

**TOWN OF SIMMESPORT, LOUISIANA**

Financial Report

Year Ended June 30, 2020

## TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)</b>	
Statement of net position	6
Statement of activities	7
<b>FUND FINANCIAL STATEMENTS (FFS)</b>	
Balance sheet - governmental funds	9
Reconciliation of the governmental funds balance sheet to the statement of net position	10
Statement of revenues, expenditures, and changes in fund balances - governmental funds	11
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	12
Statement of net position - proprietary funds	13
Statement of revenues, expenses, and changes in net position - proprietary funds	14
Statement of cash flows - proprietary funds	15-16
Notes to basic financial statements	17-32
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary comparison schedule - general fund	34
Notes to the required supplementary information	35
<b>INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37-38
Schedule of current and prior year audit findings and management's corrective action plan	39-49

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Matthew E. Margaglio, CPA\*  
Casey L. Ardoin, CPA, CFE\*  
Wanda F. Arcement, CPA  
Bryan K. Joubert, CPA  
Nicholas Fowlkes, CPA

C. Burton Kolder, CPA\*  
Of Counsel

Victor R. Slaven, CPA\* - retired 2020  
Christine C. Doucet, CPA - retired 2022

183 S. Beadle Rd. 11929 Bricksome Ave.  
Lafayette, LA 70508 Baton Rouge, LA 70816  
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.  
Ville Platte, LA 70586 Oberlin, LA 70655  
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRCPAS.COM

## INDEPENDENT AUDITOR'S REPORT

\* A Professional Accounting Corporation

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Simmesport, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Simmesport, Louisiana's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Summary of Opinions

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

### Basis for Qualified Opinion on Business-Type Activities, Water & Sewer Utility and Natural Gas System

Management of the Town of Simmesport, Louisiana, did not retain sufficient records and provide adequate audit evidence necessary for us to express an opinion or provide any assurance on the Business-Type Activities, Water & Sewer Utility and Natural Gas System receivables as reported on the statement of net position and charges for services revenue as reported in the statement of activities and the statement of revenues, expenses, and changes in net position.

### Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Business-Type Activities, Water & Sewer Utility and Natural Gas System” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, the Water & Sewer Utility and the Natural Gas System of the Town of Simmesport, Louisiana, as of June 30, 2020, and the statement of revenues, expenses, and changes in net position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Unmodified Opinions

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

### *Emphasis of Matter*

As described in Note 13 to the financial statements, the Town of Simmesport’s June 30, 2019 financial statements contained misstatements. The Town has restated its beginning balances for the correction of these misstatements. Our opinion is not modified with respect to this matter

As described in Note 14 to the financial statements, in 2020, the Town of Simmesport, adopted new accounting guidance, GASB No. 94, *Public-Public and Public-Private Partnerships and Availability Payment Arrangements*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2022, on our consideration of the Town of Simmesport, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Simmesport, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Simmesport, Louisiana's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
July 18, 2022

## **BASIC FINANCIAL STATEMENTS**

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

TOWN OF SIMMESPORT, LOUISIANA

Statement of Net Position  
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and interest-bearing deposits	\$ 111,237	\$ 68,096	\$ 179,333
Receivables, net	54,307	144,911	199,218
Internal balances	23,501	(23,501)	-
Restricted assets:			
Cash and interest-bearing deposits	-	86,845	86,845
Capital assets:			
Non depreciable capital assets	30,036	17,636	47,672
Depreciable capital assets, net	799,253	1,576,547	2,375,800
Total assets	1,018,334	1,870,534	2,888,868
<b>LIABILITIES</b>			
Accounts payable	102,860	47,689	150,549
Due to other governmental agencies	-	4,766	4,766
Salaries and benefits payable	8,681	3,654	12,335
Long-term liabilities:			
Portion due within one year-			
Capital lease payable	14,728	-	14,728
Note payable	-	24,385	24,385
Bonds payable	10,000	-	10,000
Portion due after one year-			
Customers' deposits payable	-	86,845	86,845
Due to DOTD	-	77,500	77,500
Total liabilities	136,269	244,839	381,108
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to rights fees	-	625,000	625,000
<b>NET POSITION</b>			
Net investment in capital assets	804,561	1,569,798	2,374,359
Unrestricted	77,504	(569,103)	(491,599)
Total net position	\$ 882,065	\$ 1,000,695	\$ 1,882,760

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



TOWN OF SIMMESPORT, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2020

Activities	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 439,102	\$ -	\$ -	\$ (439,102)	\$ -	\$ (439,102)
Public safety:						
Police	493,410	38,571	22,917	(431,922)	-	(431,922)
Fire	4,418	-	-	(4,418)	-	(4,418)
Streets and sidewalks	320,301	-	-	(320,301)	-	(320,301)
Interest on long-term debt	4,054	-	-	(4,054)	-	(4,054)
Total governmental activities	<u>1,261,285</u>	<u>38,571</u>	<u>22,917</u>	<u>(1,199,797)</u>	<u>-</u>	<u>(1,199,797)</u>
Business-type activities:						
Water and sewer	428,221	430,816	-	-	2,595	2,595
Gas	188,760	160,345	-	-	(28,415)	(28,415)
Total business-type activities	<u>616,981</u>	<u>591,161</u>	<u>-</u>	<u>-</u>	<u>(25,820)</u>	<u>(25,820)</u>
Total	<u>\$ 1,878,266</u>	<u>\$ 629,732</u>	<u>\$ 22,917</u>	<u>(1,199,797)</u>	<u>(25,820)</u>	<u>(1,225,617)</u>
General revenues:						
Taxes -						
Property taxes, levied for general purposes				26,162	-	26,162
Sales and use taxes, levied for specific purposes				364,564	-	364,564
Franchise taxes				67,550	-	67,550
Licenses and permits -						
Occupational licenses				66,503	-	66,503
Grants and contributions not restricted to specific programs -						
State sources				60,686	-	60,686
Interest and investment earnings				-	247	247
Miscellaneous				66,548	563	67,111
Transfers				469,826	(469,826)	-
Total general revenues and transfers				<u>1,121,839</u>	<u>(469,016)</u>	<u>652,823</u>
Change in net position				(77,958)	(494,836)	(572,794)
Net position, beginning, as restated				<u>960,023</u>	<u>1,495,531</u>	<u>2,455,554</u>
Net position, ending				<u>\$ 882,065</u>	<u>\$ 1,000,695</u>	<u>\$ 1,882,760</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

TOWN OF SIMMESPORT, LOUISIANA

Balance Sheet  
 Governmental Funds  
 June 30, 2020

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
ASSETS			
Cash and interest-bearing deposits	\$ 108,448	\$ 2,789	\$ 111,237
Receivables, net			
Taxes	34,572	-	34,572
Other	19,735	-	19,735
Due from other funds	<u>26,290</u>	<u>-</u>	<u>26,290</u>
Total assets	<u>\$ 189,045</u>	<u>\$ 2,789</u>	<u>\$ 191,834</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 102,860	\$ -	\$ 102,860
Salaries and benefits payable	8,681	-	8,681
Due to other funds	<u>-</u>	<u>2,789</u>	<u>2,789</u>
Total liabilities	<u>111,541</u>	<u>2,789</u>	<u>114,330</u>
Fund balances:			
Unassigned	<u>77,504</u>	<u>-</u>	<u>77,504</u>
Total fund balances	<u>77,504</u>	<u>-</u>	<u>77,504</u>
Total liabilities and fund balances	<u>\$ 189,045</u>	<u>\$ 2,789</u>	<u>\$ 191,834</u>

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

TOWN OF SIMMESPORT, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2020

Total fund balances for governmental funds		\$	77,504
Capital assets, net			829,289
Long-Term Liabilities:			
Capital lease payable	\$	(14,728)	
Bonds payable		<u>(10,000)</u>	<u>(24,728)</u>
Net position at June 30, 2020		\$	<u>882,065</u>

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

TOWN OF SIMMESPORT, LOUISIANA

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

For the Year Ended June 30, 2020

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
<b>Revenues:</b>			
Taxes-			
Sales and use tax	\$ 364,564	\$ -	\$ 364,564
Ad valorem	26,162	-	26,162
Franchise	67,550	-	67,550
Licenses and permits	66,503	-	66,503
Intergovernmental	83,603	-	83,603
Fines and forfeits	38,571	-	38,571
Miscellaneous	<u>66,488</u>	<u>60</u>	<u>66,548</u>
Total revenues	<u>713,441</u>	<u>60</u>	<u>713,501</u>
<b>Expenditures:</b>			
Current -			
General government	414,209	-	414,209
Public safety:			
Police	457,110	-	457,110
Fire	4,418	-	4,418
Streets and sidewalks	283,591	-	283,591
Capital outlay	4,399	-	4,399
Debt service -			
Principle	119,577	18,000	137,577
Interest	<u>3,416</u>	<u>638</u>	<u>4,054</u>
Total expenditures	<u>1,286,720</u>	<u>18,638</u>	<u>1,305,358</u>
Deficiency of revenues over expenditures	<u>(573,279)</u>	<u>(18,578)</u>	<u>(591,857)</u>
<b>Other financing sources:</b>			
Transfers in	480,114	8,300	488,414
Transfers out	<u>(18,588)</u>	<u>-</u>	<u>(18,588)</u>
Total other financing sources	<u>461,526</u>	<u>8,300</u>	<u>469,826</u>
Net changes in fund balances	(111,753)	(10,278)	(122,031)
Fund balances, beginning, as restated	<u>189,257</u>	<u>10,278</u>	<u>199,535</u>
Fund balances, ending	<u>\$ 77,504</u>	<u>\$ -</u>	<u>\$ 77,504</u>

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

TOWN OF SIMMESPORT, LOUISIANA

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

Total net change in fund balances per the Statement of Revenue, Expenditures and Changes in fund balances		\$ (122,031)
Capital assets:		
Capital outlay	\$ 4,399	
Depreciation expense	<u>(97,903)</u>	(93,504)
Long-term liabilities:		
Capital lease payments	109,830	
Principal paid on notes payable	9,747	
Bond principal retirement	<u>18,000</u>	<u>137,577</u>
Total changes in net position per Statement of Activities		<u>\$ (77,958)</u>

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

TOWN OF SIMMESPORT, LOUISIANA

Statement of Net Position  
 Proprietary Funds - Enterprise Funds  
 June 30, 2020

	<u>Water &amp; Sewer Utility</u>	<u>Natural Gas System</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash and interest-bearing deposits	\$ 58,866	\$ 9,230	\$ 68,096
Receivables:			
Accounts receivables, net	<u>121,354</u>	<u>23,557</u>	<u>144,911</u>
Total current assets	<u>180,220</u>	<u>32,787</u>	<u>213,007</u>
Noncurrent assets:			
Restricted assets -			
Cash and interest-bearing deposits	36,078	50,767	86,845
Capital assets -			
Non depreciable capital assets	17,636	-	17,636
Depreciable capital assets, net	<u>1,503,736</u>	<u>72,811</u>	<u>1,576,547</u>
Total noncurrent assets	<u>1,557,450</u>	<u>123,578</u>	<u>1,681,028</u>
Total assets	<u>\$ 1,737,670</u>	<u>\$ 156,365</u>	<u>\$ 1,894,035</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 38,185	\$ 9,504	\$ 47,689
Salaries and benefits payable	2,925	729	3,654
Due to other funds	15,851	7,650	23,501
Due to DOTD	-	77,500	77,500
Due to other governments	4,766	-	4,766
Note payable	<u>24,385</u>	<u>-</u>	<u>24,385</u>
Total current liabilities	<u>86,112</u>	<u>95,383</u>	<u>181,495</u>
Noncurrent liabilities:			
Customers' deposits	<u>36,078</u>	<u>50,767</u>	<u>86,845</u>
Total liabilities	<u>122,190</u>	<u>146,150</u>	<u>268,340</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to rights fees	<u>625,000</u>	<u>-</u>	<u>625,000</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,496,987	72,811	1,569,798
Unrestricted	<u>(506,507)</u>	<u>(62,596)</u>	<u>(569,103)</u>
Total net position	<u>\$ 990,480</u>	<u>\$ 10,215</u>	<u>\$ 1,000,695</u>

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

TOWN OF SIMMESPORT, LOUISIANA  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds - Enterprise Funds  
For the Year Ended June 30, 2020

	Water & Sewer Utility	Natural Gas System	Total
Operating revenues:			
Charges for services -			
Water service charges	\$ 250,440	\$ -	\$ 250,440
Sewer service charges	169,560	-	169,560
Gas charges	-	160,345	160,345
Installation and other charges	10,816	-	10,816
Total operating revenues	<u>430,816</u>	<u>160,345</u>	<u>591,161</u>
Operating expenses:			
Salaries	102,003	39,367	141,370
Payroll taxes	7,776	3,033	10,809
Depreciation expense	95,440	28,549	123,989
Maintenance and repairs	4,523	17,364	21,887
Legal and professional	6,958	4,458	11,416
Insurance	29,279	20,033	49,312
Office supplies and postage	3,262	510	3,772
Fuel and oil	12,225	-	12,225
Chemicals and supplies	93,012	30,794	123,806
Utilities and telephone	53,054	2,663	55,717
Gas purchases	-	41,746	41,746
Other	17,603	243	17,846
Total operating expenses	<u>425,135</u>	<u>188,760</u>	<u>613,895</u>
Operating income	<u>5,681</u>	<u>(28,415)</u>	<u>(22,734)</u>
Nonoperating revenues (expenses):			
Interest income	20	227	247
Miscellaneous revenue	563	-	563
Interest expense	(3,086)	-	(3,086)
Total nonoperating revenues (expenses)	<u>(2,503)</u>	<u>227</u>	<u>(2,276)</u>
Income (loss) before transfers	3,178	(28,188)	(25,010)
Transfers in (out)			
Transfers in	-	22,873	22,873
Transfers out	(472,699)	(20,000)	(492,699)
Total transfers in (out)	<u>(472,699)</u>	<u>2,873</u>	<u>(469,826)</u>
Change in net position	(469,521)	(25,315)	(494,836)
Net position, beginning, as restated	<u>1,460,001</u>	<u>35,530</u>	<u>1,495,531</u>
Net position, ending	<u>\$ 990,480</u>	<u>\$ 10,215</u>	<u>\$ 1,000,695</u>

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



TOWN OF SIMMESPORT, LOUISIANA

Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended June 30, 2020

	Water & Sewer Utility	Natural Gas System	Total
Cash flows from operating activities:			
Receipts from customers	\$ 405,039	\$ 158,220	\$ 563,259
Payments to suppliers	(171,448)	(97,242)	(268,690)
Payments to employees	<u>(123,587)</u>	<u>(47,295)</u>	<u>(170,882)</u>
Net cash provided by operating activities	<u>110,004</u>	<u>13,683</u>	<u>123,687</u>
Cash flows from noncapital financing activities:			
Cash received from other funds	-	22,873	22,873
Cash paid to other funds	(538,557)	(40,781)	(579,338)
Miscellaneous revenue	<u>563</u>	<u>-</u>	<u>563</u>
Net cash used by noncapital financing activities	<u>(537,994)</u>	<u>(17,908)</u>	<u>(555,902)</u>
Cash flows from capital and related financing activities:			
Interest and fiscal charges paid on revenue bonds	(3,802)	-	(3,802)
Principal paid on revenue bonds	(159,000)	-	(159,000)
Principal paid on note payable	(12,482)	-	(12,482)
Proceeds from user rights fees	625,000	-	625,000
Acquisition of property, plant and equipment	<u>-</u>	<u>(5,488)</u>	<u>(5,488)</u>
Net cash provided (used) by capital and related financing activities	<u>449,716</u>	<u>(5,488)</u>	<u>444,228</u>
Cash flows from investing activities:			
Interest received on interest-bearing deposits	<u>20</u>	<u>227</u>	<u>247</u>
Net increase (decrease) in cash and cash equivalents	21,746	(9,486)	12,260
Cash and cash equivalents, beginning of period	<u>73,198</u>	<u>69,483</u>	<u>142,681</u>
Cash and cash equivalents, end of period	<u>\$ 94,944</u>	<u>\$ 59,997</u>	<u>\$ 154,941</u>

(continued)

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

TOWN OF SIMMESPORT, LOUISIANA

Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended June 30, 2020

	<u>Water &amp; Sewer Utility</u>	<u>Natural Gas System</u>	<u>Total</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating income (loss)	\$ 5,681	\$ (28,415)	\$ (22,734)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	95,440	28,549	123,989
Changes in current assets and liabilities:			
Increase in accounts receivable	(35,492)	(3,899)	(39,391)
Increase in accounts payable	48,468	20,569	69,037
Increase in due to other governments	4,766	-	4,766
Decrease in salaries and benefits payable	(13,808)	(4,895)	(18,703)
Increase in customer deposits payable	4,949	1,774	6,723
Net cash provided by operating activities	<u>\$ 110,004</u>	<u>\$ 13,683</u>	<u>\$ 123,687</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position			
Cash and cash equivalents, beginning of period -			
Cash and interest-bearing deposits - unrestricted	\$ 26,296	\$ 20,490	\$ 46,786
Cash and interest-bearing deposits - restricted	<u>46,902</u>	<u>48,993</u>	<u>95,895</u>
Total cash and cash equivalents, beginning of period	<u>73,198</u>	<u>69,483</u>	<u>142,681</u>
Cash and cash equivalents, end of period -			
Cash and interest-bearing deposits - unrestricted	58,866	9,230	68,096
Cash and interest-bearing deposits - restricted	<u>36,078</u>	<u>50,767</u>	<u>86,845</u>
Total cash and cash equivalents, end of period	<u>94,944</u>	<u>59,997</u>	<u>154,941</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 21,746</u>	<u>\$ (9,486)</u>	<u>\$ 12,260</u>

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

# TOWN OF SIMMESPORT, LOUISIANA

## Notes to Basic Financial Statements

### (1) Summary of Significant Accounting Policies

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

#### A. Financial Reporting Entity

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

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

#### B. Basis of Presentation

##### Government-Wide Financial Statements (GWFS)

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

##### Fund Financial Statements

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

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

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements

#### Governmental Funds –

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

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

#### Proprietary Funds –

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

Enterprise funds are used to report activities for which a fee is charged to external users. These funds account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's enterprise funds are the Water and Sewer Fund and the Natural Gas Fund.

#### C. Measurement Focus/Basis of Accounting

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

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

Governmental funds use the current financial resources measurement focus which is based upon the receipt and disbursement of current available financial resources rather than upon net income.

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements

Proprietary fund types use the flow of economic resources which is based upon determination of net income, net position and cash flows.

The accrual basis of accounting is used throughout the government-wide statements; conversely, the financial statements of the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception to this is grants collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. The Town considers reimbursement amounts received within one year as available. The Town accrues intergovernmental revenue, ad valorem and sales tax revenue, franchise fees and charges for services, based upon this concept.

Expenditures generally are recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt, as well as expenditure related to compensated absences and claims and judgments, are recorded as expenditures when paid.

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

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

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

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

##### Cash and interest-bearing deposits

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

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements

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

#### Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes. Business-type activities report customers’ utility service receivables as their major receivables. Uncollectible amounts due from customers’ utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the receivable. No allowance for uncollectible receivables is recorded at June 30, 2020. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are recorded at year-end.

#### Restricted Assets

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

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at acquisition cost or estimated cost if acquisition cost is unavailable. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

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

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

Buildings and improvements	20-50 years
Equipment, furniture and fixtures	7-20 years
Utility system and improvements	20-50 years

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements

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

#### Long-term debt

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

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

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

#### Compensated Absences

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

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

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

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

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

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements

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

#### Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

#### Equity Classifications

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

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

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



## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements

The categories and their purposes are:

- a. Non-spendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact.
- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors, or amounts constrained due to constitutional provisions or enabling legislation or the laws or regulations of other governments.
- c. Committed includes fund balance amounts that can be used only for specific purposes that are internally imposed by the Town through formal legislative action of the Mayor and Alderman and does not lapse at year end. A committed fund balance constraint can only be established, modified, or rescinded by passage of an ordinance (Law) by the Mayor and Alderman.
- d. Assigned includes fund balance amounts that are constrained by the Town's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the Town administrator and approval of a resolution by the Mayor and Alderman.
- e. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

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

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

#### E. Revenues, Expenditures, and Expenses

##### Revenues

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

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements

There are two classifications of programmatic revenues for the Town, grant revenue and program revenue. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. Program revenues are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole. Program revenues reduce the cost of the function to be financed from the Town's general revenues.

The primary sources of program revenue are fees, fines, and charges paid by recipients of goods or services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and earned income in connection with the operation of the Town's utility system.

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

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

Substantially all other revenues are recorded when received.

#### Operating Revenues and Expenses

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

#### Expenditures/Expenses

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

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

## TOWN OF SIMMESPORT, LOUISIANA

### Notes to Basic Financial Statements

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

#### Interfund Transfers

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

#### F. Use of Estimates

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

#### (2) Cash and Interest-Bearing Deposits

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

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

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

The following is a summary of deposit balances (bank balances) and the related federal insurance and pledged securities.

Bank balances	<u>\$ 657,737</u>
Federal deposit insurance	\$ 280,241
Uninsured and collateral held by the pledging banks, not in the Town's name	<u>377,496</u>
Total FDIC insurance and pledged securities	<u>\$ 657,737</u>

(3) Restricted Assets

Restricted assets consisted of the following:

	Water/Sewer System	Gas System	Total
Customers' deposits	<u>\$ 36,078</u>	<u>\$ 50,767</u>	<u>\$ 86,845</u>

(4) Capital Assets

Capital asset activity was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 30,036	\$ -	\$ -	\$ 30,036
Capital assets being depreciated:				
Buildings and improvements	769,343	-	-	769,343
Equipment, furniture and fixtures	<u>1,788,536</u>	<u>4,399</u>	<u>-</u>	<u>1,792,935</u>
Total capital assets	<u>2,557,879</u>	<u>4,399</u>	<u>-</u>	<u>2,562,278</u>
Less accumulated depreciation				
Buildings and improvements	341,248	24,912	-	366,160
Equipment, furniture and fixtures	<u>1,323,874</u>	<u>72,991</u>	<u>-</u>	<u>1,396,865</u>
Total accumulated depreciation	<u>1,665,122</u>	<u>97,903</u>	<u>-</u>	<u>1,763,025</u>
Total capital assets being depreciated, net	<u>892,757</u>	<u>(93,504)</u>	<u>-</u>	<u>799,253</u>
Governmental activities, capital assets, net	<u>\$ 922,793</u>	<u>\$ (93,504)</u>	<u>\$ -</u>	<u>\$ 829,289</u>

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

Depreciation expense was charged to governmental activities as follows:

General government	\$ 24,893
Police	36,300
Streets and sidewalks	<u>36,710</u>
Total depreciation expense	<u>\$ 97,903</u>

	Beginning Balance As Restated	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 17,636	\$ -	\$ -	\$ 17,636
Capital assets being depreciated:				
Water system	1,887,884	-	-	1,887,884
Sewer system	2,482,212	-	-	2,482,212
Gas system	<u>1,114,702</u>	<u>5,488</u>	<u>-</u>	<u>1,120,190</u>
Total capital assets being				
Less accumulated depreciation -				
Water system	1,374,904	29,189	-	1,404,093
Sewer system	1,396,016	66,251	-	1,462,267
Gas system	<u>1,018,830</u>	<u>28,549</u>	<u>-</u>	<u>1,047,379</u>
Total accumulated depreciation	<u>3,789,750</u>	<u>123,989</u>	<u>-</u>	<u>3,913,739</u>
Total capital assets being depreciated, net	<u>1,695,048</u>	<u>(118,501)</u>	<u>-</u>	<u>1,576,547</u>
Business-type activities, capital assets, net	<u>\$ 1,712,684</u>	<u>\$ (118,501)</u>	<u>\$ -</u>	<u>\$ 1,594,183</u>

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

Water	\$ 29,189
Sewer	66,251
Gas	<u>28,549</u>
Total depreciation expense	<u>\$ 123,989</u>

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

(5) Changes in Long-Term Liabilities

Debt outstanding at June 30, 2020 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Direct borrowings/placements			
General obligation bonds	\$ 10,000	\$ -	\$ 10,000
Note payable	-	24,385	24,385
Capital lease	14,728	-	14,728
Due to DOTD	-	77,500	77,500
Total obligations	<u>\$ 24,728</u>	<u>\$ 101,885</u>	<u>\$ 126,613</u>

The following is a summary of debt transactions for the governmental activities of the Town:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amount due in one year</u>
Governmental Activities:					
Direct borrowings/placements					
Capital lease	\$ 124,558	\$ -	\$ 109,830	\$ 14,728	\$ 14,728
Note payable	9,747	-	9,747	-	-
General obligation bond	<u>28,000</u>	<u>-</u>	<u>18,000</u>	<u>10,000</u>	<u>10,000</u>
Total	<u>\$ 162,305</u>	<u>\$ -</u>	<u>\$ 137,577</u>	<u>\$ 24,728</u>	<u>\$ 24,728</u>

The capital lease and note payable liabilities will be liquidated from future General Fund revenues.

Capital Lease Obligation

The Town is obligated under one capital lease. The leased asset is recorded as a capital asset at \$25,279 with accumulated depreciation of \$10,112 and the applicable debt recorded in long-term liabilities as portion due within one year. The balance due under the capital lease was repaid by the Town in July 2020.

Depreciation of the asset under capital lease in the amount of \$5,056 is included in depreciation expense of governmental activities for the year ended June 30, 2020.

General Obligation Bond

The Town issued \$80,000 of Series 2015 certificates of indebtedness dated in August 2015 to fund road and drainage improvements. The certificates are due in six annual principal payments ranging from \$8,000 to \$14,000 beginning in June 2016 through June 2021. The certificates bear interest at 2.47 percent per annum and are secured by a pledge of the Town's ad valorem tax revenues.

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

Annual debt service requirements to maturity of the Town's general obligation bonds are as follows:

Year Ending June 30, <u>2021</u>	Direct Placement Debt Government Activities	
	Principal	Interest
	<u>\$ 10,000</u>	<u>\$ 193</u>

The following is a summary of the debt transactions for the business activities of the Town:

	Beginning Balance As Restated	Additions	Deletions	Ending Balance	Amount due in one year
Business Type Activities					
Direct borrowings/placements					
Due to DOTD	\$ 77,500	\$ -	\$ -	\$ 77,500	\$ 77,500
Note payable	36,867	-	12,482	24,385	24,385
Sewer revenue bonds	<u>159,000</u>	<u>-</u>	<u>159,000</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 273,367</u>	<u>\$ -</u>	<u>\$ 171,482</u>	<u>\$ 101,885</u>	<u>\$ 101,885</u>

Due To DOTD

During the year ended June 30, 2015, the Town of Simmesport entered into a Utility Relocation Agreement with the Department of Transportation and Development (DOTD). The Town received \$77,500 of Utility Relocation Assistance Funding (URAF) for the relocation of an existing 4" utility gas line. This funding is treated as neither a loan nor a grant and no interest is being charged on the outstanding balance. Under the URAF agreement, these funds are required to be repaid annually at 5% of the Gas Fund's annual gross income or 10% of the outstanding balance. Failure to pay the minimum payments to the DOTD may result in the suspension of permit issuances in the future. The balance due to DOTD was repaid by the Town in July 2020.

Note Payable

In April 2017 the Town issued a note to the Simmesport State Bank to fund the purchase of two utility work trucks totaling \$62,063. The note requires fifty-nine monthly installment payments of \$1,157 beginning in May 2017 through March 2022 and one payment of \$1,149 due on April 2022. The loan is secured by the general revenues of the Town and no default provisions are evident in the loan agreement. The balance due to the Simmesport Bank was repaid by the Town in July 2020.

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

(6) Compensation, Benefits and Other Payments to Mayor

A detail of compensation, benefits, and other payments paid to Mayor Leslie Draper III for the year ended June 30, 2020, is as follows:

<u>Purpose</u>	
Salary	\$ 27,000
Payroll taxes	2,160
Conference travel	328
Travel	<u>1,250</u>
	<u>\$ 30,738</u>

(7) Compensation Paid to Town Officials

A detail of compensation paid to the Alderman for the year ended June 30, 2020 is as follows:

Aldermen:

Jacob Coco	\$ 2,700
Presley Bordelon	2,700
Kenneth L. Marsh	5,400
Ted P. Turner	5,400
Myron Brown	5,400
Sherman R. Bell	<u>5,400</u>
	<u>\$ 27,000</u>

(8) Interfund Transactions

A. A summary of interfund receivables and payables at June 30, 2020 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds:		
General Fund	\$ 26,290	\$ -
Other Governmental Funds	-	2,789
Proprietary funds:		
Water and Sewer Fund	-	15,851
Natural Gas Fund	-	<u>7,650</u>
Total	<u>\$ 26,290</u>	<u>\$ 26,290</u>

The amounts due to the General Fund from various other funds are for reimbursements owed for expenditures paid on behalf of those funds.



TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

B. Interfund transfers consisted of the following at June 30, 2020:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General Fund	\$ 480,114	\$ 18,588
Other Governmental Funds	<u>8,300</u>	<u>-</u>
Total governmental funds	<u>488,414</u>	<u>18,588</u>
Proprietary funds:		
Water and Sewer Fund	-	472,699
Natural Gas Fund	<u>22,873</u>	<u>20,000</u>
Total proprietary funds	<u>22,873</u>	<u>492,699</u>
Total	<u>\$ 511,287</u>	<u>\$ 511,287</u>

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

(9) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's policemen \$22,917 of supplemental pay during the year ended June 30, 2020. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(10) Commitments and Contingencies

As of June 30, 2020, the Town was not involved in any lawsuits claiming damages that would not be adequately covered by liability insurance.

(11) Risk Management

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

(12) Availability Payment Arrangement

During fiscal year 2020, the Town entered into a 20-year master utility service agreement with Sustainability Partners, LLC (SP) to provide upgrades and ongoing maintenance to the Town's water and sewer utility systems. In return for a lump sum payment of \$625,000 received from SP, the Town granted an exclusive usage right to full control of the sewer system in the event the Town

TOWN OF SIMMESPORT, LOUISIANA

Notes to Basic Financial Statements

defaults on its monthly utility service payments. The usage right fee is recorded as a deferred inflow of resources in the water and sewer fund at June 30, 2020 and will be recognized as income over the twenty-year life of the master utility service agreement.

(13) Prior Period Adjustments

The Town discovered errors in estimates and assumptions that were included in the prior period financial statements. Several utility system assets, along with the related debt, were not properly recorded, certain cash balances were understated, and several accounts payable balances were overstated in the prior period.

The effect of the adjustments to net beginning position are as follows.

	Govt. Activities	Business Type Activities	General Fund	Water Sewer Fund	Natural Gas Fund
July 1, 2019 net position, as reported	\$ 778,529	\$ 1,457,303	\$ 7,763	\$ 1,440,679	\$ 16,624
Prior period adjustments:					
Unrecorded capital assets, net	-	34,135	-	34,135	-
Unrecorded note payable	-	(36,867)	-	(36,867)	-
Understated cash	101,026	-	101,026	-	-
Overstated accounts payable	<u>80,468</u>	<u>40,960</u>	<u>80,468</u>	<u>22,054</u>	<u>18,906</u>
July 1, 2019 net position, as restated	<u>\$ 960,023</u>	<u>\$ 1,495,531</u>	<u>\$ 189,257</u>	<u>\$ 1,460,001</u>	<u>\$ 35,530</u>

(14) New Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after June 15, 2021. The effect of implementation on the Town's financial statements has not yet been determined.

During fiscal year 2020, the Town adopted GASB Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* which establishes standards of accounting and financial reporting for public-private and public-public partnerships as well as availability payment arrangements. The provisions of this statement are effective for fiscal years beginning after June 15, 2022, but the Town has elected early application.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

TOWN OF SIMMESPORT, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 459,000	\$ 459,000	\$ 458,276	\$ (724)
Licenses and permits	71,000	71,000	66,503	(4,497)
Intergovernmental	64,000	64,000	83,603	19,603
Fines and forfeits	50,000	50,000	38,571	(11,429)
Miscellaneous	32,950	32,950	66,488	33,538
Total revenues	<u>676,950</u>	<u>676,950</u>	<u>713,441</u>	<u>36,491</u>
<b>Expenditures:</b>				
General government	278,250	278,250	414,209	(135,959)
Public safety -				
Police	475,300	475,300	457,110	18,190
Fire	6,000	6,000	4,418	1,582
Streets and sidewalks	155,350	155,350	283,591	(128,241)
Capital outlay	-	-	4,399	(4,399)
Debt service				
Principle	20,000	20,000	119,577	(99,577)
Interest	1,750	1,750	3,416	(1,666)
Total expenditures	<u>936,650</u>	<u>936,650</u>	<u>1,286,720</u>	<u>(350,070)</u>
Excess (deficiency) of revenues over expenditures	<u>(259,700)</u>	<u>(259,700)</u>	<u>(573,279)</u>	<u>(313,579)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	480,114	480,114
Transfers out	(15,000)	(15,000)	(18,588)	(3,588)
Total other financing sources (uses)	<u>(15,000)</u>	<u>(15,000)</u>	<u>461,526</u>	<u>476,526</u>
Net change in fund balance	(274,700)	(274,700)	(111,753)	162,947
Fund balance, beginning, as restated	<u>189,257</u>	<u>189,257</u>	<u>189,257</u>	<u>-</u>
Fund balance, ending	<u>\$ (85,443)</u>	<u>\$ (85,443)</u>	<u>\$ 77,504</u>	<u>\$ 162,947</u>

TOWN OF SIMMESPORT, LOUISIANA

Notes to the Required Supplementary Information  
For the Year Ended June 30, 2020

(1) Budget and Budgetary Accounting

The Town follows the following procedures in establishing the budget:

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

(2) Excess of Expenditures over Appropriations

For the year ended June 30, 2020, the General Fund incurred expenditures in excess of appropriations.

**INTERNAL CONTROL,  
COMPLIANCE  
AND OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Matthew E. Margaglio, CPA\*  
Casey L. Ardoin, CPA, CFE\*  
Wanda F. Arcement, CPA  
Bryan K. Joubert, CPA  
Nicholas Fowlkes, CPA

C. Burton Kolder, CPA\*  
Of Counsel

Victor R. Slaven, CPA\* - retired 2020  
Christine C. Doucet, CPA - retired 2022

\* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.  
Lafayette, LA 70508 Baton Rouge, LA 70816  
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.  
Ville Platte, LA 70566 Oberlin, LA 70655  
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRCPAS.COM

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Simmesport, Louisiana (Town), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated July 18, 2022.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion of the effectiveness of the Town'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2020-001 through 2020-003 that we consider to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Simmesport, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompany schedule of current and prior year audit findings and management's corrective action plan as items 2020-004 through 2020-009.

### **Town of Simmesport, Louisiana's Response to Findings**

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

### **Purpose of this report**

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

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
July 18, 2022



TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended June 30, 2020

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

A. Internal Control Over Financial Reporting

2020-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2007

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

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

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

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

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

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: While segregation of accounting functions is desirable, complete segregation of accounting functions may not be possible due to fiscal limitations. The Mayor and Board Members review the Town's accounting records as a compensating control.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended June 30, 2020

Additionally, the Town is working with a contract accounting firm to establish policies and procedures which will provide adequate segregation of duties within the accounting function by utilizing the Town's current personnel and the contracted accounting firm.

2020-002 Utility Accounts Receivable and Customer Deposits Subsidiary Ledger

Fiscal year finding initially occurred: 2017

CONDITION: The Town is not maintaining an accurate subsidiary ledger for utility accounts receivables and customer deposits. The subsidiary ledgers are not being reconciled to the meter cash account balances and general ledger accounts, respectively.

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

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

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

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town has contracted with an accounting firm to assist with the reconciliation of significant account balances on a monthly basis, including reconciliation of all bank, utility accounts receivables and utility customer deposits.

2020-003 Utility Customer Account Adjustments

Fiscal year finding initially occurred: 2020

CONDITION: During the current fiscal year significant utility customer account balance adjustments were made without proper written supporting documentation.

CRITERIA: Article VII section 14 of the Louisiana Constitution states in general that funds of the Town shall not be loaned, pledged, or

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended June 30, 2020

donated to any person for a public or private purpose. Unauthorized write-off or adjustment of a utility customers account balances could be considered a violation of the Louisiana Constitution.

CAUSE: The Town has not established and maintained policies for utility customer account balance write-offs or adjustments.

EFFECT: Failure to establish and adhere to policies for writing-off or adjusting utility customer account balances could result in customers receiving improper credit on their account and possible violations of Article VII, section 14 of the Louisiana State Constitution.

RECOMMEDATION: The Town should establish policies over utility customer account write-offs and adjustments that provide for an adequate segregation of duties between personnel who (1) approve rate schedules, usage, billings, and grant credit, (2) authorize account adjustments, (3) edit customer receivable master files, (4) open the mail and receive utility customer payments, and (5) maintain access to collections prior to bank deposit.

MANAGEMENT CORRECTIVE ACTION PLAN: The Town has contracted with an accounting firm to assist with the establishment and implementation of policies over utility customer account write-offs and adjustments.

B. Compliance and Other Matters

2020-004 Late Filing

Fiscal year finding initially occurred: 2015

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

CRITERIA: LA R.S. 24:513

CAUSE: The Town failed to maintain adequate accounting records and had difficulty producing records requested during performance of the annual audit.

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

RECOMMENDATION: The Town should ensure compliance with LA R.S. 24:513 by producing adequate information in a timely manner.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended June 30, 2020

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town is working diligently to enhance policies and procedures and is utilizing the services of a contract accounting firm to allow for a timelier closeout of the Town's annual accounting records.

2020-005 Traffic Tickets

Fiscal year finding initially occurred: 2017

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

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

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

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

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town has implemented policies and procedures and made software enhancements to ensure that all tickets and citations issued are accounted for under Revised Statues 32:398.1 and 32:398.2.

2020-006 Budget Adoption and Amendment

Fiscal year finding initially occurred: 2017

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

CRITERIA: LSA-R.S. 39:1305, *Budget preparation*, stipulates that "The total proposed expenditures shall not exceed the total of estimated expenditures available for the ensuing fiscal year". LSA-RS 39:1311 et seq, *Budgetary Authority and Control*, provides that the budget must be amended when: "Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund,

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended June 30, 2020

are exceeding the total budgeted expenditures and other uses by 5% or more.”

CAUSE: The Town violated R.S. 39:1305 when the General Fund's total proposed expenditures exceeded the total of estimated funds available for the ensuing fiscal year. The Town also failed to amend the General Fund budget in accordance with R.S. 39:1311.

EFFECT: The Town may not prevent and/or detect compliance violations due to excess spending of the appropriated budget, and/or errors or irregularities in a timely manner.

RECOMMENDATION: The Town should ensure compliance with all provisions of the Local Government Budget Act by preparing, monitoring, and amending its budgets as required by state statutes.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town has implemented policies and procedures to ensure budgets are amended in compliance with the Local Governmental Budget Act.

2020-007 Property Tax

Fiscal year finding initially occurred: 2017

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

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

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

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

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town has implemented policies and procedures to accurately track the status of

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended June 30, 2020

property tax payments and plans to utilize legal counsel to ensure collection of delinquent property taxes.

2020-008 Record Retention Issues

Fiscal year finding initially occurred: 2019

CONDITION: During the course of conducting the audit, it was noted that the Town was unable to provide sufficient supporting documentation for selected transactions as requested.

CRITERIA: LA R.S. 44:36 requires agencies to maintain records to support transactions for a minimum of three years from the date the record is created, unless required to be maintained by specific state statute.

CAUSE: The Town did not retain supporting documentation for specific transactions during the year ended June 30, 2020.

EFFECT: Failure to maintain proper supporting documentation for transactions is a violation of state statutes. Also, the lack of proper documentation makes it difficult to determine if the transaction was appropriate, necessary for Town operations and properly reported.

RECOMMENDATION: The Town should develop policies and procedures to ensure that proper support is maintained for all transactions as required under state statutes.

MANAGEMENT CORRECTIVE ACTION PLAN: The Town has implemented policies and procedures related to record retention of documentation. Additionally, the Town has enhanced its record organization procedures to ensure easy access to complete documentation for all Town transactions.

2020-009 Meals and Vehicle Expense

Fiscal year finding initially occurred: 2019

CONDITION: Support for meal reimbursements received by the Mayor for business meetings did not contain evidence of the business purpose of the meals, nor identify individuals who attended the meetings. In addition, it appears that in lieu of receiving mileage reimbursements, the Mayor purchased fuel for his personal vehicle with a Town issued debit card and did not document the business purpose for the travel.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended June 30, 2020

CRITERIA: Article VII Section 14 of the Louisiana State Constitution states in general that funds of the Town shall not be loaned, pledged, or donated to any person for a public or private purpose.

CAUSE: The Mayor purchased meals and fuel using a Town issued debit card without providing proper documentation to support the business purpose of the purchases.

EFFECT: Purchases may be made in violation of Article VII Section 14 of the Louisiana State Constitution.

RECOMMENDATION: The Town should adopt policies and procedures that require review of purchases made by the Mayor with a Town issued debit card and/or reimbursed to the Mayor to ensure that purchases are incurred for legitimate business purposes.

MANAGEMENT CORRECTIVE ACTION PLAN: For the items in question, the Town was able to provide support which indicated the vendor, items purchased, and the date of purchase in accordance with the newly adopted travel policies. Modifications of the travel policies will be considered to ensure contemporaneous documentation of the individuals in attendance at business meals as well as the business purpose of the transaction.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2019-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2007

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

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

CURRENT STATUS: Unresolved. See item 2020-001.

2019-002 Policies and procedures

Fiscal year finding initially occurred: 2017

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended June 30, 2020

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

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

CURRENT STATUS: Resolved

2019-003 Utility Accounts Receivable and Customer Deposits Subsidiary Ledger

Fiscal year finding initially occurred: 2017

CONDITION: The Town is not maintaining an accurate subsidiary ledger for utility accounts receivables and customer deposits. The subsidiary ledgers are not being reconciled to the meter cash account balances and general ledger accounts, respectively.

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

CURRENT STATUS: Unresolved. See item 2020-002

B. Compliance and Other Matters

2019-004 Late Filing

Fiscal year finding initially occurred: 2015

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

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

CURRENT STATUS: Unresolved. See Item 2020-003.

2019-005 Traffic Tickets

Fiscal year finding initially occurred: 2017



TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended June 30, 2020

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

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

CURRENT STATUS: Unresolved. See item 2020-005.

2019-006 Bond Compliance – Reserve/Debt Service Requirements

Fiscal year finding initially occurred: 2014

CONDITION: The Town did not make all required payments to the 2011 Sewer Revenue Bonds Sinking Fund, and Depreciation and Contingency Fund on a monthly basis as required by the bond agreement. In addition, the Town did not make the required debt service payment for the 2011 Sewer Revenue Bonds during the year ending June 30, 2019

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

CURRENT STATUS: Resolved

2019-007 Delinquent Filing/Payment of Payroll Withholdings

Fiscal year finding initially occurred: 2017

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

RECOMMENDATION: The Town is in the process of remitting delinquent payroll liabilities. The Town should continue to monitor all reporting requirements and ensure proper policies are being followed.

CURRENT STATUS: Resolved

2019-008 Budget Adoption and Amendment

Fiscal year finding initially occurred: 2017

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

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended June 30, 2020

RECOMMENDATION: The Town should ensure compliance with all provisions of the Local Government Budget Act by adopting, monitoring, and amending its budgets when variance occur.

CURRENT STATUS: Unresolved. See Item 2020-006.

2019-009 Property Tax

Fiscal year finding initially occurred: 2017

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

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

CURRENT STATUS: Unresolved. See Item 2020-007.

2019-010 Record Retention Issues

Fiscal year finding initially occurred: 2019

CONDITION: During the course of conducting the audit, it was noted that the Town was unable to provided sufficient supporting documentation for selected transactions as requested.

RECOMMENDATION: The Town should develop policies and procedures to ensure that proper support is maintained for all transactions as required under state statutes.

CURRENT STATUS: Unresolved. See Item 2020-008

2019-011 Municipal Officers Compensation

Fiscal year finding initially occurred: 2019

CONDITION: As the result of a Louisiana Legislative Auditor's review, it was determined that the Town did not properly fix and/or increase the compensation of the Town's municipal officers by ordinance for the period of January 2017 through June 30, 2019 as required by LA R.S. 33:404.1.

RECOMMENDATION: The Town should adopt policies and procedures to ensure municipal officer are compensated in accordance with an ordinance adopted by the Board of Aldermen.

TOWN OF SIMMESPORT, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended June 30, 2020

CURRENT STATUS: Resolved.

2019-012 Meals and Vehicle Expense Reimbursements

Fiscal year finding initially occurred: 2019

CONDITION: Support for meal reimbursements received by the Mayor for business meetings did not contain evidence of the business purpose of the meals, nor identify individuals who attended the meetings. In addition, it appears that in lieu of receiving mileage reimbursements, the Mayor purchased fuel for his personal vehicle with a Town issued debit card and did not document the business purpose for the travel.

RECOMMENDATION: The Town should adopt policies and procedures that require review of purchases made by the Mayor with a Town issued debit card and/or reimbursed to the Mayor to ensure that purchases are incurred for legitimate business purposes.

CURRENT STATUS: Unresolved. See item 2020-009