

TOWN OF SIMMESPORT, LOUISIANA

Financial Report

Year Ended June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Simmesport, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Simmesport, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

Summary of Opinions

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

Basis for Qualified Opinion on Governmental Activities and General Fund

Management of the Town of Simmesport, Louisiana, did not retain sufficient records and provide adequate audit evidence necessary for us to express an opinion or provide any assurance on the fees, fines and charges for services reported on the statement of activities and the amount of fines and forfeits reported in the statements of revenues, expenditures and changes in fund balances.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities and General Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the Town of Simmesport, Louisiana, as of June 30, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund other than the General Fund, and the aggregate remaining fund information of the Town of Simmesport, Louisiana as of June 30, 2017, 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.

Emphasis of Matter

As described in Note 12, the Town’s June 30, 2016 financial statements contained a misstatement. The Town has restated its June 30, 2017 beginning balances for the correction of this misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 33 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic

financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2019, on our consideration of the Town of Simmesport, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Simmesport, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
March 20, 2019

BASIC FINANCIAL STATEMENTS

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

TOWN OF SIMMESPORT, LOUISIANA

Statement of Net Position
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 442,514	\$ 268,008	\$ 710,522
Receivables, net	72,481	79,449	151,930
Due from other governmental agencies	428	-	428
Restricted assets:			
Cash and interest-bearing deposits	-	99,438	99,438
Capital assets:			
Non depreciable capital assets	30,036	17,636	47,672
Depreciable capital assets, net	904,074	1,883,358	2,787,432
Total assets	<u>1,449,533</u>	<u>2,347,889</u>	<u>3,797,422</u>
LIABILITIES			
Accounts, salaries and other payables	28,491	36,690	65,181
Due to other governmental agencies	-	4,943	4,943
Long-term liabilities:			
Portion due within one year-			
Capital lease payable	9,139	-	9,139
Note payable	12,217	-	12,217
Bonds payable	13,000	22,000	35,000
Portion due after one year-			
Customers' deposits payable	-	73,820	73,820
Due to DOTD	-	77,500	77,500
Capital lease payable	4,802	-	4,802
Note payable	22,552	-	22,552
Bonds payable	42,000	159,000	201,000
Total liabilities	<u>132,201</u>	<u>373,953</u>	<u>506,154</u>
NET POSITION			
Net investment in capital assets	830,400	1,741,994	2,572,394
Restricted for debt service	3,911	3,618	7,529
Unrestricted	483,021	228,324	711,345
Total net position	<u>\$ 1,317,332</u>	<u>\$ 1,973,936</u>	<u>\$ 3,291,268</u>

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

TOWN OF SIMMESPORT, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2017

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 248,486	\$ -	\$ -	\$ -	\$ (248,486)	\$ -	\$ (248,486)
Public safety:							
Police	424,952	81,921	18,932	-	(324,099)	-	(324,099)
Fire	3,796	-	-	-	(3,796)	-	(3,796)
Recreation	5,337	-	-	-	(5,337)	-	(5,337)
Streets and sidewalks	187,175	-	-	-	(187,175)	-	(187,175)
Interest on long-term debt	7,856	-	-	-	(7,856)	-	(7,856)
Total governmental activities	<u>877,602</u>	<u>81,921</u>	<u>18,932</u>	<u>-</u>	<u>(776,749)</u>	<u>-</u>	<u>(776,749)</u>
Business-type activities:							
Water and sewer	411,019	376,910	-	3,325	-	(30,784)	(30,784)
Gas	188,316	176,872	-	-	-	(11,444)	(11,444)
Total business-type activities	<u>599,335</u>	<u>553,782</u>	<u>-</u>	<u>3,325</u>	<u>-</u>	<u>(42,228)</u>	<u>(42,228)</u>
Total	<u>\$ 1,476,937</u>	<u>\$ 635,703</u>	<u>\$ 18,932</u>	<u>\$ 3,325</u>	<u>(776,749)</u>	<u>(42,228)</u>	<u>(818,977)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					21,453	-	21,453
Sales and use taxes, levied for specific purposes					367,100	-	367,100
Franchise taxes					78,295	-	78,295
Licenses and permits -							
Occupational licenses					72,820	-	72,820
Grants and contributions not restricted to specific programs -							
State sources					50,362	-	50,362
Interest and investment earnings					-	42	42
Miscellaneous					144,166	-	144,166
Transfers					(51,646)	51,646	-
Total general revenues and transfers					<u>682,550</u>	<u>51,688</u>	<u>734,238</u>
Change in net position					(94,199)	9,460	(84,739)
Net position, beginning, as restated					<u>1,411,531</u>	<u>1,964,476</u>	<u>3,376,007</u>
Net position, ending					<u>\$ 1,317,332</u>	<u>\$ 1,973,936</u>	<u>\$ 3,291,268</u>

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

FUND FINANCIAL STATEMENTS (FFS)

TOWN OF SIMMESPORT, LOUISIANA

Balance Sheet
 Governmental Funds
 June 30, 2017

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
ASSETS				
Cash and interest-bearing deposits	\$ 435,278	\$ 3,325	\$3,911	\$ 442,514
Receivables, net				
Taxes	32,409	-	-	32,409
Other	40,072	-	-	40,072
Due from other governmental agencies	<u>428</u>	<u>-</u>	<u>-</u>	<u>428</u>
Total assets	<u>\$ 508,187</u>	<u>\$ 3,325</u>	<u>\$3,911</u>	<u>\$ 515,423</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries and other payables	<u>\$ 25,166</u>	<u>\$ 3,325</u>	<u>\$ -</u>	<u>\$ 28,491</u>
Fund balances:				
Restricted for debt service	-	-	3,911	3,911
Unassigned	<u>483,021</u>	<u>-</u>	<u>-</u>	<u>483,021</u>
Total fund balances	<u>483,021</u>	<u>-</u>	<u>3,911</u>	<u>486,932</u>
Total liabilities and fund balances	<u>\$ 508,187</u>	<u>\$ 3,325</u>	<u>\$3,911</u>	<u>\$ 515,423</u>

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

TOWN OF SIMMESPORT, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2017

Total fund balances for governmental funds		\$ 486,932	
Capital assets, net		934,110	
Long-Term Liabilities:			
Capital lease payable	\$ (13,941)		
Notes payable	(34,769)		
Bonds payable	<u>(55,000)</u>	<u>(103,710)</u>	
Net position at June 30, 2017		<u>\$ 1,317,332</u>	

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

TOWN OF SIMMESPORT, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2017

	General	Capital Projects	Other Governmental Funds	Totals
Revenues:				
Taxes-				
Sales and use tax	\$ 367,100	\$ -	\$ -	\$ 367,100
Ad valorem	21,453	-	-	21,453
Franchise	78,295	-	-	78,295
Licenses and permits	72,820	-	-	72,820
Intergovernmental	69,294	103,822	-	173,116
Fines and forfeits	81,921	-	-	81,921
Miscellaneous	40,344	-	-	40,344
Total revenues	<u>731,227</u>	<u>103,822</u>	<u>-</u>	<u>835,049</u>
Expenditures:				
Current -				
General government	221,328	-	-	221,328
Public safety:				
Police	410,494	-	-	410,494
Fire	3,796	-	-	3,796
Recreation	5,337	-	-	5,337
Streets and sidewalks	154,857	-	-	154,857
Capital outlay	38,250	-	-	38,250
Debt service				
Principle	20,665	-	13,000	33,665
Interest	6,206	-	1,650	7,856
Total expenditures	<u>860,933</u>	<u>-</u>	<u>14,650</u>	<u>875,583</u>
Excess (deficiency) of revenues over expenditures	<u>(129,706)</u>	<u>103,822</u>	<u>(14,650)</u>	<u>(40,534)</u>
Other financing sources (uses):				
Transfers in	52,531	-	11,847	64,378
Transfers out	(12,202)	(103,822)	-	(116,024)
Total other financing sources (uses)	<u>40,329</u>	<u>(103,822)</u>	<u>11,847</u>	<u>(51,646)</u>
Net changes in fund balances	(89,377)	-	(2,803)	(92,180)
Fund balances, beginning, as restated	<u>572,398</u>	<u>-</u>	<u>6,714</u>	<u>579,112</u>
Fund balances, ending	<u>\$ 483,021</u>	<u>\$ -</u>	<u>\$ 3,911</u>	<u>\$ 486,932</u>

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

TOWN OF SIMMESPORT, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2017

Total net change in fund balances per the Statement of Revenue, Expenditures and Changes in fund balances			\$ (92,180)
Capital assets:			
Capital outlay	\$	38,250	
Depreciation expense		<u>(75,898)</u>	(37,648)
Long-term liabilities:			
Accrued interest payable		276	
Change in compensated absences		1,688	
Principal paid on capital lease		8,984	
Principal paid on notes payable		11,681	
Principal paid on bonds payable		<u>13,000</u>	<u>35,629</u>
Total changes in net position per Statement of Activities			<u>\$ (94,199)</u>

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

TOWN OF SIMMESPORT, LOUISIANA

Statement of Net Position
 Proprietary Funds - Enterprise Funds
 June 30, 2017

	<u>Water & Sewer Utility</u>	<u>Natural Gas System</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 97,392	\$ 170,616	\$ 268,008
Accounts receivables, net	<u>58,895</u>	<u>20,554</u>	<u>79,449</u>
Total current assets	<u>156,287</u>	<u>191,170</u>	<u>347,457</u>
Noncurrent assets:			
Restricted assets -			
Cash and interest-bearing deposits	50,611	48,827	99,438
Capital assets -			
Non depreciable capital assets	17,636	-	17,636
Depreciable capital assets, net	<u>1,731,915</u>	<u>151,443</u>	<u>1,883,358</u>
Total noncurrent assets	<u>1,800,162</u>	<u>200,270</u>	<u>2,000,432</u>
Total assets	<u>\$ 1,956,449</u>	<u>\$ 391,440</u>	<u>\$ 2,347,889</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries and other payables	\$ 18,454	\$ 18,236	\$ 36,690
Due to other governments	4,943	-	4,943
Payable from restricted assets -			
Revenue bonds	<u>22,000</u>	<u>-</u>	<u>22,000</u>
Total current liabilities	<u>45,397</u>	<u>18,236</u>	<u>63,633</u>
Noncurrent liabilities:			
Customers' deposits	24,993	48,827	73,820
Due to DOTD	-	77,500	77,500
Revenue bonds payable	<u>159,000</u>	<u>-</u>	<u>159,000</u>
Total noncurrent liabilities	<u>183,993</u>	<u>126,327</u>	<u>310,320</u>
Total liabilities	<u>229,390</u>	<u>144,563</u>	<u>373,953</u>
NET POSITION			
Net investment in capital assets	1,590,551	151,443	1,741,994
Restricted for debt service	3,618	-	3,618
Unrestricted	<u>132,890</u>	<u>95,434</u>	<u>228,324</u>
Total net position	<u>\$ 1,727,059</u>	<u>\$ 246,877</u>	<u>\$ 1,973,936</u>

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

TOWN OF SIMMESPORT, LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds - Enterprise Funds
 For the Year Ended June 30, 2017

	Water & Sewer Utility	Natural Gas System	Total
Operating revenues:			
Charges for services -			
Water service charges	\$ 217,439	\$ -	\$ 217,439
Sewer service charges	146,472	-	146,472
Gas charges	-	176,872	176,872
Installation and other charges	12,999	-	12,999
Total operating revenues	<u>376,910</u>	<u>176,872</u>	<u>553,782</u>
Operating expenses:			
Salaries	136,762	67,552	204,314
Payroll taxes	10,795	5,345	16,140
Depreciation expense	89,309	28,020	117,329
Maintenance and repairs	28,764	5,322	34,086
Legal and professional	2,316	408	2,724
Insurance	13,998	9,779	23,777
Office supplies and postage	3,870	1,396	5,266
Fuel and oil	7,348	-	7,348
Chemicals and supplies	49,911	4,888	54,799
Utilities and telephone	48,628	1,838	50,466
Gas purchases	-	49,886	49,886
Other	17,598	13,882	31,480
Total operating expenses	<u>409,299</u>	<u>188,316</u>	<u>597,615</u>
Operating income (loss)	<u>(32,389)</u>	<u>(11,444)</u>	<u>(43,833)</u>
Nonoperating revenues (expenses):			
Interest income	16	26	42
State grants	3,325	-	3,325
Interest expense	(1,720)	-	(1,720)
Total nonoperating revenues (expenses)	<u>1,621</u>	<u>26</u>	<u>1,647</u>
Income before transfers	(30,768)	(11,418)	(42,186)
Transfers in (out)			
Transfers in	88,096	-	88,096
Transfers out	(9,885)	(26,565)	(36,450)
Total transfers in (out)	<u>78,211</u>	<u>(26,565)</u>	<u>51,646</u>
Change in net position	47,443	(37,983)	9,460
Net position, beginning	<u>1,679,616</u>	<u>284,860</u>	<u>1,964,476</u>
Net position, ending	<u>\$ 1,727,059</u>	<u>\$ 246,877</u>	<u>\$ 1,973,936</u>

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

TOWN OF SIMMESPORT, LOUISIANA

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2017

	Water & Sewer Utility	Natural Gas System	Total
Cash flows from operating activities:			
Receipts from customers	\$ 371,277	\$ 174,365	\$ 545,642
Payments to suppliers	(249,705)	(74,783)	(324,488)
Payments to employees	<u>(148,282)</u>	<u>(73,440)</u>	<u>(221,722)</u>
Net cash provided (used) by operating activities	<u>(26,710)</u>	<u>26,142</u>	<u>(568)</u>
Cash flows from noncapital financing activities:			
Cash received from other funds	78,211	-	78,211
Cash paid to other funds	-	(26,565)	(26,565)
Customer deposits	<u>(389)</u>	<u>492</u>	<u>103</u>
Net cash provided (used) by noncapital financing activities	<u>77,822</u>	<u>(26,073)</u>	<u>51,749</u>
Cash flows from capital and related financing activities:			
Interest and fiscal charges paid on revenue bonds	(1,720)	-	(1,720)
Proceeds from grant	85,557	-	85,557
Acquisition of property, plant and equipment	<u>(117,208)</u>	<u>-</u>	<u>(117,208)</u>
Net cash used by capital and related financing activities	<u>(33,371)</u>	<u>-</u>	<u>(33,371)</u>
Cash flows from investing activities:			
Interest received on interest-bearing deposits	<u>36</u>	<u>98</u>	<u>134</u>
Net increase in cash and cash equivalents	17,777	167	17,944
Cash and cash equivalents, beginning of period	<u>130,226</u>	<u>219,276</u>	<u>349,502</u>
Cash and cash equivalents, end of period	<u>\$ 148,003</u>	<u>\$ 219,443</u>	<u>\$ 367,446</u>

(continued)

TOWN OF SIMMESPORT, LOUISIANA

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2017

	<u>Water & Sewer Utility</u>	<u>Natural Gas System</u>	<u>Total</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (32,389)	\$ (11,444)	\$ (43,833)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	89,309	28,020	117,329
Changes in current assets and liabilities:			
Increase in accounts receivable	(10,576)	(2,507)	(13,083)
Increase (decrease) in accounts payable	(77,272)	12,616	(64,656)
Increase (decrease) in due to other governments	4,943	-	4,943
Decrease in compensated absenses	<u>(725)</u>	<u>(543)</u>	<u>(1,268)</u>
Net cash provided (used) by operating activities	<u>\$ (26,710)</u>	<u>\$ 26,142</u>	<u>\$ (568)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position			
Cash and cash equivalents, beginning of period -			
Cash and interest-bearing deposits - unrestricted	\$ 86,393	\$ 170,941	\$ 257,334
Cash and interest-bearing deposits - restricted	<u>43,833</u>	<u>48,335</u>	<u>92,168</u>
Total cash and cash equivalents, beginning of period	<u>130,226</u>	<u>219,276</u>	<u>349,502</u>
Cash and cash equivalents, end of period -			
Cash and interest-bearing deposits - unrestricted	97,392	170,616	268,008
Cash and interest-bearing deposits - restricted	<u>50,611</u>	<u>48,827</u>	<u>99,438</u>
Total cash and cash equivalents, end of period	<u>148,003</u>	<u>219,443</u>	<u>367,446</u>
Net increase in cash and cash equivalents	<u>\$ 17,777</u>	<u>\$ 167</u>	<u>\$ 17,944</u>

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

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

Fund Financial Statements

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

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

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

Governmental Funds –

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

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds –

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

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

C. Measurement Focus/Basis of Accounting

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

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

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

The measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income. The measurement focus of the proprietary fund types, the flow of economic resources, is based upon determination of net income, net position and cash flows.

The accrual basis of accounting is used throughout the government-wide statements; conversely, the financial statements of the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception to this is grants collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. The Town considers reimbursement amounts received within one year as available. The Town accrues intergovernmental revenue, ad valorem and sales tax revenue, franchise fees and charges for services, based upon this concept. Expenditures generally are recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt, as well as expenditure related to compensated absences and claims and judgments, are recorded as expenditures when paid.

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

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

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

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

Cash and interest-bearing deposits

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

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

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes. Business-type activities report customers' utility service receivables as their major receivables. Uncollectible amounts due from customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. No allowance for uncollectible receivables is recorded at June 30, 2017. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are recorded at year-end.

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

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

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

Buildings and improvements	20-50 years
Vehicles and movable equipment	7-15 years
Heavy equipment	10-20 years
Utility system and improvements	20-50 years

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

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

Long-term debt

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

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

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

Compensated Absences

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

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

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period (s) and so will not be recognized as an inflow of resources (revenue) until that time.

Equity Classifications

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

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

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

- a. Non-spendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact.
- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors, or amounts constrained due to constitutional provisions or enabling legislation or the laws or regulations of other governments.

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

- c. Committed includes fund balance amounts that can be used only for specific purposes that are internally imposed by the Town through formal legislative action of the Mayor and Alderman and does not lapse at year end. A committed fund balance constraint can only be established, modified or rescinded by passage of an ordinance (Law) by the Mayor and Alderman.
- d. Assigned includes fund balance amounts that are constrained by the Town's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the Town administrator and approval of a resolution by the Mayor and Alderman.
- e. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

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

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

E. Revenues, Expenditures, and Expenses

Revenues

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

There are two classifications of programmatic revenues for the Town, grant revenue and program revenue. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. Program revenues are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole. Program revenues reduce the cost of the function to be financed from the Town's general revenues. The primary sources of program revenue are fees, fines, and charges paid by recipients of goods or services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and earned income in connection with the operation of the Town's utility system.

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

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

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

Substantially all other revenues are recorded when received.

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

Interfund Transfers

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

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

F. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

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

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered, or the Town will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial risks; however, under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) and the related federal insurance and pledged securities:

Bank balances	<u>\$ 869,972</u>
Federal deposit insurance	\$ 280,241
Uninsured and collateral held by the pledging banks, not in the Town's name	<u>589,731</u>
Total FDIC insurance and pledged securities	<u>\$ 869,972</u>

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

(3) Capital Assets

Capital asset activity was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated -				
Land	\$ 24,786	\$ 5,250	\$ -	\$ 30,036
Other capital assets -				
Buildings and improvements	739,593	29,750	-	769,343
Equipment, furniture and fixtures	<u>1,661,020</u>	<u>3,250</u>	<u>-</u>	<u>1,664,270</u>
Totals	<u>2,425,399</u>	<u>38,250</u>	<u>-</u>	<u>2,463,649</u>
Less accumulated depreciation -				
Buildings and improvements	267,132	24,292	-	291,424
Equipment, furniture and fixtures	<u>1,186,509</u>	<u>51,606</u>	<u>-</u>	<u>1,238,115</u>
Total accumulated depreciation	<u>1,453,641</u>	<u>75,898</u>	<u>-</u>	<u>1,529,539</u>
Governmental activities, capital assets, net	<u>\$ 971,758</u>	<u>\$ (37,648)</u>	<u>\$ -</u>	<u>\$ 934,110</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated -				
Land	\$ 17,636	\$ -	\$ -	\$ 17,636
Construction in progress	434,722	-	434,722	-
Other capital assets -				
Water system	1,275,422	550,399	-	1,825,821
Sewer system	2,480,681	1,531	-	2,482,212
Gas system	<u>1,114,702</u>	<u>-</u>	<u>-</u>	<u>1,114,702</u>
Totals	<u>5,323,163</u>	<u>551,930</u>	<u>434,722</u>	<u>5,440,371</u>
Less accumulated depreciation -				
Water system	1,289,266	23,338	-	1,312,604
Sewer system	1,197,543	65,971	-	1,263,514
Machinery and equipment	<u>935,239</u>	<u>28,020</u>	<u>-</u>	<u>963,259</u>
Total accumulated depreciation	<u>3,422,048</u>	<u>117,329</u>	<u>-</u>	<u>3,539,377</u>
Business-type activities, capital assets, net	<u>\$ 1,901,115</u>	<u>\$ 434,601</u>	<u>\$ 434,722</u>	<u>\$ 1,900,994</u>

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

Depreciation expense was charged to governmental activities as follows:

General government	\$ 27,434
Police	16,146
Streets and sidewalks	<u>32,318</u>
Total depreciation expense	<u>\$ 75,898</u>

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

Water/Sewer	\$ 89,309
Gas	<u>28,020</u>
Total depreciation expense	<u>\$ 117,329</u>

(4) Restricted Assets

Restricted assets consisted of the following:

	<u>Water/Sewer System</u>	<u>Gas System</u>	<u>Total</u>
Customers' deposit	\$ 24,993	\$ 48,827	\$ 73,820
2011 sinking fund	10,246	-	10,246
2011 revenue bond reserve fund	<u>15,372</u>	<u>-</u>	<u>15,372</u>
Total restricted assets	<u>\$ 50,611</u>	<u>\$ 48,827</u>	<u>\$ 99,438</u>

(5) Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions for the Town:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amount due in one year</u>
Governmental Activities:					
Capital lease	\$ 22,925	\$ -	\$ 8,984	\$ 13,941	\$ 9,139
Note payable	46,450	-	11,681	34,769	12,217
General obligation bond	68,000	-	13,000	55,000	13,000
Compensated absences	<u>1,688</u>	<u>-</u>	<u>1,688</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 139,063</u>	<u>\$ -</u>	<u>\$ 35,353</u>	<u>\$ 103,710</u>	<u>\$ 34,356</u>
Business Type Activities					
Sewer Revenue Bond	<u>\$ 181,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,000</u>	<u>\$ 22,000</u>

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

Governmental-Activities:

Bonds and notes payables consisted of the following:

General obligation bond:

\$80,000 of Series 2015 certificates of indebtedness dated August 11, 2015 due in annual installments ranging from \$8,000 to \$14,000 through March 1, 2021; interest at 2.47 percent; secured by a pledge of sales tax revenue. \$ 55,000

Note Payable:

The Town entered into purchase agreement for equipment through Simmesport State Bank in the amount of \$49,625 on February 26, 2016. The Note is due in monthly installments of \$1,128, with interest of 4.5 percent, through February 1, 2020. \$ 34,769

The bond and note payable are due as follows:

Year Ending June 30,	Bond Payable		Note Payable	
	Principal	Interest	Principal	Interest
2018	\$ 13,000	\$ 1,348	\$ 12,217	\$ 1,315
2019	14,000	1,045	12,779	753
2020	14,000	715	9,773	178
2021	14,000	385	-	-
	<u>\$ 55,000</u>	<u>\$ 3,493</u>	<u>\$ 34,769</u>	<u>\$ 2,246</u>

The Town is obligated under a capital lease. The leased asset is recorded in capital assets at \$33,399 with accumulated depreciation of \$15,586 and the applicable debt recorded in long-term debt. The following is a schedule of future minimum lease payments under the lease and the present value of the net minimum lease payments at June 30, 2017.

Year Ending June 30,	Governmental Activities
2018	\$ 9,139
2019	<u>5,328</u>
Total minimum lease payments	14,467
Less amount representing interest	<u>(526)</u>
Present value of minimum lease payments	<u>\$ 13,941</u>

Depreciation of vehicles under capital lease in the amount of \$6,680 is included in depreciation expense of governmental activities for the year ended June 30, 2017.

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

Business-Type Activities:

Bonds consisted of the following:

Revenue bond:

\$236,000 of 2011 Sewer Revenue Bonds dated June 16, 2011, due in annual installments of \$11,000 to \$13,000 with interest of .45 percent; matures June 1, 2031.

\$ 181,000

The bond is due as follows:

Year Ending June 30,	Principal	Interest
2018	\$ 22,000	\$ 1,580
2019	12,000	716
2020	12,000	662
2021	12,000	608
2022-2026	60,000	2,228
2027-2031	63,000	853
	<u>\$ 181,000</u>	<u>\$ 6,647</u>

During the year ended June 30, 2015 the Town of Simmesport entered into a Utility Relocation Agreement with the Department of Transportation and Development. The Town received \$77,500 of Utility Relocation Assistance Funding (URAF) for the relocation of an existing 4" utility gas main. This funding is neither a loan nor a grant and there is no interest charged on this money. The funds are to be paid back annually to the Department of Transportation and Development at 5% of its annual gross income or 10% of the outstanding debt. Issuance of permits will be suspended if the required minimum payments are not received.

(6) Compensation, Benefits and Other Payments to Mayor

A detail of compensation, benefits, and other payments paid to Eric Rusk (Mayor 7/1/2016 – 12/31/2016) and Mayor Leslie Draper III (1/1/2017 – 6/30/2017) for the year ended June 30, 2017 are as follows:

Purpose	Eric Rusk Amount	Leslie Draper, III Amount
Salary	\$ 5,250	\$ 13,125
Dues	-	100
Travel	994	122
Registration fees	-	200
	<u>\$ 6,244</u>	<u>\$ 13,547</u>

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

(7) Compensation Paid to Town Officials

A detail of compensation paid to the Alderman for the year ended June 30, 2017 is as follows:

Jacob Coco	\$ 4,650
Kenneth L. Marsh	4,200
Ted P. Turner	4,650
Myron Brown	4,650
Sherman R. Bell	<u>4,500</u>
	<u>\$ 22,650</u>

(8) Interfund Transactions

A. The Town of Simmesport had no interfund receivables or payables at June 30, 2017.

B. Transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General Fund	\$ 52,531	\$ 12,202
Capital Projects Fund	-	103,822
Other Governmental Funds	<u>11,847</u>	<u>-</u>
Total governmental funds	<u>64,378</u>	<u>116,024</u>
Proprietary funds:		
Water and Sewer Fund	88,096	9,885
Natural Gas Fund	<u>-</u>	<u>26,565</u>
Total proprietary funds	<u>88,096</u>	<u>36,450</u>
Total	<u>\$ 152,474</u>	<u>\$ 152,474</u>

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

(9) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's policemen \$18,932 of supplemental pay during the year ended June 30, 2017. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

(10) Litigation and Claims

At June 30, 2017, the Town was not involved in any lawsuits claiming damages that would not be adequately covered by liability insurance.

(11) Risk Management

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

(12) Prior Period Adjustment

The Town noted an error in the prior period. Assets were not properly reported in the prior period which led to the understatement of the Governmental Activities net position and General Fund balance. As a result, beginning balances of assets have been corrected. The effect of these adjustments on net position/fund balance is as follows:

	<u>Governmental Activities</u>	<u>General Fund</u>
Net position/Fund Balance as reported	\$ 1,377,395	\$ 538,262
Prior period adjustment:		
Correction of an error	<u>34,136</u>	<u>34,136</u>
Total	<u>\$ 1,411,531</u>	<u>\$ 572,398</u>

(13) New Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. The statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after December 15, 2019. The effect of implementation on the Town's financial statements has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF SIMMESPORT, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 514,100	\$ 516,600	\$ 466,848	\$ (49,752)
Licenses and permits	70,000	53,000	72,820	19,820
Intergovernmental	70,500	70,500	69,294	(1,206)
Fines and forfeits	110,000	93,000	81,921	(11,079)
Miscellaneous	3,475	26,854	40,344	13,490
Total revenues	<u>768,075</u>	<u>759,954</u>	<u>731,227</u>	<u>(28,727)</u>
Expenditures:				
General government	225,525	205,527	221,328	(15,801)
Public safety -				
Police	281,100	342,800	410,494	(67,694)
Fire	5,000	4,550	3,796	754
Culture and recreation	-	-	5,337	(5,337)
Streets and sidewalks	135,300	140,581	154,857	(14,276)
Capital outlay	-	36,706	38,250	(1,544)
Debt service				
Principle	-	-	20,665	(20,665)
Interest	-	-	6,206	(6,206)
Total expenditures	<u>646,925</u>	<u>730,164</u>	<u>860,933</u>	<u>(130,769)</u>
Excess (deficiency) of revenues over expenditures	<u>121,150</u>	<u>29,790</u>	<u>(129,706)</u>	<u>(159,496)</u>
Other financing sources (uses):				
Transfers in	-	-	52,531	52,531
Transfers out	(50,000)	(11,432)	(12,202)	(770)
Total other financing sources (uses)	<u>(50,000)</u>	<u>(11,432)</u>	<u>40,329</u>	<u>51,761</u>
Net change in fund balance	71,150	18,358	(89,377)	(107,735)
Fund balance, beginning, as restated	<u>572,398</u>	<u>572,398</u>	<u>572,398</u>	<u>-</u>
Fund balance, ending	<u>\$ 643,548</u>	<u>\$ 590,756</u>	<u>\$ 483,021</u>	<u>\$ (107,735)</u>

TOWN OF SIMMESPORT, LOUISIANA

Notes to the Required Supplementary Information
For the Year Ended June 30, 2017

(1) Budget and Budgetary Accounting

The Town follows the following procedures in establishing the budget:

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

(2) Excess of Expenditures over Appropriations

For the year ended June 30, 2017, the General Fund incurred expenditures in excess of appropriations.

**INTERNAL CONTROL,
COMPLIANCE
AND OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Simmesport, Louisiana (Town), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) 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 Town's internal control. Accordingly, we do not express an opinion of the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 current and prior year audit findings and management's corrective action plan, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2017-001 through 2017-004 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Simmesport, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompany schedule of current and prior year audit findings and management's corrective action plan as items 2017-005 through 2017-014.

Town of Simmesport, Louisiana's Response to Findings

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

Purpose of this report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
March 20, 2019

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2017

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

A. Internal Control Over Financial Reporting

2017-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2007

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

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

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

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

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town is currently working with a contracted accounting firm to establish policies and procedures in order to segregate duties to ensure an adequate segregation of duties within the accounting function, to the extent allowable, between its current personnel and the contracted accounting firm.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2017

2017-002 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: 2007

CONDITION: The Town of Simmesport does not have adequate internal controls over recording the entity's financial transactions in accordance with generally accepted accounting principles (GAAP).

CRITERIA: AU-C §265.A37 identifies the following as a deficiency in the design of (internal) controls:

“... in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions.”

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Financial statements and related supporting transactions may reflect a departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: In September 2018, the Town contracted with an accounting firm to assist with monthly financial reporting as well as an annual closing of the financial records to ensure the Town's transactions are recorded in accordance with generally accepted accounting principles (GAAP). The Town anticipates resolving this finding for the fiscal year ending June 30, 2018.

2017-003 Policies and procedures

Fiscal year finding initially occurred: 2017

CONDITION: The Town has not adopted written policies and procedures for budgets, purchasing, processing disbursements, receipts, payroll, contracting, credit and debit cards, travel and expense reimbursement, ethics and debt service.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2017

CRITERIA: Written policies and procedures are necessary to provide a clear understanding of day to day operations.

CAUSE: The Town has not properly documented policies and procedures that should be followed for the areas of day to day operations above.

EFFECT: Failure to have written policies and procedures increases the risk of not having continuity of operations and the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should adopt formal written policies and procedures for each of the functions noted above.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town is currently working with the contracted accounting firm to establish a comprehensive written policy and procedures manual to clearly provide an understanding of day to day operations. The Town plans to adopt this manual by June 30, 2019.

2017-004 Bank Reconciliations, Utility Accounts Receivable and Customer Deposits Subsidiary Ledger

Fiscal year finding initially occurred: 2017

CONDITION: The Town is not reconciling bank statements in a timely manner, nor are they maintaining an accurate subsidiary ledger for utility accounts receivables and customer deposits, and the subsidiary ledgers are not being reconciled to the meter cash account balances and general ledger accounts.

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

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

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

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2017

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town has contracted with an accounting firm to assist with the reconciliation of significant account balances on a monthly basis, including reconciliation of all bank accounts, utility accounts receivables and utility customer deposits, in a timely manner. The Town plans to resolve this matter by June 30, 2019.

B. Compliance and Other Matters

2017-005 Late Filing

Fiscal year finding initially occurred: 2015

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

CRITERIA: LA R.S. 24:513

CAUSE: The Town of Simmesport failed to maintain good records and had difficulty in producing all records requested during performance of their annual audit.

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

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town acknowledges the reporting requirements under the Louisiana State Audit law that the Town's audit report must be filed with the State of Louisiana's Legislative Auditor within 180 days of the Town's fiscal year end. The Town intends to comply with the reporting requirement for the fiscal year ending June 30, 2019.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2017

2017-006 Traffic Tickets

Fiscal year finding initially occurred: 2017

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

CRITERIA: LA R.S. 32:398.1 and LA R.S. 32:398.2

CAUSE: The Simmesport Police Department has not accounted for all tickets and citations.

EFFECT: Failure to account for all tickets and citations increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town's police department has implemented policies and procedures to ensure that all tickets and citations issued are accounted for under Revised Statutes 32:398.1 and 32:398.2 and considers this matter resolved as of the date of the independent auditor's report.

2017-007 Bond Compliance – Reserve/Debt Service Requirements

Fiscal year finding initially occurred: 2014

CONDITION: The Town did not make all of the payments to their Sinking Fund, Reserve Fund and Depreciation and Contingency Fund on a monthly basis as required by their debt agreements. In addition, they did not make the required debt service payment, during the year ending June 30, 2017.

CRITERIA: Compliance requirements related to their Sewer Revenue Bonds.

CAUSE: The Town did not effectively monitor the monthly payments to ensure they were being made timely.

EFFECT: The Town was not in compliance with their debt covenants.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2017

RECOMMENDATION: The Town should monitor the payments to ensure that they are being remitted timely.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town is aware of the compliance aspects of the debt agreement, including payments to the bond's Sinking, Reserve and Depreciation & Contingency funds. The Town anticipates compliance aspects of the sewer revenue bonds to be met during the fiscal year ending June 30, 2019.

2017-008 Sales Tax Non-Compliance

Fiscal year finding initially occurred: 2017

CONDITION: The Town of Simmesport may not be in compliance with State law requiring the collection and remittance of sales tax.

CRITERIA: Louisiana Revised Statutes 47:301-47:335.9 require the collection on behalf of and remittance to the State of Louisiana, a percentage sales tax on qualifying sales and activities. These collections are required to be remitted to the State by the 20th of the month following the month of collection.

CAUSE: The Town failed to remit sales tax collections to the State by the required due date.

EFFECT: The Town may not be in compliance with State Law and could be subject to penalties and interest charges on the unremitted amounts.

RECOMMENDATION: We recommend the Town file and remit past due returns with the State of Louisiana to prevent further penalties and interest being assessed.

MANAGEMENT'S CORRECTIVE ACTION PLAN: As of the date of the independent auditor's report, the Town is current with all sales tax remittances related to State sales tax collections. The Town considers this matter resolved.

2017-009 Delinquent Filing/Payment of Payroll Withholdings

Fiscal year finding initially occurred: 2017

CONDITION: The Town of Simmesport is delinquent in filing and remitting payroll taxes to the appropriate agencies.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2017

CRITERIA: The Town did not file nor remit Federal and State payroll withholdings to the appropriate agencies in a timely manner. Federal liabilities for the periods ending December 31, 2016, March 31, 2017 and June 30, 2017 were filed on February 13, 2018. State withholding and state unemployment insurance for the period ending June 30, 2017 was file on February 13, 2018.

CAUSE: The Town failed to file and remit payment related to the payroll liabilities and reports as noted above.

EFFECT: The Town may not be in compliance with Federal and State Law's and could be subject to penalties and interest charges on the unremitted amounts.

RECOMMENDATION: The Town has filed the past due reports and is currently up to date with their delinquent payroll liabilities. The Town should continue to monitor its reporting requirements and ensure proper policies are being followed.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town is aware of matters regarding late filings and/or remittances of various payroll related taxes. The Town is currently timely with all payroll filings as of the date of the independent auditor's report, although the Town is in the process of remitting all tax payments to the proper agencies.

2017-010 Untimely Deposits

Fiscal year finding initially occurred: 2017

CONDITION: The Town is not depositing receipts on a daily basis.

CRITERIA: LA R.S. 39:1212.

CAUSE: The Town has been holding receipts failed to deposit them timely.

EFFECT: Failure to deposit revenues timely could result in understatement of revenues and cash and misplacement or misappropriation of the monies.

RECOMMENDATION: We recommend that the Town make all deposits in a timely manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town has implemented policies and procedures that require deposits to be made

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2017

daily, when practical, as required by Louisiana Revised Statute 39:1212. The Town considers this matter resolved as of the date of the independent auditor's report.

2017-011 Budget Adoption and Amendment

Fiscal year finding initially occurred: 2017

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

CRITERIA: LA R.S. 39:1305 - 1307 states in part "A budget proposed for consideration by the governing authority shall be accompanied by a proposed budget adoption instrument" and "the political subdivision shall cause to be published a notice stating that the proposed budget is available for public inspection.

LSA-RS 39:1311 et seq, Budgetary Authority and Control, provides that the budget must be amended when: "Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by 5% or more."

CAUSE: The Town did not perform the following steps; adopt the appropriate adoption instrument, advertise in the Town's official journal the availability of the budget for public inspection, amend the budget in accordance with state law.

EFFECT: The Town did not allow for public participation or adoption of the budget in accordance with the Local Government Budget Act. In addition, the Town may not prevent and/or detect compliance violations due to excess spending of the appropriated budget, and/or errors or irregularities in a timely basis.

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town was made aware of the requirement of the Local Government Budget Act in October of 2018. Upon notification of this matter of noncompliance, the Town properly followed the Local Government Budget Act and adopted a budget for the fiscal year ending June 30, 2018 after properly

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2017

advertising in the Town's journal and making the budget document available for public inspection. The Town intends to continue to comply with the laws that govern the Local Governmental Budget Act in future periods.

2017-012 Property Tax

Fiscal year finding initially occurred: 2017

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

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

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

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

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town plans to engage its legal counsel to ensure collection of delinquent property taxes assessed.

2017-013 Record Retention Issues

Fiscal year finding initially occurred: 2017

CONDITION: During the course of the audit, it was noted that the town could not provide sufficient documentation for certain items requested.

CRITERIA: LA R.S. 44:36 requires agencies to maintain their records for three years from the date the record is made, unless required longer by specific statute.

CAUSE: The Town of Simmesport did not retain documentation to support specific transactions during the year ended June 30, 2017.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2017

EFFECT: Failure to maintain proper supporting documentation for transactions is a violation of state law. Also, without proper supporting documentation, there is no way to determine if a transaction was made for an allowable cost.

RECOMMENDATION: The Town of Simmesport should develop policies and procedures to ensure that support for all transactions is maintained for the required time period set forth by state law.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town concurs with this matter. The Town has contracted with an accounting firm to assist in implementing policies and procedures to ensure sufficient documentation is maintained for all transactions.

2017-014 Inappropriate Use of Town's Federal Tax ID Number

Fiscal year finding initially occurred: 2017

CONDITION: The Athletic Youth Association organization is using the Town's Federal Tax ID Number to operate a bank account and conduct normal business activities. The Town has no access or control over the organizations account.

CRITERIA: The use of the Town's Federal Tax ID number could result in a violation of State Law with the entity benefiting from the tax-exempt status. In addition, the Town has no access or controls over the funds of the entity and could possibly be liable for any theft or misappropriations that could occur.

CAUSE: The Town lacks the proper internal controls over cash.

EFFECT: Failure to have adequate controls over cash could result in misappropriations.

RECOMMENDATION: The Town of Simmesport should not allow any entity to use its Federal Tax ID number and should contact their attorney to address closing the account.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town's Federal tax identification number was obtained and utilized to open depository accounts at a local financial institution without the consent of the Town's current administration. The Town has obtained custody, with the assistance of its legal counsel, of all depository accounts registered under the Town's Federal tax identification number. The Town considers this matter resolved as of the date of the independent auditor's report.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2017

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2016-001 Inadequate Segregation of Accounting Functions

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

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

CURRENT STATUS: Unresolved. See item 2017-001.

2016-002 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Town of Simmesport does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 2017-002.

2016-008 Inadequate documentation and/or lack of supporting documentation

CONDITION: During the course of the audit, it was noted that the town could not provide sufficient documentation for certain items requested.

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

CURRENT STATUS: Unresolved. See item 2017-013.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2017

B. Compliance and Other Matters

2016-003 Late Filing

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

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

CURRENT STATUS: Unresolved. See Item 2017-005.

2016-004 Bond Compliance – Reserve Requirements

Fiscal year finding initially occurred: 2014

CONDITION: The Town did not make all of the payments to their Sinking Fund, Reserve Fund and on a monthly basis as required by their debt agreements.

RECOMMENDATION: The Town should monitor the payments to ensure that they are being remitted timely.

CURRENT STATUS: Unresolved. See Item 2017-007.

2016-005 Bond Approval

Fiscal year finding initially occurred: 2016

CONDITION: The Town did not obtain State Bond Commission Approval before incurring a bank loan for equipment purchases as required by LA R.S. 36:1410.60.

RECOMMENDATION: The Town should implement and monitor policies and procedures related to debt service in order to comply with applicable statutes.

CURRENT STATUS: Resolved.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2017

2016-006 Allowable Costs

CONDITION: Town funds were used to reimburse the previous mayor for personal expenses including alcohol, which is a violation of Article VII, section 14(A) of the Louisiana Constitution. Such expenses are estimated to total approximately \$1,700.

RECOMMENDATION: The Town has contacted their legal staff and is attempting to collect the amount from the previous mayor. The Town will ensure that public funds are used in accordance with state law.

CURRENT STATUS: Resolved.

2016-007 Internal Controls over Interfund Activity

Fiscal year finding initially occurred: 2016

CONDITION: The Town was unable to reconcile interfund activity, resulting in unaccounted for expenditures of \$28,408.

RECOMMENDATION: The Town of Simmesport should implement proper internal controls over reconciling interfund activity to ensure proper accounting with applicable standards.

CURRENT STATUS: Unresolved. See item 2017-002.

2016-009 Budget Compliance

Fiscal year finding initially occurred: 2017

CONDITION: A budget variance in excess of 5% occurred in the General Fund.

RECOMMENDATION: The Town should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to cause compliance with state statute.

CURRENT STATUS: Unresolved. See item 2017-011.

TOWN OF SIMMESPORT
Simmesport, Louisiana

Agreed-Upon Procedures Report

Period Ended June 30, 2017

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Leslie Draper, Mayor
and Board of Alderman of the
Town of Simmesport, and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Simmesport (Entity) 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, 2016 through June 30, 2017. The Entity'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

1. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories:
 - a) **Budgeting**, including preparing, adopting, monitoring, and 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.
 - c) **Disbursements**, including processing, reviewing, and approving.

- 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).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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.
- 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)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board or Finance Committee

- 2. We obtained and inspected 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:
 - a) We observed 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.
 - b) For those entities reporting on the governmental accounting model, we observed 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. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

- c) For governmental entities, we obtained the prior year audit report and observed the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

Bank Reconciliations

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

Collections

- 4. Obtained 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 selected 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected 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 observed that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - 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.
 - 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.

- 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.
6. Inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected 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.* Obtained supporting documentation for each of the 10 deposits and:
- a) Observed that receipts are sequentially pre-numbered.
 - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Traced the deposit slip total to the actual deposit per the bank statement.
 - d) Observed 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).
 - e) Traced the actual deposit per the bank statement to the general ledger.

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

8. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.

- 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.
 - 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.
10. For each location selected under #8 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
- a) Observed that the disbursement matched the related original invoice/billing statement.
 - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

11. Obtained 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. Obtained management's representation that the listing is complete.
12. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
- a) Observed 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, 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.]
 - b) Observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed 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).

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

14. Obtained 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 selected 5 reimbursements, obtained 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:
- a) If reimbursed using a per diem, agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtained 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. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment.
 - d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtained attendance records and leave documentation for the pay period, and:
 - a) Observed 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.)
 - b) Observed that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulate leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtained 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.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtained ethics documentation from management, and:
 - a. Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observed 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.

Debt Service

21. Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

Other

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

Findings:

In accordance with the Statewide Agreed-Upon Procedures, certain categories may be excluded from testing.

No exceptions were found as a result of applying procedures listed above except:

Written Policies:

The Town of Simmesport does not have written policies and procedures addressing budgeting, purchasing, disbursements, receipts, payroll, contracting, credit and debit cards, travel and expense reimbursements, ethics and debt service.

Board or Committee:

The Town of Simmesport meeting minutes do not make reference to or include budget to actual comparisons for the General Fund.

The Town of Simmesport meeting minutes do not make reference to or include monthly financial statements for major proprietary funds.

Bank Reconciliation:

For 1 of the 5 accounts tested, the Town of Simmesport did not prepare a bank reconciliation within two months of the statement closing date.

Bank reconciliations for the Town of Simmesport do not include evidence that a member of management, or a board member, who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

2 of the 5 bank reconciliations examined for the Town of Simmesport, did not include evidence of management researching reconciling items outstanding more than 12 months from the statement closing date.

Cash Collections:

For 4 of the 5 bank reconciliations tested, the Town of Simmesport was unable to provide supporting documentation for the selected deposits; therefore, we were unable to tests for sequentially pre-numbered receipts, trace receipts to deposit slips, trace deposit slips to bank statements, trace deposits to the general ledger or verify that deposits were made within 1 day of collection.

Disbursements:

For 1 of the 5 checks selected, the Town of Simmesport was unable to provide supporting documentation.

For 1 of the 4 disbursements examined the documentation did not agree with the amount disbursed.

The Town of Simmesport does not have a written policy in place prohibiting the person responsible for processing disbursements from adding vendors to the disbursement system.

The Town of Simmesport does not have a written policy in place indicating that the individual with signatory authority has no responsibility for initiating or recording purchases.

Travel & Expense Reimbursement:

For 3 transactions tested, the reimbursed meal charges did not document the names of those individuals participating in the meal.

The Town of Simmesport did not have evidence that reimbursements were reviewed and approved by management.

Payroll:

The Town of Simmesport did not have contract or salary schedules for the individuals tested.

There was no written documentation noting supervisor approval of request of leave for 1 of the 5 individuals tested.

The Town of Simmesport did not have written documentation of cumulative leave records for all individuals tested.

The Town of Simmesport did not submit reports and remit payment related to three 941 reports, one L1 report and one SUTA report by the required due dates.

Ethics:

The Town of Simmesport did not have documentation to demonstrate each employee completed one hour of ethics training.

The Town of Simmesport does not have written policies on ethics, therefore testing employees for documentation that the ethics policies have been reviewed was unable to be performed.

Debt Services:

The Town of Simmesport did not make all required debt service payments related to their Sewer Revenue Bonds.

The Town of Simmesport did not make all required payments to their Sinking, Reserve and Depreciation and Contingency Funds as required by their debt agreements.

Other:

The Town of Simmesport does not have a “fight fraud” sign posted on their premises or website.

Management’s Response:

Management of the Town of Simmesport concurs with the exceptions and are working to address the deficiencies identified.

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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
March 20, 2019