

VILLAGE OF SIMSBORO, LOUISIANA

*Financial Statements
For The Year Ended June 30, 2014*



VILLAGE OF SIMSBORO, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2014

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VILLAGE OF SIMSBORO, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen of
Simsboro, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Simsboro, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Village 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information for the Village of Simsboro, Louisiana, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 28 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the 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 assurances.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Simsboro, Louisiana's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Honorable Mayor and Board of Aldermen of
Simsboro, Louisiana
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2015, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the 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 Village of Simsboro, Louisiana's internal control over financial reporting and compliance.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
January 23, 2015

VILLAGE OF SIMSBORO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Our discussion and analysis of the Village of Simsboro, Louisiana provides an overview of the Village's activities for the year ended June 30, 2014. Please read it in conjunction with the basic financial statements. The intent of this discussion and analysis is to look at the Village's financial performance as a whole.

FINANCIAL HIGHLIGHTS

- The assets of the Village of Simsboro, on a government-wide basis, exceeded its liabilities at the end of the fiscal year by \$2,580,270. Of this amount, \$400,797 is unrestricted.
- The Village's total net position decreased by \$132,002 for the fiscal year.
- The Village's governmental funds reported combined ending fund balances of \$347,498.
- The unassigned fund balance of the general fund was \$112,153, or 65% of the total general fund expenditures.
- The general fund reported a deficiency of \$19,787.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village of Simsboro's basic financial statements. The basic financial statements comprise three components:

- *Government-wide financial statements.*
- *Fund financial statements.*
- *Notes to the financial statements.*

This report contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Village's government, reporting operations in more detail than the government-wide statements.

- The governmental fund statement tells how general government services like public safety were financed in the short term as well as what amounts remain for future spending.
- The proprietary fund statement offers short and long term financial information about the activities the government operates like businesses, such as the public utilities (water, sewer, sewer treatment systems).

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required *supplementary information that further explains and supports the information in the financial statements.*

In the past, the primary focus of local government financial statements has been summarized fund type information on a current resources basis. However, with the implementation of Statement No. 34 of the Governmental Accounting Standards Board (GASB Statement No. 34) for June 30, 2005, the focus is on both the Village as a whole (government-wide) and the fund financial statements. Each view provides a different snapshot of the Village's finances. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year-to-year or government-to-government) and enhance the Village's accountability.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Village of Simsboro as a whole using accounting methods similar to those used by private-sector companies. The statement of net position and the statement of activities, which are the government-wide statements, include all of the government's assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the Village's net position and how they have changed. Net position - the difference between the Village's assets and liabilities - are one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net position are an indicator of whether its financial health is improving or deteriorating.

In the statement of net position and the statement of activities, the Village is divided into two categories:

- Governmental activities – Most of the Village's basic services are included here, such as the activities of the police, garbage and trash collection, park, and general administration. Franchise fees, insurance taxes, traffic fines, and payments from other governments finance most of these activities.
- Business-type activities – The Village charges fees to customers to cover the cost of the services it provides. Water, sewer and sewer treatment are included here. Grants have provided most of the capital assets required for these services.

FUND FINANCIAL STATEMENTS

The format of the fund financial statements will be more familiar to traditional users of government financial statements. The fund financial statements provide more detailed information about the Village's most significant funds – not the Village as a whole. Funds are accounting mechanisms that the Village uses to keep track of specific sources of funding and spending for particular purposes.

The Village has two kinds of funds:

- Governmental funds – Most of the Village’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village’s programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided on a subsequent page that explains the relationship (or differences) between the government-wide and fund statements.
- Proprietary funds – Services for which the Village charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short-term and long-term financial information. The Village’s enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

The Total Governmental Funds column requires reconciliation because of the different measurement focus from the government-wide statements (current financial resources versus total economic resources) which is reflected at the bottom of each statement. The flow of current financial resources will reflect interfund transfers as other financing sources as well as capital expenditures as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column (in the government-wide statements).

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The Village’s combined net position for the 2013-2014 fiscal year decreased by \$132,002. The table shows the statement of net position for the year ending 2014 and the year ending 2013. The table also shows the net position for governmental activities, business-type activities and combines them into the primary government.

Statement of Net Position

The following table reflects the condensed net assets:

	Governmental Activities		Business Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
ASSETS:						
Current and Other Assets	\$ 348,591	\$ 371,724	\$ 86,642	\$ 94,674	\$ 435,233	\$ 466,398
Capital Assets	<u>186,169</u>	<u>203,311</u>	<u>2,259,604</u>	<u>2,364,154</u>	<u>2,445,773</u>	<u>2,567,465</u>
Total Assets	<u>\$ 534,760</u>	<u>\$ 575,035</u>	<u>\$ 2,346,246</u>	<u>\$ 2,458,828</u>	<u>\$ 2,881,006</u>	<u>\$ 3,033,863</u>
LIABILITIES:						
Long-term Debt Outstanding	\$ -	-	\$ 256,356	\$ 266,380	\$ 256,356	\$ 266,380
Other Liabilities	<u>1,093</u>	<u>2,221</u>	<u>43,287</u>	<u>52,990</u>	<u>44,380</u>	<u>55,211</u>
Total Liabilities	1,093	2,221	299,643	319,370	300,736	321,591
NET ASSETS:						
Invested in Capital Assets						
Net of Debt	186,169	203,311	1,993,304	2,087,952	2,179,473	2,291,263
Unrestricted	<u>347,498</u>	<u>369,503</u>	<u>53,299</u>	<u>51,506</u>	<u>400,797</u>	<u>421,009</u>
Total Net Assets	<u>\$ 533,667</u>	<u>\$ 572,814</u>	<u>\$ 2,046,603</u>	<u>\$ 2,139,458</u>	<u>\$ 2,580,270</u>	<u>\$ 2,712,272</u>

Net position (assets less liabilities) may serve over time as a useful indicator of a government's financial position. The Village of Simsboro's assets exceeded liabilities by \$2,580,270 at the close of the fiscal year. The largest portion of the Village's net assets (84.47%) reflects its investment in capital assets. The Village uses these assets to provide services to its citizens and those assets are not available for spending.

Governmental Activities

Net position of the Village's governmental activities decreased \$39,147 during the fiscal year.

Business-type Activities

Net position of the Village's business-type activities decreased \$92,855 during the fiscal year.

Statement of Activities

The following table shows the revenues and expenses of the governmental and business type activities:

	Governmental Activities		Business Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
REVENUES:						
Program Revenues						
Charges for Services	\$ 41,135	\$ 71,068	\$ 166,753	\$ 187,386	\$ 207,888	\$ 258,454
Capital Grants and Contributions	6,274	12,866	14,785	104,764	21,059	117,630
General Revenues						
Property Taxes	13,911	16,058	-	-	13,911	16,058
Fines and Forfeitures	21,760	15,391	-	-	21,760	15,391
Franchise & Insurance Revenue	66,886	64,890	-	-	66,886	64,890
Miscellaneous	521	1,601	-	-	521	1,601
Capital Contributions	-	-	-	-	-	-
Interest Earned	238	349	309	587	547	936
Total Revenue	150,725	182,223	181,847	292,737	332,572	474,960
EXPENSES:						
General Government	159,778	122,172	-	-	159,778	122,172
Public Safety	30,094	31,616	-	-	30,094	31,616
Housing Rehabilitation	-	-	-	-	-	-
Utilities	-	-	274,702	286,503	274,702	286,503
Total Expenses	189,872	153,788	274,702	286,503	464,574	440,291
Increase (Decrease) in Net Position Before Transfers In	(39,147)	28,435	(92,855)	6,234	(132,002)	34,669
Transfers (Out)	-	-	-	-	-	-
Increase/Decrease in Net Position	(39,147)	28,435	(92,855)	6,234	(132,002)	34,669
Net Position Beginning	572,814	544,379	2,139,458	2,133,224	2,712,272	2,677,603
Net Position Ending	\$ 533,667	\$ 572,814	\$ 2,046,603	\$ 2,139,458	\$ 2,580,270	\$ 2,712,272

Governmental Activities

During the fiscal years ended June 30, 2014 and 2013, the major sources of income were:

	<u>2014</u>	<u>2013</u>
• Charges for Services	50%	39%
• Franchise Fees and Insurance Taxes	44%	36%
• Fines & Forfeitures	14%	8%
• Property Taxes	9%	9%
• Grants	4%	7%

Business-type Activities

Total revenues from business-type activities were \$181,847 for the fiscal year ended June 30, 2014. This is a \$110,890 decrease from last year which can be contributed to less grant funding in the current year. Expenses for the Village's business-type activities were \$274,702. The business-type activities had a net operating loss of \$(95,719). Net position decreased \$92,855.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

The Village of Simsboro uses Fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Village's combined ending fund balances were \$347,498 at June 30, 2014. The unassigned portion of fund balance was \$112,153. The remaining balance is assigned based on the Village's intent but has not been committed or restricted.

The general fund is the chief operating fund of the Village. The unassigned fund balance at June 30, 2014 was \$112,153. Unassigned fund balance represents 65% of the total general fund expenditures.

Proprietary Funds

The Village's proprietary funds provide the same type information found in the government-wide financial statements, but in more detail.

Net position of the Utilities Enterprise fund at the end of the fiscal year were \$2,046,603. The fund had an operating loss of \$95,179 and a total decrease in net position of \$92,855.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Village of Simsboro's investment in Capital assets for its governmental and business-type activities as of June 30, 2013 amounted to \$2,445,773 (net of depreciation). This investment includes land, buildings and improvements, equipment, vehicles, water and sewer facilities. The outstanding debt of \$266,300 is to Rural Development for revenue bonds that were used to upgrade the Village's sewer system.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village's management and elected officials considered many factors when preparing the 2014-2015 budget. Most revenue sources should remain fairly consistent with prior year collections.

The Village is in the process of acquiring more grant funds to further improve its water distribution system and sewer system.

REQUEST FOR INFORMATION

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

VILLAGE OF SIMSBORO, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2014

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 43,966	\$ 133,563	\$ 177,529
Certificates of Deposit	99,807	125,095	224,902
Accounts Receivable	4,773	8,514	13,287
Inventory	-	19,515	19,515
Internal Balances	200,045	(200,045)	-
Capital Assets:			
Non-Depreciable	75,821	39,246	115,067
Depreciable	110,348	2,220,358	2,330,706
<u>TOTAL ASSETS</u>	<u>\$ 534,760</u>	<u>\$ 2,346,246</u>	<u>\$ 2,881,006</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,093	\$ 9,630	\$ 10,723
Deposits Payable	-	20,804	20,804
Accrued Interest	-	2,909	2,909
Non-Current Liabilities			
Due Within One Year			
Notes Payable	-	9,944	9,944
Due in More Than One Year			
Notes Payable	-	256,356	256,356
<u>TOTAL LIABILITIES</u>	<u>1,093</u>	<u>299,643</u>	<u>300,736</u>
Invested in Capital Assets, Net of Related Debt	186,169	1,993,304	2,179,473
Unrestricted	347,498	53,299	400,797
Total Net Position	<u>533,667</u>	<u>2,046,603</u>	<u>2,580,270</u>
<u>TOTAL LIABILITIES AND NET POSITION</u>	<u>\$ 534,760</u>	<u>\$ 2,346,246</u>	<u>\$ 2,881,006</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Function/Program Activities				
<u>Primary Government:</u>				
Government Activities:				
General Government	\$ 159,778	\$ 41,135	\$ 6,274	\$ -
Public Safety	30,094	21,760	-	-
Housing Rehabilitation	-	-	-	-
Total Governmental Activities	189,872	62,895	6,274	-
 Business-Type Activities:				
Utilities	274,702	166,753	-	14,785
 <u>Total Primary Government</u>	\$ 464,574	\$ 229,648	\$ 6,274	\$ 14,785

General Revenues:

Taxes:

Property Taxes Levied for General Purposes

Franchise Revenue

Miscellaneous

Interest Earned

Transfers

Total General Revenues, Special Items and Transfers

Changes in Net Assets

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and Changes in Net Position		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (112,369)	\$ -	\$ (112,369)
(8,334)	-	(8,334)
-	-	-
<u>(120,703)</u>	<u>-</u>	<u>(120,703)</u>
-	(93,164)	(93,164)
<u>\$ (120,703)</u>	<u>\$ (93,164)</u>	<u>\$ (213,867)</u>
13,911	-	13,911
66,886	-	66,886
521	-	521
238	309	547
-	-	-
<u>81,556</u>	<u>309</u>	<u>81,865</u>
(39,147)	(92,855)	(132,002)
<u>572,814</u>	<u>2,139,458</u>	<u>2,712,272</u>
<u>\$ 533,667</u>	<u>\$ 2,046,603</u>	<u>\$ 2,580,270</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2014

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 7,471	\$ 36,495	\$ 43,966
Certificates of Deposit	40,725	59,082	99,807
Accounts Receivable	4,645	128	4,773
Advances To Other Funds	63,000	-	63,000
Due From Other Funds	109,106	101,640	210,746
<u>TOTAL ASSETS</u>	<u>\$ 224,947</u>	<u>\$ 197,345</u>	<u>\$ 422,292</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,093	\$ -	\$ 1,093
Due To Other Funds	48,701	25,000	73,701
Total Liabilities	49,794	25,000	74,794
 <u>FUND BALANCE</u>			
Fund Balance			
Assigned	63,000	172,345	235,345
Unassigned	112,153	-	112,153
Total Fund Balance	175,153	172,345	347,498
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 224,947</u>	<u>\$ 197,345</u>	<u>\$ 422,292</u>

VILLAGE OF SIMSBORO, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL
FUND BALANCES TO NET POSITION OF
GOVERNMENTAL FUNDS
JUNE 30, 2014

Total Governmental Fund Balances	\$ 347,498
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>186,169</u>
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Net Position of Governmental Activities	<u><u>\$ 533,667</u></u>
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The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Taxes	\$ -	\$ 13,911	\$ 13,911
Intergovernmental	6,274	-	6,274
Licenses and Permits	66,886	-	66,886
Charges for Services	41,135	-	41,135
Fines and Forfeitures	21,760	-	21,760
Miscellaneous	622	137	759
Total Revenues	<u>136,677</u>	<u>14,048</u>	<u>150,725</u>
<u>EXPENDITURES</u>			
General Government	141,370	1,266	142,636
Public Safety	<u>30,094</u>	<u>-</u>	<u>30,094</u>
Total Expenditures	<u>171,464</u>	<u>1,266</u>	<u>172,730</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>			
	(34,787)	12,782	(22,005)
<u>OTHER FINANCING SOURCES</u>			
Operating Transfers - In (Out)	<u>15,000</u>	<u>(15,000)</u>	<u>-</u>
<u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</u>			
	(19,787)	(2,218)	(22,005)
<u>FUND BALANCE AT BEGINNING OF YEAR</u>			
	<u>194,940</u>	<u>174,563</u>	<u>369,503</u>
<u>FUND BALANCE AT END OF YEAR</u>			
	<u>\$ 175,153</u>	<u>\$ 172,345</u>	<u>\$ 347,498</u>

VILLAGE OF SIMSBORO, LOUISIANA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net Change in Fund Balances - Total Governmental Funds	\$ (22,005)
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*Amounts reported for governmental activities
in the statement of activities are different
because:*

Governmental funds report capital outlays as
expenditures while governmental activities
report depreciation expense to allocate those
expenditures over the life of the assets:

Capital asset purchases capitalized	-
Depreciation expense	<u>(17,142)</u>

Change in Net Position in Governmental Activities	<u>\$ (39,147)</u>
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The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

Business-Type
 Activities
 Utility
Enterprise Fund

ASSETS

Current Assets

Cash and Cash Equivalents	\$	25,129
Certificates of Deposit		125,095
Accounts Receivable		8,514
Inventory		19,515
Due From Other Funds		79,601
Total Current Assets		257,854

Non-Current Assets

Restricted Cash		108,433
Capital Assets		2,259,605
Total Non-Current Assets		2,368,038

TOTAL ASSETS

\$ 2,625,892

LIABILITIES

Current Liabilities

Accounts Payable	\$	9,630
Customer Deposits		20,804
Accrued Interest		2,909
Notes Payable		9,944
Advances From Other Funds		63,000
Due to Other Funds		216,646
Total Current Liabilities		322,933

Non-Current Liabilities

Notes Payable		256,356
Total Liabilities		579,289

NET POSITION

Invested in Capital Assets, Net of Related Debt		1,993,304
Reserved for Debt Retirement		108,433
Unrestricted		(55,134)
Total Net Position		2,046,603

TOTAL LIABILITIES AND NET POSITION

\$ 2,625,892

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Business-Type Activities Utility Enterprise Fund</u>
<u>Operating Revenues</u>	
Charges for Services - Water	\$ 100,203
Charges for Services - Sewer	66,550
Total Operating Revenues	<u>166,753</u>
<u>Operating Expenses</u>	
Salaries	23,391
Advertising	94
Materials, Repairs & Supplies	44,543
Utilities	17,871
Other Administrative	21,523
Depreciation	104,549
Outside Services	46,914
Sample Collections/Testing	3,587
Total Operating Expenses	<u>262,472</u>
<u>Operating Income</u>	(95,719)
<u>Nonoperating Income (Expense)</u>	
Interest Income	309
State Grant Revenue	14,785
Interest Expense	(12,230)
Total Nonoperating Income (Expense)	<u>2,864</u>
<u>Income Before Operating Transfers and Contributed Capital</u>	(92,855)
Transfers In	<u>-</u>
<u>Change in Net Assets</u>	(92,855)
<u>Net Position - Beginning</u>	<u>2,139,458</u>
<u>NET POSITION - ENDING</u>	<u>\$ 2,046,603</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities Utility Enterprise Fund
<hr/>	
<u>Cash Flows From Operations</u>	
Cash Received From Customers	\$ 174,646
Payments to Provide Services	(163,432)
Net Cash Provided by Operating Activities	<hr/> 11,214
 <u>Cash Flows From Noncapital Financing Activities</u>	
Increase in Customer Deposits	673
Increase in Restricted Assets (Cash)	(21,017)
Net Cash Flows From Noncapital Financing Activities	<hr/> (20,344)
 <u>Cash Flows From Capital and Related Financing Activities</u>	
State Grant Proceeds	14,785
Principal Paid on Bonds	(9,902)
Interest Paid on Bonds	(12,230)
Net Cash Flows From Capital and Related Financing Activities	<hr/> (7,347)
 <u>Cash Flows From Investing Activities</u>	
Interest Income	60
Net Decrease in Cash and Cash Equivalents	<hr/> (16,417)
 <u>Cash and Cash Equivalents at Beginning of Year</u>	<hr/> 41,546
 <u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	 <hr/> <hr/> \$ 25,129

VILLAGE OF SIMSBORO, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities Utility Enterprise Fund
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Used by Operating Activities:</u>	
Changes in Net Position	\$ (95,719)
Adjustments to Reconcile Net Income to Net	
Cash Provided (Used) by Operating Activities	
Depreciation	104,549
Decrease in Accounts Receivable	7,893
Decrease in Accounts Payable	(3,794)
Decrease in Retainage Payable	(6,704)
Decrease in Due from Other Funds	11,716
Decrease in Due to Other Funds	(6,727)
Total Adjustments	106,933
<u>Net Cash Provided by Operating Activities</u>	\$ 11,214

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

Introduction

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

Note 1 – Summary of Significant Accounting Policies

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

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

A. Financial Reporting Entity

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

GASB Statement 14 established criteria for determining which component units should be considered part of the Village of Simsboro, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Village to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Village. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village are organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship. Based on the previous criteria, the Village has determined that there are no component units that are part of the reporting entity.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information of all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues. The Village does not allocate general government (indirect) expenses to other functions.

Net position is restricted when constraints placed on them are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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

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

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

Note 1 – Summary of Significant Account Policies (continued)

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

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Principal revenue sources considered susceptible to accrual include federal grants, interest on investments, sales and income taxes, and lease payments receivable. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the Village's present appropriation system. These revenues have been accrued in accordance with accounting principles generally accepted in the United States of America since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the Village.

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

- Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at June 30, 2014 has been reported only in the government-wide financial statements.
- Interest on general long-term obligations is recognized when paid.
- Debt service expenditures are recorded only when payment is due.

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

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

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

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

Note 1 – Summary of Significant Account Policies (continued)

D. Fund Accounting

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

1. Major Governmental Funds

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

2. Proprietary Funds

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

E. Cash and Cash Equivalents

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

For purposes of the Statement of Cash Flows, cash equivalents include all highly liquid investments (including restricted assets) with an original maturity date of three months or less when purchased.

F. Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

Note 1 – Summary of Significant Account Policies (continued)

G. Bad Debts

Uncollectible amounts for ad valorem taxes and utility receivables are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible.

H. Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized in the general fixed assets account group. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or fair market value at date of gift, if donated.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight-line method. The estimated useful lives are as follows:

Buildings	40 years
Improvements	40 years
Equipment	5-10 years

I. Compensated Absences and Post-Employment Health Care Benefits

The Village does not have a formal leave policy.

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

J. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt – 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.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

Note 1 – Summary of Significant Account Policies (continued)

J. Contributed Capital (continued)

- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. There was no restricted net position at June 30, 2014.
- c. Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

K. Fund Equity

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted Fund Balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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

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

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

Note 1 -- Summary of Significant Account Policies (continued)

K. Fund Equity (continued)

Unassigned Fund Balance -- This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the village's policy to use externally restricted resources first, then unrestricted resources -- committed, assigned and unassigned -- in order as needed.

Note 2 - Cash and Cash Equivalents

Custodial credit risk -- deposits. The Village's cash and certificates of deposit consist of deposits with financial institutions. State statutes govern the Village's investment policy. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations and repurchase agreements. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates the local government investment pool. Collateral is required for demand deposits, certificates of deposit, savings certificates of savings and loan associations and repurchase agreements at 100% of all amounts not covered by deposit insurance. Obligations that may be pledged as collateral are obligations of the United States government and its agencies and obligations of the state and its subdivisions. Per Louisiana State law, collateral is not required for funds invested in LAMP.

Note 2 - Cash and Cash Equivalents

The following is a schedule of the Village's cash and certificates of deposit at June 30, 2014. Differences between the Village's balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks.

	<u>Book Balance</u>	<u>Bank Balance</u>
Cash on Deposit	\$ 177,529	\$ 190,933
Certificates of Deposit	<u>224,903</u>	<u>224,903</u>
Total	<u>\$ 402,432</u>	<u>\$ 415,836</u>

The Village's deposits are collateralized as follows:

FDIC Insured Deposits	\$ 373,843
Uninsured Deposits:	
Collateralized	<u>38,993</u>
Total Deposits	<u>\$ 585,028</u>

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

Note 2 - Cash and Cash Equivalents (continued)

Credit risk. The Village's only investments are the certificates of deposit mentioned above, therefore the Village is exposed to no credit risk.

Concentration of credit risk. The Village does not limit the amount that may be invested in securities of any one issuer. Applicable state statutes do not place limits on credit concentration.

Interest rate risk. The Village manages its exposure to declines in fair values by limiting the maturity of its investments to not longer than one year.

Note 3- Accounts Receivable

At June 30, 2014, the enterprise fund had accounts receivable of \$8,514 which includes customers' accounts outstanding at June 30, 2014. Also, franchise fees of \$4,773 are also due in to the general fund.

Note 4 - Ad Valorem Taxes

Property taxes are assessed and collected on a calendar year. Property taxes attach as an enforceable lien on property as of January 1. Tax notices are usually mailed in November each year and become delinquent after December 31, of that year. The ad valorem tax millage is 5.08 mills. \$13,911 was collected during the year.

Note 5- Restricted Assets

At June 30, 2014, all restricted assets were in the form of demand deposits. These assets represent amounts held as follows:

Utility Customer Deposits	\$ 29,783
Restricted for Debt Reduction	<u>78,650</u>
Totals	<u>\$ 108,433</u>

Note 6- Pension and Retirement Plans

At June 30, 2014, no eligible Village employees were participating in any of the State retirement systems.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

Note 7- Fixed Assets

A summary of changes in general fixed assets follows:

	June 30, 2013			June 30, 2014
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Government Activities:				
Non-Depreciable Assets:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Construction in Process	25,821	-	-	25,821
Depreciable Assets:				
Buildings & Improvements	116,509	-	-	116,509
Equipment	68,347	-	-	68,347
Vehicles	<u>61,556</u>	<u>-</u>	<u>-</u>	<u>61,556</u>
Total at Historical Cost	322,233	-	-	322,233
Less Accumulated Depreciation for:				
Buildings & Improvements	(26,140)	(4,035)	-	(30,175)
Equipment	(42,777)	(5,407)	-	(48,184)
Vehicles	<u>(50,005)</u>	<u>(7,700)</u>	<u>-</u>	<u>(57,705)</u>
Total Accumulated Depreciation	<u>(118,922)</u>	<u>(17,142)</u>	<u>-</u>	<u>(136,064)</u>
<u>Government Activities Capital Assets, Net</u>	<u>\$ 203,311</u>	<u>\$(17,142)</u>	<u>\$ -</u>	<u>\$ 186,169</u>
Business-Type Activities:				
Non-Depreciable Assets:				
Land	\$ 39,246	\$ -	\$ -	\$ 39,246
Construction in Process	-	-	-	-
Depreciable Assets:				
Waterworks System	1,195,607	-	-	1,195,607
Treatment Facilities	2,685,702	-	-	2,685,702
Machinery & Equipment	<u>62,212</u>	<u>-</u>	<u>-</u>	<u>62,212</u>
Totals at Historical Cost	3,982,767	-	-	3,982,767
Less Accumulated Depreciation for:				
Waterworks System	(489,557)	(30,132)	-	(519,689)
Treatment Facilities	(1,083,017)	(67,224)	-	(1,150,241)
Machinery & Equipment	<u>(46,039)</u>	<u>(7,193)</u>	<u>-</u>	<u>(53,232)</u>
Total Accumulated Depreciation	<u>(1,618,613)</u>	<u>(104,549)</u>	<u>-</u>	<u>(1,723,162)</u>
<u>Business-Type Activities Capital Assets, Net</u>	<u>\$2,364,154</u>	<u>\$(104,549)</u>	<u>\$ -</u>	<u>\$2,259,605</u>

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

Note 7- Fixed Assets (continued)

Depreciation expense for the year ended June 30, 2014 was charged to functions of the primary government as follows:

Government Activities:	
General Government	\$ 17,142
Public Safety	<u> -</u>
Total Depreciation Expense - Governmental Activities	\$ 17,142
Business-Type Activities:	
Utilities	\$ 104,549

Note 8- Long-Term Debt

Long-term debt consists of three notes payable to Rural Development for revenue bonds that relate to the Village's sewerage system. Two of these notes require an annual payment due by December 31 of each year and the other requires a monthly payment of \$911. Interest ranges from 4.25% to 5%. Interest paid during the fiscal year ended June 30, 2014 was \$12,230.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Notes Payable:					
Rural Development	\$ 84,000	\$ -	\$ 7,000	\$ 77,000	\$ 7,000
Rural Development	<u>192,202</u>	<u> -</u>	<u>2,902</u>	<u>189,300</u>	<u>2,944</u>
Total Notes Payable	<u>\$ 276,202</u>	<u>\$ -</u>	<u>\$ 9,902</u>	<u>\$ 266,300</u>	<u>\$ 9,944</u>

Principal and interest requirements to retire the Village's notes payable obligations are as follows:

Year Ended	<u>Rural Development #1</u>	
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 7,000	\$ 4,298
2016	7,000	3,939
2017	8,000	3,581
2018	8,000	3,223
2019	8,000	2,814
2020-2023	<u>39,000</u>	<u>7,572</u>
Total	<u>\$ 77,000</u>	<u>\$ 25,427</u>

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

Note 8- Long-Term Debt (continued)

Year Ended	<u>Rural Development #3</u>	
	<u>Principal</u>	<u>Interest</u>
<u>June 30,</u> 2015	\$ 2,944	\$ 7,988
2016	3,072	7,861
2017	3,205	7,728
2018	3,344	7,589
2019-2023	19,022	35,640
2024-2028	23,517	31,145
2029-2033	29,074	25,588
2034-2038	35,944	18,718
2039-2043	44,538	10,124
2044-2046	<u>24,640</u>	<u>1,316</u>
Total	<u>\$ 189,300</u>	<u>\$ 153,697</u>

Note 9 - Interfund Receivables and Payables

Interfund balances at June 30, 2014, were as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Interfund Payables</u>
Major Funds: General Fund	\$ 109,106	\$ 48,701
Enterprise Fund	79,601	216,646
Non-Major Funds: Special Revenue Funds	<u>101,640</u>	<u>25,000</u>
TOTAL	<u>\$ 290,347</u>	<u>\$ 290,347</u>

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

Note 10 - Fund Changes and Fund Balances

Amounts for specific purposes by fund and fund balance classifications for the year ended June 30, 2014 are as follows:

<u>Classification/Fund</u>	<u>Purpose</u>	<u>Amount</u>
Assigned:		
General Fund	Funding to Business Type Activities	\$ 63,000
Property Tax	Support Village Repairs and Maintenance	157,172
Madden Park	Park Collections and Repairs	15,173
Unassigned: General Fund		<u>112,153</u>
Total Fund Balances		<u>\$347,498</u>

Note 11 - Subsequent Events

Subsequent events have been evaluated through January 23, 2015, which the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

VILLAGE OF SIMSBORO, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Licenses and Permits	\$ 62,000	\$ 55,000	\$ 66,886	\$ 11,886
Charges for Services	32,200	32,200	41,135	8,935
Fines and Forfeitures	30,000	30,000	21,760	(8,240)
Grant Income	133,000	-	6,274	6,274
Miscellaneous	125	5	622	617
Total Revenues	<u>257,325</u>	<u>117,205</u>	<u>136,677</u>	<u>19,472</u>
<u>EXPENDITURES</u>				
General Government	254,852	135,845	141,370	(5,525)
Public Safety	31,200	31,200	30,094	1,106
Capital Improvements	-	-	-	-
Total Expenditures	<u>286,052</u>	<u>167,045</u>	<u>171,464</u>	<u>(4,419)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>				
	(28,727)	(49,840)	(34,787)	15,053
<u>OTHER FINANCING SOURCES AND (USES)</u>				
Transfers In	20,000	15,000	15,000	-
Transfers Out	-	-	-	-
Total Other Financing Sources and Uses	<u>20,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
<u>Net CHANGE IN FUND BALANCE</u>	(8,727)	(34,840)	(19,787)	15,053
<u>FUND BALANCE AT BEGINNING OF YEAR</u>				
	<u>194,940</u>	<u>194,940</u>	<u>194,940</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 186,213</u>	<u>\$ 160,100</u>	<u>\$ 175,153</u>	<u>\$ 15,053</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014

The Village uses the following budget practices:

1. In May of each year, the Mayor submits to the Board of Aldermen an operating and capital budget for the succeeding year.
2. A public hearing is scheduled by the Mayor and the Board of Aldermen after allowing for at least ten days notice to the public at the time the budget is initially submitted to the Board of Aldermen.
3. Final adoption of the Budget by the Board of Aldermen is on the first Monday in June.
4. The Mayor may authorize transfers of budgetary amounts within departments. Any revision requiring alteration of levels of expenditures or transfers between departments must be approved by the Board of Aldermen.
5. Operating appropriations and non-major capital appropriations, to the extent not expended, lapse at year end.
6. All legally adopted budgets of the Village are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgets are adopted for the General Fund and Special Revenue Funds.

Budget comparison statements included in the accompanying financial statements include the original adopted budgets and all subsequent adopted amendments.

VILLAGE OF SIMSBORO, LOUISIANA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

	Property Tax	Madden Park	Total Nonmajor Special Revenue Funds
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 24,280	\$ 12,215	\$ 36,495
Certificates of Deposit	59,082	-	59,082
Accounts Receivable	-	128	128
Due From Other Funds	98,810	2,830	101,640
	\$ 182,172	\$ 15,173	\$ 197,345
<u>TOTAL ASSETS</u>			
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ -	\$ -	\$ -
Due To Other Funds	25,000	-	25,000
Total Liabilities	25,000	-	25,000
<u>FUND BALANCE</u>			
Fund Balance			
Assigned	157,172	15,173	172,345
Unassigned	-	-	-
Total Fund Balance	157,172	15,173	172,345
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 182,172</u>	<u>\$ 15,173</u>	<u>\$ 197,345</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Property Tax</u>	<u>Madden Park</u>	<u>Nonmajor Special Revenue Funds</u>
<u>REVENUES</u>			
Taxes	\$ 13,911	\$ -	\$ 13,911
Miscellaneous	4	133	137
Total Revenues	<u>13,915</u>	<u>133</u>	<u>14,048</u>
<u>EXPENDITURES</u>			
General Government	1,266	-	1,266
Housing Rehabilitation	-	-	-
Public Safety	-	-	-
Total Expenditures	<u>1,266</u>	<u>-</u>	<u>1,266</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	12,649	133	12,782
<u>OTHER FINANCING SOURCES</u>			
Operating Transfers - In (Out)	<u>(15,000)</u>	<u>-</u>	<u>(15,000)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</u>	(2,351)	133	(2,218)
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	<u>159,523</u>	<u>15,040</u>	<u>174,563</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 157,172</u>	<u>\$ 15,173</u>	<u>\$ 172,345</u>

The accompanying notes are an integral part of this financial statement.

CAMERON, HINES & COMPANY

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Certified Public Accountants

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

Honorable Mayor and Board of Aldermen of
Simsboro, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Simsboro, Louisiana (the Village) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic primary government financial statements and have issued our report thereon dated January 23, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies as 14-1 and 14-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 14-2.

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.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
January 23, 2015

VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

Honorable Mayor and Board of Aldermen of
Simsboro, Louisiana

We have audited the financial statements of the Village of Simsboro, Louisiana as of and for the year ended June 30, 2014, and have issued our report thereon dated January 23, 2015. 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. Our audit of the financial statements as of June 30, 2014, resulted in an unmodified opinion.

Section I- Summary of Auditors' Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness ___ yes X no

Significant Deficiencies not considered to be
Material Weaknesses X yes ___ no

Compliance

Compliance Material to Financial Statements X yes ___ no

B. Federal Awards – N/A

Material Weakness Identified _____ yes _____ no

Significant Deficiencies not considered to be
Material Weaknesses _____ yes _____ no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unmodified _____ Qualified _____

Disclaimer _____ Adverse _____

Are their findings required to be reported in accordance with Circular A-133,
Section .510 (a)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)
CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? N/A

VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014 (continued)

Section II- Financial Statement Findings

14-1 Lack of Separation of Incompatible Duties

Condition:

The Village of Simsboro has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Criteria:

Proper internal control requires separation of incompatible duties.

Cause:

All of the Village's accounting is prepared by the Village Clerk.

Recommendation:

To the extent possible, other employees such as the Mayor could assist with incompatible duties. Alderman should review all checks written, deposits to the bank, and any credit memos issued by the Clerk pertaining to water and sewer accounts receivable.

Response:

The Village has an accounting workload that can be easily managed by one employee. The hiring of additional employees to provide enhanced internal control does not appear to be the best use of resources. The Village will get the Mayor and Board of Alderman more involved in monthly accounting where it is feasible to do so. The Village will check with their accounting firm to see if they can assist with some checks and balances.

14-2 Financial Statements Not Filed Timely

Condition:

The Village of Simsboro did not prepare and submit its audit financial statements to the Louisiana Legislative Auditor on a timely basis.

Criteria:

LA R.S. 24:513 requires that the Village prepare and submit its audited financial statements to the Legislative Auditor no later than six months after the end of the most recent fiscal year.

Cause:

The Village had a turnover of its Mayor as well as a change in the Village Clerk position. The new clerk was out sick for a week in December while the audit fieldwork was to be performed. This led to more time needed to get the support needed to complete the fieldwork phase.

VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014 (continued)

14-2 Financial Statements Not Filed Timely (continued)

Potential Effect:

Delinquent filings violates state law and would lead to grant revenue being delayed if not timely corrected.

Recommendation:

In the future it is recommended that adequate resources be provided to make available requested information on a timely basis.

Response:

A workable time schedule will be implemented before the auditors come for their field work information gathering phase for the year ending June 30, 2015.

14-3 Unauthorized Credits to Utility Bills

Condition:

During our audit, we were informed that a Village employee allegedly used unauthorized credits to utility billings to cover the theft of cash from utility collections. The amounts of unauthorized credits to customer accounts could not be determined but it was indicated to us to be around \$12,000. The employee was terminated and the available information was turned over to the Lincoln Parish Sheriff's department to be investigated further.

Criteria:

All credits to customer accounts should be approved by the Mayor and/or Alderman.

Cause:

The employee was not properly supervised. Safeguards were not installed within the software package for billing and payments to not allow credits to be entered by the employee.

Recommendation:

We recommend someone in a managerial position such as the Mayor and/or Alderman review on a timely basis the bank reconciliation, utility registers, deposits, credits, and checks written. Such review should be done at least weekly.

Response:

It is not cost beneficial to hire another person to provide some degree of checks and balances. Either the Mayor or an Alderman will review the accounting each month. The Village now reviews credits made to customer accounts on a monthly basis.

Section III- Federal Award Findings and Question Costs

This section is not applicable for this entity.

VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

Section I- Internal Control and Compliance Material to the Financial Statement

13-1 Budget Authority and Control

Condition:

While comparing the budgeted revenues of the general fund with its actual revenues, it was noted that the actual revenues were less than the total budgeted revenues by more than five percent.

Recommendation:

If unforeseen drop in revenue occur during the year causing an unfavorable variance with the adopted budget, the Village should amend the budget before year end.

Current Status:

The Village has monitored more closely the actual revenues, as well as expenditures, as they relate to the adopted budgets and has adopted amendments to the original budget when it became necessary.

Section II- Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III- Management Letter

This section is not applicable for this entity.