Payable from restricted assets:			
Deposits payable	-	25,726	25,726
Noncurrent liabilities:			
Due within one year	-	11,489	11,489
Due in more than one year	-	212,247	212,247
Total liabilities	<u>8,402</u>	<u>259,291</u>	<u>267,693</u>
NET POSITION			
Net investment in capital assets	161,954	1,664,200	1,826,154
Restricted	-	90,361	90,361
Unrestricted	<u>523,225</u>	<u>82,959</u>	<u>606,184</u>
Total net position	<u>\$ 685,179</u>	<u>\$ 1,837,520</u>	<u>\$ 2,522,699</u>

See accompanying notes and independent accountants' review report.

STATEMENT B

VILLAGE OF SIMSBORO, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2018

	Program Revenues				Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Capital Grants & Contributions	Operating Grants & Contributions		Governmental Activities	Business-type Activities	Total
Governmental activities								
General government	\$ (145,390)	\$ 49,602	\$ 1,749	-	\$ (94,039)	\$ (94,039)	\$ -	\$ (94,039)
Public safety	(21,264)	44,609	-	-	23,345	23,345	-	23,345
Total governmental activities	<u>(166,654)</u>	<u>94,211</u>	<u>1,749</u>	<u>-</u>	<u>(70,694)</u>	<u>(70,694)</u>	<u>-</u>	<u>(70,694)</u>
Business-type activities								
Water and sewer	(272,324)	235,843	9,359	-	(27,122)	-	(27,122)	(27,122)
Total business-types activities	<u>(272,324)</u>	<u>235,843</u>	<u>9,359</u>	<u>-</u>	<u>(27,122)</u>	<u>-</u>	<u>(27,122)</u>	<u>(27,122)</u>
Total primary government	<u>\$ (438,978)</u>	<u>\$ 330,054</u>	<u>\$ 11,108</u>	<u>\$ -</u>	<u>\$ (97,816)</u>	<u>\$ (70,694)</u>	<u>\$ (27,122)</u>	<u>\$ (97,816)</u>
General revenues:								
Property taxes levied for general purposes						18,159	-	18,159
Franchise revenues						63,550	-	63,550
Miscellaneous						16,081	239	16,320
Interest earned						358	589	947
Transfers						(1,198)	1,198	-
Total general revenues						<u>96,950</u>	<u>2,026</u>	<u>98,976</u>
Change in net position						26,256	(25,096)	1,160
Net position - beginning						<u>658,923</u>	<u>1,862,616</u>	<u>2,521,539</u>
Net position - ending						<u>\$ 685,179</u>	<u>\$ 1,837,520</u>	<u>\$ 2,522,699</u>

See accompanying notes and independent accountants' review report.

STATEMENT C

VILLAGE OF SIMSBORO, LOUISIANA

Balance Sheet

Governmental Funds

June 30, 2018

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 121,663	\$ 10,478	\$ 132,141
Investments	100,246	-	100,246
Accounts receivable	53,975	-	53,975
Advances to other funds	63,000	-	63,000
Due from other funds	245,625	2,830	248,455
Total assets	<u>\$ 584,509</u>	<u>\$ 13,308</u>	<u>\$ 597,817</u>
LIABILITIES			
Accounts, salaries, and other payables	\$ 8,402	\$ -	\$ 8,402
Due to other funds	66,190	-	66,190
Total liabilities	<u>74,592</u>	<u>-</u>	<u>74,592</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows	47,895	-	47,895
FUND BALANCES			
Assigned	63,000	13,308	76,308
Unassigned	399,022	-	399,022
Total fund balances	<u>462,022</u>	<u>13,308</u>	<u>475,330</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 584,509</u>	<u>\$ 13,308</u>	<u>\$ 597,817</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, 2018

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

Total Governmental Fund Balances (Statement C)	\$ 475,330
Receivables which are not available to pay for current period expenditures and therefore are unavailable in the funds	47,895
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>161,954</u>
Net Position of Governmental Activities (Statement A)	<u><u>\$ 685,179</u></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, 2018

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 18,159	\$ -	\$ 18,159
Franchise fees	63,550	-	63,550
Intergovernmental	12,090	-	12,090
Charges for services	50,601	-	50,601
Fines and forfeitures	34,316	-	34,316
Miscellaneous	5,083	16	5,099
Total revenues	<u>183,799</u>	<u>16</u>	<u>183,815</u>
EXPENDITURES			
Current:			
General government	132,357	-	132,357
Public safety	23,775	-	23,775
Total expenditures	<u>156,132</u>	<u>-</u>	<u>156,132</u>
Excess of revenues over expenditures	27,667	16	27,683
Other financing sources (uses)			
Transfers in	7,038	-	7,038
Transfers out	(8,106)	(130)	(8,236)
Total other financing sources (uses)	<u>(1,068)</u>	<u>(130)</u>	<u>(1,198)</u>
Net change in fund balance	26,599	(114)	26,485
Fund balance - beginning	<u>435,423</u>	<u>13,422</u>	<u>448,845</u>
Fund balance - ending	<u>\$ 462,022</u>	<u>\$ 13,308</u>	<u>\$ 475,330</u>

See accompanying notes and independent accountants' review report.

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, 2018**

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

Net Change in Fund Balances, Governmental Funds (Statement E)	\$ 26,485
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets	(10,521)
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>10,292</u>
Change in Net Position, Governmental Activities (Statement B)	<u><u>\$ 26,256</u></u>

See accompanying notes and independent accountants' review report.

VILLAGE OF SIMSBORO, LOUISIANA
Statement of Net Position, Proprietary Funds
June 30, 2018

	Business-type Activities
	Water & Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 164,148
Investments	125,777
Accounts receivable	28,613
Inventory	19,515
Due from other funds	51,840
Total current assets	<u>389,893</u>
Noncurrent assets:	
Restricted cash and cash equivalents	116,087
Capital assets:	
Land	39,246
Plant and equipment	1,848,690
Total noncurrent assets	<u>2,004,023</u>
Total assets	<u>2,393,916</u>
LIABILITIES	
Current liabilities:	
Accounts payable	7,828
Accrued interest	2,001
Advances from other funds	63,000
Due to other funds	234,105
Payable from restricted assets:	
Customer deposits	25,726
Notes payable	11,489
Total current liabilities	<u>344,149</u>
Noncurrent liabilities:	
Notes payable	212,247
Total noncurrent liabilities	<u>212,247</u>
Total liabilities	<u>556,396</u>
NET POSITION	
Net investment in capital assets	1,664,200
Restricted	90,361
Unrestricted	82,959
Total net position	<u>\$ 1,837,520</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, 2018

	<u>Business-Type Activities</u>
	<u>Water & Sewer Fund</u>
Operating revenues:	
Charges for services	
Water	\$ 154,592
Sewer	81,490
Total operating revenues	<u>236,082</u>
Operating expenses:	
Salaries	31,800
Materials, repairs, & supplies	28,726
Utilities	31,159
Other administrative	25,509
Depreciation	99,219
Outside services	39,817
Sample collections/testing	5,731
Total operating expenses	<u>261,961</u>
Operating income (loss)	(25,879)
Nonoperating income (expenses):	
Interest income	589
Grant income	9,359
Interest expense	(10,363)
Total nonoperating revenues (expenses)	<u>(415)</u>
Income before contributions and transfers	(26,294)
Transfers in	8,106
Transfers out	(6,908)
Total transfers	<u>1,198</u>
Change in net position	(25,096)
Net position - beginning	<u>1,862,616</u>
Net position - ending	<u><u>\$ 1,837,520</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, 2018

	Business-type <u>Activities</u> Water & <u>Sewer Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 223,918
Cash payments to other suppliers of goods or services	(125,115)
Cash payments to employees for service	<u>(31,800)</u>
Net cash provided by operating activities	<u>67,003</u>
Cash flows from noncapital financing activities:	
Increase in customer deposits	330
Transfers out	(6,908)
Transfers in	<u>8,106</u>
Net cash provided by noncapital financing activities	<u>1,528</u>
Cash flows from capital and related financing activities:	
Grant proceeds	9,359
Principal paid on bonds	(11,345)
Interest paid on bonds	<u>(10,574)</u>
Net cash used by capital and related financing activities	<u>(12,560)</u>
Cash flows from investing activities:	
Interest income	<u>402</u>
Net cash provided by investing activities	<u>402</u>
Net increase in cash and cash equivalents	56,373
Cash and cash equivalents at beginning of year	<u>223,862</u>
Cash and cash equivalents at end of year	<u>\$ 280,235</u>

See accompanying notes and independent accountants' review report.

STATEMENT I

	Business-type <u>Activities</u> Water & <u>Sewer Fund</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (25,879)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	99,219
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable	(12,165)
(Decrease) increase in accounts payable	4,843
Decrease (increase) in due from other funds	(243)
Increase (decrease) in due to other funds	<u>1,228</u>
Net cash provided by operating activities	<u>\$ 67,003</u>

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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 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 criterion includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the Village to impose its will on that organization and/or
 - b. the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Village.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

2. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

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

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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 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, 2018 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.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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 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, property taxes, public safety, regulatory services and social services.

Major Proprietary Fund

Water and Sewer Funds – These funds are used to account for the provision of water and sewerage 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 proprietary fund Statement of Cash Flows, the Village considers all investments with a maturity of three months or less when purchased to be cash equivalents.

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.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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.

The investments are reflected at fair value except for the following which are permitted per GASB Statement No. 31:

- Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Village's investments are in certificates of deposit, and are stated at amortized cost.

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 using the first-in, first out method.

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

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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

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 is not paid upon termination. As of June 30, 2018, 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.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

N. Equity Classifications – Government-wide Statements

Net position represents the difference between assets and deferred outflows or resources less liabilities and deferred inflows of resources. The Village reports three categories of net position as follows:

- Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows or resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- Restricted net position - net position is considered restricted if its use is constrained to a particular purpose. Restrictions can be:
 - 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.

Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.

- Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the Village.

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 expense 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.

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

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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 nor 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.

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.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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.

Note 3 – Deposits and investments

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 \$638,399 (including \$226,023 in certificates of deposit classified as investments) and the bank balance was \$641,795.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

These deposits are reported as follows:

Statement A – Cash and cash equivalents	\$ 296,289
Statement A – Investments	226,023
Statement A – Restricted cash	<u>116,087</u>
Total deposits	\$ <u>638,399</u>

The bank deposits are secured from risk by \$500,000 of federal deposit insurance and \$155,087 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.

Note 4 - Accounts Receivable

The receivables at June 30, 2018 are as follows:

<u>Class of Receivable</u>	<u>General</u>
Franchise fees	\$ 6,080
Fines/tickets	<u>47,895</u>
Total	\$ <u>53,975</u>

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

At June 30, 2018, the Water and Sewer Fund had accounts receivable of \$28,613, which includes customers' accounts outstanding at June 30, 2018.

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. 2017 property taxes attached as an enforceable lien on property as of January 1, 2018. Tax notices are usually mailed in November each year and become delinquent after December 31, of that year. The tax levy for 2017 was 5.08 mills of the assessed property valuation on tax rolls as of January 1. For the year ended June 30, 2018, taxes of \$17,148 was levied on property with assessed valuations totaling \$3,375,611.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 6 – Restricted Assets

At June 30, 2018, all restricted assets were in the form of demand deposits. These assets represent amounts held as follows:

Utility customer deposits	\$ 25,726
Restricted for debt service	<u>90,361</u>
Totals	\$ <u>116,087</u>

Note 7 – Capital Assets

A summary of changes in capital assets follows:

	June 30, 2017			June 30, 2018
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Total capital assets, not being depreciated	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Capital assets being depreciated:				
Buildings & improvements	161,630	-	-	161,630
Equipment	69,066	-	-	69,066
Vehicles	<u>61,556</u>	<u>-</u>	<u>-</u>	<u>61,556</u>
Total capital assets being depreciated	<u>292,252</u>	<u>-</u>	<u>-</u>	<u>292,252</u>
Less accumulated depreciation for:				
Buildings & improvements	46,317	6,863	-	53,180
Equipment	61,905	3,658	-	65,563
Vehicles	<u>61,555</u>	<u>-</u>	<u>-</u>	<u>61,555</u>
Total accumulated depreciation	<u>169,777</u>	<u>10,521</u>	<u>-</u>	<u>180,298</u>
Total capital assets, being depreciated, net	<u>122,475</u>	<u>(10,521)</u>	<u>-</u>	<u>111,954</u>
Governmental activities capital assets, net	\$ <u>172,475</u>	\$ <u>(10,521)</u>	\$ <u>-</u>	\$ <u>161,954</u>

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

	June 30, 2017			June 30, 2018	
	<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	611,139	30,639	-	641,778	
Sewer treatment facilities	1,353,746	67,891	-	1,421,637	
Machinery & equipment	<u>57,795</u>	<u>689</u>	<u>-</u>	<u>58,484</u>	
Total accumulated depreciation	<u>2,022,680</u>	<u>99,219</u>	<u>-</u>	<u>2,121,899</u>	
Total capital assets, being depreciated, net	<u>\$ 1,947,909</u>	<u>\$ (99,219)</u>	<u>\$ -</u>	<u>\$ 1,848,690</u>	
 Business-type activities capital assets, net	 <u>\$ 1,987,155</u>	 <u>\$ (99,219)</u>	 <u>\$ -</u>	 <u>\$ 1,887,936</u>	

Depreciation expense for the year ended June 30, 2018 was charged to functions of the primary government as follows:

Government Activities:	
General Government	\$ <u>10,521</u>
 Business-Type Activities:	
Water and sewer	\$ <u>99,219</u>

Note 8 – Customers’ deposits

Deposits held for customers that are currently active on the water and sewer systems total \$25,726 at June 30, 2018. These amounts are payable from restricted assets. See Note 6.

Note 9 – Pension and Retirement Plans

At June 30, 2018, 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, 2018**

Note 10 – 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, 2018 was \$10,363.

The following is a summary of changes in long term debt for the year ended June 30, 2018:

	<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	\$ 55,000	\$ -	\$ 8,000	\$ 47,000	\$ 8,000
Rural Development	<u>180,080</u>	<u>-</u>	<u>3,344</u>	<u>176,736</u>	<u>3,489</u>
Total Notes Payable	<u>\$ 235,080</u>	<u>\$ -</u>	<u>\$ 11,344</u>	<u>\$ 223,736</u>	<u>\$ 11,489</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>
2019	\$ 11,489	\$ 9,789
2020	12,570	9,212
2021	13,174	8,608
2022	13,807	7,975
2023	14,476	7,311
2024-2028	23,517	31,146
2029-2033	29,074	25,589
2034-2038	35,944	18,718
2039-2043	44,438	10,225
2044-2046	<u>25,247</u>	<u>1,318</u>
Total	<u>\$ 223,736</u>	<u>\$ 129,891</u>

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 11 - Interfund Receivables, Payables, and Transfers

Interfund receivables and payables at June 30, 2018, were as follows:

<u>Fund</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General fund	\$ 308,625	\$ 66,190
Proprietary Fund	51,840	297,105
Nonmajor Funds	<u>2,830</u>	<u>-</u>
Total	<u>\$ 363,295</u>	<u>\$ 363,295</u>

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.

Interfund transfers during the year ended June 30, 2018, were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 7,038	\$ 3,106
Proprietary Fund	3,106	6,908
Nonmajor Funds	<u>-</u>	<u>130</u>
Total	<u>\$ 10,144</u>	<u>\$ 10,144</u>

Transfers during the year recognize expenditures for certain funds covered by other funds. In addition, there was a \$7,229 deposit made to the General Fund for grant revenues that belonged in the Water Fund. These amounts will not be repaid.

Note 12 – Fund Changes and Fund Balances

Amounts for specific purposes by fund and fund balance classifications for the year ended June 30, 2018 are as follows:

<u>Classification/Fund</u>	<u>Purpose</u>	<u>Amount</u>
Assigned:		
General fund	Funding to business type activities	\$ 63,000
Madden Park	Park collections and repairs	<u>13,308</u>
	Total assigned fund balances	<u>\$ 76,308</u>

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 13 – Subsequent Events

Subsequent events have been evaluated through December 21, 2018, which is the day the financial statements were available to be issued.

The Village will begin collecting a 1.25% sales and use tax as authorized in a special election held April 28, 2018. The sales and use tax is effective July 1, 2018.

On November 14, 2018, the Village program application for the FY 2018-2019 Community Water Enrichment Fund (CWEF) was approved for up to \$300,000 to be used by the Village for emergency funding to provide for a new ground storage tank, booster station, and chlorination system at Well Number 3.

Note 14 – Reclassification

During the fiscal year ended June 30, 2018, the Property Tax Fund was included with the General Fund. This fund was considered a 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 1

VILLAGE OF SIMSBORO, LOUISIANA
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2018

	<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				
Taxes	\$ 16,000	\$ 18,000	\$ 18,159	159
Franchise fees	51,000	60,000	63,550	3,550
Charges for services	44,000	41,000	50,601	9,601
Fines and forfeitures	18,000	31,000	34,316	3,316
Grant income	31,154	25,249	12,090	(13,159)
Miscellaneous	1,745	4,704	5,083	379
Total revenues	<u>161,899</u>	<u>179,953</u>	<u>183,799</u>	<u>3,846</u>
Expenditures				
Current:				
General government	130,000	132,000	132,357	(357)
Public safety	41,000	30,000	23,775	6,225
Total expenditures	<u>171,000</u>	<u>162,000</u>	<u>156,132</u>	<u>5,868</u>
Excess (deficiency) of revenues over (under) expenditures	(9,101)	17,953	27,667	9,714
Other financing sources (uses)				
Transfers in	26,000	1,048	7,038	5,990
Transfers out	(15,000)	(1,048)	(8,106)	(7,058)
Total other financing sources (uses)	<u>11,000</u>	<u>-</u>	<u>(1,068)</u>	<u>(1,068)</u>
Net change in fund balance	1,899	17,953	26,599	8,646
Fund balance at beginning of year	<u>446,774</u>	<u>420,574</u>	<u>435,423</u>	<u>14,849</u>
Fund balance at end of year	<u>\$ 448,673</u>	<u>\$ 438,527</u>	<u>\$ 462,022</u>	<u>\$ 23,495</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, 2018

	<u>Madden Park</u>
ASSETS	
Cash and cash equivalents	\$ 10,478
Due from other funds	<u>2,830</u>
Total assets	<u><u>13,308</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Due to other funds	<u>-</u>
Total liabilities	<u>-</u>
Fund balances:	
Assigned	<u>13,308</u>
Total fund balances	<u>13,308</u>
Total liabilities and fund balances	<u><u>\$ 13,308</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, 2018

	Madden Park
REVENUES	
Miscellaneous	\$ 16
Total revenues	<u>16</u>
EXPENDITURES	
General government	<u>-</u>
Total expenditures	<u>-</u>
Excess of revenues over expenditures	16
Other financing sources (uses)	
Transfers out	<u>(130)</u>
Total other financing sources (uses)	<u>(130)</u>
Net change in fund balance	(114)
Fund balances - beginning	<u>13,422</u>
Fund balances - ending	<u><u>\$ 13,308</u></u>

See independent accountants' review report.

**VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF COMPENSATION PAID ALDERMAN
FOR THE YEAR ENDED JUNE 30, 2018**

The following payments were made to the Alderman of the Village of Simsboro, Louisiana during the year ended June 30, 2018:

Doug Durrett	\$ 600
Jerry Davis, resigned March	450
Joe Reed	450
Sandy Freeman, started April	<u>150</u>
Total	\$ <u>1,650</u>

**VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2018**

Agency Head: Sybil Smalling-Foster, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 12,000
Reimbursement	118
Travel	1,079

OTHER INFORMATION

**VILLAGE OF SIMSBORO, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

There were four findings in the prior year review for the year ended June 30, 2017 as follows:

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 we noticed that actual expenditures exceeded budgeted expenditures by 8%.

Current Status: Resolved.

2017-02 Accounting and Reporting

Agreed upon procedures finding: In the agreed-upon procedures, there was one of the six selected that did not have supporting documentation and one of the six did not indicate proper approval.

Current Status: Not resolved. See finding 2018-01

2017-03 Advances and 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.

Current Status: Resolved.

2017-04 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: Resolved.

**VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF FINDINGS AND MANAGEMENT'S RESPONSE
FOR THE YEAR ENDED JUNE 30, 2018**

2018-01 Accounting and Reporting

Agreed upon procedures finding: Three of the six items selected did not indicate proper approval.

Recommendation: We recommend that the Village's expenditures have evidence of approval for payment made in accordance with the Village policy.

Management's response: I will be diligent in approving Village expenditures in the future.

2018-02 Advances and Bonuses

Agreed upon procedures finding: In the prior year, the Village approved extra payments of \$500 a month for mileage for the Village Clerk. The payments made during the months of July through December 2017 were not reported as compensation in her W2. Starting in January, 2018, the Village corrected its reporting to include these payments in the Clerk's compensation for 2018.

Recommendation: The Village has corrected this item in the last half of the year. We recommend that the Village continue to properly report compensation paid to its employees.

Management's response: I will continue to make certain that all compensation is reported properly and is reflected on the employee's W-2 form.

OTHER REPORTS

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

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MEMBERS
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, 2018, as 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 \$154,450. 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 \$154,450 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 5, 2017. The budget was amended one time. We traced the amendment to the budget to the minutes of the meeting held on May 7, 2018.

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 and expenditures for the year did not exceed budgeted amounts by more than 5%.

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 all of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

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

All six payments were properly coded to the correct fund and general ledger account

(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.

Exception: *Three of the six items selected did not indicate proper approval as required in the Village's disbursement policy.*

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 and 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. In the prior year, the board approved for the clerk to receive an extra \$500 for mileage. The mileage paid was included as compensation to the clerk starting in January, 2018.

Exception: The mileage paid during the month of July through December, 2017, was not reported as compensation for 2017.

State and Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513

The agency provided for a timely report in accordance with R.S. 24:513

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law)

There were no contracts entered into that were subject to public bid law.

Prior Comments

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

The prior year report, dated December 31, 2017, included four findings as well as management's planned corrective action. Two of the four items were resolved in the current year. However, the other two 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 Village'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 Village'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.

Wesley Martin & Cole LLC

Minden, Louisiana
December 21, 2018

ATTACHMENTS:
SIGNED LOUISIANA ATTESTATION QUESTIONNAIRE

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

Aug. 2, 2018 (Date Transmitted)

Wade & Perry, CPAs (CPA Firm Name)
116 North Pinecrest Drive (CPA Firm Address)
Ruston, LA 71270 (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of Aug. 2, 2018 (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.

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 did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

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 []

