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Town of Simmesport
Annual Financial Statements
As of and for the Year Ended
June 30, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4-19-06

DUCOTE & COMPANY
Certified Public Accountants
219 North Washington Street
P. O. Box 309
Marksville, LA 71351

TOWN OF SIMMESPORT, LOUISIANA
Annual Financial Statements
As of and for the year ended June 30, 2005

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Annual Financial Statements
As of and for the year ended June 30, 2005

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INDEPENDENT AUDITORS' REPORT

The Honorable James T. Fontenot, Mayor
And Members of the Council
Town of Simmesport, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and remaining fund information, which collectively comprise the basic financial statements, of the Town of Simmesport, Louisiana, as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the Town of Simmesport, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

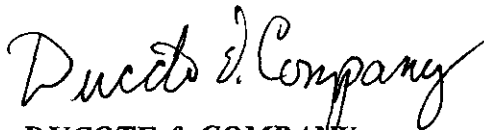
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and major funds, and remaining fund information of the Town of Simmesport, Louisiana, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, of those activities and funds and the budgetary comparison for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the other required supplementary information on pages 4 through 8 and 35 through 38, respectively, are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Simmesport, Louisiana's basic financial statements. The combining and individual fund statements and schedules described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 20, 2006 on our consideration of the Town of Simmesport, Louisiana's internal control over financial reporting and our tests on its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



DUCOTE & COMPANY

Marksville, Louisiana

February 20, 2006

REQUIRED SUPPLEMENTAL INFORMATION (PART I)
Management's Discussion and Analysis

Town of Simmesport, Louisiana
Management's
Discussion and Analysis
June 30, 2005

This discussion and analysis is intended to be an easily readable analysis of the Town of Simmesport's financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow:

Report Layout

With the implementation of Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Government's," a government's presentation of financial statements has been greatly changed. Besides the Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, combining schedules of non-major funds and supplementary information. The first several statements are highly condensed and present a government-wide view of the Town's finances. Within this view, all Town operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as police, fire, public works, parks and recreation, community development and general government administration. The sales tax fund is also included in the governmental activities. The Town's other activities of water and sewer and gas operations are reported within the business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Town.

Basic Financial Statements

- The Statement of Net Assets focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. For the first time, governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities have long reported capital assets and long-term liabilities. Also, for the first time, governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses on gross and net costs of town programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on major governmental funds and proprietary funds. The Town's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds." A budgetary comparison is presented for the general fund and the sales tax fund. Statements for the Town's proprietary funds follow the governmental funds and include net assets, revenue, expenses and changes in net assets, and cash flow.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

Readers desiring additional information on non-major funds can find it in the Combining Statements of Non-major Funds section of this report. Completing the financial section of the report are schedules on capital assets and other financial schedules.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years. Significant changes from the prior year are explained in the following paragraphs.

Government-wide Financial Statements

Because this is the first year to report governmental activities on the new standard, comparison to the prior year is not possible. In subsequent years, this section will discuss and analyze significant differences. A condensed version of the Statement of Net Assets at June 30, 2005 follows:

Net Assets at Year-end

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>
Cash and Investments	\$ 171,763	\$ 78,397	\$ 250,160
Other assets	138,306	134,326	272,632
Capital assets	<u>952,502</u>	<u>1,755,566</u>	<u>2,708,068</u>
Total assets	1,262,571	1,968,289	3,230,860
Other liabilities	118,390	260,230	378,620
Long-term liabilities	<u>488,821</u>	<u>6,566</u>	<u>495,387</u>
Total liabilities	<u>607,211</u>	<u>266,796</u>	<u>874,007</u>
Net assets			
Investment in capital assets,			-
Net of related debt	385,771	1,747,165	2,132,936
Restricted	142,472	-	142,472
Unrestricted	<u>127,117</u>	<u>(45,673)</u>	<u>81,444</u>
Total net assets	<u>\$ 655,360</u>	<u>\$ 1,701,492</u>	<u>\$ 2,356,852</u>

During the year ended June 30, 2005, there were no significant changes in the total balance of net assets. Overall the Governmental Activities net assets increased by approximately \$85,000 and the Business-type Activities net assets decreased by approximately \$88,000 for a net overall decrease of approximately \$3,000.

A condensed version of the Statement Activities follows:

**Governmental and Proprietary Activities
For the year ended June 30, 2005**

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	Total <u>Government</u>
<u>Revenues</u>			
Program Revenues:			
Charges for services	\$ 37,967	\$ 615,475	\$ 653,442
General Revenues:			
Taxes	304,357	-	304,357
Franchise fees	78,501	-	78,501
Licenses and permits	66,850	-	66,850
Intergovernmental	98,970	6,900	105,870
Unrestricted Investment earnings	1,592	455	2,047
Rental Income	3,610	-	3,610
Miscellaneous	37,972	-	37,972
Transfers	<u>50,400</u>	<u>(50,400)</u>	<u>-</u>
Total revenues and transfers	680,219	572,430	1,252,649
<u>Expenses</u>			
General government	172,822	-	172,822
Public safety	229,936	-	229,936
Streets and bridges	169,988	-	169,988
Health and sanitation	-	-	-
Utility services-Water and Sewer	-	267,777	267,777
Utility services-Gas Operations	-	392,951	392,951
Disposal of fixed assets	-	-	-
Interest and fiscal charges	<u>22,181</u>	<u>-</u>	<u>22,181</u>
Total Expenses	<u>594,927</u>	<u>660,728</u>	<u>1,255,655</u>
Increase (Decrease) in net assets	<u>\$ 85,293</u>	<u>\$ (88,298)</u>	<u>\$ (3,006)</u>

Governmental activities.

Governmental program expenses remained similar to prior year with the overall net increases and decreases resulting in similar totals in the general fund and sales tax fund. Overall revenues were up from the prior year by approximately \$27,000. In the sales tax fund revenues were up by \$8,000. The Town had no capital projects funds in the current year.

Business-type activities.

The water and sewer fund had an operating net income of \$41,482 while the gas fund had an operating loss for the year after transfers out to other funds totaling \$(129,780), resulting in net operational results for business-type activities of a \$(88,298) loss. Operational results and increased costs necessitated a revision in the pricing structure of the charges for these services. The Town implemented rate increases in water, sewer and gas charges in February 2005. Due to the increase in gas prices, the rate increase was not done in time to offset the increased costs for the 2005 fiscal. The 2006 operational results should be more favorable since the increases will be in affect for the full year.

Budgetary Highlights

Over the course of the year the Town Council made no revisions to the general fund operating budget. In total, the general fund's expenditures were \$77,612 more than budgeted and revenues were \$37,729 more than budgeted. Other financing sources including transfers in were \$61,500 more than budgeted for a total favorable budget variance of \$21,617.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2005 the Town had \$5,745,798 invested in capital assets, including police equipment, park and recreation facilities, buildings, and water, sewer and gas lines. This amount represents a net increase of \$37,528 (current year additions net of deletions).

	Capital Assets at Year-End					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2004	2005	2004	2005	2004	2005
Land	\$ 24,786	\$ 24,786	\$ 17,635	\$ 17,635	\$ 42,421	\$ 42,421
Building and Improvements	316,957	316,957	-	-	316,957	316,957
Machinery and Equipment	1,343,403	1,361,403	-	-	1,343,403	1,361,403
Utility Plant and Equipment	-	-	4,005,489	4,025,017	4,005,489	4,025,017
Subtotal	1,685,146	1,703,146	4,023,124	4,042,652	5,708,270	5,745,798
Accumulated depreciation	690,086	750,645	2,186,871	2,287,086	2,876,957	3,037,731
Capital assets, net	\$ 995,060	\$ 952,501	\$ 1,836,253	\$ 1,755,566	\$ 2,831,313	\$ 2,708,067

Debt Outstanding

At year-end, the Town had a total debt outstanding of \$575,131. This amount consisted of two sales tax bond issues and certificates of indebtedness totaling \$534,000, and three capital leases totaling \$41,131. This represents an overall net decrease in debt over the previous year on \$76,757. During the fiscal year ended June 30, 2005, the Town entered into a new lease agreement for the acquisition of a new copy machine to be paid from General Fund and Enterprise Fund operations. Payments totaling \$91,710 were made during the fiscal year. More detailed information on the Town's long-term liabilities are presented in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Town is projecting excess expenditures in the General Fund of \$165,000 before transfers in from the sales tax fund of \$170,000 for the fiscal year ending June 30, 2006, leaving a current surplus of \$5,000 after transfers in. The projected operating net income for the water and sewer fund is \$88,450, and for the gas fund an operating net income of \$6,450 before any transfers to other funds. These operational results are projected based on increases in the water, sewer and gas rates adopted in February 2005. In addition, the town increased the police fines schedule in February 2005 and anticipates sales tax revenues to increase significantly over the prior year due to the large purchase of movables associated with the Canadaville development. The overall outlook for 2006 is projected to be more favorable than the prior year operational results experienced. The administration is working very hard to minimize expenses and stay within the operational budgets for the fiscal year.

Financial Contact

The Town's financial statements are designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the revenues it receives. If you have any questions about this report or need additional financial information, please contact Vernell Franklin, the Town Clerk at P. O. Box 145, Simmesport, LA 71369.

BASIC FINANCIAL STATEMENTS

TOWN OF SIMMESPORT, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2005

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$171,763	\$3,913	\$175,676
Receivables:			
Utility and other receivables	62,154	69,937	132,091
Due from other governments	0	0	0
Accrued interest	0	40	40
Due from other funds	76,153	64,349	140,502
Restricted assets:			
Cash and cash equivalents	0	44,243	44,243
Investments	0	30,241	30,241
Capital assets, net of accumulated depreciation	<u>952,502</u>	<u>1,755,566</u>	<u>2,708,067</u>
TOTAL ASSETS	<u>\$1,262,571</u>	<u>\$1,968,289</u>	<u>\$3,230,860</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Accounts payable	\$20,742	\$31,616	\$52,358
Accrued expenses	7,075	0	7,075
Due to other funds	12,663	152,297	164,959
Payables from restricted assets:			
Utility deposits	0	74,484	74,484
Current portion of long-term debt	77,910	1,834	79,744
Long term bonds payable	<u>488,821</u>	<u>6,566</u>	<u>495,387</u>
TOTAL LIABILITIES	<u>607,211</u>	<u>266,796</u>	<u>874,007</u>
 <u>NET ASSETS</u>			
Reserved for Debt Service	142,472	0	142,472
Investment in capital assets, net of related debt	385,771	1,747,166	2,132,936
Unrestricted	<u>127,117</u>	<u>(45,673)</u>	<u>81,444</u>
TOTAL NET ASSETS	<u>\$655,360</u>	<u>\$1,701,492</u>	<u>\$2,356,852</u>

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

**TOWN OF SIMMESPORT, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005**

----- Net (Expenses) Revenue and Change in Net Assets-----				
	Charges for	Governmental	Business-	Total
<u>Expenses</u>	<u>Services</u>	<u>Activities</u>	<u>Type</u> <u>Activities</u>	<u>Total</u>
ACTIVITIES				
Governmental activities:				
General government	\$172,822	\$0	\$(172,822)	\$(172,822)
Public safety:				
Police	229,936	37,967	(191,969)	(191,969)
Fire	0	0	0	0
Streets and bridges	169,988	0	(169,988)	(169,988)
Interest and fiscal charges	22,181	0	(22,181)	(22,181)
Total Governmental Activities	<u>594,927</u>	<u>37,967</u>	<u>(556,960)</u>	<u>0</u>
Business-type activities:				
Water and Sewer	267,777	306,209	0	38,432
Gas Operations	392,951	309,266	0	(83,685)
Total Business-type Activities	<u>660,728</u>	<u>615,475</u>	<u>0</u>	<u>(45,253)</u>
Total Town of Simmesport	<u>1,255,655</u>	<u>653,442</u>	<u>(556,960)</u>	<u>(45,253)</u>
GENERAL REVENUES:				
Taxes		304,357	0	\$304,357
Franchise fees		78,501	0	78,501
Licenses and permits		66,850	0	66,850
Intergovernmental		98,970	6,900	105,870
Unrestricted Investment earnings		1,592	455	2,048
Rental Income		3,611	0	3,611
Miscellaneous		37,972	0	37,972
Special item, loss on disposal of assets			0	0
Transfers, net		50,400	(50,400)	0
Total general revenues, special items and transfers		<u>642,254</u>	<u>(43,045)</u>	<u>599,209</u>
Change in net assets		85,293	(88,298)	(3,005)
Net assets beginning of year		<u>570,067</u>	<u>1,789,790</u>	<u>2,359,857</u>
Net assets end of year		<u>\$655,360</u>	<u>\$1,701,492</u>	<u>\$2,356,852</u>

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

**TOWN OF SIMMESPORT, LOUISIANA
BALANCE SHEET-GOVERNMENTAL FUNDS AND
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET ASSETS
JUNE 30, 2005**

	General Fund	Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$20,020	\$5,001	\$146,743	\$171,763
Receivables:				
Taxes and other receivables	37,848	24,305	0	62,154
Accrued interest	0	0	0	0
Due from other governments	0	0	0	0
Due from other funds	76,153	0	0	76,153
TOTAL ASSETS	\$134,021	\$29,306	\$146,743	\$310,069
 LIABILITIES AND FUND EQUITY				
Accounts payable	\$16,594	\$367	\$3,781	\$20,742
Accrued expenses	7,075	0	0	7,075
Due to other funds	9	12,165	489	12,663
TOTAL LIABILITIES	23,678	12,532	4,270	40,480
 FUND BALANCES				
Unreserved				
Undesignated	110,343	16,774	0	127,117
Designated	0	0	142,472	142,472
TOTAL FUND BALANCE	110,343	16,774	142,472	269,589
TOTAL LIABILITIES AND FUND BALANCE	\$134,021	\$29,306	\$146,743	
 Amount reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in funds.				1,703,146
Less: accumulated depreciation				(750,645)
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.				(566,731)
NET ASSETS OF GOVERNMENTAL ACTIVITIES				\$655,360

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

**TOWN OF SIMMESPORT, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005**

	General Fund	Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$30,258	\$274,100	\$0	\$304,357
Licenses	66,850	0	0	66,850
Intergovernmental	98,970	0	0	98,970
Fines	37,967	0	0	37,967
Franchise fees	78,501	0	0	78,501
Interest income	0	111	1,481	1,592
Rental income	3,611	0	0	3,611
Grants and entitlements	0	0	0	0
Miscellaneous	37,972	0	0	37,972
TOTAL REVENUES	354,129	274,211	1,481	629,820
EXPENDITURES				
General government	135,632	7,379	0	143,011
Streets and drainage	155,066	0	0	155,066
Public safety - Police	219,094	0	0	219,094
Public safety - Fire	0	0	0	0
Capital outlay	13,016	0	0	13,016
Debt service	17,504	0	89,831	107,334
TOTAL EXPENDITURES	540,312	7,379	89,831	637,521
Excess (deficiency) of revenues over expenditures	(186,183)	266,831	(88,349)	(7,701)
OTHER FINANCING SOURCES (USES)				
Proceeds from bond sales/capital leases	0	0	0	0
Operating transfers in	273,600	26,500	84,699	384,799
Operating transfers out	(37,100)	(297,299)	0	(334,399)
TOTAL OTHER FINANCING SOURCES (USES)	236,500	(270,799)	84,699	50,400
Excess (deficiency) of revenues over expenditures and other sources (uses)	50,317	(3,967)	(3,651)	42,699
FUND BALANCES AT BEGINNING OF YEAR	60,031	20,742	146,123	226,895
FUND BALANCES AT END OF YEAR	\$110,348	\$16,774	\$142,472	\$269,594

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

**TOWN OF SIMMESPORT, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2005**

Net change in fund balances - Governmental Funds **\$42,699**

The change in net assets reported for governmental activities is in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as

depreciation expense. This is the amount by which depreciation (\$60,559) exceeded capital outlay (\$18,000)

In the current period.

(42,559)

Debt service payments are deducted as expenditures in the current year. On the statement of activities debt payments are not deducted since they reduce the liability on the statement of net assets. Debt payments, net of proceeds from new debt issues for the current year are added back to reconcile to the net change in assets.

85,153

Change in net assets of governmental activities

\$85,293

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

TOWN OF SIMMESPORT, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	Water & Sewer System	Natural Gas System	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$3,012	\$901	\$3,913
Receivables			
Accrued interest	9	30	40
Utility and other receivables	41,010	28,928	69,937
Due from other funds	64,349	0	64,349
Restricted assets:			
Cash and cash equivalents	12,580	31,663	44,243
Investments	6,700	23,541	30,241
Fixed assets			
Land	17,636	0	17,636
Plant and equipment	3,003,320	1,021,697	4,025,016
Accumulated depreciation	<u>(1,628,184)</u>	<u>(658,902)</u>	<u>(2,287,086)</u>
TOTAL ASSETS	<u>\$1,520,432</u>	<u>\$447,857</u>	<u>\$1,968,289</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Accounts payable	\$10,533	\$21,083	\$31,616
Due to other funds	9,154	143,143	152,297
Lease Payable	4,200	4,200	8,400
Payable from restricted assets-			
Utility deposits	<u>19,280</u>	<u>55,204</u>	<u>74,484</u>
TOTAL LIABILITIES	<u>43,167</u>	<u>223,630</u>	<u>266,796</u>
NET ASSETS			
Investment in capital assets net of related debt	1,388,571	358,595	1,747,166
Retained earnings			
Unrestricted	<u>88,694</u>	<u>(134,367)</u>	<u>(45,673)</u>
TOTAL NET ASSETS	<u>\$1,477,265</u>	<u>\$224,227</u>	<u>\$1,701,492</u>

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

TOWN OF SIMMESPORT, LOUISIANA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	Water & Sewer System	Natural Gas System	Total
<u>OPERATING REVENUES</u>			
Charges for services-			
Water sales	\$150,503	\$0	\$150,503
Sewer user charges	151,792	0	151,792
Natural gas sales	0	304,676	304,676
Penalties and service charges	3,915	4,590	8,505
Miscellaneous Revenue	6,900	0	6,900
TOTAL OPERATING REVENUES	313,109	309,266	622,375
<u>OPERATING EXPENSES</u>			
General government	28,333	64,884	93,217
Water system	100,869	0	100,869
Sewer system	138,575	0	138,575
Natural gas system	0	328,068	328,068
TOTAL OPERATING EXPENSES	267,777	392,951	660,728
OPERATING INCOME (LOSS)	45,332	(83,685)	(38,353)
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest income	150	306	455
TOTAL NONOPERATING REVENUES (EXPENSES)	150	306	455
Income (loss) before operating transfers	45,482	(83,380)	(37,898)
<u>OPERATING TRANSFERS IN (OUT)</u>			
Operating transfers out	(4,000)	(46,400)	(50,400)
TOTAL OPERATING TRANSFERS	(4,000)	(46,400)	(50,400)
NET INCOME (LOSS)	41,482	(129,780)	(88,298)
NET ASSETS AT BEGINNING OF YEAR	1,435,783	354,007	1,789,790
NET ASSETS AT END OF YEAR	\$1,477,265	\$224,227	\$1,701,492

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

**TOWN OF SIMMESPORT, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2005**

	Water and Sewer Fund	Natural Gas Fund	Total
Cash flows from operating activities			
Receipts from customers	\$294,068	\$292,672	\$586,740
Payments to suppliers	(185,173)	(239,976)	(425,149)
Payments to employees for salaries and benefits	(84,504)	(99,599)	(184,103)
	24,391	(46,903)	(22,512)
Net cash provided by operating activities			
Cash flows from capital and related financing activities:			
Purchase of Capital Assets	(14,549)	(4,982)	(19,531)
Operating transfers In (out) from other funds	(4,000)	(46,400)	(50,400)
Increase (decrease) in due (from) to other funds	(10,732)	94,310	83,578
Increase (decrease) in capital lease payable	4,200	4,200	8,400
	(25,081)	47,128	22,047
Net cash provided by/(used) for capital and related financing activities			
Cash flows from investing activities:			
Interest received from interest bearing deposits	150	306	456
Net (increase) decrease in restricted cash	108	(10,369)	(10,261)
	258	(10,063)	(9,805)
Net cash provided by/(used) for investing activities			
Net increase (decrease) in cash and cash equivalents	(432)	(9,838)	(10,270)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,444	10,739	14,183
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$3,012	\$901	\$3,913
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$45,332	\$(83,685)	\$(38,353)
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation	73,941	26,284	100,225
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(19,041)	(16,594)	(35,635)
(Increase) decrease in other receivables	0	0	0
Increase (decrease) in accounts payable	(1,089)	16,723	15,634
Increase (decrease) in customer deposits	(108)	10,369	10,261
Increase (decrease) in other payables	(74,644)	0	(74,644)
	\$24,391	\$(46,903)	\$(22,512)
Net cash provided by/(used) for operating activities			

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

**TOWN OF SIMMESPORT, LOUISIANA
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2005**

ASSETS

Cash and cash equivalents	\$7
Due from other funds	<u>88,807</u>
TOTAL ASSETS	<u>\$88,813</u>

LIABILITIES

Accounts payable	\$24,464
Due to other funds	<u>64,349</u>
TOTAL LIABILITIES	<u>88,813</u>
NET ASSETS	<u>\$0</u>

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

**TOWN OF SIMMESPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

INTRODUCTION

The Town of Simmesport (Town) was incorporated in 1925, under the provisions of the Lawrason Act, the Town began operating under a Mayor-Council form of government.

The accounting and reporting policies of the Town of Simmesport conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

Financial Reporting Entity.

Government Accounting Standards Board Statement (GASB) 14 established criteria for determining which component units should be considered part of the Town of Simmesport, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

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

Based upon the application of the foregoing criteria, the volunteer fire department as a governmental organization is not considered a part of the Town and is thus excluded from the accompanying financial statements. This organization is staffed by volunteers and although the Town may provide facilities and some of its financing, no control is exercised over its operations. These financial include only expenditures paid or incurred directly by the Town.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A. Implementation of New Accounting Standards.

For the fiscal year ended June 30, 2005, the Town of Simmesport, Louisiana implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis-for State and Local Governments* (GASB 34). This statement affects the manner in which the Town records transactions and presents financial information.

State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports. GASB 34 establishes new requirements and a new reporting model, much like private-sector financial reports, for the annual financial reports of state and local governments. The new format was developed to make annual reports of state and local governments easier to understand and more useful to users of governmental financial information.

Management's Discussion and Analysis-GASB 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the Town's financial activities in the form of management's discussion and analysis (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

**TOWN OF SIMMESPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements-The reporting model includes financial statements prepared using full accrual accounting for all the Town's activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. Government-wide financial statements including the following:

Statement of Net Assets-The statement of net assets is designed to display the financial position of the Primary Government (governmental and business-type activities). The Town reports capital assets in the government-wide statement of net assets and reports depreciation expense-the cost of "using up" capital assets-in the statement of activities. The net assets of the Town are broken down into three categories-1) Invested in capital assets, net of related debt; 2) restricted; and unrestricted.

Statement of Activities-The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the Town's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the Town had recorded capital assets and certain other long-term assets and liabilities in the statement of net assets and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

B. Basic Financial Statements.

Basic financial statements consist of the following:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the basic financial statements.

The government-wide financial statements consist of the statement of net assets and the statement of activities and report information on all of the nonfiduciary activities of the Primary Government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net assets have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column. In the statement of activities, transactions between governmental and business-type activities have not been eliminated.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety (police, fire and city court), streets and bridges, health and sanitation and public improvements. The business-type activities of the Town include water, wastewater and gas operations.

**TOWN OF SIMMESPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, and 2) grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental 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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds 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. The Town in general considers revenues available if they are collected within 180 days after year-end, except for property taxes, which the Town considers available if they are collected within 60 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when payment is due.

For the governmental funds financial statements, the Town consider all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically sales taxes, franchise taxes, licenses, interest, special assessments, charges for services, and other miscellaneous revenue are all considered to be susceptible to accrual and have been recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and are recorded at the time of receipt or earlier, if the susceptible to accrual criteria are met.

The accounts of the Town are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstration compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Town reports the following major governmental funds:

The General Fund is the municipality's primary fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**TOWN OF SIMMESPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt service funds are used to account for the accumulation of resources retained and used for the payment of principal, interest, and related costs on those long-term obligations recorded in the general long-term obligations account group.

Capital projects funds are used to account for financial resources to be used for acquisition or construction of major capital facilities (other than those financed in the proprietary funds and trust funds).

The Town reports the following major proprietary fund:

Utility funds are used to account for operations (a) 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 users 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 of Simmesport's enterprise funds are the Water and Wastewater Utility Fund and the Gas Utility Fund.

Additionally, the Town reports the following fund types:

Fiduciary funds, which consist solely of Agency funds, account for assets held by the Town as a trustee or as an agent for individuals or other governmental units. The only fiduciary fund type used by the Town is the Agency Fund type. Agency funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The funds account for assets held by the Town in an agency capacity for individuals or other governmental units.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

**TOWN OF SIMMESPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets and Budgetary Accounting.

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Mayor and Town Clerk prepare a proposed budget and submit it to the Board of Aldermen not later than fifteen days prior to the beginning of each fiscal year.
2. A notice is published 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 ten days after publication of the call for the hearing.
4. After the holding of the public hearing and 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 Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are used as a management control device. Annual budgets are adopted for the General Fund, Sales Tax, Debt Service, Capital Projects Funds (if any) and the Enterprise Funds. The Town maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the Mayor and Board of Aldermen. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is within a fund. Budgeted amounts presented are as originally adopted and as further amended by the Board of Aldermen.

E. Deposits and Investments.

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal officers in Louisiana. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost, which approximates market.

F. Cash Flow Presentation.

For the purpose of the statement of cash flows, the Enterprise Funds (Water & Sewer System Utility Fund and Gas Utility Fund) consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

G. Bad Debts.

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. No allowance for uncollectible amounts was made due to the immateriality at June 30, 2005.

TOWN OF SIMMESPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Due to and Due from Other funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

I. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Long-Term obligations of the Town consisted of Certificate of Indebtedness Series 2001, 2004 Sales Tax Bond Issue, 1992 Sales Tax Bond Issue and four capital leases at June 30, 2005.

J. Accumulated Unpaid Vacation and Other Employee Benefits.

Town employees are not covered under any specific vacation or sick leave policy. Therefore, there are no accumulations of such absences to be accrued as a liability in these financial statements. It is the Town's policy to recognize the costs of compensated absences when actually paid to employees.

At June 30, 2005, vested leave benefits have not been accrued as required by GASB Statement No. 16 "Accounting for Compensated Absences", due to immateriality.

K. Capital Assets

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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 cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Land Improvements (Infrastructure)	10 - 50
Building and building improvements	20 - 50
Service vehicles and moveable equipment	7 - 15
Heavy equipment	10 - 20
Office furniture and fixtures	5 - 10

The proprietary funds are accounted for on a cost of service or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or non current) associated with its activity are included on its balance sheet.

**TOWN OF SIMMESPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method over the following useful lives:

	Water and Sewer System	Natural Gas System
Water wells	40	-
Lines and meters	40	33
Pumps, Motors and Compressors	40	33
Service Vehicles and Moveable Equip	5	5
Office Furniture & Fixtures	5	5

All fixed assets are stated at historical cost (cash plus trade-in allowances, if applicable). Donated fixed assets, if any, are stated at their estimated fair value on the date donated.

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specified purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2. CASH AND CASH EQUIVALENTS

At June 30, 2005, the Town had cash and cash equivalents (book balance) totaling \$250,167, as follows:

Demand deposits	\$219,926
Time deposits	30,241
Total	<u>\$250,167</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balance) 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. 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.

Custodial Credit Risk: is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At June 30, 2005, the Town had \$276,427 in deposits (collected bank balances) including investments listed in note 3. These deposits (including investments) are secured from risk by \$276,427 of federal deposits insurance (GASB Category 1), in addition to the \$462,029 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). None of the town's deposits were uninsured and exposed to credit risk as of June 30, 2005.

Even though pledged securities are considered uncollateralized (Category 3) under the provisions of GASB statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirements on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3. INVESTMENTS

At June 30, 2005, the Town held investments totaling \$30,241 in 180 day certificates of deposit. These investments are stated at cost, which approximate market, and are secured from risk by federal deposit insurance (see note 2).

TOWN OF SIMMESPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 4. RECEIVABLES

Receivables totaling \$37,848 in the general fund consisted of the following at June 30, 2005:

Other receivables		
Franchise fees	\$	17,672
NSF checks		<u>3,011</u>
Total	\$	<u>20,683</u>
Due from other governments		
Video Poker Revenue	\$	8,443
Casino Gaming Revenue		6,833
Beer Tax		<u>1,889</u>
Total	\$	<u>17,165</u>

Sales tax collections receivable in the amount of \$24,305 are reflected in the sales tax fund.

In the enterprise fund unbilled utility receivables were immaterial at June 30, 2005. Billed receivables balances at June 30, 2005 consisted of the following:

	<u>Water and Sewer System</u>	<u>Natural Gas System</u>	<u>Totals</u>
<u>Utility Billings</u>			
Current billings	\$ 32,886	\$ 14,349	\$ 47,235
Over 30 days	<u>8,124</u>	<u>14,579</u>	<u>22,703</u>
	<u>\$ 41,010</u>	<u>\$ 28,928</u>	<u>\$ 69,938</u>

NOTE 5. RESTRICTED ASSETS – PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 2005:

Customer Meter Deposits	<u>\$74,484</u>
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NOTE 6. INTERFUND RECEIVABLES, PAYABLES

The following is a summary of interfund receivable and payable balances at June 30, 2005

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 76,153	\$ -
Sales Tax Fund	-	12,165
Debt Service Fund	-	489
Capital Projects Fund	-	9
Enterprise Funds	64,349	152,297
Agency Fund	<u>88,807</u>	<u>64,349</u>
Totals	<u>\$ 229,309</u>	<u>\$ 229,309</u>

TOWN OF SIMMESPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2005, are as follows:

	<u>7/1/2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2005</u>
Governmental activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 24,786	\$ -	\$ -	\$ 24,786
 <u>Capital assets being depreciated:</u>				
Building and Improvements	\$ 316,957	\$ -	\$ -	\$ 316,957
Machinery and equipment	1,343,403	18,000	-	1,361,403
Total capital assets being depreciated	<u>\$ 1,660,360</u>	<u>\$ 18,000</u>	<u>\$ -</u>	<u>\$ 1,678,360</u>
 Less accumulated depreciation for:				
Building and Improvements	\$ 100,938	\$ 8,726	\$ -	\$ 109,664
Machinery and equipment	589,148	51,833	-	640,981
Total accuulated depreciation	<u>\$ 690,086</u>	<u>\$ 60,559</u>	<u>\$ -</u>	<u>\$ 750,645</u>
Total governmental assets being depreciated, net	<u>\$ 970,274</u>			<u>\$ 927,715</u>

For the year ended June 30, 2005, depreciation expense was \$60,559.

Business-type activities:

Capital assets not being depreciated:

Land	\$ 17,635	\$ -	\$ -	\$ 17,635
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Capital assets being depreciated:

Water system plant and equipment	\$ 1,229,850	\$ 14,549	\$ -	\$ 1,244,399
Sewer system plant and equipment	1,758,920	-	-	1,758,920
Gas system plant and equipment	1,016,715	4,982	-	1,021,697
Total capital assets being depreciated	<u>\$ 4,005,485</u>	<u>\$ 19,531</u>	<u>\$ -</u>	<u>\$ 4,025,016</u>

Less accumulated depreciation for:

Water system plant and equipment	\$ 992,540	\$ 30,361	\$ -	\$ 1,022,901
Sewer system plant and equipment	561,703	43,580	-	605,283
Gas system plant and equipment	632,618	26,284	-	658,902
Total accuulated depreciation	<u>\$ 2,186,861</u>	<u>\$ 100,225</u>	<u>\$ -</u>	<u>\$ 2,287,086</u>
Total business-type assets being depreciated, net	<u>\$ 1,818,624</u>			<u>\$ 1,737,930</u>

For the year ended June 30, 2005, depreciation expense was \$100,225.

**TOWN OF SIMMESPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 8. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2005:

	<u>General Obligation</u>	<u>Capital Leases</u>
Payable at 6/30/2004	\$ 599,000	\$ 52,888
Add: New Debt Issued	-	14,953
Less: Payments Made	<u>65,000</u>	<u>26,710</u>
Payable at 6/30/2005	<u>\$ 534,000</u>	<u>\$ 41,131</u>

Debt issues payable at June 30, 2005 are comprised of the following individual revenue bond issues:

<u>General Obligation Debt</u>	<u>Outstanding Balance</u>
A. \$362,000 - 2004 Sales Tax Bonds dated April 8, 2004 (refunding of bonds dated March 13, 1990), due in annual installments of \$28,000 to \$40,000 with interest of 3.85%; matures March 1, 2015	\$334,000
B. \$260,000 - 1992 Sales Tax Bonds dated December 1, 1992, due in annual installments of \$10,000 to \$30,000 with interest rates varying from 6.1% to 6.5%; matures December 1, 2007.	80,000
C. \$185,000 - 2001 Certificate of Indebtedness dated March 12, 2001 due in annual installments of \$15,000 to \$23,000 with an interest rate of 5.25%; matures April 1, 2011.	<u>120,000</u>
Total General Obligations Debt	<u>\$534,000</u>

All of the above Certificates of Indebtedness are secured by excess general fund revenues and proceeds of the 1% sales tax. \$146,743 is available in the Debt Service Funds to service the General Obligation Debts.

The annual requirements to amortize all debt outstanding as of June 30, 2005, including interest payments of \$105,093 are as follows:

<u>Year Ending June 30</u>	
2006	\$ 93,526
2007	91,880
2008	95,049
2009	63,922
2010	64,679
2011-2015	<u>230,037</u>
	<u>\$ 639,093</u>

TOWN OF SIMMESPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 8. CHANGES IN LONG-TERM DEBT (Continued)

Capital Leases

The Town of Simmesport has entered into a lease agreement as lessee for financing the acquisition of a new backhoe for the street department in the General Fund. The lease agreement qualifies as a capital lease for accounting purposes (lease contains an option to purchase the leased property) and therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The carrying value of the asset under capital lease is \$28,531 at June 30, 2005.

The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2005

Year Ending	
<u>June 30</u>	
2006	\$ 8,516
2007	8,516
2008	8,516
2009	<u>6,385</u>
	31,933
Less: amount representing interest	<u>(3,402)</u>
Present value of future lease payments	<u>\$ 28,531</u>

The Town of Simmesport has entered into a lease agreement as lessee for financing the acquisition of a copy machine for its General Fund and Enterprise Fund operations. The lease agreement qualifies as a capital lease for accounting purposes (lease contains an option to purchase the leased property) and therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The carrying value of the asset under capital lease is \$12,600 at June 30, 2005.

The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2005:

Year Ending	
<u>June 30</u>	
2006	3,574
2007	3,574
2008	3,574
2009	3,574
2010	<u>298</u>
	14,594
Less: amount representing interest	<u>(1,994)</u>
Present value of future lease payments	<u>\$ 12,600</u>

**TOWN OF SIMMESPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 9. CHANGES IN AGENCY FUND

The following is a summary of changes in assets and liabilities of the Agency Fund for the year ended June 30, 2005:

Assets	Balance <u>7/1/2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2005</u>
Cash	\$ 10,289	1,769,324	1,779,606	\$ 7
Due from other funds	<u>52,643</u>	<u>1,746,902</u>	<u>1,710,739</u>	<u>88,806</u>
	<u>\$ 62,932</u>	<u>3,516,226</u>	<u>3,490,345</u>	<u>\$ 88,813</u>
Liabilities				
Payables	\$ 9,315	1,117,961	1,102,812	\$ 24,464
Due to other funds	<u>53,617</u>	<u>1,033,469</u>	<u>1,022,737</u>	<u>64,349</u>
	<u>\$ 62,932</u>	<u>2,151,430</u>	<u>2,125,549</u>	<u>\$ 88,813</u>

NOTE 10. AD VALOREM TAXES

For the year ended June 30, 2005, taxes of 5.02 mils were levied on property with assessed valuations totaling \$4,841,100 and were dedicated as follows:

General Corporate	5.02
-------------------	------

Total taxes levied was \$24,302 for the tax year ended June 30th. Taxes receivable at June 30, 2005, were immaterial.

Property taxes attach as an enforceable lien on property as of March 2nd of each year. Taxes are levied in November of each year and payable by March 1st of the year following. The Town bills and collects its own property taxes and they are recognized as revenues when levied to the extent that they result in current receivables. Property assessments are based on valuations made by the tax assessor of Avoyelles Parish.

NOTE 11. SALES TAX COLLECTION AGREEMENT

On June 5, 1992, the Town of Simmesport, Louisiana entered into an intergovernmental agreement with the Avoyelles Parish School Board for a one year period commencing on July 1, 1992, whereby the School Board will collect the sales and use taxes, including interest, penalties, fees and cost, levied by the Town of Simmesport, Louisiana under the Town's ordinances. The collection fee charged is a monthly fee of 1 1/2% of the gross tax revenues collections to the Town of Simmesport. Tax collections are remitted on a monthly basis no later than the 10th day of each month after reasonable and necessary cost and expenses of collection in administration of the taxes have been deducted, including the collection fee. This agreement is renewed automatically each year.

**TOWN OF SIMMESPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 12. GENERAL OBLIGATION SINKING FUND REQUIREMENTS

A. Under the terms of the \$362,000 - 2004 Sales Tax Bond dated April 8, 2004, the Town is required to establish and maintain the following accounts for payment principal and interest on the Bond:

1. "Sales Tax Bonds, Series 2004, Sinking Fund" and to transfer thereto, on a monthly basis, an amount constituting 1/12th of the next maturing installment of principal and interest on the Bond.
2. "Sales Tax Bond, Series 2004, Reserve Fund" is to be maintained solely for the purpose of paying the principal of and interest on bonds payable from the Debt Service Fund as to which there would otherwise be default. The Reserve is required to be funded in an amount equal to the lesser of (i) 10% of the principal amount of the bonds and (ii) the highest combined principal and interest requirements for any succeeding bond year on the bonds. The balance in the reserve fund as of June 30, 2005 totaled \$36,739.

B. Under the terms of the \$260,000 - 1992 Sales Tax Bond dated December 1, 1992, the Town is required to establish and maintain the following accounts for payment of the principal and interest on the Bond:

1. "Sales Tax Bond Sinking Fund - 1992" and to transfer thereto, on a monthly basis, an amount constituting 1/12th of the next maturing installment of principal and 1/6th of the next maturing installment of interest on the Certificate.
2. "Sales Tax Bond Reserve Fund" and to transfer thereto, \$13,000 upon delivery of the Bonds from the proceeds thereof, and, on a monthly basis, an amount equal to \$360 until there has been accumulated therein a sum equal to the lesser of (a) 10% of the proceeds of the Bonds and any issue of additional pari passu bonds payable from the Tax or (b) the highest combined principal and interest principal and interest requirements for any succeeding Bond year (ending December 1st) on the Bonds and any issue of pari passu bonds payable from the tax. Such amounts may be used solely for the purpose of paying the principal and interest on Bonds payable from the sinking fund as to which there would otherwise default.

C. Under the terms of the \$185,000 - 2001 Certificates of Indebtedness dated March 12, 2001, the Town is required to establish and maintain the following account for payment of the principal and interest of the certificates:

1. "Certificates of Indebtedness, Series 2001, Sinking Fund and to transfer thereto monthly in advance a sum equal to one-sixth (1/6) of the interest falling due on the next interest payment date and a sum equal to one-twelfth (1/12) of the principal falling due on the next interest payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same fall due.

For the period under audit, all required transfers to the appropriate funds were met in all material respects.

NOTE 13. RETIREMENT COMMITMENTS

Police officers are eligible to participate in the Municipal and State Police Retirement System of Louisiana, a multiple-employer public employee retirement system. For the current year, however, no one in the police department chose to participate.

All employees of the Town are covered by the Social Security System.

**TOWN OF SIMMESPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 14. DEFERRED COMPENSATION PLAN

Beginning in January 1990 the Town elected to participate in the Louisiana Public Employees Deferred Compensation Plan State of Louisiana, a component unit of the State of Louisiana. The plan offers its participants (eligible public employees) a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. Participant's rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the State's legal counsel that the State has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The State believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 15. FRANCHISE AGREEMENTS

The Town entered into franchise agreements with various public utility companies that provide services within the corporate limits of the Town. A summary of each such agreement follows:

1. CenturyTel (formerly Central Louisiana Telephone Company) - Effective July 1, 1987 for a period of twenty-five (25) years. Franchise fee is based on four percent (4%) of gross revenues derived from exchange station services rendered within the city limits of the Town. Fees are payable quarterly within thirty (30) days following the expiration of the quarter. As additional consideration the Town is provided free of charge, four (4) local access lines.

2. Central Louisiana Electric Company, Inc. - (CLECO) - Effective January 22, 1987 for a period of twenty-five (25) years. Franchise fee is based on four percent (4%) of the gross receipts from sale and delivery of electric energy for residential and commercial purposes billed on commercial and residential rates within the limits of the Town. Fees are payable quarterly within thirty (30) days of the end of the quarter. Other franchise provisions are as follows:

1. Franchise payments will be reduced in an amount equal to the sum of any new or increased taxes of any nature whatsoever levied by the municipality and payable by CLECO (except uniform ad valorem taxes, based on property values).

2. CLECO will provide free electric service to the Town and reduced street light rates until February 1990. Thereafter, prevailing commercial rates shall apply and street lights rates will increase.

3. Classic Cable (formerly Friendship Cable) - Effective May 11, 1981 for a period of fifteen (15) years. The franchise fee is based on four percent (4%) of gross subscription receipts, less state sales taxes, federal excise tax and copyright received by the company within the Town city limits. Fees are payable to the Town quarterly, by the 10th of the following month. On June 13, 1994 the Town signed a consent to assignment of this agreement to Friendship Cable of Texas, Inc., and extended the agreement for an additional fifteen (15) years from that date.

NOTE 16. LITIGATION

At June 30, 2005, the Town of Simmesport, Louisiana was not involved in any litigation that in legal counsel's opinion was not adequately covered by insurance and/or would materially affect the financial statements.

**TOWN OF SIMMESPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 17. SUBSEQUENT EVENTS

On October 24, 2005, the Town of Simmesport, Louisiana entered into a cooperative agreement with Canadaville Louisiana USA, Inc. (a non-profit Delaware Corporation) hereafter referred to as "Canadaville" and 2003 Delaware, Inc., (a Delaware Corporation), whereby the Town agreed to facilitate the creation by Canadaville of a development to house up to 300 people on a tract of property located on Louisiana Highway 105 near Simmesport. Canadaville agreed to pay \$50,000 per annum in quarterly installments to be used by the Town to fund the hiring of three additional full time policemen for a period of five years. In addition, two fully equipped police vehicles and a fully equipped substation would be provided to the Town by Canadaville. A 10,000 square foot community center would be built on the development with parking facilities, baseball diamonds, basketball courts, tennis courts and an open field for activities with appropriate lighting, etc. In addition to other employment and economic development provisions, Canadaville agreed to donate the community center to the Town in exchange for providing utility services and with the agreement that the development be annexed as a part of the Town. Pursuant to an amendment to this agreement in November 2005, Canadaville further agreed to reimburse the Town up to \$10,000 for necessary repairs to the sewer system in order to accommodate the connection of the development to the Town's existing system.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

**TOWN OF SIMMESPORT, LOUISIANA
BUDGET COMPARISON
GENERAL FUND
YEAR ENDED JUNE 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
Taxes	\$29,600	\$29,600	\$30,258	\$658
Licenses	55,300	55,300	66,850	11,550
Intergovernmental	98,000	98,000	98,970	970
Fines	30,000	30,000	37,967	7,967
Franchise fees	75,000	75,000	78,501	3,501
Rental income	3,500	3,500	3,611	111
Grants and entitlements	0	0	0	0
Miscellaneous	25,000	25,000	37,972	12,972
TOTAL REVENUES	<u>316,400</u>	<u>316,400</u>	<u>354,129</u>	<u>37,729</u>
<u>EXPENDITURES</u>				
General government	115,000	115,000	135,632	(20,632)
Streets and drainage	126,000	126,000	155,066	(29,066)
Police	198,900	198,900	219,094	(20,194)
Fire	0	0	0	0
Debt service	12,800	12,800	17,504	(4,704)
Capital outlay	10,000	10,000	13,016	(3,016)
TOTAL EXPENDITURES	<u>462,700</u>	<u>462,700</u>	<u>540,312</u>	<u>(77,612)</u>
Excess (deficiency) of revenues over expenditures	<u>(146,300)</u>	<u>(146,300)</u>	<u>(186,183)</u>	<u>(39,883)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from capital lease	0	0	0	0
Operating transfers in	175,000	175,000	273,600	98,600
Operating transfers out	0	0	(37,100)	(37,100)
TOTAL OTHER FINANCING SOURCES (USES)	<u>175,000</u>	<u>175,000</u>	<u>236,500</u>	<u>61,500</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>\$28,700</u>	<u>\$28,700</u>	50,317	<u>\$21,617</u>
FUND BALANCES AT BEGINNING OF YEAR			<u>60,031</u>	
FUND BALANCES AT END OF YEAR			<u>\$110,348</u>	

**TOWN OF SIMMESPORT, LOUISIANA
BUDGET COMPARISON
SALES TAX FUND
YEAR ENDED JUNE 30, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Taxes	\$280,000	\$280,000	\$274,100	\$(5,900)
Miscellaneous	250	250	111	(139)
TOTAL REVENUES	280,250	280,250	274,211	(6,039)
<u>EXPENDITURES</u>				
General government	8,500	8,500	7,379	1,121
TOTAL EXPENDITURES	8,500	8,500	7,379	1,121
Excess (deficiency) of revenues over expenditures	271,750	271,750	266,831	(4,919)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	0	0	26,500	26,500
Operating transfers out	(266,332)	(266,332)	(297,299)	(30,967)
TOTAL OTHER FINANCING SOURCES (USES)	(266,332)	(266,332)	(270,799)	(4,467)
Excess (deficiency) of revenues over expenditures and other sources (uses)	\$5,418	\$5,418	(3,967)	\$(9,385)
FUND BALANCES AT BEGINNING OF YEAR			20,742	
FUND BALANCES AT END OF YEAR			\$16,774	

TOWN OF SIMMESPORT, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULES
For the Year Ended June 30, 2005

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are used as a management control device. Annual budgets are adopted for the General Fund, Sales Tax Fund, Debt Service Funds, Capital Projects Funds (if any) and the Enterprise Funds. *The Town maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the Mayor and Board of Aldermen.* The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is within a fund. Budgeted amounts presented are as originally adopted. There were no amendments for the current fiscal year. Budgetary appropriation lapse and the end of each fiscal year and must be re-appropriated for the following year in order to be expended.

OTHER SUPPLEMENTAL INFORMATION

**TOWN OF SIMMESPORT, LOUISIANA
GENERAL FUND
STATEMENT OF FUNCTIONAL EXPENDITURES DETAIL
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2004**

	<u>June 30, 2005</u>		Variance - Favorable (Unfavorable)	June 30, 2004
	Budget	Actual		Actual
<u>GENERAL GOVERNMENT</u>				
Salaries	\$35,000	\$33,465	\$1,535	\$35,830
Payroll taxes & benefits	4,500	2,580	1,920	3,817
Legal and auditing	5,000	7,358	(2,358)	16,320
Insurance	10,000	12,387	(2,387)	8,788
Assessor fees	1,500	1,362	139	1,281
Miscellaneous	1,500	7,861	(6,361)	5,441
Office supplies and postage	5,000	7,581	(2,581)	4,496
Publications and printing	2,000	2,171	(171)	3,323
Dues and subscriptions	1,000	287	713	1,180
Town hall expense	2,000	6,785	(4,785)	5,512
Telephone expense	6,000	5,129	871	6,067
Utilities	2,500	10	2,490	(356)
Drug testing expense	1,500	1,641	(141)	1,724
Prisoner Rations	0	0	0	0
Festival expense	20,000	14,922	5,078	13,382
Autopsies	0	1,249	(1,249)	0
Election Cost	0	1,117	(1,117)	0
Travel	4,000	6,629	(2,629)	5,481
Bank service charges	0	0	0	47
Repairs and maintenance	500	551	(51)	30
Park expenses	6,000	5,194	806	8,167
Council on aging	4,000	14,214	(10,214)	11,826
Rural Development expense	0	125	(125)	0
Civic center expense	3,000	3,013	(13)	7,456
TOTAL GENERAL GOVERNMENT	115,000	135,632	(20,632)	139,810
<u>STREET AND DRAINAGE</u>				
Salaries	40,000	52,810	(12,810)	39,151
Payroll taxes and benefits	7,500	4,146	3,354	4,453
Insurance	7,500	3,171	4,329	3,824
Miscellaneous	1,000	2,923	(1,923)	1,301
Repairs and maintenance	12,500	9,878	2,622	16,204
Tractor expense	7,000	6,521	479	8,556
Vapor lights	30,000	34,135	(4,135)	32,694
Material and supplies	15,000	23,166	(8,166)	17,942
Animal Control	0	2,450	(2,450)	0
Park expenses	0	0	0	93
Truck expenses	5,500	15,866	(10,366)	12,543
TOTAL STREET AND DRAINAGE	126,000	155,066	(29,066)	136,760

Continued

**TOWN OF SIMMESPORT, LOUISIANA
GENERAL FUND
STATEMENT OF FUNCTIONAL EXPENDITURES DETAIL
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2004**

	<u>June 30, 2005</u>			<u>June 30,</u> <u>2004</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance -</u> <u>Favorable</u> <u>Unfavorable</u>	<u>Actual</u>
<u>PUBLIC SAFETY</u>				
<u>POLICE</u>				
Salaries	\$130,000	\$148,022	\$(18,022)	\$137,203
Payroll taxes and benefits	25,000	11,636	13,364	19,158
Insurance	15,000	11,738	3,262	12,727
Miscellaneous	100	6,613	(6,513)	598
Telephone expense	2,000	3,188	(1,188)	2,550
City court	0	0	0	325
Medical expense	50	213	(163)	0
Repairs and maintenance	250	0	250	0
Prisoner rations	1,500	2,046	(546)	1,632
Uniforms	2,000	1,063	937	1,378
Material and supplies	6,500	5,576	924	6,952
Magistrate fees	500	0	500	125
Police academy expense	1,000	0	1,000	1,244
Patrol car expenses	15,000	28,999	(13,999)	21,162
TOTAL POLICE	<u>198,900</u>	<u>219,094</u>	<u>(20,194)</u>	<u>205,054</u>
<u>DEBT SERVICE</u>				
Lease payments	12,800	17,504	(4,704)	24,669
TOTAL DEBT SERVICE	<u>12,800</u>	<u>17,504</u>	<u>(4,704)</u>	<u>24,669</u>
<u>CAPITAL OUTLAY</u>				
Police	10,000	1,950	8,050	1,893
Streets and sanitation	0	11,066	(11,066)	44,500
General government	0	0	0	4,800
TOTAL CAPITAL OUTLAY	<u>10,000</u>	<u>13,016</u>	<u>(3,016)</u>	<u>51,193</u>
TOTAL EXPENDITURES	<u>\$462,700</u>	<u>\$540,312</u>	<u>\$(77,612)</u>	<u>\$557,487</u>

Concluded

**TOWN OF SIMMESPORT, LOUISIANA
ENTERPRISE FUND
STATEMENT OF FUNCTIONAL EXPENSES DETAIL
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2004**

	June 30, 2005		Variance- Favorable (Unfavorable)	June 30,
	Budget	Actual		2004 Actual
<u>WATER SYSTEM</u>				
Salaries, payroll taxes & benefits	\$52,500	\$38,215	\$14,285	\$50,593
Insurance	5,500	5,615	(115)	5,275
Miscellaneous	550	704	(154)	515
Telephone	500	556	(56)	548
Utilities	13,000	14,285	(1,285)	14,353
Repairs and maintenance	5,000	42	4,958	29,092
Material and supplies	12,500	7,310	5,190	14,490
Truck expenses	250	404	(154)	16
Chemicals	2,500	3,070	(570)	2,500
Water tank maintenance	0	0	0	0
Depreciation	31,000	30,361	639	30,124
Bad debt expense	500	0	500	2,261
Interest expense	500	308	192	19
Lease payments	0	0	0	0
TOTAL WATER SYSTEM	\$124,300	\$100,869	\$23,431	\$149,786
<u>SEWER SYSTEM</u>				
Salaries, payroll taxes & benefits	\$22,350	\$31,124	\$(8,774)	\$30,102
Insurance	2,000	681	1,319	761
Miscellaneous	100	451	(351)	39
Telephone	500	287	213	512
Utilities	25,000	30,306	(5,306)	27,068
Repairs and maintenance	15,000	16,995	(1,995)	32,668
Material and supplies	12,500	9,905	2,595	7,009
Truck expenses	3,000	687	2,313	3,953
Chemicals	3,000	4,559	(1,559)	3,850
Depreciation	41,000	43,580	(2,580)	44,525
Bad debt expense	1,000	0	1,000	3,392
Interest expense	500	0	500	19
Lease payments	0	0	0	0
TOTAL SEWER SYSTEM	\$125,950	\$138,575	\$(12,625)	\$153,898
<u>GENERAL AND ADMINISTRATIVE</u>				
WATER AND SEWER				
Salaries	\$18,100	\$15,165	\$2,935	\$19,461
Legal and auditing	3,500	3,808	(308)	3,356
Insurance	1,000	0	1,000	232
Miscellaneous	350	6,943	(6,593)	575
Office supplies and postage	3,000	2,407	593	2,469
Bank service charges	50	10	40	50
Lease payments	0	0	0	1,089
TOTAL GENERAL AND ADMINISTRATIVE WATER AND SEWER	\$26,000	\$28,333	\$(2,333)	\$27,233

**TOWN OF SIMMESPORT, LOUISIANA
ENTERPRISE FUND
STATEMENT OF FUNCTIONAL EXPENSES DETAIL
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2004**

	June 30, 2005		Variance - Favorable (Unfavorable)	June 30, 2004 Actual
	Budget	Actual		
<u>NATURAL GAS SYSTEM</u>				
Salaries, payroll taxes and benefits	\$41,000	\$41,098	\$(98)	\$39,754
Insurance	12,000	21,847	(9,847)	13,481
Miscellaneous	100	468	(368)	85
Bank service charges	0	0	0	0
Telephone and utilities	2,000	1,564	436	1,560
Repairs and maintenance	5,000	11,626	(6,626)	9,011
Material and supplies	6,000	8,394	(2,394)	9,316
Depreciation	28,000	26,284	1,716	26,648
Gas purchase	185,000	210,217	(25,217)	200,485
Bad debt expense	0	0	0	5,652
Lease payments	0	0	0	0
Truck expense	5,000	6,261	(1,261)	4,046
Interest expense	500	308	192	39
TOTAL NATURAL GAS SYSTEM	\$284,600	\$328,068	\$(43,468)	\$310,077
<u>GENERAL AND ADMINISTRATIVE</u>				
NATURAL GAS				
Salaries, payroll taxes and benefits	56,000	58,501	(2,501)	60,567
Insurance	4,000	0	4,000	737
Legal and auditing	4,000	3,808	192	3,356
Utilities	0	0	0	0
Miscellaneous	100	167	(67)	1,476
Office supplies and postage	3,000	2,407	593	3,558
Lease payments	0	0	0	0
TOTAL GENERAL AND ADMINISTRATIVE NATURAL GAS	\$67,100	\$64,884	\$2,217	\$69,695

**TOWN OF SIMMESPORT, LOUISIANA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUND
JUNE 30, 2005**

	1992 Sales Tax Bonds	2001 Certificate of Indebtedness	2004 Sales Tax Bonds	Totals Non-Major Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$74,997	\$5,849	\$65,896	\$146,743
TOTAL ASSETS	\$74,997	\$5,849	\$65,896	\$146,743
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$0	\$0	\$3,781	\$3,781
Due to other funds	489	0	0	489
TOTAL LIABILITIES	\$489	\$0	\$3,781	\$4,270
FUND BALANCES				
Reserved for debt service	74,508	5,849	62,115	142,472
TOTAL FUND BALANCE	74,508	5,849	62,115	142,472
TOTAL LIABILITIES AND FUND BALANCE	\$74,997	\$5,849	\$65,896	\$146,743

**TOWN OF SIMMESPORT, LOUISIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2005**

	1992 Sales Tax Bonds	2001 Certificate of Indebtedness	2004 Sales Tax Bonds	Total Non-Major Governmental Funds
REVENUES				
Interest income	\$721	\$64	\$697	\$1,481
TOTAL REVENUES	<u>721</u>	<u>64</u>	<u>697</u>	<u>1,481</u>
EXPENDITURES				
Debt service				
Principal retirement	20,000	17,000	28,000	65,000
Interest	5,693	6,248	12,505	24,445
Fiscal charges	386	0	0	386
TOTAL EXPENDITURES	<u>26,079</u>	<u>23,248</u>	<u>40,505</u>	<u>89,831</u>
Excess (deficiency) of revenues over expenditures	<u>(25,358)</u>	<u>(23,184)</u>	<u>(39,808)</u>	<u>(88,349)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Sales tax fund	25,813	21,267	37,620	84,699
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,813</u>	<u>21,267</u>	<u>37,620</u>	<u>84,699</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>455</u>	<u>(1,917)</u>	<u>(2,188)</u>	<u>(3,651)</u>
FUND BALANCES AT BEGIN OF YEAR	<u>74,053</u>	<u>7,767</u>	<u>64,303</u>	<u>146,123</u>
FUND BALANCES AT END OF YEAR	<u>\$74,508</u>	<u>\$5,849</u>	<u>\$62,115</u>	<u>\$142,472</u>

**TOWN OF SIMMESPORT, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO ELECTED OFFICIALS**

A detail of compensation paid to individual elected officials for the year ended June 30, 2005, follows:

	<u>Title</u>	<u>Date Term Expires</u>	<u>Year Ended June 30, 2005</u>
James T. Fontenot	Mayor	December 2008	\$8,000
Walter M. Brown, Jr.	Alderman	December 2008	3,200
Manual M. Kirk	Alderman	December 2008	3,100
Kenneth L. Marsh	Alderman	December 2008	3,000
Houston J. Turner	Alderman	December 2004	1,500
John W. Barr	Alderman	December 2004	1,400
Elvy D. Brouillette	Alderman	December 2008	1,600
Peter R. Guillot	Alderman	December 2008	1,500
Sylvester Callihan	Chief of Police	December 2004	13,300
Gerald B. Jackson	Chief of Police	December 2008	12,350

OTHER REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable James Fontenot, Mayor
and the Board of Aldermen
Town of Simmesport, Louisiana

We have audited the basic financial statements of the Town of Simmesport, Louisiana, as of and for the year ended June 30, 2005, and have issued our report thereon dated February 20, 2006. 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.

Compliance

As part of obtaining reasonable assurance about whether Town of Simmesport, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 05-01.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Simmesport, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk of misstatements in amounts that would be material in relation to the general purpose financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no new matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. A recurring weakness noted in a prior year is described in the accompanying schedule of findings and questioned costs as item 05-02.

This report is intended for the information and use of the Mayor and Board of Aldermen and management of the Town of Simmesport, Louisiana, federal awarding agencies, and for filing with the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified users. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Ducote & Company

DUCOTE & COMPANY

Marksville, Louisiana
February 20, 2006

TOWN OF SIMMESPORT, LOUISIANA
Schedule of Audit Results, Findings, and Questioned Costs
For the Year Ended June 30, 2005

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Reportable condition(s) identified not Considered to be material weakness(es)	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Noncompliance material to financial statements noted?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no

Federal Awards

Not applicable for the fiscal year ended June 30 2005.

Section II-Financial Statement Findings

There is one instance of noncompliance and one reportable condition that are believed to be material weaknesses.

Section III – Federal Award Findings and Questioned Costs

Not applicable for the fiscal year ended June 30, 2005.

Section IV – Summary of Current Year Audit Findings

Internal Control and Compliance Material to the Financial Statements

Compliance

Timely completion of audited financial statements.

The audited financial statements were completed after December 31, 2005 later than six-months after the fiscal year end as required by state law.

Recommendation

In order for the audited financial statements to be completed by December 31st, trial balances and financial statement information should be made available to the auditor not later than October 1st following the fiscal year end. A typical audit engagement takes approximately sixty days to complete. Availability of the information needed to audit the financial records of the town must be submitted timely to insure timely completion of the report.

Management’s Response

The Town encountered delays in preparing information necessary to begin the audit in a timely manner due to complications as a result of hurricanes Katrina and Rita and various other issues. It was not until late November before the financial information was completed for submission to the auditor. In the future, we hope to avoid such delays. We will provide financial information to insure timely completion of the audited financial statements.

TOWN OF SIMMESPORT, LOUISIANA
Schedule of Audit Results, Findings, and Questioned Costs (Continued)
For the Year Ended June 30, 2005

Internal control over financial reporting believed to be a material weakness

05-02 Incomplete posting of activity in general ledger.

For the fiscal year ended June 30, 2005, the activity in the Mardi Gras Festival account was not posted to the general ledger. As commented in prior years, the failure to post some activity and to reconcile general ledger balances creates problems for the audit and results in incorrect financial information being reported on a monthly basis.

Recommendation

Monthly reconciliations of all cash accounts to the general ledger activity should be performed on a routine basis. Differences should be corrected promptly to ensure inclusion of all financial activity in the general ledger.

Management's Response

The accounting personnel will be more thorough in posting activity to the general ledger and monthly reconciliations will be performed as recommended.

TOWN OF SIMMESPORT, LOUISIANA
Current Year Findings, Recommendations and Corrective Action Plan
For the Year Ended June 30, 2005

<u>Ref No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Section I – Internal Control and Compliance Material to the Financial Statements				
05-01	Timely filing of audited financial statements	Will try to avoid in the future	Mayor Fontenot	June 2006
05-02	Incomplete posting of activity in general ledger	Will correct for the future	Mayor Fontenot	June 2006

Section II – Internal Control and Compliance Material to Federal Awards

None

TOWN OF SIMMESPORT, LOUISIANA
Status of Prior Audit Findings
For the Year Ended June 30, 2005

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/ Partial Corrective Action Taken</u>
<u>Section I – Internal Control and Compliance Material to the Financial Statements</u>				
04-01	June 2004	Timely submission of audited financial statements	No	See current year finding 05-01.
04-02	June 1999	Omission of postings to the general ledger	Partially	See current year finding 05-02
04-03	June 2004	Approval required on all disbursements made.	Yes	

Section II – Internal Control and Compliance Material to Federal Awards

None reported in prior year.

Section III – Management Letter

None reported in prior year.