

VILLAGE OF SIMSBORO, LOUISIANA  
ANNUAL FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019

VILLAGE OF SIMSBORO, LOUISIANA  
 Annual Financial Report  
 For the Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS

	<u>Statement</u>	<u>Page</u>
Independent Auditor's Report		1
 <b>REQUIRED SUPPLEMENTARY INFORMATION (PART I)</b>		
Management's Discussion and Analysis		5
 <b>BASIC FINANCIAL STATEMENTS:</b>		
<b>Governmental-wide Financial Statements</b>		
Statement of Net Position	A	13
Statement of Activities	B	14
 <b>Fund Financial Statements</b>		
<b>Governmental Funds -</b>		
Balance Sheet	C	15
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position	D	16
Statement of Revenues, Expenditures and Changes in Fund Balances	E	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	F	18
<b>Proprietary Funds -</b>		
Statement of Net Position	G	19
Statement of Revenues, Expenses and Changes in Net Position	H	20
Statement of Cash Flows	I	21
 Notes to Financial Statements		 23
 <b>REQUIRED SUPPLEMENTARY INFORMATION (PART II)</b>		
	<u>Schedules</u>	<u>Page</u>
Budgetary Comparison Schedule		
General Fund	1	38

VILLAGE OF SIMSBORO, LOUISIANA

TABLE OF CONTENTS

OTHER SUPPLEMENTARY INFORMATION	<u>Schedules</u>	<u>Page</u>
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	2	40
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	3	41
Budgetary Comparison	4	42
Schedule of Compensation Paid Alderman	5	43
Schedule of Compensation, Benefits and Other Payments to Agency Head	6	44
OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS		
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		46
OTHER INFORMATION		
Summary Schedule of Prior Year Findings		49
Schedule of Findings and Management's Response		50

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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, 2019, 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, 2019, 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 38 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.

#### *Other 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 individual nonmajor fund financial statements, the Schedule of Compensation Paid Alderman, and the Schedule of Compensation, Benefits and Other Payments to Agency Head, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual nonmajor fund financial statements, the Schedule of Compensation Paid Alderman, and the Schedule of Compensation, Benefits and Other Payments to Agency Head are 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 individual nonmajor fund financial statements, the Schedule of Compensation Paid Alderman, and the Schedule of Compensation, Benefits and Other Payments to Agency Head are 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 December 31, 2019, 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 Jr. CMAA*

Simsboro, Louisiana  
December 31, 2019

**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, 2019. Please read it in conjunction with the Village's financial statements, which begin on page 11.

### FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$2.7 million.
- During the year, the revenues of the Village's governmental activities exceeded its expenses by approximately \$127,000 before transfers. Last year, revenues exceed expenses by approximately \$27,000.
- The Village's revenues increased over prior year revenues for both the governmental activities and business type activities, reporting total revenue of \$539,000.
- The total cost of all of the Village's programs was approximately \$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 11. 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 13. 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 \$81,000. In contrast, last year’s net position increased by approximately \$1,200. 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**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Primary</b>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 400,982	\$ 531,627	\$ 484,813	\$ 208,875	\$ 885,795	\$ 740,502
Capital assets	<u>157,920</u>	<u>161,954</u>	<u>1,870,115</u>	<u>1,887,936</u>	<u>2,028,035</u>	<u>2,049,890</u>
Total assets	<u>558,902</u>	<u>693,581</u>	<u>2,354,928</u>	<u>2,096,811</u>	<u>2,913,830</u>	<u>2,790,392</u>
Other liabilities	9,710	8,402	33,567	35,555	43,277	43,957
Long-term liabilities	<u>-</u>	<u>-</u>	<u>212,244</u>	<u>223,736</u>	<u>212,244</u>	<u>223,736</u>
Total liabilities	<u>9,710</u>	<u>8,402</u>	<u>245,811</u>	<u>259,291</u>	<u>255,521</u>	<u>267,693</u>
Net position:						
Invested in capital assets, net of related debt	157,920	161,954	1,657,871	1,664,200	1,815,791	1,826,154
Restricted	20,938	15,136	28,955	90,361	49,893	105,497
Unrestricted	<u>370,334</u>	<u>508,089</u>	<u>422,291</u>	<u>82,959</u>	<u>792,625</u>	<u>591,048</u>
Total net position	<u>\$ 549,192</u>	<u>\$ 685,179</u>	<u>\$ 2,109,117</u>	<u>\$ 1,837,520</u>	<u>\$ 2,658,309</u>	<u>\$ 2,522,699</u>

The largest portion of the Village of Simsboro’s net position totaling approximately \$1.8 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**

Revenues of the governmental activities exceeded the expenditures generated by \$127,000. Net position was restated to correct amounts that were reported in prior years as owed between the funds, which were not going to be paid back in the future. Net position was decreased by \$240,000 due to this correction to remove the balance of loans between funds. 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 \$5,800 to a total of \$20,938, which is available to finance economic development and tourism activities.

### **Business-type Activities – Net Position**

Net position was restated to recognize two corrections. The first was to correct amounts that were reported in prior years as owed between the funds, which were not going to be paid back in the future and the second to correct amounts reported for accumulated depreciation on the capital assets of the sewer system. There was a \$295,000 increase in the total net position of the business-type activities as result of the restatements. Before the restatement and the transfer of funds to the business type activities from the governmental activities, the business type activities reported a \$46,000 deficit. The decrease in net position was due to an increase in expenses to maintain the water and sewer system, as well as recognize \$16,146 of bad debt expense for uncollected accounts from customers.

Restricted net position of the business-type activities is \$28,955, which is available to pay for debt of the sewer system.

### **Governmental activities**

Our analysis that follows separately considers the operations of governmental and business-type activities. The total revenues for governmental activities increased when compared to prior year revenues by \$90,000. The major reasons for the increase was the collection of the 1.25% sales and use tax, which was passed at the special election held on April 28, 2018.

Governmental expenses were comparable to last year, decreasing slightly by approximately \$9,800.

### **Business-type activities**

The Village's total business type revenues were comparable to last year, increasing slightly by \$9,600.

Total costs of the water and sewer system was approximately \$302,000, which was approximately \$30,000 more than the prior year. Over half of the increase in expenses was attributed to the Village recognizing bad debt expense of \$16,146, for write-offs and setting up an allowance for doubtful accounts for unpaid utility customer receivables. This year, the Village incurred additional expenses for maintenance of the water and sewer system.

This year, expenses were more than revenues by \$46,000 before transfers. Last year, the deficit was \$26,000 before transfers. The governmental activities transferred \$22,500 to help cover the costs of the utility system.

**(Table 2)**  
**Changes in Net Position**

	<u>Governmental</u>		<u>Business-type</u>		<u>Primary</u>	
	<u>Activities</u>		<u>Activities</u>		<u>Government</u>	
<b>Revenues</b>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Program revenues:						
Charges for services	\$ 90,590	\$ 94,211	\$ 220,602	\$ 235,843	\$ 311,192	\$ 330,054
Operating grants/contributions	3,000	-	-	-	3,000	-
Capital grants/contributions	6,342	1,749	34,037	9,359	40,379	11,108
General revenues:						
Property taxes	18,869	18,159	-	-	18,869	18,159
Sales taxes	100,026	-	-	-	100,026	-
Franchise, ins premium taxes	63,143	63,550	-	-	63,143	63,550
Interest earnings	794	358	1,025	589	1,819	947
Other general revenues	<u>869</u>	<u>16,081</u>	<u>-</u>	<u>239</u>	<u>869</u>	<u>16,320</u>
Total revenues	<u>283,633</u>	<u>194,108</u>	<u>255,664</u>	<u>246,030</u>	<u>539,297</u>	<u>440,138</u>
<b>Program expenses</b>						
General government	114,463	145,390	-	-	114,463	145,390
Public safety	42,418	21,264	-	-	42,418	21,264
Water & sewer	<u>-</u>	<u>-</u>	<u>301,700</u>	<u>272,324</u>	<u>301,700</u>	<u>272,324</u>
Total expenses	<u>156,881</u>	<u>166,654</u>	<u>301,700</u>	<u>272,324</u>	<u>458,581</u>	<u>438,978</u>
Excess (deficiency) before transfers	126,752	27,454	(46,036)	(26,294)	80,716	1,160
Transfers	<u>(22,500)</u>	<u>(1,198)</u>	<u>22,500</u>	<u>1,198</u>	<u>-</u>	<u>-</u>
Change in net position	104,252	26,256	(23,536)	(25,096)	80,716	1,160
Net position, beginning, As originally stated	685,179	658,923	1,837,520	1,862,616	2,522,699	2,521,539
Prior period adjustment	<u>(240,239)</u>	<u>-</u>	<u>295,133</u>	<u>-</u>	<u>54,894</u>	<u>-</u>
Net position, beginning, restated	<u>444,940</u>	<u>658,923</u>	<u>2,132,653</u>	<u>1,862,616</u>	<u>2,577,593</u>	<u>2,521,539</u>
Net position, end of year	<u>\$ 549,192</u>	<u>\$ 685,179</u>	<u>\$ 2,109,117</u>	<u>\$ 1,837,520</u>	<u>\$ 2,658,309</u>	<u>\$ 2,522,699</u>

**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 \$337,000, increasing by \$102,000 before the fund balance restatement to adjust the interfund loans to zero. The restatement reduced fund balance by \$240,239.

Village revenues increased by approximately \$89,000, due to the levy of a 1.25% sales tax, available to be used for any lawful purpose of the Village. Village expenditures decreased from \$156,000 to

\$149,000. The main changes in expenditures were to recognize increase in public safety expenses for retirement and payroll.

**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 May 6, 2019. The amendment to the General fund budget increased revenues to be received from licenses and permis, traffic fines, grants, interest, miscellaneous, ad valorem and sales taxes. The expenditures of the General fund were decreased 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, 2019, the Village had \$2,028,035 invested in capital assets including police equipment, buildings, water, and sewer. This amount represents a decrease of approximately \$21,855 in investments in capital assets.

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

	<b>Governmental</b>		<b>Business-type</b>		<b>Totals</b>	
	<b>Activities</b>		<b>Activities</b>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 50,000	\$ 50,000	\$ 39,246	\$ 39,246	\$ 89,246	\$ 89,246
Construction in progress	-	-	21,000	-	21,000	-
Building and improvements	101,587	108,450	-	-	101,587	108,450
Waterworks system	-	-	525,998	556,637	525,998	556,637
Sewer treatment facilities	-	-	1,282,940	1,350,831	1,282,940	1,350,831
Machinery & Equipment	<u>6,333</u>	<u>3,504</u>	<u>931</u>	<u>1,260</u>	<u>7,264</u>	<u>4,764</u>
Totals	\$ <u>157,920</u>	\$ <u>161,954</u>	\$ <u>1,870,115</u>	\$ <u>1,947,974</u>	\$ <u>2,028,035</u>	\$ <u>2,109,928</u>

Major construction projects undertaken by the Village include the following:

	Costs incurred during <u>06/30/19</u>	Completed cost <u>of project</u>	Grant recognized <u>as of 06/30/19</u>
Emergency Water Production System	\$ 21,000	Not completed	\$ 21,000

**Debt**

At year-end, the Village had \$212,244 in debt as compared to \$223,736 last year.

	Governmental Activities		Business-type Activities		Totals	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Rural Development	\$ -	\$ -	\$ 39,000	\$ 47,000	\$ 39,000	\$ 47,000
Rural Development	<u>-</u>	<u>-</u>	<u>173,244</u>	<u>176,736</u>	<u>173,244</u>	<u>176,736</u>
Total Debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$212,244</u>	<u>\$223,736</u>	<u>\$212,244</u>	<u>\$223,736</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**

1. The Village received a grant in the amount of \$3000,000.00 through the CWEF Program. The Work on this project began in July 2019.
2. We paid off an existing loan in the amount of \$40,245.01 in August 2019.
3. Our sales tax continues to bring in a substantial amount of revenue each month.

**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**

**VILLAGE OF SIMSBORO, LOUISIANA**  
**Statement of Net Position**  
**June 30, 2019**

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 205,953	\$ 271,845	\$ 477,798
Investments	100,766	126,317	227,083
Receivables, net	68,623	27,974	96,597
Internal balances	4,702	(4,702)	-
Restricted assets- noncurrent			
Cash and cash equivalents	20,938	52,989	73,927
Inventory	-	10,390	10,390
Capital assets:			
Land and construction in progress	50,000	60,246	110,246
Depreciable capital assets, net	<u>107,920</u>	<u>1,809,869</u>	<u>1,917,789</u>
Total assets	<u>558,902</u>	<u>2,354,928</u>	<u>2,913,830</u>
<b>LIABILITIES</b>			
Accounts payable	9,710	7,744	17,454
Interest payable	-	1,789	1,789
Payable from restricted assets:			
Customer deposits	-	24,034	24,034
Long-term liabilities:			
Due within one year	-	42,640	42,640
Due in more than one year	<u>-</u>	<u>169,604</u>	<u>169,604</u>
Total liabilities	<u>9,710</u>	<u>245,811</u>	<u>255,521</u>
<b>NET POSITION</b>			
Net investment in capital assets	157,920	1,657,871	1,815,791
Restricted for:			
Debt service	-	28,955	28,955
Economic development and tourism	20,938	-	20,938
Unrestricted	<u>370,334</u>	<u>422,291</u>	<u>792,625</u>
Total net position	<u>\$ 549,192</u>	<u>\$ 2,109,117</u>	<u>\$ 2,658,309</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, 2019**

	Expenses	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
		Charges for Services	Capital Grants & Contributions	Operating Grants & Contributions		Governmental Activities	Business-type Activities	Total
<b>Governmental activities</b>								
General government	\$ (114,463)	\$ 49,350	\$ -	-	\$ (65,113)	\$ (65,113)	\$ -	\$ (65,113)
Public safety	(42,418)	41,240	6,342	3,000	8,164	8,164	-	8,164
Total governmental activities	<u>(156,881)</u>	<u>90,590</u>	<u>6,342</u>	<u>3,000</u>	<u>(56,949)</u>	<u>(56,949)</u>	<u>-</u>	<u>(56,949)</u>
<b>Business-type activities</b>								
Water and sewer	(301,700)	220,602	34,037	-	(47,061)	-	(47,061)	(47,061)
Total business-types activities	<u>(301,700)</u>	<u>220,602</u>	<u>34,037</u>	<u>-</u>	<u>(47,061)</u>	<u>-</u>	<u>(47,061)</u>	<u>(47,061)</u>
Total primary government	<u>\$ (458,581)</u>	<u>\$ 311,192</u>	<u>\$ 40,379</u>	<u>\$ 3,000</u>	<u>\$ (104,010)</u>	<u>\$ (56,949)</u>	<u>\$ (47,061)</u>	<u>\$ (104,010)</u>
General revenues:								
Property taxes levied for general purposes						18,869	-	18,869
Sales tax						93,225	-	93,225
Sales tax - economic development & tourism						6,801	-	6,801
Franchise and insurance premium taxes						63,143	-	63,143
Miscellaneous						869	-	869
Interest earned						794	1,025	1,819
Transfers						(22,500)	22,500	-
Total general revenues						161,201	23,525	184,726
Change in net position						104,252	(23,536)	80,716
Net position - beginning, as originally stated						685,179	1,837,520	2,522,699
Prior period adjustment						(240,239)	295,133	54,894
Net position- beginning, restated						444,940	2,132,653	2,577,593
Net position - ending						<u>\$ 549,192</u>	<u>\$ 2,109,117</u>	<u>\$ 2,658,309</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, 2019**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 195,459	\$ 10,494	\$ 205,953
Restricted cash and cash equivalents	20,938		20,938
Investments	100,766	-	100,766
Receivables, net	68,623	-	68,623
Due from other funds	4,702	-	4,702
Total assets	<u>\$ 390,488</u>	<u>\$ 10,494</u>	<u>\$ 400,982</u>
<b>LIABILITIES</b>			
Accounts, salaries, and other payables	\$ 9,710	\$ -	\$ 9,710
Total liabilities	<u>9,710</u>	<u>-</u>	<u>9,710</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - ticket fines	<u>54,405</u>	<u>-</u>	<u>54,405</u>
<b>FUND BALANCES</b>			
Restricted	20,938	-	20,938
Assigned	-	10,494	10,494
Unassigned	<u>305,435</u>	<u>-</u>	<u>305,435</u>
Total fund balances	<u>326,373</u>	<u>10,494</u>	<u>336,867</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 390,488</u>	 <u>\$ 10,494</u>	 <u>\$ 400,982</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, 2019**

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

Total Governmental Fund Balances (Statement C)	\$ 336,867
Receivables which are not available to pay for current period expenditures and therefore are unavailable in the funds	54,405
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>157,920</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 549,192</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, 2019

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes			
Advalorem	\$ 18,869	\$ -	\$ 18,869
Sales and use	100,026	-	100,026
Franchise and insurance premium	63,143	-	63,143
Intergovernmental	5,047	-	5,047
Charges for services	49,349	-	49,349
Fines and forfeitures	34,731	-	34,731
Interest income	778	16	794
Miscellaneous	869	-	869
Total revenues	<u>272,812</u>	<u>16</u>	<u>272,828</u>
<b>EXPENDITURES</b>			
Current:			
General government	104,464	-	104,464
Public safety	41,991	-	41,991
Capital outlay	2,097	-	2,097
Total expenditures	<u>148,552</u>	<u>-</u>	<u>148,552</u>
Excess of revenues over expenditures	124,260	16	124,276
<b>Other financing sources (uses)</b>			
Transfers out	(22,500)	-	(22,500)
Total other financing sources (uses)	<u>(22,500)</u>	<u>-</u>	<u>(22,500)</u>
<b>Net change in fund balance</b>	101,760	16	101,776
Fund balance - beginning, as originally stated	462,022	13,308	475,330
Prior period adjustment	(237,409)	(2,830)	(240,239)
Fund balance- beginning, restated	<u>224,613</u>	<u>10,478</u>	<u>235,091</u>
Fund balance - ending	<u>\$ 326,373</u>	<u>\$ 10,494</u>	<u>\$ 336,867</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, 2019**

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

Net Change in Fund Balances, Governmental Funds (Statement E)	\$ 101,776
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets	(4,034)
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>6,510</u>
Change in Net Position, Governmental Activities (Statement B)	<u>\$ 104,252</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, 2019**

	<u>Business-type Activities</u>
	<u>Water &amp; Sewer Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 271,845
Investments	126,317
Receivables, net	27,974
Inventory	10,390
Total current assets	<u>436,526</u>
Noncurrent assets:	
Restricted cash and cash equivalents	52,989
Capital assets:	
Land and construction in progress	60,246
Plant and equipment	1,809,869
Total noncurrent assets	<u>1,923,104</u>
Total assets	<u><u>2,359,630</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	7,744
Interest payable	1,789
Due to other funds	4,702
Payable from restricted assets:	
Customer deposits	24,034
Notes payable	42,640
Total current liabilities	<u>80,909</u>
Noncurrent liabilities:	
Notes payable	169,604
Total noncurrent liabilities	<u>169,604</u>
Total liabilities	<u><u>250,513</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	1,657,871
Restricted	28,955
Unrestricted	422,291
Total net position	<u><u>\$ 2,109,117</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, 2019**

	Business-Type Activities
	Water & Sewer Fund
<b>Operating revenues:</b>	
Charges for services	
Water	\$ 134,453
Sewer	86,149
Total operating revenues	<u>220,602</u>
<b>Operating expenses:</b>	
Salaries	34,800
Materials, repairs, & supplies	33,857
Utilities	30,970
Other administrative	23,634
Depreciation	98,859
Outside services	48,302
Sample collections/testing	5,038
Bad debt	16,146
Total operating expenses	<u>291,606</u>
Operating income (loss)	(71,004)
<b>Nonoperating income (expenses):</b>	
Interest income	1,025
Grant income	34,036
Interest expense	(10,093)
Total nonoperating revenues (expenses)	<u>24,968</u>
Income before contributions and transfers	(46,036)
Transfers in	22,500
Total transfers	<u>22,500</u>
<b>Change in net position</b>	<b>(23,536)</b>
Net position - beginning, as originally stated	1,837,520
Prior period adjustment	295,133
Net position - beginning, restated	<u>2,132,653</u>
<b>Net position - ending</b>	<b><u>\$ 2,109,117</u></b>

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, 2019**

	Business-type <u>Activities</u> Water & <u>Sewer Fund</u>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 198,983
Cash payments to other suppliers of goods or services	(132,759)
Cash payments to employees for service	<u>(35,737)</u>
Net cash provided by operating activities	<u>30,487</u>
<b>Cash flows from noncapital financing activities:</b>	
Increase in customer deposits	(1,692)
Transfers in	<u>24,080</u>
Net cash provided by noncapital financing activities	<u>22,388</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition and construction of capital assets	(21,000)
Grant proceeds	34,036
Principal paid on bonds	(11,492)
Interest paid on bonds	<u>(10,305)</u>
Net cash used by capital and related financing activities	<u>(8,761)</u>
<b>Cash flows from investing activities:</b>	
Interest income	<u>485</u>
Net cash provided by investing activities	<u>485</u>
Net increase in cash and cash equivalents	44,599
Cash and cash equivalents at beginning of year	<u>280,235</u>
Cash and cash equivalents at end of year	<u>\$ 324,834</u>

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

**STATEMENT I**

Business-type  
Activities  
Water &  
Sewer Fund

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

Operating income (loss)	\$	(71,004)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation		98,860
Bad debt		16,146
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable		(15,507)
Decrease (increase) in inventory		9,125
(Decrease) increase in accounts payable		(84)
Increase (decrease) in due to other funds		<u>(7,049)</u>
 Net cash provided by operating activities	 \$	 <u>30,487</u>

**VILLAGE OF SIMSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**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, 2019**

**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, 2019**

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, 2019**

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, 2019**

**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, 2019**

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, 2019, 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, 2019**

**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 \$20,938 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, 2019**

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

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

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

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

**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, 2019**

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.

**Excess of expenditures over appropriations:**

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
General fund	\$ 147,500	\$ 148,552	\$ (1,052)

**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 \$778,808 (including \$227,083 in certificates of deposit classified as investments) and the bank balance was \$790,500.

These deposits are reported as follows:

Statement A – Cash and cash equivalents	\$ 477,798
Statement A – Investments	227,083
Statement A – Restricted cash	<u>73,927</u>
Total deposits	\$ <u>778,808</u>

The bank deposits are secured from risk by \$500,000 of federal deposit insurance and \$290,500 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, 2019**

**Note 4 - Accounts receivable**

The receivables of governmental activities at June 30, 2019 are as follows:

<u>Class of Receivable</u>	<u>General</u>
Franchise fees	\$ 14,218
Fines/tickets	<u>54,405</u>
Total	<u>\$ 68,623</u>

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

At June 30, 2019, the Water and Sewer Fund had accounts receivable of \$27,974, which is made up of customers' accounts outstanding of \$31,221, less allowance for doubtful accounts of \$11,021, and a grant receivable of \$7,774.

**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. 2018 property taxes attached as an enforceable lien on property as of January 1, 2019. Tax notices are usually mailed in November each year and become delinquent after December 31, of that year. The tax levy for 2018 was 5.08 mills of the assessed property valuation on tax rolls as of January 1. For the year ended June 30, 2019, taxes of \$16,435 was levied on property with assessed valuations totaling \$3,235,296.

**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.

**Note 7 – Restricted assets**

At June 30, 2019, 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	\$ 20,938	\$ -
Utility customer deposits	-	24,034
Restricted for debt service	<u>-</u>	<u>28,955</u>
Totals	<u>\$ 20,938</u>	<u>\$ 52,989</u>

**VILLAGE OF SIMSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Note 8 – Capital assets**

A summary of changes in capital assets follows:

	June 30, 2018			June 30, 2019
	Balance	Additions	Deletions	Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Total capital assets, not being depreciated	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Capital assets being depreciated:				
Buildings & improvements	161,630	-	-	161,630
Equipment	69,066	6,392	-	75,458
Vehicles	61,556	-	2,200	59,356
Total capital assets being depreciated	<u>292,252</u>	<u>6,392</u>	<u>2,200</u>	<u>296,444</u>
Less accumulated depreciation for:				
Buildings & improvements	53,180	6,863	-	60,043
Equipment	65,562	3,563	-	69,125
Vehicles	61,556	-	2,200	59,356
Total accumulated depreciation	<u>180,298</u>	<u>10,426</u>	<u>2,200</u>	<u>188,524</u>
Total capital assets, being depreciated, net	<u>111,954</u>	<u>(4,034)</u>	<u>-</u>	<u>107,920</u>
Governmental activities capital assets, net	\$ <u>161,954</u>	\$ <u>(4,034)</u>	\$ <u>-</u>	\$ <u>157,920</u>
	June 30, 2018			June 30, 2019
	Balance	Additions	Deletions	Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 39,246	\$ -	\$ -	\$ 39,246
Construction in progress	<u>-</u>	21,000	<u>-</u>	21,000
Total capital assets, not being depreciated	<u>39,246</u>	<u>21,000</u>	<u>-</u>	<u>60,246</u>
Capital assets being depreciated:				
Waterworks system	1,198,415	-	-	1,198,415
Sewer treatment facilities	2,712,430	-	-	2,712,430
Machinery & equipment	59,744	<u>-</u>	4,528	55,216
Total capital assets being depreciated	<u>3,970,589</u>	<u>-</u>	<u>4,528</u>	<u>3,966,061</u>
Less accumulated depreciation for:				
Waterworks system	641,778	30,639	-	672,417
Sewer treatment facilities	1,361,599	67,891	-	1,429,490
Machinery & equipment	58,484	329	4,528	54,285
Total accumulated depreciation	<u>2,061,861</u>	<u>98,859</u>	<u>4,528</u>	<u>2,156,192</u>
Total capital assets, being depreciated, net	\$ <u>1,908,728</u>	\$ <u>(98,859)</u>	\$ <u>-</u>	\$ <u>1,809,869</u>
Business-type activities capital assets, net	\$ <u>1,947,974</u>	\$ <u>(77,859)</u>	\$ <u>-</u>	\$ <u>1,870,115</u>

**VILLAGE OF SIMSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

Depreciation expense for the year ended June 30, 2019 was charged to functions of the primary government as follows:

Government activities:	
General government	\$ <u>10,426</u>
Business-type activities:	
Water and sewer	\$ <u>98,859</u>

**Note 9 – Customers’ deposits**

Deposits held for customers that are currently active on the water and sewer systems total \$24,034 at June 30, 2019. 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 \$3,397. No other post-employment liability has been recognized as of June 30, 2019, due to the effective date of the employees’ participation.

**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 requires an annual payment of \$10,850 due by December 31 of each year, at an interest rate of 5%, payable through 2022. The second note with Rural Development requires a monthly payment of \$911, at an interest rate of 4.25%, payable through 2046.

Interest paid during the fiscal year ended June 30, 2019 was \$10,093.

Changes in long term obligations for the year ended June 30, 2019, are as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
<u>Business-Type Activities:</u>					
Notes from direct borrowings and direct placements:					
Rural Development (92-01)	\$ 47,000	\$ -	\$ 8,000	\$ 39,000	\$ 39,000
Rural Development (92-04)	<u>176,736</u>	<u>-</u>	<u>3,492</u>	<u>173,244</u>	<u>3,640</u>
Total	\$ <u>223,736</u>	\$ <u>-</u>	\$ <u>11,492</u>	\$ <u>212,244</u>	\$ <u>42,640</u>

**VILLAGE OF SIMSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

Debt service requirements on long-term debt at June 30, 2019, are as follows:

<u>Year Ended</u> <u>June 30, 2019</u>	<u>Direct borrowings</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 42,640	\$ 8,538
2021	3,797	7,135
2022	3,962	6,970
2023	4,134	6,799
2024	4,313	6,619
2025-2029	24,536	30,126
2030-2034	30,334	24,329
2035-2039	37,502	17,161
2040-2044	46,363	8,299
2045-2046	<u>14,663</u>	<u>462</u>
Total	\$ <u>212,244</u>	\$ <u>116,438</u>

**Note 12 - Interfund receivables, payables, and transfers**

Interfund receivables and payables at June 30, 2019, were as follows:

<u>Fund</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General fund	\$ 4,702	\$ -
Proprietary fund	<u>-</u>	<u>4,702</u>
Total	\$ <u>4,702</u>	\$ <u>4,702</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, 2019, were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ -	\$ 22,500
Proprietary fund	<u>22,500</u>	<u>-</u>
Total	\$ <u>22,500</u>	\$ <u>22,500</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, 2019, 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 \$3,000.

**VILLAGE OF SIMSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Note 14 – Fund balance classifications**

Amounts set aside for specific purposes by fund and fund balance classifications for the year ended June 30, 2019 are as follows:

<u>Classification/Fund</u>	<u>Purpose</u>	<u>Amount</u>
Restricted:		
General fund	Infrastructure for economic development and tourism	\$20,938
Assigned:		
Madden Park	Park collections and repairs	\$10,494

**Note 15 – Prior period adjustment**

The government-wide financial statements and fund basis financial statements include a prior period adjustment to correct the amount of outstanding balances due between the various funds of the Village which were setup over the years, and correct the accumulated depreciation recognized in the Water and Sewer fund.

	<u>Governmental</u>	<u>Business-type</u>
Net Position, as previously reported	\$ 685,179	\$ 1,837,520
Correction to clear prior year balances due between funds	(240,239)	235,095
Correction to accumulated depreciation	-	60,038
Net position, restated	<u>\$ 444,940</u>	<u>\$ 2,132,653</u>

	<u>General</u>	<u>Madden Park</u>
Fund balances, as previously reported	\$ 462,022	\$ 13,308
Correction to clear prior year balances due between funds	(237,409)	(2,830)
Fund balance, restated	<u>\$ 224,613</u>	<u>\$ 10,478</u>

**Note 16 – Subsequent events**

Subsequent events have been evaluated through December 31, 2019, 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.

## **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

**SCHEDULE 1**

**VILLAGE OF SIMSBORO, LOUISIANA**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance With Final Budget Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes				
Advalorem	\$ 18,000	\$ 19,550	\$ 18,869	(681)
Sales and use	23,500	87,200	100,026	12,826
Franchise and insurance premium	48,000	55,110	63,143	8,033
Intergovernmental	1,749	16,878	5,047	(11,831)
Charges for services	53,000	51,106	49,349	(1,757)
Fines and forfeitures	31,000	38,176	34,731	(3,445)
Interest income	41	110	778	668
Miscellaneous	4,650	318	869	551
Total revenues	<u>179,940</u>	<u>268,448</u>	<u>272,812</u>	<u>4,364</u>
 <b>EXPENDITURES</b>				
Current:				
General government	132,000	121,000	104,464	16,536
Public safety	30,000	26,500	41,991	(15,491)
Capital outlay	-	-	2,097	(2,097)
Total expenditures	<u>162,000</u>	<u>147,500</u>	<u>148,552</u>	<u>(1,052)</u>
Excess (deficiency) of revenues over (under) expenditures	17,940	120,948	124,260	3,312
 <b>Other financing sources (uses)</b>				
Transfers in	1,048	-	-	-
Transfers out	<u>(15,000)</u>	<u>(13,000)</u>	<u>(22,500)</u>	<u>(9,500)</u>
Total other financing sources (uses)	<u>(13,952)</u>	<u>(13,000)</u>	<u>(22,500)</u>	<u>(9,500)</u>
 <b>Net change in fund balance</b>	3,988	107,948	101,760	(6,188)
 <b>Fund balance at beginning of year</b>	<u>438,527</u>	<u>462,022</u>	<u>224,613</u>	<u>(237,409)</u>
 <b>Fund balance at end of year</b>	<u>\$ 442,515</u>	<u>\$ 569,970</u>	<u>\$ 326,373</u>	<u>\$ (243,597)</u>

**VILLAGE OF SIMSBORO, LOUISIANA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	<u>Madden Park</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 10,494
Total assets	<u>10,494</u>
<b>FUND BALANCE</b>	
Fund balances:	
Assigned	<u>10,494</u>
Total fund balances	<u>10,494</u>
Total fund balances	<u>\$ 10,494</u>

VILLAGE OF SIMSBORO, LOUISIANA

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

For the Year Ended June 30, 2019

	<u>Madden Park</u>
<b>REVENUES</b>	
Miscellaneous	\$ 16
Total revenues	<u>16</u>
<b>EXPENDITURES</b>	
General government	<u>-</u>
Total expenditures	<u>-</u>
Excess of revenues over expenditures	16
Fund balances - beginning, as originally stated	13,308
Prior period adjustment	<u>(2,830)</u>
Fund balance- beginning, restated	<u>10,478</u>
Fund balances - ending	<u><u>\$ 10,494</u></u>

VILLAGE OF SIMSBORO, LOUISIANA

Budgetary Comparison Schedule - Nonmajor governmental fund

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
<b>REVENUES</b>				
Miscellaneous	\$ 14	\$ 12	\$ 16	\$ 4
Total revenues	<u>14</u>	<u>12</u>	<u>16</u>	<u>4</u>
 <b>EXPENDITURES</b>				
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Excess of revenues over expenditures	14	12	16	4
 Fund balances - beginning	<u>15,184</u>	<u>15,184</u>	<u>10,478</u>	<u>(4,706)</u>
 Fund balances - ending	<u>\$ 15,198</u>	<u>\$ 15,196</u>	<u>\$ 10,494</u>	<u>\$ (4,702)</u>

**VILLAGE OF SIMSBORO, LOUISIANA  
SCHEDULE OF COMPENSATION PAID ALDERMAN  
FOR THE YEAR ENDED JUNE 30, 2019**

The following payments were made to the Alderman of the Village of Simsboro, Louisiana during the year ended June 30, 2019:

Doug Durrett	\$ 600
Joe Reed	300
Hazel Tuminello	600
Jerry White	<u>300</u>
Total	<u>\$ 1,800</u>

**VILLAGE OF SIMSBORO, LOUISIANA  
SCHEDULE OF COMPENSATION, BENEFITS AND  
OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED JUNE 30, 2019**

Agency Head: Sybil Smalling-Foster, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 12,000
Reimbursement	730
Travel	<u>860</u>
	<u>\$ 13,590</u>

## **OTHER REPORTS**

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

CERTIFIED PUBLIC ACCOUNTANTS

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AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## 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, 2019, 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 December 31, 2019.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Village of Simsboro, Louisiana's internal control over financial reporting (internal control) to determine the 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding 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. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings as items 2019-01, 2019-02, and 2019-03 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings as item 2019-04 to be a significant deficiency.

### **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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as item 2019-05.

### **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 and questioned costs. 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. Although the intended use of these reports may be limited, under Louisiana Revised State 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

*Wise Martin & Cole LLC*

Minden, Louisiana  
December 31, 2019

**OTHER INFORMATION**

**VILLAGE OF SIMSBORO, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

There were two findings in the prior year review for the year ended June 30, 2018 as follows:

**2018-01 Accounting and Reporting**

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

Current Status: Resolved.

**2018-02 Advances and Bonuses**

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

Current Status: Resolved.

**VILLAGE OF SIMSBORO, LOUISIANA  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

**2019-01 Internal controls over financial reporting**

**Origination date:** June 30, 2019

**Criteria:** 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.

**Condition found:** During our testing of year end balances and transactions, we noted significant adjustments were need to address year end balances of accounts receivable, interfund receivables and payables, inventory, accumulated depreciation, and the classification of expenditures for the public safety function. The Village recognized and approved the necessary adjustments to correct the year end balances.

**Cause:** Balances were not adjusted by fee accountant or Village at year end.

**Effect:** The Village's controls over year-end reporting may not identify material misstatements on a timely basis.

**Recommendation:** The Village should establish quality control procedures to ensure that year-end reporting is complete and accurate.

**View of Responsible Official and Correction Action Plan:** We will meet with fee accountant and establish a system to address this problem.

**2019-02 Lack of segregation of duties**

**Origination date:** June 30, 2019

**Criteria:** Duties should be segregated to serve as a check and balance on the employee's integrity and to maintain the best control system as possible.

**Condition found:**

- The Village clerk handles all duties over the receipt, deposit, and recording of revenues.
- Deposits received by the different employees using the same cash drawer.
- Bank reconciliations are not reviewed by someone not involved in the cash process.
- Lack of written documentation or approval of adjustments to be made to the general ledger.
- Same employee who maintains accounts receivable balances, is involved in write-offs of old outstanding accounts, and handling cash receipts and preparing deposits.

**Cause:** The Village has a small number of employees available to handle financial activities.

**VILLAGE OF SIMSBORO, LOUISIANA  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Effect:** The Village's controls over year-end reporting may not identify material misstatements on a timely basis.

**Recommendation:** The Village should establish quality control procedures to ensure that year-end reporting is complete and accurate.

**View of Responsible Official and Correction Action Plan:** Village does not have funds to hire more people, so the mayor and clerk are the only two that handle this situation.

**2019-03 Controls over utility billings and cash collections**

**Origination date:** June 30, 2019

**Criteria:** Controls over utility billings and collections will ensure the accuracy of the record-keeping process and maintain the accounts receivable on a timelier and more accurate basis.

**Condition found:**

- Cash drawers are not being reconciled daily and reviewed by someone outside of the cash collections process. Any amounts over must be deposited and not kept in the drawer.
- The Village does not record the monthly utility billings activity, which includes billings, late charge assessments, and adjustments made through the billing software in the general ledger. Therefore, the accounts receivable balance in the general ledger is not reconciled monthly with the detailed accounts receivable customer listing.
- Adjustments to customer accounts are not reviewed and approved by someone other than the person responsible for the utility billings processes.
- Lack of written backup for adjustments made to customer accounts.
- Lack of reconciliations of meter deposit liability per subsidiary journals to general ledger on a monthly basis.
- Large percentage of receivables is over 90 days old. Allowance for doubtful accounts was not recognized or reviewed during the year.

**Cause:** One employee is responsible for the utility billings activity, which is recorded as cash is received.

**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:** The Village should establish quality control procedures to ensure that collections and utility billing activities are complete and accurate.

**View of Responsible Official and Correction Action Plan:** I, as mayor, will sign off on adjustments and backup notes will be added. We will also review our billing program to see what changes need to be made.

**VILLAGE OF SIMSBORO, LOUISIANA  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

**2019-04 Controls over inventory and capital assets**

**Origination date:** June 30, 2019

**Criteria:** Controls require that written procedures be followed to meet management's expectations.

**Condition found:** When testing inventory and capital assets, it was noted that the Village has written policies and procedures that are not being implemented.

- Inventory and capital asset procedures require material/inventory lists with information such as dates, costs, serial numbers. The inventory list to be reviewed monthly by Mayor.
- Capital asset procedures require assets to be tagged, preparation of a fixed asset spreadsheet with dates, descriptions, costs, disposition and purpose of disposition.
- Capital asset lists to be reviewed and signed by Mayor and Alderman annually.

**Cause:** Unknown.

**Effect:** Failure to follow written procedures could result in failure to implement controls designed to address risk of loss and theft of assets.

**Recommendation:** We recommend that the Village review its current policies and procedures to make sure they include procedures that are designed to address the Village's current risks and environment.

**Management's Response:** The Village will follow procedures more closely in the future.

**2019-05 Budget**

**Origination date:** June 30, 2019

**Criteria:** The Local Government Budget Act sets for the requirements for adopting and amending the Village's budget.

**Condition found:** The Village did not amend its budget for the General fund in accordance with the Local Government Budget Act. Total expenditures and transfers out for the General fund exceeded budgeted amounts by more than five percent for the year ended June 30, 2019.

**Cause:** The Village did not appropriately monitor its budget and amend the budget for the General fund for transfers out.

**Effect:** The Village was not in compliance with the Local Government Budget Act.

**VILLAGE OF SIMSBORO, LOUISIANA  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Recommendation:** The Village should monitor its budget throughout the year and appropriately amend the budget when the actual plus projected expenditures and other financing uses, such as, transfers out, exceed budgeted amounts by five percent or more.

**View of Responsible Official and Correction Action Plan:** We will monitor our budget more carefully and amend as needed.

**WISE, MARTIN & COLE, L.L.C.**  
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**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Alderman of the Village of Simsboro, Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Village of Simsboro, Louisiana (Village) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Village's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

***Exception: Written policies and procedures were obtained and address all of the functions above except for "amending the budget".***

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

***Exception: Written policies and procedures were obtained but do not address functions (1) – (4).***

- c) **Disbursements**, including processing, reviewing, and approving

*Written policies and procedures were obtained and address all of the functions above.*

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

**Exception: Written policies and procedures were obtained and address all of the functions above except for "management's actions to determine completeness of all collections for each type of revenue."**

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*Written policies and procedures were obtained and address all of the functions above.*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

**Exception: Management did not provide a policy and procedures addressing contracting.**

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

**Exception: Written policies and procedures were obtained and address all of the functions above except for "required approvers of statements."**

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

*Written policies and procedures were obtained and address all of the functions above.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

**Exception: Written policies and procedures were obtained but do not address functions (1) – (4).**

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Exception: Management did not provide a policy and procedures addressing debt service.**

- k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

***Exception: Written policies and procedures were obtained and address function (2). Functions (1), (3) – (6) were not addressed.***

### ***Board or Finance Committee***

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board’s enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

***Exception: No enabling legislation, charter, bylaws or equivalent document were provided.***

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board’s enabling legislation, charter, bylaws, or other equivalent document.

*Obtained and reviewed minutes of the board for the fiscal period noting that the board met monthly.*

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds

***Exception: No mention in the minutes referenced or included monthly budget to actual comparisons on the general fund or the proprietary funds.***

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

*This procedure does not apply.*

### ***Bank Reconciliations***

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- 3. Obtain a listing of client bank accounts for the fiscal period from management and management’s representation that the listing is complete. Ask management to identify the entity’s main operating account. Select the entity’s main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

*Management provided us with the required list and representation that the list was complete.*

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

*No exceptions noted.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

***Exception: Bank reconciliations did not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.***

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

***Exception: The water operating account did not have the required documentation reflecting that management has researched reconciling items outstanding more than 12 months.***

#### ***Collections (excluding EFTs)***

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*Management provided us with the required list and representation that the list was complete.*

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

*Management provided us with the required list and representation that the list was complete.*

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

***Exception: One cash drawer is shared between the Mayor and Clerk who both collect cash throughout the day.***

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

*No exception noted.*

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

***Exception: The same employee collects cash and posts collection entries to the general ledger. No other employee/official is responsible for reconciling ledger postings to each other and to the deposit.***

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

***Exception: No one reconciles cash collections to the general ledger by revenue source.***

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

*Management asserts that all employees who have access to cash are covered by a bond or insurance policy for theft.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

*No exception noted.*

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*No exception noted.*

- c) Trace the deposit slip total to the actual deposit per the bank statement.

*No exception noted.*

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

***Exception: One deposit was not made within one week from business day of receipt.***

- e) Trace the actual deposit per the bank statement to the general ledger.

*No exception noted.*

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

---

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

*Management provided us with the required list and representation that the list was complete.*

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

*Management provided us with the required list and representation that the list was complete.*

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*No exception noted.*

- b) At least two employees are involved in processing and approving payments to vendors.

*No exception noted.*

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

***Exception: The same employee responsible for processing payments, can also add a new vendor. The current policy does not address periodically reviewing changes to vendor files.***

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

***Exception: Once checks are signed, they go back to the Village clerk to be mailed. The Village clerk is also responsible for processing payments.***

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

*b) No exceptions noted.*

- c) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*No exceptions noted.*

**Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*Management provided us with the required list and representation that the list was complete.*

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

*No exceptions noted.*

- b) Observe that finance charges and late fees were not assessed on the selected statements.

*No exceptions noted.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

***Exception: One item did not have an original itemized receipt that identifies what was purchased.***

**Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

---

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

*Management provided us with the required list and representation that the list was complete.*

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

***Exception: Reimbursement rate did not agree to rates established by the State of Louisiana or the U.S. General Services Administration. A per diem rate of 53.5 was used, instead of 54.5.***

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*This procedure does not apply.*

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

*No exceptions noted.*

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

***Exception: Reimbursement was not reviewed by Board as stated in the policy.***

### ***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

*Management provided us with the required list and representation that the list was complete.*

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

*No exceptions noted.*

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

*No exceptions noted.*

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

*This procedure does not apply.*

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*No exceptions noted.*

### ***Payroll and Personnel***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*Management provided us with the required list and representation that the list was complete.*

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

***Exception: Daily attendance and leave was not documented.***

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

***Exception: Daily attendance and leave was not documented, and therefore not approved.***

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

***Exception: Daily attendance and leave was not documented.***

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

*Management provided us with the required list and representation that the list was complete. This procedure does not apply since no employees received termination payments.*

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

**Exception:** *Management provided us with representation, and noted that retirement contributions were not paid or filed by the required deadlines.*

#### **Ethics**

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

**Exception:** *The Village clerk and one official did not complete the one hour of ethics training during the fiscal period.*

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

**Exception:** *No documentation provided that demonstrates each employee/official attested that he or she has read the entity's ethics policy during the fiscal period.*

#### **Debt Service**

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

*Management provided us with the required list and representation that the list was complete. This procedure does not apply, no bonds were issued during the fiscal year.*

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*Management provided us with the required list and representation that the list was complete.*

**Exception:** *Reserve for depreciation and contingency not being made during the fiscal year.*

***Other***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management provided us with the required list and representation that the list was complete.*

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Observed notice at Village premises. Village does not have a website.*

**Please refer to the following attachment for management's response to the Agreed Upon Procedure exceptions.**

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Wesley Martin & Cole LLC*

Minden, Louisiana  
December 31, 2019

**Written Policies and Procedures**

**1. (b) Policy will be written to reflect how the above 4 functions are handled**

**(d) Policy will be written to cover this**

**(f) Policy will be written to include contracting**

**(g) Policy will be written**

**(i) This will be addressed thru Board of Aldermen**

**(j) One will be written**

**(k) These items will be addressed and added to policy**

**Board of Finance Committee**

**2. We do not have a board/finance committee**

**(b) We rely on our CPA for this function**

**Bank reconciliations**

**(b) WE will have a board member review bank reconciliations**

**(c) We are in process of correcting this**

**Collections**

**(a) We will address this issue**

**Non Payroll Disbursements**

**9 (c) Policy will be written**

**Travel**

**(a) This will be corrected**

**(d) A board member will approve reimbursement**

**Payroll and Personnel**

**(a) Leave is documented. Attendance is not due to small number of employees, it is obvious when a worker is not present.**

**Ethics**

**(a) This will be corrected going forward**

**(b) This will be corrected**