

TOWN OF SIMMESPORT, LOUISIANA

Financial Report

Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

The Honorable Leslie Draper III, Mayor
and Board of Alderman of the
Town of Simmesport, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Simmesport, Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Because of the matter described in the "Basis for Disclaimer of Opinion on the Governmental Activities, General Fund, Business-Type Activities, Water & Sewer Utility and Natural Gas System Opinion Units" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the governmental activities, general fund, business-type activities and the water and sewer utility and natural gas system funds.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Except for the matter described in the “Basis for Disclaimer of Opinion on the Governmental Activities, General Fund, Business-Type Activities, Water & Sewer Utility and Natural Gas System Opinion Units” paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Disclaimer
Business-Type Activities	Disclaimer
General Fund	Disclaimer
Aggregate remaining funds	Unmodified
Water & Sewer Utility	Disclaimer
Natural Gas System	Disclaimer

Basis for Disclaimer of Opinion on the Governmental Activities, General Fund, Business-Type Activities, Water & Sewer Utility and Natural Gas System Opinion Units

Management of the Town of Simmesport, Louisiana, did not retain sufficient records and provide adequate audit evidence necessary for us to express an opinion or provide any assurance on the Governmental Activities and General fund revenues and expenditures in the statement of activities and the statement of revenues, expenses, and changes in net position.

Management of the Town of Simmesport, Louisiana, did not retain sufficient records and provide adequate audit evidence necessary for us to express an opinion or provide any assurance on the Business-Type Activities, Water & Sewer Utility and Natural Gas System receivables as reported on the statement of net position and charges for services revenue as reported in the statement of activities and the statement of revenues, expenses, and changes in net position.

Disclaimer of Opinion on the Governmental Activities, General Fund, Business-Type Activities, Water & Sewer Utility and Natural Gas System Opinion Units

Because of the significance of the matter described in the “Basis for Disclaimer of Opinion on the Governmental Activities, General Fund, Business-Type Activities, Water & Sewer Utility and Natural Gas System Opinion Units” paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities, general fund, business-type activities and the Water and Sewer Utility and Natural Gas System funds of the Town of Simmesport, Louisiana.

Unmodified Opinion on Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate remaining fund information of the Town of Simmesport, Louisiana, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 34 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Simmesport, Louisiana's basic financial statements. The Justice System Funding Schedule, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Justice System Funding Schedule is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the Governmental Activities, General Fund, Business Type Activities, Water & Sewer Utility and Natural Gas System section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for opinion on whether the Justice System Funding Schedule is fairly stated, in all material respects, in relation to the basic financial statements.

Substantial Doubt about the Town of Simmesport, Louisiana's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Town of Simmesport, Louisiana, will continue as a going concern. As discussed in Note 15 to the financial statements, the Town of Simmesport, Louisiana has incurred significant liabilities after the fiscal year end June 30, 2021, that could prevent the Town from performing daily and necessary operations required by the Town. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 15. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2023, on our consideration of the Town of Simmesport, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Simmesport, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Simmesport, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
September 21, 2023

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF SIMMESPORT, LOUISIANA

Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 8,002	\$ 71,833	\$ 79,835
Receivables, net	107,660	140,937	248,597
Internal balances	12,616	(12,616)	-
Restricted assets:			
Cash and interest-bearing deposits	-	92,071	92,071
Capital assets:			
Non depreciable capital assets	30,036	17,636	47,672
Depreciable capital assets, net	717,225	1,474,369	2,191,594
Total assets	875,539	1,784,230	2,659,769
LIABILITIES			
Accounts payable	207,385	76,238	283,623
Due to other governmental agencies	-	8,760	8,760
Salaries and benefits payable	14,351	6,456	20,807
Long-term liabilities:			
Portion due after one year-			
Customers' deposits payable	-	92,071	92,071
Due to DOTD	-	77,500	77,500
Total liabilities	221,736	261,025	482,761
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to rights fees	-	593,750	593,750
NET POSITION			
Net investment in capital assets	747,261	898,255	1,645,516
Unrestricted	(93,458)	31,200	(62,258)
Total net position	\$ 653,803	\$ 929,455	\$ 1,583,258

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SIMMESPORT, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2021

Activities	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 381,806	\$ -	\$ -	\$ (381,806)	\$ -	\$ (381,806)
Public safety:						
Police	411,321	38,736	5,967	(366,618)	-	(366,618)
Streets and sidewalks	185,292	-	-	(185,292)	-	(185,292)
Interest on long-term debt	1,425	-	-	(1,425)	-	(1,425)
Total governmental activities	<u>979,844</u>	<u>38,736</u>	<u>5,967</u>	<u>(935,141)</u>	<u>-</u>	<u>(935,141)</u>
Business-type activities:						
Water and sewer	509,159	404,846	-	-	(104,313)	(104,313)
Gas	198,342	158,726	-	-	(39,616)	(39,616)
Total business-type activities	<u>707,501</u>	<u>563,572</u>	<u>-</u>	<u>-</u>	<u>(143,929)</u>	<u>(143,929)</u>
Total	<u>\$ 1,687,345</u>	<u>\$ 602,308</u>	<u>\$ 5,967</u>	<u>(935,141)</u>	<u>(143,929)</u>	<u>(1,079,070)</u>
General revenues:						
Taxes -						
Property taxes, levied for general purposes				26,412	-	26,412
Sales and use taxes, levied for specific purposes				432,422	-	432,422
Franchise taxes				63,552	-	63,552
Licenses and permits -						
Occupational licenses				79,043	-	79,043
Grants and contributions not restricted to specific programs -						
State sources				61,113	-	61,113
Interest and investment earnings				-	116	116
Miscellaneous				67,308	49,602	116,910
Transfers				(22,971)	22,971	-
Total general revenues and transfers				<u>706,879</u>	<u>72,689</u>	<u>779,568</u>
Change in net position				(228,262)	(71,240)	(299,502)
Net position, beginning				<u>882,065</u>	<u>1,000,695</u>	<u>1,882,760</u>
Net position, ending				<u>\$ 653,803</u>	<u>\$ 929,455</u>	<u>\$ 1,583,258</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

TOWN OF SIMMESPORT, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2021

ASSETS	<u>General</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Cash and interest-bearing deposits	\$ 5,405	\$ 2,597	\$ 8,002
Receivables, net			
Taxes	42,782	-	42,782
Other	64,878	-	64,878
Due from other funds	<u>15,213</u>	<u>-</u>	<u>15,213</u>
Total assets	<u>\$ 128,278</u>	<u>\$ 2,597</u>	<u>\$ 130,875</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 207,385	\$ -	\$ 207,385
Salaries and benefits payable	14,351	-	14,351
Due to other funds	<u>-</u>	<u>2,597</u>	<u>2,597</u>
Total liabilities	<u>221,736</u>	<u>2,597</u>	<u>224,333</u>
Fund balance:			
Unassigned	<u>(93,458)</u>	<u>-</u>	<u>(93,458)</u>
Total fund balance	<u>(93,458)</u>	<u>-</u>	<u>(93,458)</u>
Total liabilities and fund balances	<u>\$ 128,278</u>	<u>\$ 2,597</u>	<u>\$ 130,875</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SIMMESPORT, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Total fund balances for governmental funds	\$ (93,458)
Capital assets, net	<u>747,261</u>
Net position at June 30, 2021	<u>\$ 653,803</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SIMMESPORT, LOUISIANA

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

For the Year Ended June 30, 2021

	General	Other Governmental Funds	Totals
Revenues:			
Taxes-			
Sales and use tax	\$ 432,422	\$ -	\$ 432,422
Ad valorem	26,412	-	26,412
Franchise	63,552	-	63,552
Licenses and permits	79,043	-	79,043
Intergovernmental	67,080	-	67,080
Fines and forfeits	38,736	-	38,736
Miscellaneous	67,308	-	67,308
Total revenues	774,553	-	774,553
Expenditures:			
Current -			
General government	352,755	4,000	356,755
Public safety:			
Police	379,827	-	379,827
Streets and sidewalks	149,043	-	149,043
Capital outlay	10,766	-	10,766
Debt service -			
Principle	14,728	10,000	24,728
Interest	1,040	385	1,425
Total expenditures	908,159	14,385	922,544
Deficiency of revenues over expenditures	(133,606)	(14,385)	(147,991)
Other financing sources:			
Transfers in	-	14,385	14,385
Transfers out	(37,356)	-	(37,356)
Total other financing sources	(37,356)	14,385	(22,971)
Net changes in fund balances	(170,962)	-	(170,962)
Fund balances, beginning	77,504	-	77,504
Fund balances, ending	\$ (93,458)	\$ -	\$ (93,458)

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SIMMESPORT, 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, 2021

Total net change in fund balances per the Statement of Revenue, Expenditures and Changes in fund balances		\$ (170,962)
Capital assets:		
Capital outlay	\$ 10,766	
Depreciation expense	<u>(92,794)</u>	(82,028)
Long-term liabilities:		
Capital lease payments	14,728	
Bond principal retirement	<u>10,000</u>	<u>24,728</u>
Total changes in net position per Statement of Activities		<u>\$ (228,262)</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SIMMESPORT, LOUISIANA

Statement of Net Position
 Proprietary Funds - Enterprise Funds
 June 30, 2021

	Water & Sewer Utility	Natural Gas System	Totals
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 45,455	\$ 26,378	\$ 71,833
Receivables:			
Accounts receivables, net	121,354	19,583	140,937
Total current assets	166,809	45,961	212,770
Noncurrent assets:			
Restricted assets -			
Cash and interest-bearing deposits	40,705	51,366	92,071
Capital assets -			
Non depreciable capital assets	17,636	-	17,636
Depreciable capital assets, net	1,415,561	58,808	1,474,369
Total noncurrent assets	1,473,902	110,174	1,584,076
Total assets	\$ 1,640,711	\$ 156,135	\$ 1,796,846
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 67,639	\$ 8,599	\$ 76,238
Salaries and benefits payable	3,665	2,791	6,456
Due to other funds	4,966	7,650	12,616
Due to DOTD	-	77,500	77,500
Due to other governments	8,760	-	8,760
Total current liabilities	85,030	96,540	181,570
Noncurrent liabilities:			
Customers' deposits	40,705	51,366	92,071
Total liabilities	125,735	147,906	273,641
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to rights fees	593,750	-	593,750
NET POSITION			
Net investment in capital assets	839,447	58,808	898,255
Unrestricted	81,779	(50,579)	31,200
Total net position	\$ 921,226	\$ 8,229	\$ 929,455

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SIMMESPORT, LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds - Enterprise Funds
For the Year Ended June 30, 2021

	<u>Water & Sewer Utility</u>	<u>Natural Gas System</u>	<u>Total</u>
Operating revenues:			
Charges for services -			
Water service charges	\$ 242,504	\$ -	\$ 242,504
Sewer service charges	162,342	-	162,342
Gas charges	-	158,536	158,536
Installation and other charges	-	190	190
Total operating revenues	<u>404,846</u>	<u>158,726</u>	<u>563,572</u>
Operating expenses:			
Salaries	100,445	55,377	155,822
Payroll taxes	9,917	5,303	15,220
Depreciation expense	95,563	14,003	109,566
Maintenance and repairs	137,019	6,849	143,868
Legal and professional	100	-	100
Insurance	31,961	21,868	53,829
Office supplies and postage	1,993	217	2,210
Fuel and oil	9,586	-	9,586
Chemicals and supplies	88,085	9,514	97,599
Utilities and telephone	29,680	1,552	31,232
Gas purchases	-	78,694	78,694
Other	3,411	4,965	8,376
Total operating expenses	<u>507,760</u>	<u>198,342</u>	<u>706,102</u>
Operating loss	<u>(102,914)</u>	<u>(39,616)</u>	<u>(142,530)</u>
Nonoperating revenues (expenses):			
Interest income	52	64	116
Miscellaneous revenue	35,945	13,657	49,602
Interest expense	<u>(1,399)</u>	<u>-</u>	<u>(1,399)</u>
Total nonoperating revenues (expenses)	<u>34,598</u>	<u>13,721</u>	<u>48,319</u>
Loss before transfers	(68,316)	(25,895)	(94,211)
Transfers in (out)			
Transfers in	-	23,909	23,909
Transfers out	<u>(938)</u>	<u>-</u>	<u>(938)</u>
Total transfers in (out)	<u>(938)</u>	<u>23,909</u>	<u>22,971</u>
Change in net position	(69,254)	(1,986)	(71,240)
Net position, beginning	<u>990,480</u>	<u>10,215</u>	<u>1,000,695</u>
Net position, ending	<u>\$ 921,226</u>	<u>\$ 8,229</u>	<u>\$ 929,455</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SIMMESPORT, LOUISIANA

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Water & Sewer Utility	Natural Gas System	Total
Cash flows from operating activities:			
Receipts from customers	\$ 413,467	\$ 163,299	\$ 576,766
Payments to suppliers	(272,381)	(124,564)	(396,945)
Payments to employees	<u>(109,622)</u>	<u>(58,618)</u>	<u>(168,240)</u>
Net cash provided (used) by operating activities	<u>31,464</u>	<u>(19,883)</u>	<u>11,581</u>
Cash flows from noncapital financing activities:			
Cash received from other funds	-	23,909	23,909
Cash paid to other funds	(11,823)	-	(11,823)
Miscellaneous revenue	<u>4,695</u>	<u>13,657</u>	<u>18,352</u>
Net cash provided (used) by noncapital financing activities	<u>(7,128)</u>	<u>37,566</u>	<u>30,438</u>
Cash flows from capital and related financing activities:			
Interest and fiscal charges paid on revenue bonds	(1,399)	-	(1,399)
Principal paid on note payable	(24,385)	-	(24,385)
Acquisition of property, plant and equipment	<u>(7,388)</u>	<u>-</u>	<u>(7,388)</u>
Net cash used by capital and related financing activities	<u>(33,172)</u>	<u>-</u>	<u>(33,172)</u>
Cash flows from investing activities:			
Interest received on interest-bearing deposits	<u>52</u>	<u>64</u>	<u>116</u>
Net increase (decrease) in cash and cash equivalents	(8,784)	17,747	8,963
Cash and cash equivalents, beginning of period	<u>94,944</u>	<u>59,997</u>	<u>154,941</u>
Cash and cash equivalents, end of period	<u>\$ 86,160</u>	<u>\$ 77,744</u>	<u>\$ 163,904</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SIMMESPORT, LOUISIANA

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2021

	<u>Water & Sewer Utility</u>	<u>Natural Gas System</u>	<u>Total</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (102,914)	\$ (39,616)	\$ (142,530)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	95,563	14,003	109,566
Changes in current assets and liabilities:			
Decrease in accounts receivable	-	3,974	3,974
Increase (decrease) in accounts payable	29,454	(905)	28,549
Increase in due to other governments	3,994	-	3,994
Increase in salaries and benefits payable	740	2,062	2,802
Increase in customer deposits payable	<u>4,627</u>	<u>599</u>	<u>5,226</u>
Net cash provided (used) by operating activities	<u>\$ 31,464</u>	<u>\$ (19,883)</u>	<u>\$ 11,581</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position			
Cash and cash equivalents, beginning of period -			
Cash and interest-bearing deposits - unrestricted	\$ 58,866	\$ 9,230	\$ 68,096
Cash and interest-bearing deposits - restricted	<u>36,078</u>	<u>50,767</u>	<u>86,845</u>
Total cash and cash equivalents, beginning of period	<u>94,944</u>	<u>59,997</u>	<u>154,941</u>
Cash and cash equivalents, end of period -			
Cash and interest-bearing deposits - unrestricted	45,455	26,378	71,833
Cash and interest-bearing deposits - restricted	<u>40,705</u>	<u>51,366</u>	<u>92,071</u>
Total cash and cash equivalents, end of period	<u>86,160</u>	<u>77,744</u>	<u>163,904</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (8,784)</u>	<u>\$ 17,747</u>	<u>\$ 8,963</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Simmesport (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in the subsequent subsections of this note.

A. Financial Reporting Entity

The Town was incorporated in 1925 under the provisions of the Lawrason Act. The Town operates under a Mayor-Alderman form of government and provides the following services: public safety (police and fire), highway and streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

This report includes all funds and activities that are controlled by the Town as an independent political subdivision of the State of Louisiana. There are no component units required to be reported in conformity with generally accepted accounting principles.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the Town as an economic unit. The government-wide financial statements report the Town's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government.

Fund Financial Statements

The accounts of the Town are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers.

Major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the totals for all governmental or enterprise funds and at least five percent of the aggregate amount for all governmental and enterprise funds for the same item or funds designated as major at the discretion of the Town. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Town uses the following funds, grouped by fund type.

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

Governmental Funds –

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. Governmental Funds of the Town are as follows:

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

Proprietary Funds –

Proprietary funds are used to account for ongoing operations and activities that are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The proprietary funds maintained by the Town are the enterprise funds.

Enterprise funds are used to report activities for which a fee is charged to external users. These funds account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are 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. The Town's enterprise funds are the Water and Sewer Fund and the Natural Gas Fund.

C. Measurement Focus/Basis of Accounting

Measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental and business-type activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

The fund financial statements can use either the current financial resources measurement focus, or the economic resources measurement focus, as appropriate.

Governmental funds use the current financial resources measurement focus which is based upon the receipt and disbursement of current available financial resources rather than upon net income.

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

Proprietary fund types use the flow of economic resources which is based upon determination of net income, net position and cash flows.

The accrual basis of accounting is used throughout the government-wide statements; conversely, the financial statements of the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception to this is grants collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. The Town considers reimbursement amounts received within one year as available. The Town accrues intergovernmental revenue, ad valorem and sales tax revenue, franchise fees and charges for services, based upon this concept.

Expenditures generally are recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt, as well as expenditure related to compensated absences and claims and judgments, are recorded as expenditures when paid.

Interest on invested funds is recognized when earned. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the Town and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements to the government-wide presentations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The financial statements of the enterprise funds have been prepared in accordance with the accrual basis of accounting. Accordingly, revenues are recorded when earned, and expenses and related liabilities are recorded when incurred.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all cash on hand, demand accounts, savings accounts, and certificates of deposits of the Town.

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

For the purpose of the proprietary fund statement of cash flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes. Business-type activities report customers’ utility service receivables as their major receivables. Uncollectible amounts due from customers’ utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the receivable. No allowance for uncollectible receivables is recorded at June 30, 2021. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are recorded at year-end.

Restricted Assets

Restricted assets include cash and interest-bearing deposits that are legally restricted as to their use. The restricted assets are related to utility meter deposits.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at acquisition cost or estimated cost if acquisition cost is unavailable. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Prior to July 1, 2003, governmental funds’ infrastructure assets were not capitalized. These assets have been valued at estimated acquisition cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20-50 years
Equipment, furniture and fixtures	7-20 years
Utility system and improvements	20-50 years

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental funds upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same way as in the government-wide statements.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the utility meter deposits payable and the amount due to DOTD.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

Town employees are eligible for vacation and sick leave in accordance with the Town's employee handbook and policy manual adopted in December 2009 and revised in 2014. The policy does not allow vacation time to be accumulated past the year in which it was granted. Sick leave is lost upon separation from employment; therefore, there is no liability recorded in these financial statements for sick leave.

For fund financial statements, vested or accumulated leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a current fund liability of the governmental fund that will pay it.

In the government-wide statements, amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are recorded as long-term debt.

After 1 year of full-time employment, employees of the Town of Simmesport earn annual leave at the rate of 5 to 20 days each year, depending upon their length of service. Annual leave is payable upon termination.

Employees of the Town earn 5 to 25 days of sick leave each year, depending upon their length of service. Unused sick leave may be carried forward from year to year not to exceed 25 days. Unused sick leave is not payable upon termination.

Amounts owed for accumulated unused compensated absences were immaterial and not included in these financial statements.

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position 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.

In addition to liabilities, the statement of net position 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 a future period (s) and so will not be recognized as an inflow of resources (revenue) until that time.

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use by either (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) laws through constitutional provisions or enabling legislation. It is the Town's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position – Consists of all other assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

In the fund statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the Town is bound to honor constraints imposed on the specific purpose for which amounts in those funds can be spent.

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

The categories and their purposes are:

- a. Non-spendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact.
- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors, or amounts constrained due to constitutional provisions or enabling legislation or the laws or regulations of other governments.
- c. Committed includes fund balance amounts that can be used only for specific purposes that are internally imposed by the Town through formal legislative action of the Mayor and Alderman and does not lapse at year end. A committed fund balance constraint can only be established, modified, or rescinded by passage of an ordinance (Law) by the Mayor and Alderman.
- d. Assigned includes fund balance amounts that are constrained by the Town's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the Town administrator and approval of a resolution by the Mayor and Alderman.
- e. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

It is the Town's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the Town uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

Proprietary fund equity at the fund level is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Revenues

The Town considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The Town generally defines the availability period for revenue recognition as received within sixty (60) days of year end. The Town's major revenue sources that meet this availability criterion are intergovernmental revenues, franchise fees, tax revenue, and charges for services.

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

There are two classifications of programmatic revenues for the Town, grant revenue and program revenue. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. Program revenues are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole. Program revenues reduce the cost of the function to be financed from the Town's general revenues.

The primary sources of program revenue are fees, fines, and charges paid by recipients of goods or services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and earned income in connection with the operation of the Town's utility system.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in October and are actually billed to taxpayers in November. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Avoyelles Parish. Town property tax revenues are budgeted in the year billed.

A one-percent sales and use tax was levied in 1986 for the Town. Revenues are restricted first for any costs with collecting and administering the tax. Funds should then be used for payments required in connection with any sales tax bonds issued for the purpose of constructing, acquiring, extending and/or improving sewers and sewage disposal facilities. Thereafter, the remainder of revenues received may be used for any lawful corporate purposes of the Town.

Substantially all other revenues are recorded when received.

Operating Revenues and Expenses

In the proprietary funds, operating revenues are those revenues produced as a result of providing services and producing and delivering goods and/or services. Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets and insurance recoveries on property loss. Operating expenses are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Funds - By Operating and Non-operating

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered, or the Town will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial risks; however, under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. 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. Deposit balances of \$278,497 (bank balances) were fully secured by federal deposit insurance at June 30, 2021.

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

(3) Restricted Assets

Restricted assets consisted of the following:

	Water/Sewer System	Gas System	Total
Customers' deposits	<u>\$ 40,705</u>	<u>\$ 51,366</u>	<u>\$ 92,071</u>

(4) Capital Assets

Capital asset activity was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 30,036	\$ -	\$ -	\$ 30,036
Capital assets being depreciated:				
Buildings and improvements	769,343	-	-	769,343
Equipment, furniture and fixtures	<u>1,792,935</u>	<u>10,766</u>	<u>-</u>	<u>1,803,701</u>
Total capital assets	<u>2,562,278</u>	<u>10,766</u>	<u>-</u>	<u>2,573,044</u>
Less accumulated depreciation				
Buildings and improvements	366,160	24,912	-	391,072
Equipment, furniture and fixtures	<u>1,396,865</u>	<u>67,882</u>	<u>-</u>	<u>1,464,747</u>
Total accumulated depreciation	<u>1,763,025</u>	<u>92,794</u>	<u>-</u>	<u>1,855,819</u>
Total capital assets being depreciated, net	<u>799,253</u>	<u>(82,028)</u>	<u>-</u>	<u>717,225</u>
Governmental activities, capital assets, net	<u>\$ 829,289</u>	<u>\$ (82,028)</u>	<u>\$ -</u>	<u>\$ 747,261</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 25,051
Police	31,494
Streets and sidewalks	<u>36,249</u>
Total depreciation expense	<u>\$ 92,794</u>

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 17,636	\$ -	\$ -	\$ 17,636
Capital assets being depreciated:				
Water system	1,887,884	7,388	-	1,895,272
Sewer system	2,482,212	-	-	2,482,212
Gas system	1,120,190	-	-	1,120,190
Total capital assets being depreciated	<u>5,490,286</u>	<u>7,388</u>	<u>-</u>	<u>5,497,674</u>
Less accumulated depreciation -				
Water system	1,404,093	29,312	-	1,433,405
Sewer system	1,462,267	66,251	-	1,528,518
Gas system	1,047,379	14,003	-	1,061,382
Total accumulated depreciation	<u>3,913,739</u>	<u>109,566</u>	<u>-</u>	<u>4,023,305</u>
Total capital assets being depreciated, net	<u>1,576,547</u>	<u>(102,178)</u>	<u>-</u>	<u>1,474,369</u>
Business-type activities, capital assets, net	<u>\$ 1,594,183</u>	<u>\$ (102,178)</u>	<u>\$ -</u>	<u>\$ 1,492,005</u>

Depreciation expense was charged to business-type activities as follows:

Water	\$ 29,312
Sewer	66,251
Gas	14,003
Total depreciation expense	<u>\$ 109,566</u>

(5) Changes in Long-Term Liabilities

Debt outstanding at June 30, 2021 consisted of the following:

	<u>Business-Type Activities</u>
Direct borrowings/placements	
Due to DOTD	<u>\$ 77,500</u>

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

The following is a summary of debt transactions for the governmental activities of the Town:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount due in one year
Governmental Activities:					
Direct borrowings/placements					
Capital lease	\$ 14,728	\$ -	\$ 14,728	\$ -	\$ -
General obligation bond	10,000	-	10,000	-	-
Total	<u>\$ 24,728</u>	<u>\$ -</u>	<u>\$ 24,728</u>	<u>\$ -</u>	<u>\$ -</u>

The following is a summary of the debt transactions for the business activities of the Town:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount due in one year
Business Type Activities					
Direct borrowings/placements					
Due to DOTD	\$ 77,500	\$ -	\$ -	\$ 77,500	\$ 77,500
Note payable	24,385	-	24,385	-	-
Total	<u>\$ 101,885</u>	<u>\$ -</u>	<u>\$ 24,385</u>	<u>\$ 77,500</u>	<u>\$ 77,500</u>

Due To DOTD

During the year ended June 30, 2015, the Town of Simmesport entered into a Utility Relocation Agreement with the Department of Transportation and Development (DOTD). The Town received \$77,500 of Utility Relocation Assistance Funding (URAF) for the relocation of an existing 4" utility gas line. This funding is treated as neither a loan nor a grant and no interest is being charged on the outstanding balance. Under the URAF agreement, these funds are required to be repaid annually at 5% of the Gas Fund's annual gross income or 10% of the outstanding balance. Failure to pay the minimum payments to the DOTD may result in the suspension of permit issuances in the future.

(6) Compensation, Benefits and Other Payments to Mayor

A detail of compensation, benefits, and other payments paid to Mayor Leslie Draper III for the year ended June 30, 2021, is as follows:

Purpose	
Salary	\$ 27,000
Payroll taxes	2,160
Conference travel	328
Travel	<u>1,250</u>
	<u>\$ 30,738</u>

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

(7) Compensation Paid to Town Officials

A detail of compensation paid to the Alderman for the year ended June 30, 2021 is as follows:

Aldermen:

Glenn Gautreaux	\$ 2,700
Tiesha Kennedy	2,700
Patrick Wright	2,700
Romaro Turner	2,700
Sherman Bell	4,950
Ted Turner	2,700
Myron Brown	2,700
Kenneth Marsh	2,700
Tonya Coco	2,700
	<u>\$ 26,550</u>

(8) Interfund Transactions

A. A summary of interfund receivables and payables at June 30, 2021 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds:		
General Fund	\$ 15,213	\$ -
Other Governmental Funds	-	2,597
Proprietary funds:		
Water and Sewer Fund	-	4,966
Natural Gas Fund	-	7,650
Total	<u>\$ 15,213</u>	<u>\$ 15,213</u>

The amounts due to the General Fund from various other funds are for reimbursements owed for expenditures paid on behalf of those funds.

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

B. Interfund transfers consisted of the following at June 30, 2021:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General Fund	\$ -	\$ 37,356
Other Governmental Funds	<u>14,385</u>	<u>-</u>
Total governmental funds	<u>14,385</u>	<u>37,356</u>
Proprietary funds:		
Water and Sewer Fund	-	938
Natural Gas Fund	<u>23,909</u>	<u>-</u>
Total proprietary funds	<u>23,909</u>	<u>938</u>
Total	<u>\$ 38,294</u>	<u>\$ 38,294</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(9) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's policemen \$5,967 of supplemental pay during the year ended June 30, 2021. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(10) Commitments and Contingencies

As of June 30, 2021, the Town was not involved in any lawsuits claiming damages that would not be adequately covered by liability insurance.

(11) Risk Management

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. All risks are handled by purchasing commercial insurance coverage. There were no significant reductions in the insurance coverage during the year, nor have settlements exceeded insurance coverage for the past three years.

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

(12) Availability Payment Arrangement

During fiscal year 2020, the Town entered into a 20-year master utility service agreement with Sustainability Partners, LLC (SP) to provide upgrades and ongoing maintenance to the Town's water and sewer utility systems. In return for a lump sum payment of \$625,000 received from SP, the Town granted an exclusive usage right to full control of the sewer system in the event the Town defaults on its monthly utility service payments. The usage right fee is recorded as a deferred inflow of resources in the water and sewer fund at June 30, 2021 and will be recognized as income over the twenty-year life of the master utility service agreement.

(13) Deficit Fund Balance

The General Fund reported a deficit fund balance of \$93,458 at June 30, 2021. Management expects to eliminate the deficit fund balance in future years by identifying and assessing additional revenue sources and reducing expenditures each year.

(14) Subsequent Events

As of the date of this audit report, the Town of Simmesport, Louisiana was delinquent in paying bills for services the town had consumed for a total liability of \$596,777. Of this amount approximately \$232,728 was reported in the current financial statements between the General and Water and Sewer fund for the year ended June 30, 2021. The remaining balance of \$364,049 was incurred from July 1, 2021 through May 12, 2023, and is the responsibility of both the major funds listed previously.

(15) Going Concern

As indicated in the accompanying financial statements, the Town showed a decrease in fund balance of \$170,962 in the General Fund, which resulted in a deficit fund balance of \$93,458 (Note 13) for the year ended June 30, 2021. With the additional liability mentioned in Note 14, as well as the status of the water system in Note 12, the Town's inability to generate additional revenue and transfer excess funds from the Water and Sewer funds to satisfy the liability create an uncertainty about the Town's ability to continue as a going concern. Management of the Town needs to develop a plan to begin addressing the overdue expenditures while continuing to stay up to date with current financial responsibilities. The financial statements do not include any adjustments that might be necessary if the Town is unable to continue as a going concern.

(16) New Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after June 15, 2021. The effect of implementation on the Town's financial statements has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF SIMMESPORT, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 445,000	\$ 445,000	\$ 522,386	\$ 77,386
Licenses and permits	52,000	52,000	79,043	27,043
Intergovernmental	50,000	50,000	67,080	17,080
Fines and forfeits	50,000	50,000	38,736	(11,264)
Miscellaneous	-	-	67,308	67,308
Total revenues	<u>597,000</u>	<u>597,000</u>	<u>774,553</u>	<u>177,553</u>
Expenditures:				
General government	242,000	242,000	352,755	(110,755)
Public safety -				
Police	347,500	347,500	379,827	(32,327)
Fire	6,000	6,000	-	6,000
Streets and drainage	184,000	184,000	149,043	34,957
Capital outlay	-	-	10,766	(10,766)
Debt service				
Principle	-	-	14,728	(14,728)
Interest	-	-	1,040	(1,040)
Total expenditures	<u>779,500</u>	<u>779,500</u>	<u>908,159</u>	<u>(128,659)</u>
Deficiency of revenues over expenditures	<u>(182,500)</u>	<u>(182,500)</u>	<u>(133,606)</u>	<u>48,894</u>
Other financing sources (uses):				
Transfers in	513,357	513,357	19,056	(494,301)
Transfers out	-	-	(56,412)	(56,412)
Total other financing sources (uses)	<u>513,357</u>	<u>513,357</u>	<u>(37,356)</u>	<u>(550,713)</u>
Net change in fund balance	330,857	330,857	(170,962)	(501,819)
Fund balance, beginning	<u>77,504</u>	<u>77,504</u>	<u>77,504</u>	<u>-</u>
Fund balance, ending	<u>\$ 408,361</u>	<u>\$ 408,361</u>	<u>\$ (93,458)</u>	<u>\$ (501,819)</u>

TOWN OF SIMMESPORT, LOUISIANA

Notes to the Required Supplementary Information
For the Year Ended June 30, 2021

(1) Budget and Budgetary Accounting

The Town follows the following procedures in establishing the budget:

1. The Mayor and the Town Clerk prepare a proposed budget and submit it to the Alderman no later than fifteen days prior to the beginning of each fiscal year.
2. A notice is published in the newspaper and the public is notified that the proposed budget is available for public inspection. At the same time a public hearing is called.
3. A public hearing is held on the proposed budget at least 10 days after the publication of the call for the hearing.
4. After the public hearing is held and the completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Alderman.
6. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts are as originally adopted or as amended by the Mayor and Alderman. Such amendments were not material in relation to the original appropriations.
7. Budgetary appropriations lapse at the end of each fiscal year and must be re-appropriated for the following year in order to be expended.

(2) Excess of Expenditures over Appropriations

For the year ended June 30, 2021, the General Fund incurred expenditures in excess of appropriations.

OTHER INFORMATION

TOWN OF SIMMESPORT
Simmesport, Louisiana

Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by ACT 87 of the 2020 Regular Legislative Session

Cash Basis Presentation
Year Ended June 30, 2021

	<u>First Six Month Period Ended 12/31/2020</u>	<u>Second Six Month Period Ended 06/30/2021</u>
Beginning balance of amounts collected	\$ -	\$ -
Add: Collections		
Criminal Court Costs/Fees	-	-
Criminal Fines - Other	<u>18,923</u>	<u>19,813</u>
Total collections	<u>18,923</u>	<u>19,813</u>
Less: Disbursements to Governments and Nonprofits		
Louisiana Assoc. Chief of Police - Criminal Court Costs/Fees	-	40
Louisiana Commission on Law Enforcement - Crime Victims Reparation - Criminal Court Costs/Fees	-	194
Law Enforcement Training - Criminal Court Costs/Fees	-	511
Louisiana State Treasurer - CMIS Special Court - Criminal Court Costs/Fees	-	408
Louisiana Supreme Court - Louisiana Judicial College- Criminal Court Costs/Fees	-	194
Louisiana Dept. of Health - Traumatic Head and Spinal Cord Injury - Criminal Court Costs/Fees	-	210
Central Louisiana Juvenile Detention - Criminal Court Costs/Fees	-	996
Less: Amounts retained by collecting agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
Bond Fees	-	-
Criminal Court Costs/Fees	-	-
Criminal Fees - Other	18,923	17,260
Less: Disbursements to individuals/3rd party collection or processing agencies		
Restitution to individuals	<u>-</u>	<u>-</u>
Total disbursements	<u>18,923</u>	<u>19,813</u>
Total ending balance of amounts collected but not disbursed	<u>\$ -</u>	<u>\$ -</u>

**INTERNAL CONTROL,
COMPLIANCE
AND OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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

The Honorable Leslie Draper III, Mayor
and Board of Alderman of the
Town of Simmesport, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Simmesport, Louisiana (Town), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated September 21, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion of the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2021-001 through 2021-005 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Simmesport, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompany schedule of current and prior year audit findings and management's corrective action plan as items 2021-006 through 2021-012.

Town of Simmesport, Louisiana's Response to Findings

The Town of Simmesport, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The Town of Simmesport, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
September 21, 2023

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2021

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2021-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2007

CONDITION: The Town of Simmesport did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows: "Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations."

CAUSE: The cause of the condition is the fact that the Town does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town has implemented procedures that will ensure the Town Clerk shares information with the assistant clerk and utility billing clerk. This will allow the other two clerks to complete tasks such as account reconciliation, recordkeeping, proper records filing and payroll timekeeping. Working with current financial software limitations, all clerks will know how to reconcile accounts and enter time for payroll. Further, all of the clerks will interface with the accounting and auditing firm to gather and disperse needed information for audits. The town also adopted a set of Internal Control Policies and Procedures suggested by the accounting firm.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2021

2021-002 Utility Accounts Receivable and Customer Deposits Subsidiary Ledger

Fiscal year finding initially occurred: 2017

CONDITION: The Town is not maintaining an accurate subsidiary ledger for utility accounts receivables and customer deposits. The subsidiary ledgers are not being reconciled to the meter cash account balances and general ledger accounts, respectively.

CRITERIA: Internal controls should be in place to reconcile the subsidiary ledgers for utility accounts receivable and customer deposits to the general ledger to ensure all activity is properly recorded.

CAUSE: The cause of the condition is the fact that the Town is not maintaining and reconciling the accounts receivables and customer deposit subsidiary ledgers to the general ledgers on a regular basis.

EFFECT: Failure to maintain and reconcile these subsidiary ledgers could result in missing cash and customers not receiving proper credit for billings and deposits.

RECOMMENDATION: The accounts receivable and customer deposit subsidiary ledgers should be maintained and reconciled to the cash account and general ledger on a monthly basis.

MANAGEMENT'S CORRECTIVE ACTION PLAN: All of the town's clerks are able and will reconcile the accounts receivable and customer deposit accounts to the cash account and general ledger account on a monthly basis.

2021-003 Utility Customer Account Adjustments

Fiscal year finding initially occurred: 2020

CONDITION: During the current fiscal year significant utility customer account balance adjustments were made without proper written supporting documentation.

CRITERIA: Article VII section 14 of the Louisiana Constitution states in general that funds of the Town shall not be loaned, pledged, or donated to any person for a public or private purpose. Unauthorized write-off or adjustment of a utility customers account balances could be considered a violation of the Louisiana Constitution.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2021

CAUSE: The Town has not established and maintained policies for utility customer account balance write-offs or adjustments.

EFFECT: Failure to establish and adhere to policies for writing-off or adjusting utility customer account balances could result in customers receiving improper credit on their account and possible violations of Article VII, section 14 of the Louisiana State Constitution.

RECOMMEDATION: The Town should establish policies over utility customer account write-offs and adjustments that provide for an adequate segregation of duties between personnel who (1) approve rate schedules, usage, billings, and grant credit, (2) authorize account adjustments, (3) edit customer receivable master files, (4) open the mail and receive utility customer payments, and (5) maintain access to collections prior to bank deposit.

MANAGEMENT CORRECTIVE ACTION PLAN: The Town of Simmesport has established policies to address the issue of adjustment of customer utility accounts. These adjustments are sometimes necessary due to inaccurate or nonexistent reads from the meters. Meters are read during the third week of every month to ensure an even billing cycle. This also allows time to find and correct any missing reads or erroneous reads. The utility billing software subtracts from one million on a missing read or when the present read is smaller than the previous. This results in gross overbilling of the customer. The utility clerk consults with one of the other clerks on all billing adjustments. Monthly adjustments are noted on a separate sheet which details why the bill was adjust and by how much. Rate schedules are approved by the Town Council. The utility clerk and the assistant clerk work together to enter reads into the billing system and edit customer files. Mail is opened with two clerks present to ensure that all payments for bills are accounted for and entered into the billing system. Two clerks work to produce the deposits and a third, different person, takes the deposits to the bank.

2021-004 Traffic Tickets

Fiscal year finding initially occurred: 2021

CONDITION: The Town of Simmesport could not provide adequate evidence of ticket revenue received and recorded in the general ledger of the Town.

CRITERIA: Internal controls over the disposition of traffic tickets should include policies and procedures to ensure that collection of traffic fees occur or appropriate action for non-payment has been taken.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2021

In addition, the internal controls should ensure proper compliance with state laws and that misappropriation of assets or fraud does not occur.

CAUSE: The Simmesport Police Department issues tickets for enforcement of various laws within the Town of Simmesport. After issuance, the Police Department is receiving payment, updating their software, and remitting the revenue to the Town of Simmesport. The Town is not producing adequate records of revenue received from the Police Department, which can adequately be traced to the Town's general ledger and bank deposits.

EFFECT: Failure to account for all monies received from the Police Department increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: The Town should review their policies and procedures over the collection of revenues to ensure adequate documentation is being kept to properly trace monies collected appropriately.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town's police department has implemented policies and procedures to ensure that all tickets and citations issued are accounted for under Revised Statutes 32:398.1 and 32:398.2. The Town Clerk is working with the administrative staff of the Police Department to ensure that all deposits from tickets and fines are deposited in accordance with established policies and procedures.

2021-005 Significant Audit Adjustments

Fiscal year finding initially occurred: 2021

CONDITION: During the audit, significant audit adjustments were made to correct financial statement amounts to their proper balances based on support acquired during the audit. Without reliance on the auditors' procedures, these adjustments might not have been detected by the Town's internal control processes, which could lead to balances being materially misstated at year end.

CRITERIA: Management of the Town of Simmesport should maintain appropriate policies and procedures to correctly record, adjust and reconcile significant financial account balances to ensure they are properly stated at year end.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2021

CAUSE: The Town of Simmesport has not maintained adequate records and a proper internal control process to monitor the financial transactions of the Town, as well as reconcile significant account balances for presentation in the financial statements.

EFFECT: The Town of Simmesport's financial statements could be materially misstated if proper internal controls over financial reporting are not in place.

RECOMMENDATION: The Town of Simmesport should retain proper supporting documentation for significant financial transactions/accounts, to properly record the Town's financial activity each year.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Clerks are working with the accountants to ensure that generally accepted accounting procedures are followed when gathering and maintaining documentation for financial transactions. Great care and attention is being taken to verify the transactions are accurate and timely. By working with its accounting and auditing firm, the town will strive to precisely record all transactions.

B. Compliance and Other Matters

2021-006 Late Filing

Fiscal year finding initially occurred: 2015

CONDITION: The Town failed to comply with LA R.S. 24:513, by not submitting audited financial statements to the Louisiana Legislative Auditor within six months after fiscal year end.

CRITERIA: LA R.S. 24:513

CAUSE: The Town failed to maintain adequate accounting records and had difficulty producing records requested during performance of the annual audit.

EFFECT: The Town is not in compliance with state law.

RECOMMENDATION: The Town should ensure compliance with LA R.S. 24:513 by producing adequate information in a timely manner.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2021

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town of Simmesport will strive to work closely with its accounting and auditing firms to provide timely and accurate documentation so that the audits required by LA R.S. 24:513 be reported in a timely manner. This will be done by following GAAP and suggestions from the accounting and auditing firms the Town of Simmesport contracts with.

2021-007 Budget Adoption and Amendment

Fiscal year finding initially occurred: 2017

CONDITION: The Town did not comply with all provisions of the Local Government Budget Act when adopting and amending the General Fund budget.

CRITERIA: LSA-R.S. 39:1306 *Completion and submission of the proposed budget*, requires the proposed budget shall be completed and submitted to the governing authority and made available for public inspection no later than fifteen days prior to the beginning of each fiscal year. LSA-RS 39:1311 et seq, *Budgetary Authority and Control*, provides that the budget must be amended when: "Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by 5% or more."

CAUSE: The Town violated R.S. 39:1306 when the Town's budget was completed and submitted to the governing authority after the start of the fiscal year. The Town also failed to amend the General Fund budget in accordance with R.S. 39:1311.

EFFECT: The Town may not prevent and/or detect compliance violations due to excess spending of the appropriated budget, and/or errors or irregularities in a timely manner.

RECOMMENDATION: The Town should ensure compliance with all provisions of the Local Government Budget Act by preparing, monitoring, and amending its budgets as required by state statutes.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town should ensure compliance with all provisions of the Local Government Budget Act by advertising in the Town's official journal the availability of the budget for public inspection, prepare the proper budget adoption instrument and monitor and amend the budget when variances are noted.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2021

2021-008 Property Tax

Fiscal year finding initially occurred: 2017

CONDITION: The Town has delinquent property taxes which have not been advertised for sale.

CRITERIA: Article VII Section 25(A)(1) of the Louisiana Constitution states: "There shall be no forfeiture of property for nonpayment of taxes. However, at the expiration of the year in which the taxes are due, the collector, without suit, and after giving notice to the delinquent in the manner provided by law, shall advertise for sale the property on which the taxes are due."

CAUSE: The Town did not advertise for the sale of properties within the Town that were delinquent on the payment of property taxes.

EFFECT: The Town did not receive full payment for taxes assessed resulting in resources being unavailable to provide services to the Town's citizens.

RECOMMENDATION: The Town should take steps to ensure all delinquent property taxes are collected.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town of Simmesport is negotiating an agreement with the Avoyelles Parish Sheriff's Office to adjudicate delinquent property taxes for the Town.

2021-009 Record Retention Issues

Fiscal year finding initially occurred: 2019

CONDITION: During the course of conducting the audit, it was noted that the Town was unable to provide sufficient supporting documentation for selected transactions as requested.

CRITERIA: LA R.S. 44:36 requires agencies to maintain records to support transactions for a minimum of three years from the date the record is created, unless required to be maintained by specific state statute.

CAUSE: The Town did not retain supporting documentation for specific transactions during the year ended June 30, 2021.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2021

EFFECT: Failure to maintain proper supporting documentation for transactions is a violation of state statutes. Also, the lack of proper documentation makes it difficult to determine if the transaction was appropriate, necessary for Town operations and properly reported.

RECOMMEDATION: The Town should develop policies and procedures to ensure that proper support is maintained for all transactions as required under state statutes.

MANAGEMENT CORRECTIVE ACTION PLAN: The Town clerical staff and personnel will maintain all supporting documentation for financial transactions. All invoices and receipts are turned into the Town Clerk. A purchase order system has been implemented and is rigidly adhered to for purchases and expenditures. All purchase orders are to be turned into the Town Clerk before any purchase is made and any invoices or receipts gathered after the goods or services are procured shall be turned into the Town Clerk.

2021-010 Meals and Vehicle Expense

Fiscal year finding initially occurred: 2019

CONDITION: Support for meal reimbursements received by the Mayor for business meetings did not contain evidence of the business purpose of the meals, nor identify individuals who attended the meetings. In addition, it appears that in lieu of receiving mileage reimbursements, the Mayor purchased fuel for his personal vehicle with a Town issued debit card and did not document the business purpose for the travel.

CRITERIA: Article VII Section 14 of the Louisiana State Constitution states in general that funds of the Town shall not be loaned, pledged, or donated to any person for a public or private purpose.

CAUSE: The Mayor purchased meals and fuel using a Town issued debit card without providing proper documentation to support the business purpose of the purchases.

EFFECT: Purchases may be made in violation of Article VII Section 14 of the Louisiana State Constitution.

RECOMMENDATION: The Town should adopt policies and procedures that require review of purchases made by the Mayor with a Town issued debit card and/or reimbursed to the Mayor to ensure that purchases are incurred for legitimate business purposes.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2021

MANAGEMENT CORRECTIVE ACTION PLAN: The Mayor shall turn in all receipts for meals and/or travel expenses to the Town Clerk. The reason for the travel expenses shall be provided in writing to the Town Clerk. Since 2019 the mayor has not had a credit card nor a debit card. Gas cards have been issued to each town vehicle through St. Romain oil. All receipts for gas expenditures are sent to the town directly from St. Roman Oil Company.

2021-011 General Fund Deficit

Fiscal year finding initially occurred: 2021

CONDITION: The Town of Simmesport had a fund balance deficit in the General Fund in the amount of \$93,458 for the year ended June 30, 2021.

CRITERIA: LSA-RS 39:1305 requires that budgeted expenditures not exceed funds available; that is, the current year's revenue combined with the beginning fund balance.

CAUSE: The cause of the condition is the fact that the General Fund does not have adequate revenues to support the General Fund operations, which resulted in a deficit fund balance.

EFFECT: The Town of Simmesport is not in compliance with the Louisiana budget law.

RECOMMENDATION: The Town of Simmesport should implement policies and procedures to better monitor current available resources and begin to adjust current spending practices. In addition, the Town should develop a plan to resolve the deficit for future years.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town of Simmesport has implemented a hiring freeze and severely curbed overtime. In addition, the Mayor must approve all spending before it occurs. Several employees have terminated their employment since FY 20-21 and have not been replaced. Utility cutoffs have been strictly enforced resulting in increased revenue. Also, the American Recovery Act funds that the town received were never amended into the budget resulting in the appearance of over-spending. The town is resolved to amend its budget to reflect any future sudden changes in revenue.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2021

2021-012 Daily Deposits

Fiscal year finding initially occurred: 2021

CONDITION: The Town of Simmesport Police department is not remitting receipts of ticket revenue to the Town clerk to be deposited in a timely manner.

CRITERIA: LSA-RS 39:1212 requires that funds of local depositing authorities be deposited daily.

CAUSE: The police department collects fines for tickets assessed via money order or online. Currently the police department is holding the money orders in a locked safe and not bringing them to the Town Clerk until a large amount has been collected.

EFFECT: The Town of Simmesport is not in compliance with state law. Holding monies for long periods of time could result in the misplacement of those funds.

RECOMMENDATION: The Town of Simmesport Police Department should implement policies and procedures to remit monies collected to the Town Clerk on a daily basis.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The police department will send any monies collected for fines or services to the Town Clerk on a daily basis. If funds are not collected daily, the money shall be deposited with the Town Clerk on the day it is collected. The police department also uses the online ticket payment system AMS, and those collections are sent once a month directly from AMS.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2020-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2007

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2021

not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2021-001.

2020-002 Utility Accounts Receivable and Customer Deposits Subsidiary Ledger

Fiscal year finding initially occurred: 2017

CONDITION: The Town is not maintaining an accurate subsidiary ledger for utility accounts receivables and customer deposits. The subsidiary ledgers are not being reconciled to the meter cash account balances and general ledger accounts, respectively.

RECOMMENDATION: The accounts receivable and customer deposit subsidiary ledgers should be reconciled to the cash account and general ledger monthly.

CURRENT STATUS: Unresolved. See item 2021-002

2020-003 Utility Customer Account Adjustments

CONDITION: During the current fiscal year significant utility customer account balance adjustments were made without proper written supporting documentation.

RECOMMENDATION: The Town should establish policies over utility customer account write-offs and adjustments that provide for an adequate segregation of duties between personnel who (1) approve rate schedules, usage, billings, and grant credit, (2) authorize account adjustments, (3) edit customer receivable master files, (4) open the mail and receive utility customer payments, and (5) maintain access to collections prior to bank deposit.

CURRENT STATUS: Unresolved. See item 2021-003

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2021

B. Compliance and Other Matters

2020-004 Late Filing

Fiscal year finding initially occurred: 2015

CONDITION: The Town of Simmesport failed to comply with LA R.S. 24:513, by not submitting their financial statements to the Louisiana Legislative Auditor within six months after their fiscal year end.

RECOMMENDATION: The Town of Simmesport should ensure compliance with LA R.S. 24:513 by obtaining adequate information in a timely fashion.

CURRENT STATUS: Unresolved. See Item 2021-006.

2020-005 Traffic Tickets

Fiscal year finding initially occurred: 2017

CONDITION: The Chief of Police is not ensuring that all tickets and citations are accounted for in accordance with LA R.S. 32:398.1 and 32:398.2

RECOMMENDATION: The Chief of Police should ensure that all tickets and citations are accounted for in accordance with LA R.S. 32:398.1 and 32:398.2.

CURRENT STATUS: Resolved.

2020-006 Budget Adoption and Amendment

Fiscal year finding initially occurred: 2017

CONDITION: The Town did not comply with all the provisions of the Local Government Budget Act when adopting and amending their budget.

RECOMMENDATION: The Town should ensure compliance with all provisions of the Local Government Budget Act by adopting, monitoring, and amending its budgets when variance occur.

CURRENT STATUS: Unresolved. See Item 2021-007.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2021

2020-007 Property Tax

Fiscal year finding initially occurred: 2017

CONDITION: The Town has delinquent property taxes which have not been advertised for sale.

RECOMMENDATION: The Town should take steps to ensure all delinquent property taxes are collected.

CURRENT STATUS: Unresolved. See Item 2021-008.

2020-008 Record Retention Issues

Fiscal year finding initially occurred: 2019

CONDITION: During the course of conducting the audit, it was noted that the Town was unable to provide sufficient supporting documentation for selected transactions as requested.

RECOMMENDATION: The Town should develop policies and procedures to ensure that proper support is maintained for all transactions as required under state statutes.

CURRENT STATUS: Unresolved. See Item 2021-009.

2020-009 Meals and Vehicle Expense Reimbursements

Fiscal year finding initially occurred: 2019

CONDITION: Support for meal reimbursements received by the Mayor for business meetings did not contain evidence of the business purpose of the meals, nor identify individuals who attended the meetings. In addition, it appears that in lieu of receiving mileage reimbursements, the Mayor purchased fuel for his personal vehicle with a Town issued debit card and did not document the business purpose for the travel.

RECOMMENDATION: The Town should adopt policies and procedures that require review of purchases made by the Mayor with a Town issued debit card and/or reimbursed to the Mayor to ensure that purchases are incurred for legitimate business purposes.

CURRENT STATUS: Unresolved. See item 2021-010