

VILLAGE OF SIMSBORO, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

VILLAGE OF SIMSBORO, LOUISIANA
Annual Financial Report
For the Fiscal Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Simsboro, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Village of Simsboro, Louisiana'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 the financial statements that are free from material misstatement whether due to fraud or error.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Simsboro, Louisiana, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-11 and page 39 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Simsboro, Louisiana's basic financial statements. The supplementary information on Schedules 2-6, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information on Schedules 2-6 is the responsibility of management and were derived from and relate 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 statements and certain additional procedures, 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. In our opinion, the supplementary information on Schedules 2-6 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 29, 2021, on our consideration of the Village of Simsboro, Louisiana's internal control over financial reporting and on 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 Village of Simsboro, 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 Village of Simsboro, Louisiana's internal control over financial reporting and compliance.

Wise Martin & Cole LLC

Simsboro, Louisiana
March 29, 2021

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

MAYOR
Sybil Smalling-Foster
MUNICIPAL CLERK
Cynthia F. Haney



ALDERMAN:
Doug Durrett
Hazel Tuminello
Jerry White
**WATER/SEWER
OPERATOR\A. J.
Swayze**

VILLAGE OF SIMSBORO

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Our discussion and analysis of the Village of Simsboro, Louisiana's financial performance provides an overview of the Village's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the Village's financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$2.9 million.
- During the year, the revenues of the Village's governmental activities exceeded its expenses by approximately \$100,500. Last year, revenues exceed expenses by approximately \$104,000.
- The Village's revenues for the year were approximately \$775,000, which is higher than prior year revenues of \$539,000.
- The total cost of all of the Village's programs was approximately \$492,000 for the current year, an increase over prior year costs of \$459,000.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13-14) provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements start on page 15. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds.

Reporting the Village as a Whole

Our analysis of the Village as a whole begins on page 13. One of the most important questions asked about the Village's finances is, "Is the Village as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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These two statements report the Village's *net position* and changes in them. You can think of the Village's net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—as one way to measure the Village's financial health, or *financial position*.

Over time, *increases or decreases* in the Village's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Village's property tax base and the condition of the Village's infrastructure, to assess the *overall health* of the Village.

In the Statement of Net Position and the Statement of Activities, we divide the Village into two kinds of activities:

- Governmental activities – Most of the Village's basic services are reported here, including the police, parks and recreation, sanitation and health, economic development, and general administration. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- Business-type activities – The Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Village's water and sewer systems are reported here.

Reporting the Village's Most Significant Funds

Our analysis of the Village's major funds begins on page 15. The fund financial statements provide detailed information about the most significant funds, not the Village as a whole. Some funds are required to be established by state law and by bond covenants. The Village's two kinds of funds – *governmental* and *proprietary* use different accounting approaches.

- *Governmental funds* – Most of the Village's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are nonspendable, restricted, committed, assigned or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the Village's fund balances by law, creditors, Village council, and the Village's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.

- *Proprietary funds* – When the Village charges customers for the services it provides – whether to outside customers or to other units of the Village – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Village’s enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE VILLAGE AS A WHOLE

The Village’s *combined* net position increased by approximately \$282,000. In contrast, last year’s net position increased by approximately \$81,000. Looking at net position and net expenses of governmental and business-type activities separately, however, provides more detail. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Village’s governmental and business-type activities.

(Table 1)
Net Position

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--|----------------------------|-------------------|-----------------------------|---------------------|--------------------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and other assets | \$ 503,376 | \$ 400,982 | \$ 437,590 | \$ 484,813 | \$ 940,966 | \$ 885,795 |
| Capital assets | <u>157,213</u> | <u>157,920</u> | <u>2,053,362</u> | <u>1,870,115</u> | <u>2,210,575</u> | <u>2,028,035</u> |
| Total assets | <u>660,589</u> | <u>558,902</u> | <u>2,490,952</u> | <u>2,354,928</u> | <u>3,151,541</u> | <u>2,913,830</u> |
| Other liabilities | 10,857 | 9,710 | 30,331 | 33,567 | 41,188 | 43,277 |
| Long-term liabilities | <u>-</u> | <u>-</u> | <u>169,604</u> | <u>212,244</u> | <u>169,604</u> | <u>212,244</u> |
| Total liabilities | <u>10,857</u> | <u>9,710</u> | <u>199,935</u> | <u>245,811</u> | <u>210,792</u> | <u>255,521</u> |
| Net position: | | | | | | |
| Invested in capital assets, net of related debt | 157,213 | 157,920 | 1,883,757 | 1,657,871 | 2,210,575 | 1,815,791 |
| Restricted | 27,624 | 20,938 | 10,932 | 28,955 | 38,556 | 49,893 |
| Unrestricted | <u>464,895</u> | <u>370,334</u> | <u>396,328</u> | <u>422,291</u> | <u>691,618</u> | <u>792,625</u> |
| Total net position | <u>\$ 649,732</u> | <u>\$ 549,192</u> | <u>\$ 2,291,017</u> | <u>\$ 2,109,117</u> | <u>\$ 2,940,749</u> | <u>\$ 2,658,309</u> |

The largest portion of the Village of Simsboro’s net position totaling approximately \$2.2 million reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The Village of Simsboro uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village of Simsboro’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities – Net Position

Net position for the governmental activities increased by \$100,540. The restricted net position of the governmental activities represents the portion of net position that is not available to finance the day-to-day operations. The use of restricted assets is subject to constraints established by a voter-approved Village ordinance. Restricted net position increased by \$6,686 to a total of \$27,624, which is available to finance economic development and tourism activities.

Business-type Activities – Net Position

Net position for the business type activities increased by \$181,900. The increase was largely due to the construction of a water production system, which was partially funded with a \$279,000 grant from the State of Louisiana.

Restricted net position of the business-type activities is \$10,932, which is available to pay for debt of the sewer system.

(Table 2)
Changes in Net Position

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Primary Government</u> | |
|---|------------------------------------|-------------------|-------------------------------------|---------------------|-------------------------------|---------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 67,846 | \$ 90,590 | \$ 216,280 | \$ 220,602 | \$ 284,126 | \$ 311,192 |
| Operating grants/contributions | 6,930 | 3,000 | - | - | 6,930 | 3,000 |
| Capital grants/contributions | - | 6,342 | 279,000 | 34,037 | 279,000 | 40,379 |
| General revenues: | | | | | | |
| Property taxes | 16,694 | 18,869 | - | - | 16,694 | 18,869 |
| Sales taxes | 115,154 | 100,026 | - | - | 115,154 | 100,026 |
| Franchise, ins premium taxes | 62,808 | 63,143 | - | - | 62,808 | 63,143 |
| Interest earnings | 774 | 794 | 945 | 1,025 | 1,719 | 1,819 |
| Other general revenues | <u>8,452</u> | <u>869</u> | <u>-</u> | <u>-</u> | <u>8,452</u> | <u>869</u> |
| Total revenues | <u>278,658</u> | <u>283,633</u> | <u>496,225</u> | <u>255,664</u> | <u>774,883</u> | <u>539,297</u> |
| Program expenses | | | | | | |
| General government | 122,906 | 114,463 | - | - | 122,906 | 114,463 |
| Public safety | 50,212 | 42,418 | - | - | 50,212 | 42,418 |
| Water & sewer | <u>-</u> | <u>-</u> | <u>319,325</u> | <u>301,700</u> | <u>319,325</u> | <u>301,700</u> |
| Total expenses | <u>173,118</u> | <u>156,881</u> | <u>319,325</u> | <u>301,700</u> | <u>492,443</u> | <u>458,581</u> |
| Excess (deficiency) before transfers | 105,540 | 126,752 | 176,900 | (46,036) | 282,440 | 80,716 |
| Transfers | <u>(5,000)</u> | <u>(22,500)</u> | <u>5,000</u> | <u>22,500</u> | <u>-</u> | <u>-</u> |
| Change in net position | 100,540 | 104,252 | 181,900 | (23,536) | 282,440 | 80,716 |
| Net position, beginning, As originally stated | 549,192 | 685,179 | 2,109,117 | 1,837,520 | 2,658,309 | 2,522,699 |
| Prior period adjustment | <u>-</u> | <u>(240,239)</u> | <u>-</u> | <u>295,133</u> | <u>-</u> | <u>54,894</u> |
| Net position, beginning, restated | <u>549,192</u> | <u>444,940</u> | <u>2,109,117</u> | <u>2,132,653</u> | <u>2,658,309</u> | <u>2,577,593</u> |
| Net position, end of year | <u>\$ 649,732</u> | <u>\$ 549,192</u> | <u>\$ 2,291,017</u> | <u>\$ 2,109,117</u> | <u>\$ 2,940,749</u> | <u>\$ 2,658,309</u> |

Our analysis that follows separately considers the operations of governmental and business-type activities.

Governmental activities

The total revenues for governmental activities decreased when compared to prior year revenues by approximately \$5,000. A portion of this change is attributed to fluctuations in all revenues collected by the Village. The largest changes occurred in the following revenues:

- Traffic fines decreased by over \$25,000
- Sales taxes increase by approximately \$16,000

Governmental activities expenses increased by over \$16,000. This increase is due to an increase in outside services of \$13,000. For the current year, outside services included \$9,000 for the demolition of property, the whole cost was covered by a state grant. Public safety expenses were approximately \$7,800 more than prior year. The additional costs occurred in the area of salaries for the police and supplies.

Business-type activities

The Village's total business type revenues increased by approximately \$241,000. While charges for services decreased by around \$4,300, the Village received a \$279,000 grant to fund the cost of the water production system project to utilize Water Well 3 as a second source of water. This project was completed during the year.

Total costs to operate the water and sewer system was \$319,325, which was \$17,625 more than the prior year. This year, the Village incurred additional expenses for maintenance of the water and sewer system.

THE VILLAGE'S FUNDS

Governmental funds – The focus of the Village of Simsboro's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the Village of Simsboro's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Village's net resources available for spending at the end of the fiscal year.

As the Village completed the year, its governmental funds (as presented in the balance sheet on page 15) reported a combined fund balance of \$436,904, increasing by \$100,037.

Village revenues were comparable to prior year increasing slightly by \$4,620. Village expenditures were higher this year by an additional \$23,900. Additional costs were incurred this year for outside services for the general government and public safety expenses for payroll and utilities.

Proprietary funds – The Village’s proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the Village Council amended the budget once on June 1, 2020. The amendment to the General fund budget increased revenues to be received from grants. The expenditures of the General fund were increased to be in line with actual expenditures for both general government administration and public safety.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of June 30, 2020, the Village had \$2,210,575 invested in capital assets including police equipment, buildings, water, and sewer. This amount represents an increase of \$182,540 in investments in capital assets.

**Village of Simsboro’s Capital Assets at Year-end
(Net of Depreciation)**

| | <u>Governmental</u> | | <u>Business-type</u> | | <u>Totals</u> | |
|----------------------------|---------------------|-------------------|----------------------|---------------------|---------------------|---------------------|
| | <u>Activities</u> | | <u>Activities</u> | | | |
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Land | \$ 50,000 | \$ 50,000 | \$ 39,246 | \$ 39,246 | \$ 89,246 | \$ 89,246 |
| Construction in progress | - | - | - | 21,000 | - | 21,000 |
| Building and improvements | 100,579 | 101,587 | - | - | 100,579 | 101,587 |
| Waterworks system | - | - | 798,466 | 525,998 | 798,466 | 525,998 |
| Sewer treatment facilities | - | - | 1,215,048 | 1,282,940 | 1,215,048 | 1,282,940 |
| Machinery & Equipment | <u>6,634</u> | <u>6,333</u> | <u>602</u> | <u>931</u> | <u>7,236</u> | <u>7,264</u> |
| Totals | <u>\$ 157,213</u> | <u>\$ 157,920</u> | <u>\$ 2,053,362</u> | <u>\$ 1,870,115</u> | <u>\$ 2,210,575</u> | <u>\$ 2,028,035</u> |

Major construction projects undertaken by the Village include the following:

| | Costs incurred during <u>06/30/20</u> | Completed cost <u>of project</u> | Grant recognized <u>as of 06/30/20</u> |
|-----------------------------------|---|--|--|
| Emergency Water Production System | \$ 289,782 | \$ 310,782 | \$ 279,000 |

Debt

At year-end, the Village had \$169,604 in debt as compared to \$212,244 last year.

| | Governmental Activities | | Business-type Activities | | Totals | |
|-------------------|----------------------------|-------------|-----------------------------|-------------------|-------------------|-------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Rural Development | \$ - | \$ - | \$ - | \$ 39,000 | \$ - | \$ 39,000 |
| Rural Development | <u>-</u> | <u>-</u> | <u>169,604</u> | <u>173,244</u> | <u>169,604</u> | <u>173,244</u> |
| Total Debt | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 169,604</u> | <u>\$ 212,244</u> | <u>\$ 169,604</u> | <u>\$ 212,244</u> |

More detailed information about the Village's long-term liabilities is presented in Note 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

We have taken a conservative approach to crafting this year's budget. No grants, loans or appreciable differences in revenues is expected this year.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

STATEMENT A

VILLAGE OF SIMSBORO, LOUISIANA
Statement of Net Position
June 30, 2020

| | Governmental Activities | Business-type Activities | Total |
|-----------------------------------|----------------------------|-----------------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 287,294 | \$ 248,563 | \$ 535,857 |
| Investments | 101,217 | 126,840 | 228,057 |
| Receivables, net | 79,467 | 24,415 | 103,882 |
| Internal balances | 7,774 | (7,774) | - |
| Restricted assets- noncurrent | | | |
| Cash and cash equivalents | 27,624 | 35,156 | 62,780 |
| Inventory | - | 10,390 | 10,390 |
| Capital assets: | | | |
| Land and construction in progress | 50,000 | 39,246 | 89,246 |
| Depreciable capital assets, net | <u>107,213</u> | <u>2,014,116</u> | <u>2,121,329</u> |
| Total assets | <u>660,589</u> | <u>2,490,952</u> | <u>3,151,541</u> |
| LIABILITIES | | | |
| Accounts payable | 10,857 | 4,904 | 15,761 |
| Interest payable | - | 1,203 | 1,203 |
| Payable from restricted assets: | | | |
| Customer deposits | - | 24,224 | 24,224 |
| Long-term liabilities: | | | |
| Due within one year | - | 3,788 | 3,788 |
| Due in more than one year | <u>-</u> | <u>165,816</u> | <u>165,816</u> |
| Total liabilities | <u>10,857</u> | <u>199,935</u> | <u>210,792</u> |
| NET POSITION | | | |
| Net investment in capital assets | 157,213 | 1,883,757 | 2,040,970 |
| Restricted for: | | | |
| Debt service | - | 10,932 | 10,932 |
| Economic development and tourism | 27,624 | - | 27,624 |
| Unrestricted | <u>464,895</u> | <u>396,328</u> | <u>861,223</u> |
| Total net position | <u>\$ 649,732</u> | <u>\$ 2,291,017</u> | <u>\$ 2,940,749</u> |

The notes to the financial statements are an integral part of this statement.

STATEMENT B

VILLAGE OF SIMSBORO, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2020

| | <u>Program Revenues</u> | | | | Net (Expenses)/ Revenue | <u>Net (Expenses) Revenues and Changes of Primary Government</u> | | |
|--|-------------------------|---------------------------------|---|---|-------------------------------|--|-------------------------------------|---------------------|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Capital Grants & Contributions</u> | <u>Operating Grants & Contributions</u> | | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
| Governmental activities | | | | | | | | |
| General government | \$ (122,906) | \$ 51,679 | \$ - | \$ 4,000 | \$ (67,227) | \$ (67,227) | \$ - | \$ (67,227) |
| Public safety | (50,212) | 16,167 | - | 2,930 | (31,115) | (31,115) | - | (31,115) |
| Total governmental activities | <u>(173,118)</u> | <u>67,846</u> | <u>-</u> | <u>6,930</u> | <u>(98,342)</u> | <u>(98,342)</u> | <u>-</u> | <u>(98,342)</u> |
| Business-type activities | | | | | | | | |
| Water and sewer | <u>(319,325)</u> | <u>216,280</u> | <u>279,000</u> | <u>-</u> | <u>175,955</u> | <u>-</u> | <u>175,955</u> | <u>175,955</u> |
| Total business-types activities | <u>(319,325)</u> | <u>216,280</u> | <u>279,000</u> | <u>-</u> | <u>175,955</u> | <u>-</u> | <u>175,955</u> | <u>175,955</u> |
| Total primary government | <u>\$ (492,443)</u> | <u>\$ 284,126</u> | <u>\$ 279,000</u> | <u>\$ 6,930</u> | <u>\$ 77,613</u> | <u>\$ (98,342)</u> | <u>\$ 175,955</u> | <u>\$ 77,613</u> |
| General revenues: | | | | | | | | |
| Property taxes levied for general purposes | | | | | | 16,694 | - | 16,694 |
| Sales tax | | | | | | 109,195 | - | 109,195 |
| Sales tax - economic development & tourism | | | | | | 5,959 | - | 5,959 |
| Franchise and insurance premium taxes | | | | | | 62,808 | - | 62,808 |
| Miscellaneous | | | | | | 8,452 | - | 8,452 |
| Interest earned | | | | | | 774 | 945 | 1,719 |
| Transfers | | | | | | (5,000) | 5,000 | - |
| Total general revenues | | | | | | <u>198,882</u> | <u>5,945</u> | <u>204,827</u> |
| Change in net position | | | | | | 100,540 | 181,900 | 282,440 |
| Net position- beginning | | | | | | <u>549,192</u> | <u>2,109,117</u> | <u>2,658,309</u> |
| Net position - ending | | | | | | <u>\$ 649,732</u> | <u>\$ 2,291,017</u> | <u>\$ 2,940,749</u> |

The notes to the financial statements are an integral part of this statement.

STATEMENT C

VILLAGE OF SIMSBORO, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2020

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-------------------|-----------------------------------|--------------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | |
| Cash and cash equivalents | \$ 276,787 | \$ 10,507 | \$ 287,294 |
| Restricted cash and cash equivalents | 27,624 | | 27,624 |
| Investments | 101,217 | - | 101,217 |
| Receivables, net | 79,467 | - | 79,467 |
| Due from other funds | 7,774 | - | 7,774 |
| Total assets | <u>\$ 492,869</u> | <u>\$ 10,507</u> | <u>\$ 503,376</u> |
| LIABILITIES | | | |
| Accounts, salaries, and other payables | \$ 10,857 | \$ - | \$ 10,857 |
| Total liabilities | <u>10,857</u> | <u>-</u> | <u>10,857</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenues - ticket fines | <u>55,615</u> | <u>-</u> | <u>55,615</u> |
| FUND BALANCES | | | |
| Restricted | 27,624 | - | 27,624 |
| Assigned | - | 10,507 | 10,507 |
| Unassigned | 398,773 | - | 398,773 |
| Total fund balances | <u>426,397</u> | <u>10,507</u> | <u>436,904</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 492,869</u> | <u>\$ 10,507</u> | <u>\$ 503,376</u> |

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SIMSBORO, LOUISIANA

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

June 30, 2020

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

| | |
|--|--------------------------|
| Total Governmental Fund Balances (Statement C) | \$ 436,904 |
| Receivables which are not available to pay for current period expenditures and therefore are unavailable in the funds | 55,615 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | <u>157,213</u> |
| Net Position of Governmental Activities (Statement A) | <u><u>\$ 649,732</u></u> |

The notes to the financial statements are an integral part of this statement.

STATEMENT E

VILLAGE OF SIMSBORO, LOUISIANA

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

For the Year Ended June 30, 2020

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------------------------|-------------------|-----------------------------------|--------------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| REVENUES | | | |
| Taxes | | | |
| Advalorem | \$ 16,694 | \$ - | \$ 16,694 |
| Sales and use | 115,154 | - | 115,154 |
| Franchise and insurance premium | 62,808 | - | 62,808 |
| Intergovernmental | 6,930 | - | 6,930 |
| Charges for services | 51,679 | - | 51,679 |
| Fines and forfeitures | 14,957 | - | 14,957 |
| Interest income | 761 | 13 | 774 |
| Miscellaneous | 8,452 | - | 8,452 |
| Total revenues | <u>277,435</u> | <u>13</u> | <u>277,448</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 115,304 | - | 115,304 |
| Public safety | 48,790 | - | 48,790 |
| Capital outlay | 8,317 | - | 8,317 |
| Total expenditures | <u>172,411</u> | <u>-</u> | <u>172,411</u> |
| Excess of revenues over expenditures | 105,024 | 13 | 105,037 |
| Other financing sources (uses) | | | |
| Transfers out | <u>(5,000)</u> | <u>-</u> | <u>(5,000)</u> |
| Total other financing sources (uses) | <u>(5,000)</u> | <u>-</u> | <u>(5,000)</u> |
| Net change in fund balance | 100,024 | 13 | 100,037 |
| Fund balance- beginning | <u>326,373</u> | <u>10,494</u> | <u>336,867</u> |
| Fund balance - ending | <u>\$ 426,397</u> | <u>\$ 10,507</u> | <u>\$ 436,904</u> |

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SIMSBORO, LOUISIANA

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities****For the Year Ended June 30, 2020**

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

| | |
|---|--------------------------|
| Net Change in Fund Balances, Governmental Funds (Statement E) | \$ 100,037 |
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets | (707) |
| Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the Statement of Activities | <u>1,210</u> |
| Change in Net Position, Governmental Activities (Statement B) | <u><u>\$ 100,540</u></u> |

The notes to the financial statements are an integral part of this statement.

STATEMENT G

VILLAGE OF SIMSBORO, LOUISIANA
Statement of Net Position, Proprietary Funds
June 30, 2020

| | <u>Business-type Activities</u> |
|--------------------------------------|-------------------------------------|
| | <u>Water & Sewer Fund</u> |
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 248,563 |
| Investments | 126,840 |
| Receivables, net | 24,415 |
| Inventory | <u>10,390</u> |
| Total current assets | <u>410,208</u> |
| Noncurrent assets: | |
| Restricted cash and cash equivalents | 35,156 |
| Capital assets: | |
| Land and construction in progress | 39,246 |
| Plant and equipment | <u>2,014,116</u> |
| Total noncurrent assets | <u>2,088,518</u> |
| Total assets | <u><u>2,498,726</u></u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 4,904 |
| Interest payable | 1,203 |
| Due to other funds | 7,774 |
| Payable from restricted assets: | |
| Customer deposits | 24,224 |
| Notes payable | <u>3,788</u> |
| Total current liabilities | <u>41,893</u> |
| Noncurrent liabilities: | |
| Notes payable | <u>165,816</u> |
| Total noncurrent liabilities | <u>165,816</u> |
| Total liabilities | <u><u>207,709</u></u> |
| NET POSITION | |
| Net investment in capital assets | 1,883,757 |
| Restricted | 10,932 |
| Unrestricted | <u>396,328</u> |
| Total net position | <u><u>\$ 2,291,017</u></u> |

The notes to the financial statements are an integral part of this statement.

STATEMENT H

VILLAGE OF SIMSBORO, LOUISIANA
 Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2020

| | Business-Type Activities |
|---|-----------------------------|
| | Water & Sewer Fund |
| Operating revenues: | |
| Charges for services | |
| Water | \$ 140,216 |
| Sewer | 76,064 |
| Total operating revenues | 216,280 |
| Operating expenses: | |
| Salaries | 34,800 |
| Materials, repairs, & supplies | 41,991 |
| Utilities | 25,541 |
| Other administrative | 34,608 |
| Depreciation | 106,535 |
| Outside services | 63,457 |
| Sample collections/testing | 4,441 |
| Total operating expenses | 311,373 |
| Operating income (loss) | (95,093) |
| Nonoperating income (expenses): | |
| Interest income | 945 |
| Grant income | 279,000 |
| Interest expense | (7,952) |
| Total nonoperating revenues (expenses) | 271,993 |
| Income before contributions and transfers | 176,900 |
| Transfers in | 5,000 |
| Total transfers | 5,000 |
| Change in net position | 181,900 |
| Net position - beginning | 2,109,117 |
| Net position - ending | \$ 2,291,017 |

The notes to the financial statements are an integral part of this statement.

STATEMENT I

VILLAGE OF SIMSBORO, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

| | Business-type Activities Water & <u>Sewer Fund</u> |
|--|---|
| Cash flows from operating activities: | |
| Cash received from customers | \$ 219,839 |
| Cash payments to other suppliers of goods or services | (172,878) |
| Cash payments to employees for service | <u>(31,677)</u> |
| Net cash provided by operating activities | <u>15,284</u> |
| Cash flows from noncapital financing activities: | |
| Increase in customer deposits | 190 |
| Transfers in | <u>4,950</u> |
| Net cash provided by noncapital financing activities | <u>5,140</u> |
| Cash flows from capital and related financing activities: | |
| Acquisition and construction of capital assets | (289,782) |
| Grant proceeds | 279,000 |
| Principal paid on bonds | (42,640) |
| Interest paid on bonds | <u>(8,538)</u> |
| Net cash used by capital and related financing activities | <u>(61,960)</u> |
| Cash flows from investing activities: | |
| Interest income | <u>421</u> |
| Net cash provided by investing activities | <u>421</u> |
| Net increase in cash and cash equivalents | (41,115) |
| Cash and cash equivalents at beginning of year | <u>324,834</u> |
| Cash and cash equivalents at end of year | <u>\$ 283,719</u> |

The notes to the financial statements are an integral part of this statement.

STATEMENT I

| | Business-type <u>Activities</u> Water & <u>Sewer Fund</u> |
|--|--|
| Reconciliation of operating income to net cash provided (used) by operating activities: | |
| Operating income (loss) | \$ (95,093) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | |
| Depreciation | 106,535 |
| Changes in assets and liabilities: | |
| Decrease (increase) in accounts receivable | 3,559 |
| (Decrease) increase in accounts payable | (2,840) |
| Increase (decrease) in due to other funds | <u>3,123</u> |
| Net cash provided by operating activities | <u>\$ 15,284</u> |

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Introduction

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

Note 1 – Summary of Significant Accounting Policies

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

The accompanying financial statements present the financial position and results of operations of the Village and the various funds and fund types, and the cash flows of the proprietary funds.

A. Financial Reporting Entity

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

GASB established criteria for determining which component units should be considered part of the Village of Simsboro, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criterion includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the Village to impose its will on that organization and/or
 - b. the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Village.
2. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Village has determined that there are no component units that are part of the reporting entity.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

B. Government-wide and Fund Financial Statements

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

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment or component unit.

Program revenues

Program revenues include 1) charges to customers who purchase, use or directly benefit from goods or services provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Charges for services are primarily derived from solid waste fees, rental income, and traffic fines. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues.

Allocation of indirect expenses

The Village allocates indirect expenses, such as interest expense, directly to clearly identifiable functions in the Statement of Activities.

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

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

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Principal revenue sources

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

considered susceptible to accrual include grants, sales and use taxes, and franchise taxes. Other revenues are considered to be measurable and available only when cash is received by the Village.

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

- Interest on general long-term obligations is recognized when paid.
- Debt service expenditures are recorded only when payment is due.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Fund Accounting

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

Major Governmental Fund

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

Major Proprietary Fund

Water and Sewer funds – These funds are used to account for the provision of water and sewerage residents of the Village of Simsboro. These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods and services to the general

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

E. Cash and Cash Equivalents

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

For purposes of the Proprietary fund Statement of Cash Flows, the Village considers all investments with a maturity of three months or less when purchased to be cash equivalents.

F. Investments

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

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

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

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

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

G. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances of the governmental activities include sales and use taxes and franchise fees, and grants. Business-type activities report utilities as their major receivable. An allowance for uncollectible receivables is maintained, however, if amounts become uncollectible, in the opinion of management, they are charged to operations at that time.

In the fund financial statements, material receivables in governmental funds include revenue accruals that are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

H. Inventory

Inventory items are valued at cost using the first-in, first out method.

I. Capital Assets

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

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

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

J. Deferred Outflows/Inflows of Resources

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

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

The governmental funds balance sheet reports unavailable revenues for ticket fines accrued at year end, for amounts which are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

K. Interfund Activity

Interfund activity is reported as loans, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

the government-wide financial statements as “internal balances.” Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related costs as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

L. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental and business-type activities in the Statement of Net Position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Compensated Absences

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

Vacation and sick leave chart is as follows:

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

After the first year of employment, annual vacation leave must be taken between anniversary date of employment and December 31 of the year following year. All other vacation leave days shall be taken between January 1 and December 31, of the year earned or year following. Vacation and sick leave is not paid upon termination. As of June 30, 2020, no liability was recognized for unused annual leave.

N. Post-Employment Health Care Benefits

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

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

O. Equity Classifications – Government-wide Statements

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

- Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows or resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- Restricted net position - net position is considered restricted if its use is constrained to a particular purpose. Restrictions can be:
 - Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments
 - Imposed by law through constitutional provisions or enabling legislation.Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.
- Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the Village.

When both restricted and unrestricted resources are available for use, generally it is the Village’s policy to use restricted resources first, then unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Net position in the governmental activities of \$27,624 are restricted by enabling legislation (LA RS 47:322.33(B)) for infrastructure enhancements which support economic development or tourism.

P. Fund Equity of Fund Financial Statements

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

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

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

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

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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

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

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

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

Q. Elimination and Reclassifications

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

R. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

Note 2 – Stewardship, compliance and accountability

BUDGET INFORMATION The Village uses the following budget practices:

1. In May of each year, the Mayor submits to the Board of Aldermen an operating and capital budget for the succeeding year.
2. A public hearing is scheduled by the Mayor and the Board of Aldermen after allowing for at least ten days’ notice to the public at the time the budget is initially submitted to the Board of Alderman.
3. Final adoption of the Budget by the Board of Aldermen is on the first Monday in June.
4. The Mayor may authorize transfers of budgetary amounts within departments. Any revision requiring alteration of levels of expenditures or transfers between departments must be approved by the Board of Aldermen.
5. Operating appropriations and non-major capital appropriations, to the extent not expended, lapse at year end.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

6. All legally adopted budgets of the Village are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgets are adopted for the General fund and Special Revenue funds.

Note 3 – Deposits and investments

Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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

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

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

Custodial credit risk – deposits: At year-end, the Village’s carrying amount of deposits was \$826,694 and the bank balance was \$835,893.

These deposits are reported as follows:

| | |
|---|-------------------|
| Statement A – Cash and cash equivalents | \$ 535,857 |
| Statement A – Investments | 228,057 |
| Statement A – Restricted cash | <u>62,780</u> |
| Total deposits | \$ <u>826,694</u> |

The bank deposits are secured from risk by \$500,000 of federal deposit insurance and \$410,968 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Note 4 - Accounts receivable

The receivables of governmental activities at June 30, 2020 are as follows:

| <u>Class of Receivable</u> | <u>General</u> |
|----------------------------|------------------|
| Franchise fees | \$ 4,527 |
| Sales tax | 11,249 |
| Solid waste fees | 6,424 |
| Insurance fees | 1,652 |
| Fines/tickets | <u>55,615</u> |
| Total | <u>\$ 79,467</u> |

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

At June 30, 2020, the Water and Sewer Fund had accounts receivable of \$24,415, which is made up of customers' accounts outstanding of \$35,436, less allowance for doubtful accounts of \$11,021.

Note 5 - Ad valorem taxes

The Village levies taxes on real and business personal property located within the Village's boundaries. Property taxes are levied by the Village on property values assessed by the Lincoln Parish Tax Assessor and approved by the State of Louisiana Tax Commission. Property taxes are assessed and collected on a calendar year basis. 2019 property taxes attached as an enforceable lien on property as of January 1, 2020. Tax notices are usually mailed in November each year and become delinquent after December 31, of that year. The tax levy for 2019 was 5.08 mills of the assessed property valuation on tax rolls as of January 1. For the year ended June 30, 2020, taxes of \$16,639 was levied on property with assessed valuations totaling \$3,275,357.

Note 6 – Sales and use taxes

On April 28, 2018, the voters of the Village of Simsboro, Louisiana approved a 1.25% sales and use tax. The sales tax is collected by the Lincoln Parish Sales Tax Commission and transferred to the Village of Simsboro, Louisiana on a monthly basis. The sales tax is effective for a perpetual term commencing on July 1, 2018. After paying the costs of collection and administration, the proceeds of the sales tax are to be used for any lawful corporate purpose of the Village.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Note 7 – Restricted assets

At June 30, 2020, all restricted assets were in the form of demand deposits. These assets represent amounts held as follows:

| | <u>Governmental</u> | <u>Business-type</u> |
|--------------------------------|---------------------|----------------------|
| Economic development & tourism | \$ 27,624 | \$ - |
| Utility customer deposits | - | 24,224 |
| Restricted for debt service | - | <u>10,932</u> |
| Totals | <u>\$ 27,624</u> | <u>\$ 35,156</u> |

Note 8 – Capital assets

A summary of changes in capital assets follows:

| | June 30, 2019 | | | June 30, 2020 |
|--|-------------------|------------------|------------------|-------------------|
| | <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> |
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ <u>50,000</u> | \$ - | \$ - | \$ <u>50,000</u> |
| Total capital assets, not being depreciated | <u>50,000</u> | - | - | <u>50,000</u> |
| Capital assets being depreciated: | | | | |
| Buildings & improvements | 161,630 | 6,163 | - | 167,793 |
| Equipment | 75,458 | 2,154 | - | 77,612 |
| Vehicles | <u>59,356</u> | - | - | <u>59,356</u> |
| Total capital assets being depreciated | <u>296,444</u> | <u>8,317</u> | - | <u>304,761</u> |
| Less accumulated depreciation for: | | | | |
| Buildings & improvements | 60,043 | 7,171 | - | 67,214 |
| Equipment | 69,125 | 1,853 | - | 70,978 |
| Vehicles | <u>59,356</u> | - | - | <u>59,356</u> |
| Total accumulated depreciation | <u>188,524</u> | <u>9,024</u> | - | <u>197,548</u> |
| Total capital assets, being depreciated, net | <u>107,920</u> | <u>(707)</u> | - | <u>107,213</u> |
| Governmental activities capital assets, net | \$ <u>157,920</u> | \$ <u>(707)</u> | \$ - | \$ <u>157,213</u> |

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

| | June 30, 2019 | | | June 30, 2020 |
|--|---------------------|-------------------|------------------|---------------------|
| | <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 39,246 | \$ - | \$ - | \$ 39,246 |
| Construction in progress | <u>21,000</u> | <u>-</u> | <u>21,000</u> | <u>-</u> |
| Total capital assets, not being depreciated | <u>60,246</u> | <u>-</u> | <u>21,000</u> | <u>39,246</u> |
| Capital assets being depreciated: | | | | |
| Waterworks system | 1,198,415 | 310,782 | - | 1,509,197 |
| Sewer treatment facilities | 2,712,430 | - | - | 2,712,430 |
| Machinery & equipment | <u>55,216</u> | <u>-</u> | <u>-</u> | <u>55,216</u> |
| Total capital assets being depreciated | <u>3,966,061</u> | <u>310,782</u> | <u>-</u> | <u>4,276,843</u> |
| Less accumulated depreciation for: | | | | |
| Waterworks system | 672,417 | 38,314 | - | 710,731 |
| Sewer treatment facilities | 1,429,490 | 67,892 | - | 1,497,382 |
| Machinery & equipment | <u>54,285</u> | <u>329</u> | <u>-</u> | <u>54,614</u> |
| Total accumulated depreciation | <u>2,156,192</u> | <u>106,535</u> | <u>-</u> | <u>2,262,727</u> |
| Total capital assets, being depreciated, net | <u>\$ 1,809,869</u> | <u>\$ 204,247</u> | <u>\$ -</u> | <u>\$ 2,014,116</u> |
| Business-type activities capital assets, net | <u>\$ 1,870,115</u> | <u>\$ 204,247</u> | <u>\$ 21,000</u> | <u>\$ 2,053,362</u> |

Depreciation expense for the year ended June 30, 2020 was charged to functions of the primary government as follows:

| | |
|---------------------------|-------------------|
| Government activities: | |
| General government | \$ <u>9,024</u> |
| Business-type activities: | |
| Water and sewer | \$ <u>106,535</u> |

Note 9 – Customers’ deposits

Deposits held for customers that are currently active on the water and sewer systems total \$24,224 at June 30, 2020. These amounts are payable from restricted assets. See Note 7.

Note 10 – Retirement plans

The Village was notified by the Municipal Police Employees’ Retirement System (MPERS), that effective January 1, 2019, one employee was required to participate in the MPERS. The total due to MPERS for the employer’s portion of matching contributions was \$2,265. No other post-employment liability has been recognized as of June 30, 2020, due to the effective date of the employees’ participation.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Note 11-- Long-term obligations

Long-term debt consists of notes payable to Rural Development for revenue bonds that relate to the Village's sewerage system.

The first note required an annual payment of \$10,850 due by December 31 of each year, at an interest rate of 5%, payable through 2022. This note was paid in full during the year.

A second note requires a monthly payment of \$911, at an interest rate of 4.25%, payable through 2046.

Interest paid during the fiscal year ended June 30, 2020 was \$7,952.

Changes in long term obligations for the year ended June 30, 2020, are as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Amounts Due Within One Year</u> |
|----------------------------------|------------------------------|------------------|-------------------|---------------------------|--|
| <u>Business-Type Activities:</u> | | | | | |
| Notes from direct borrowings: | | | | | |
| Rural Development (92-01) | \$ 39,000 | \$ - | \$ 39,000 | \$ - | \$ - |
| Rural Development (92-04) | 173,244 | - | 3,640 | 169,604 | 3,788 |
| Total | \$ <u>212,244</u> | \$ <u>-</u> | \$ <u>42,640</u> | \$ <u>169,604</u> | \$ <u>3,788</u> |

Debt service requirements on long-term debt at June 30, 2020, are as follows:

| <u>Year Ended June 30, 2020</u> | <u>Direct borrowings</u> | |
|-------------------------------------|--------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2021 | \$ 3,788 | \$ 7,145 |
| 2022 | 3,962 | 6,971 |
| 2023 | 4,133 | 6,799 |
| 2024 | 4,313 | 6,619 |
| 2025 | 4,500 | 6,433 |
| 2026-2030 | 25,598 | 29,065 |
| 2031-2035 | 31,646 | 23,016 |
| 2036-2040 | 39,125 | 15,538 |
| 2041-2045 | 48,370 | 6,292 |
| 2046 | 4,169 | 42 |
| Total | \$ <u>169,604</u> | \$ <u>107,920</u> |

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Note 12 - Interfund receivables, payables, and transfers

Interfund receivables and payables at June 30, 2020, were as follows:

| <u>Fund</u> | <u>Interfund</u> | |
|------------------|--------------------|-----------------|
| | <u>Receivables</u> | <u>Payables</u> |
| General fund | \$ 7,774 | \$ - |
| Proprietary fund | <u>-</u> | <u>7,774</u> |
| Total | \$ <u>7,774</u> | \$ <u>7,774</u> |

These balances resulted from the time lag between the dates that 1) interfund goods and services are provided or expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made. The balances are expected to be repaid within one year.

Interfund transfers during the year ended June 30, 2020, were as follows:

| <u>Fund</u> | <u>Transfer In</u> | <u>Transfer Out</u> |
|------------------|--------------------|---------------------|
| General fund | \$ - | \$ 5,000 |
| Proprietary fund | <u>5,000</u> | <u>-</u> |
| Total | \$ <u>5,000</u> | \$ <u>5,000</u> |

Transfers from the General fund are made to help with cash flow in the Water and Sewer fund during the year.

Note 13 - On behalf payments

During the fiscal year ended June 30, 2020, qualified city employees of the Village police department received supplemental pay from the State of Louisiana. The Village has recorded revenues and expenditures for these payments in the General fund in the amount of \$2,000.

Note 14 - Fund balance classifications

Amounts set aside for specific purposes by fund and fund balance classifications for the year ended June 30, 2020 are as follows:

| <u>Classification/Fund</u> | <u>Purpose</u> | <u>Amount</u> |
|----------------------------|---|---------------|
| Restricted: | | |
| General fund | Infrastructure for economic development and tourism | \$27,624 |
| Assigned: | | |
| Madden Park | Park collections and repairs | \$10,507 |

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Note 15 – Subsequent events

Subsequent events have been evaluated through March 29, 2021, which is the day the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

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

SCHEDULE 1

VILLAGE OF SIMSBORO, LOUISIANA
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance With Final Budget Favorable <u>(Unfavorable)</u> |
|--|-------------------------|-------------------|-------------------|---|
| Revenues | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | |
| Taxes | | | | |
| Advalorem | \$ 19,500 | \$ 19,550 | \$ 16,694 | (2,856) |
| Sales and use | 87,200 | 87,200 | 115,154 | 27,954 |
| Franchise and insurance premium | 55,110 | 55,110 | 62,808 | 7,698 |
| Intergovernmental | 6,000 | 16,878 | 6,930 | (9,948) |
| Charges for services | 51,106 | 51,106 | 51,679 | 573 |
| Fines and forfeitures | 38,176 | 38,176 | 14,957 | (23,219) |
| Interest income | 110 | 110 | 761 | 651 |
| Miscellaneous | 318 | 318 | 8,452 | 8,134 |
| Total revenues | <u>257,520</u> | <u>268,448</u> | <u>277,435</u> | <u>8,987</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 121,000 | 122,000 | 115,304 | 6,696 |
| Public safety | 26,500 | 59,000 | 48,790 | 10,210 |
| Capital outlay | - | - | 8,317 | (8,317) |
| Total expenditures | <u>147,500</u> | <u>181,000</u> | <u>172,411</u> | <u>8,589</u> |
| Excess (deficiency) of revenues over (under) expenditures | 110,020 | 87,448 | 105,024 | 17,576 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | (5,000) | (5,000) | - |
| Total other financing sources (uses) | <u>-</u> | <u>(5,000)</u> | <u>(5,000)</u> | <u>-</u> |
| Net change in fund balance | 110,020 | 82,448 | 100,024 | 17,576 |
| Fund balance at beginning of year | <u>650,768</u> | <u>266,802</u> | <u>326,373</u> | <u>59,571</u> |
| Fund balance at end of year | <u>\$ 760,788</u> | <u>\$ 349,250</u> | <u>\$ 426,397</u> | <u>\$ 77,147</u> |

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

VILLAGE OF SIMSBORO, LOUISIANA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

| | <u>Madden Park</u> |
|---------------------------|------------------------|
| ASSETS | |
| Cash and cash equivalents | <u>\$ 10,507</u> |
| Total assets | <u>10,507</u> |
| FUND BALANCE | |
| Fund balances: | |
| Assigned | <u>10,507</u> |
| Total fund balances | <u>10,507</u> |
| Total fund balances | <u>\$ 10,507</u> |

SCHEDULE 3

VILLAGE OF SIMSBORO, LOUISIANA

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

For the Year Ended June 30, 2020

| | <u>Madden Park</u> |
|--------------------------------------|-------------------------|
| REVENUES | |
| Miscellaneous | <u>\$ 13</u> |
| Total revenues | <u>13</u> |
| EXPENDITURES | |
| General government | <u>-</u> |
| Total expenditures | <u>-</u> |
| Excess of revenues over expenditures | 13 |
| Fund balance- beginning | <u>10,494</u> |
| Fund balances - ending | <u><u>\$ 10,507</u></u> |

Budgetary Comparison Schedule - Nonmajor governmental fund

For the Year Ended June 30, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance With Final Budget Favorable (Unfavorable) |
|--------------------------------------|-------------------------|------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Miscellaneous | \$ 12 | \$ 12 | \$ 13 | \$ 1 |
| Total revenues | <u>12</u> | <u>12</u> | <u>13</u> | <u>1</u> |
| EXPENDITURES | | | | |
| General government | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of revenues over expenditures | 12 | 12 | 13 | 1 |
| Fund balances - beginning | <u>15,196</u> | <u>15,196</u> | <u>10,494</u> | <u>(4,702)</u> |
| Fund balances - ending | <u>\$ 15,208</u> | <u>\$ 15,208</u> | <u>\$ 10,507</u> | <u>\$ (4,701)</u> |

VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF COMPENSATION PAID ALDERMAN
FOR THE YEAR ENDED JUNE 30, 2020

The following payments were made to the Alderman of the Village of Simsboro, Louisiana during the year ended June 30, 2020:

| | |
|-----------------|-----------------|
| Doug Durrett | \$ 650 |
| Hazel Tuminello | 650 |
| Jerry White | <u>650</u> |
| Total | \$ <u>1,950</u> |

VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2020

Agency Head: Sybil Smalling-Foster, Mayor

| <u>Purpose</u> | <u>Amount</u> |
|----------------|------------------|
| Salary | \$ 12,000 |
| Reimbursement | 8 |
| Cell Phone | 691 |
| Car allowance | <u>1,134</u> |
| | \$ <u>13,833</u> |

OTHER REPORTS

WISE, MARTIN & COLE, L.L.C.
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INDEPENDENT AUDITORS' 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 Sybil Smalling-Foster, Mayor
and Members of the Board of Alderman
Village of Simsboro, 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 Village of Simsboro, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Village of Simsboro, Louisiana's basic financial statements and have issued our report thereon dated March 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Simsboro, Louisiana'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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village'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 were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings as item 2020-01, that we consider to be material weakness.

Compliance and Other Matters

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

Village of Simsboro, Louisiana's Response to Findings

The Village of Simsboro, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings. The Village of Simsboro, 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 Village'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.

Wise Marten & Cole LLC
Minden, Louisiana
March 29, 2021

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SOCIETY OF LOUISIANA
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Management Letter

The Honorable Sybil Smalling-Foster, Mayor,
and the Members of the Board of Aldermen
Village of Simsboro, 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 Village of Simsboro, Louisiana as of and for the year ended June 30, 2020, which collectively comprise the Village's basic financial statements as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of American and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of our examination, we have issued our report on the financial statements, dated March 29, 2021, and our report on internal control and compliance with laws, regulation, contracts, and grants, dated March 29, 2021.

During the course of our audit, we became aware of the following noncompliance with the provisions of a grant agreement that has an effect on the financial statements significant to the audit objectives. This matter is considered less than material but warrants your attention. These matters will be reviewed next year.

ML 2020-01 FY 2018-2019 LGAP disallowed cost

Criteria: Grant funds cannot be requested to cover project costs that have been funded by another source of funding.

Condition: The Village requested a \$5,000 LGAP grant reimbursement to cover the cost of an approved demolition project. The Village requested and received reimbursement from the landowner for the same \$5,000 demolition cost.

Cause: Unknown

Effect: The Village has received both an LGAP grant and landowner reimbursement to cover the same demolition project costs.

Recommendation: We recommend that the Village return the funds received from LGAP or file a request with LGAP to make an amendment to the grant to use the funds for another project.

We recommend management address the foregoing issues as an improvement to operations and the administration of public programs. We are available to further explain the suggestions or help implement the recommendations.

Wise Martin & Cole LLC

Minden, Louisiana
March 29, 2021

OTHER INFORMATION

**VILLAGE OF SIMSBORO, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

There were five findings in the prior year review for the year ended June 30, 2019 as follows:

2019-01 Internal controls over financial reporting

Finding: Significant adjustments were needed to address year end balances not adjusted by the fee accountant. Good internal controls over financial reporting requires that accounting records contain up-to-date, accurate and complete information to ensure that the financial data and accruals are accurate at year-end.

Current Status: Resolved

2019-02 Lack of segregation of duties

Finding: Management for the Village of Simsboro does not have proper segregation of duties to ensure adequate internal accounting controls over its revenues/receipts and bank reconciliations

Current Status: Partially resolved, see 2020-01

2019-03 Controls over utility billings and cash collections

Finding: Lack of controls over utility billings and cash collections to ensure the accuracy of record-keeping process and maintain the accounts receivable on a timelier and more accurate basis.

Current Status: Not resolved, see 2020-01

2019-04 Controls over inventory and capital assets

Finding: Policies and procedures for the Village of Simsboro were not being followed for inventory and capital assets which could result in failure to implement controls designed to address risk of loss and theft of assets.

Current Status: Resolved

2019-05 Budget

Finding: The Village of Simsboro did not amend its budget for the General fund in accordance with the Local Government Budget Act which caused the expenditures and transfers out to exceed budgeted amounts by more than five percent.

Current Status: Resolved

**VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

2020-01 Controls over utility accounts receivable and customer deposits

Origination date: June 30, 2019

Criteria: Internal controls should be in place to adequately account for water and sewer accounts receivable and customer deposit collections, including proper segregation of duties.

Condition:

The general ledger is maintained on a cash basis by the Village. Accounts receivable and customer deposit balances are adjusted-reconciled only at year end. Also, the Village Clerk is the only employee that collects payments from customers, records collections, and makes adjustments to the billing system.

Cause: The Village has one employee, the Village Clerk, who is responsible for the collection of water and sewer payments. Controls have not been implemented over the collection of water and sewer payments to adequately account for the accounts receivable and customer deposits on a monthly basis.

Effect: Without controls over cash collections and utility billings, errors or fraud could occur and not be detected, increasing risk of loss or theft of additional Village assets.

Recommendation: Due to the lack of segregation of duties in regards to collections of utility accounts receivable and customer deposits, it may not be cost effective or practical to correct the finding. However, we recommend that the Village have the CPA firm that assists them to reconcile the water and sewer accounts receivable and customer deposits to the general ledger with reports generated by the billing system prepared by the Village clerk. This reconciliation should be done on a monthly basis.

View of Responsible Official and Correction Action Plan: Our fee accountant is going to help with reconciling water and sewer accounts receivable and customer deposits to the general ledger with reports generated by our billing system which will be prepared by the Clerk. This will be done on a monthly basis.

ML 2020-01 FY 2018-2019 LGAP disallowed cost

Criteria: Grant funds cannot be requested to cover project costs that have been funded by another source of funding.

Condition: The Village requested a \$5,000 LGAP grant reimbursement to cover the cost of an approved demolition project. The Village requested and received reimbursement from the landowner for the same \$5,000 demolition cost.

Cause: Unknown

**VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

Effect: The Village has received both an LGAP grant and landowner reimbursement to cover the same demolition project costs.

Recommendation: We recommend that the Village return the funds received from LGAP or file a request with LGAP to make an amendment to the grant to use the funds for another project.

View of Responsible Official and Correction Action Plan: The Village paid for demolition of a condemned house and got reimbursed from grant. Much later the property owner also reimbursed. We kept that in the bank to use on another demolition and planned on not using grant money. If we pay back \$5,000, we will amend the grant for another project.