

VILLAGE OF SIMSBORO, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

VILLAGE OF SIMSBORO, LOUISIANA
Annual Financial Report
For the Fiscal Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

The Honorable Sybil Smalling-Foster, Mayor
and Members of the Board of Alderman
Village of Simsboro, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Simsboro, Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Village of Simsboro, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Simsboro, Louisiana, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison information, Schedule of Proportionate Share of Net Position Liability, and Schedule of Employer Contributions on pages 5-11 and page 39 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Simsboro, Louisiana's basic financial statements. The supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing

and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The accompanying justice system funding schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the representation of management. We have audited the information and, based on our audit, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with the reporting framework prescribed by Louisiana Revised Statute 24:515.2 and the Louisiana Legislative Auditor. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 25, 2022, on our consideration of the Village of Simsboro, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Village of Simsboro, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Simsboro, Louisiana's internal control over financial reporting and compliance.

Wise Martin & Cole LLC

Simsboro, Louisiana
March 25, 2022

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

MAYOR
Sybil Smalling-Foster
MUNICIPAL CLERK
Cynthia F. Haney



ALDERMAN:
Doug Durrett
Hazel Tuminello
Jerry White
WATER/SEWER
OPERATOR A. J.
Swayze

VILLAGE OF SIMSBORO

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Our discussion and analysis of the Village of Simsboro, Louisiana's financial performance provides an overview of the Village's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the Village's financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$2.9 million.
- During the year, the revenues of the Village's governmental activities exceeded its expenses by approximately \$100,000. Last year, revenues exceed expenses by approximately \$106,000.
- The Village's revenues for the year were approximately \$560,000, which is lower than prior year revenues of \$775,000.
- The total cost of all of the Village's programs was approximately \$556,000 for the current year, an increase over prior year costs of \$492,000.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13-14) provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements start on page 15. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds.

Reporting the Village as a Whole

Our analysis of the Village as a whole begins on page 13. One of the most important questions asked about the Village's finances is, "Is the Village as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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These two statements report the Village's *net position* and changes in them. You can think of the Village's net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—as one way to measure the Village's financial health, or *financial position*.

Over time, *increases or decreases* in the Village's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Village's property tax base and the condition of the Village's infrastructure, to assess the *overall health* of the Village.

In the Statement of Net Position and the Statement of Activities, we divide the Village into two kinds of activities:

- **Governmental activities** – Most of the Village's basic services are reported here, including the police, parks and recreation, sanitation and health, economic development, and general administration. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- **Business-type activities** – The Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Village's water and sewer systems are reported here.

Reporting the Village's Most Significant Funds

Our analysis of the Village's major funds begins on page 15. The fund financial statements provide detailed information about the most significant funds, not the Village as a whole. Some funds are required to be established by state law and by bond covenants. The Village's two kinds of funds – *governmental* and *proprietary* use different accounting approaches.

- **Governmental funds** – Most of the Village's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are nonspendable, restricted, committed, assigned or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the Village's fund balances by law, creditors, Village council, and the Village's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.

- *Proprietary funds* – When the Village charges customers for the services it provides – whether to outside customers or to other units of the Village – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Village’s enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE VILLAGE AS A WHOLE

The Village’s *combined* net position increased by approximately \$3,000. In contrast, last year’s net position increased by approximately \$282,000. Looking at net position and net expenses of governmental and business-type activities separately, however, provides more detail. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Village’s governmental and business-type activities.

(Table 1)
Net Position

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 627,789	\$ 503,376	\$ 459,561	\$ 437,590	\$ 1,087,350	\$ 940,966
Capital assets	<u>148,189</u>	<u>157,213</u>	<u>1,947,294</u>	<u>2,053,362</u>	<u>2,095,483</u>	<u>2,210,575</u>
Total assets	<u>775,978</u>	<u>660,589</u>	<u>2,406,855</u>	<u>2,490,952</u>	<u>3,182,833</u>	<u>3,151,541</u>
Deferred outflows	<u>42,353</u>	-	-	-	<u>42,353</u>	-
Other liabilities	9,017	10,857	46,595	30,331	55,612	41,188
Long-term liabilities	<u>52,118</u>	-	<u>165,805</u>	<u>169,604</u>	<u>217,923</u>	<u>169,604</u>
Total liabilities	<u>61,135</u>	<u>10,857</u>	<u>212,400</u>	<u>199,935</u>	<u>273,535</u>	<u>210,792</u>
Deferred inflows	<u>7,593</u>	-	-	-	<u>7,593</u>	-
Net position:						
Invested in capital assets, net of related debt	148,189	157,213	1,781,489	1,883,757	1,929,678	2,040,970
Restricted	19,235	27,624	10,932	10,932	44,551	38,556
Unrestricted	<u>582,179</u>	<u>464,895</u>	<u>402,034</u>	<u>396,328</u>	<u>969,829</u>	<u>862,223</u>
Total net position	<u>\$ 749,603</u>	<u>\$ 649,732</u>	<u>\$ 2,194,455</u>	<u>\$ 2,291,017</u>	<u>\$ 2,944,058</u>	<u>\$ 2,940,749</u>

The largest portion of the Village of Simsboro’s net position totaling approximately \$1.9 million reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The Village of Simsboro uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the Village of Simsboro's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities – Net Position

Net position for the governmental activities increased by approximately \$100,000. The restricted net position of the governmental activities represents the portion of net position that is not available to finance the day-to-day operations. The use of restricted assets is subject to constraints established by a voter-approved Village ordinance. Restricted net position decreased by \$8,389 to a total of \$19,235, which is available to finance economic development and tourism activities.

Business-type Activities – Net Position

Net position for the business type activities decreased by \$96,000. The decrease was largely due to an increase in repairs.

Restricted net position of the business-type activities is \$10,932, which is available to pay for debt of the sewer system.

(Table 2)
Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Primary Government</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program revenues:						
Charges for services	\$ 59,940	\$ 67,846	\$ 215,034	\$ 216,280	\$ 274,974	\$ 284,126
Operating grants/contributions	2,229	6,930	71,853	-	74,082	6,930
Capital grants/contributions	-	-	-	279,000	-	279,000
General revenues:						
Property taxes	16,938	16,694	-	-	16,938	16,694
Sales taxes	125,604	115,154	-	-	125,604	115,154
Franchise, ins premium taxes	66,203	62,808	-	-	66,203	62,808
Interest earnings	457	774	474	945	931	1,719
Other general revenues	<u>783</u>	<u>8,452</u>	<u>-</u>	<u>-</u>	<u>783</u>	<u>8,452</u>
Total revenues	<u>272,154</u>	<u>278,658</u>	<u>287,361</u>	<u>496,225</u>	<u>559,515</u>	<u>774,883</u>
Program expenses						
General government	125,795	122,906	-	-	125,795	122,906
Public safety	46,488	50,212	-	-	46,488	50,212
Water & sewer	<u>-</u>	<u>-</u>	<u>383,923</u>	<u>319,325</u>	<u>383,923</u>	<u>319,325</u>
Total expenses	<u>172,283</u>	<u>173,118</u>	<u>383,923</u>	<u>319,325</u>	<u>556,206</u>	<u>492,443</u>
Excess (deficiency) before transfers	99,871	105,540	(96,562)	176,900	3,309	282,440
Transfers	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
Change in net position	99,871	100,540	(95,562)	181,900	3,309	282,440
Net position, beginning	<u>649,732</u>	<u>549,192</u>	<u>2,291,017</u>	<u>2,109,117</u>	<u>2,940,749</u>	<u>2,658,309</u>
Net position, end of year	<u>\$ 749,603</u>	<u>\$ 649,732</u>	<u>\$ 2,194,455</u>	<u>\$ 2,291,017</u>	<u>\$ 2,944,058</u>	<u>\$ 2,940,749</u>

Our analysis that follows separately considers the operations of governmental and business-type activities.

Governmental activities

The total revenues for governmental activities decreased when compared to prior year revenues by approximately \$7,000. A portion of this change is attributed to fluctuations in all revenues collected by the Village. The largest changes occurred in the following revenues:

- Traffic fines decreased by approximately \$12,000
- Sales taxes increase by approximately \$10,000

Governmental activities expenses were comparable to the prior year.

Business-type activities

The Village's total business type revenues decreased by approximately \$209,000. This year the Village reported \$79,000 in grant revenues as opposed to the \$279,000 reported in the prior year.

Total costs to operate the water and sewer system was \$383,923, which was around \$65,000 more than the prior year. This year, the Village incurred additional expenses for maintenance and repairs of the water and sewer system.

THE VILLAGE'S FUNDS

Governmental funds – The focus of the Village of Simsboro's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the Village of Simsboro's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Village's net resources available for spending at the end of the fiscal year.

As the Village completed the year, its governmental funds (as presented in the balance sheet on page 15) reported a combined fund balance of \$569,385, increasing by \$132,481.

Village revenues were comparable to prior year increasing slightly by \$300. Village expenditures were less this year, decreasing by \$27,000. This decrease was due to a decrease in salaries and related expenses for public safety.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the Village Council amended the budget once on May 3, 2021. The amendment to the General fund budget decreased revenues overall to be in line with actual revenue received. The

expenditures of the General fund were increased to be in line with actual expenditures for general government administration and were decreased to be in line with actual expenditures for public safety.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of June 30, 2021, the Village had \$2,095,483 invested in capital assets including police equipment, buildings, water, and sewer. This amount represents a decrease of \$115,092 in investments in capital assets.

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

	Governmental		Business-type		Totals	
	Activities		Activities			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 50,000	\$ 50,000	\$ 39,246	\$ 39,246	\$ 89,246	\$ 89,246
Building and improvements	93,408	100,579	-	-	93,408	100,579
Waterworks system	-	-	760,619	798,466	760,619	798,466
Sewer treatment facilities	-	-	1,147,156	1,215,048	1,147,156	1,215,048
Machinery & Equipment	<u>4,781</u>	<u>6,634</u>	<u>273</u>	<u>602</u>	<u>5,054</u>	<u>7,236</u>
Totals	\$ <u>148,189</u>	\$ <u>157,213</u>	\$ <u>1,947,294</u>	\$ <u>2,053,362</u>	\$ <u>2,095,483</u>	\$ <u>2,210,575</u>

Debt

At year-end, the Village had \$165,805 in debt as compared to \$169,604 last year.

	Business-type	
	Activities	
	<u>2021</u>	<u>2020</u>
Rural Development	\$ <u>165,805</u>	\$ <u>169,604</u>

More detailed information about the Village’s long-term liabilities is presented in Note 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

We have taken a conservative approach to crafting this year’s budget. No grants, loans or appreciable differences in revenues is expected this year.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

STATEMENT A

VILLAGE OF SIMSBORO, LOUISIANA
Statement of Net Position
June 30, 2021

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 401,818	\$ 290,812	\$ 692,630
Investments	101,482	127,161	228,643
Receivables, net	79,215	22,381	101,596
Internal balances	26,039	(26,039)	-
Restricted assets- noncurrent			
Cash and cash equivalents	19,235	34,856	54,091
Inventory	-	10,390	10,390
Capital assets:			
Land and construction in progress	50,000	39,246	89,246
Depreciable capital assets, net	98,189	1,908,048	2,006,237
Total assets	<u>775,978</u>	<u>2,406,855</u>	<u>3,182,833</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on pensions	<u>42,353</u>	<u>-</u>	<u>42,353</u>
LIABILITIES			
Accounts payable	9,017	22,070	31,087
Interest payable	-	601	601
Payable from restricted assets:			
Customer deposits	-	23,924	23,924
Long-term liabilities:			
Due within one year	-	3,962	3,962
Due in more than one year	-	161,843	161,843
Net pension liability	52,118	-	52,118
Total liabilities	<u>61,135</u>	<u>212,400</u>	<u>273,535</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on pensions	<u>7,593</u>	<u>-</u>	<u>7,593</u>
NET POSITION			
Net investment in capital assets	148,189	1,781,489	1,929,678
Restricted for:			
Debt service	-	10,932	10,932
Economic development and tourism	19,235	-	19,235
Unrestricted	<u>582,179</u>	<u>402,034</u>	<u>984,213</u>
Total net position	<u>\$ 749,603</u>	<u>\$ 2,194,455</u>	<u>\$ 2,944,058</u>

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

STATEMENT B

VILLAGE OF SIMSBORO, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2021

	<u>Program Revenues</u>				Net (Expenses)/ Revenue	<u>Net (Expenses) Revenues and Changes of Primary Government</u>		
	Expenses	Charges for Services	Capital	Operating		Governmental Activities	Business-type Activities	Total
			Grants & Contributions	Grants & Contributions				
Governmental activities								
General government	\$ (125,795)	\$ 56,387	\$ -	\$ -	\$ (69,408)	\$ (69,408)	\$ -	\$ (69,408)
Public safety	(46,488)	3,553	-	2,229	(40,706)	(40,706)	-	(40,706)
Total governmental activities	<u>(172,283)</u>	<u>59,940</u>	<u>-</u>	<u>2,229</u>	<u>(110,114)</u>	<u>(110,114)</u>	<u>-</u>	<u>(110,114)</u>
Business-type activities								
Water and sewer	(383,923)	215,034	-	71,853	(97,036)	-	(97,036)	(97,036)
Total business-type activities	<u>(383,923)</u>	<u>215,034</u>	<u>-</u>	<u>71,853</u>	<u>(97,036)</u>	<u>-</u>	<u>(97,036)</u>	<u>(97,036)</u>
14 Total primary government	<u>\$ (556,206)</u>	<u>\$ 274,974</u>	<u>\$ -</u>	<u>\$ 74,082</u>	<u>\$ (207,150)</u>	<u>\$ (110,114)</u>	<u>\$ (97,036)</u>	<u>\$ (207,150)</u>
General revenues:								
Property taxes levied for general purposes						16,938	-	16,938
Sales tax						119,609	-	119,609
Sales tax - economic development & tourism						5,995		5,995
Franchise and insurance premium taxes						66,203	-	66,203
Miscellaneous						783	-	783
Interest earned						457	474	931
Total general revenues						<u>209,985</u>	<u>474</u>	<u>210,459</u>
Change in net position						99,871	(96,562)	3,309
Net position- beginning						<u>649,732</u>	<u>2,291,017</u>	<u>2,940,749</u>
Net position - ending						<u>\$ 749,603</u>	<u>\$ 2,194,455</u>	<u>\$ 2,944,058</u>

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

STATEMENT C

VILLAGE OF SIMSBORO, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 391,305	\$ 10,513	\$ 401,818
Restricted cash and cash equivalents	19,235		19,235
Investments	101,482	-	101,482
Receivables, net	79,215	-	79,215
Due from other funds	26,039	-	26,039
Total assets	\$ 617,276	\$ 10,513	\$ 627,789
LIABILITIES			
Accounts, salaries, and other payables	\$ 9,017	\$ -	\$ 9,017
Total liabilities	9,017	-	9,017
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - ticket fines	49,387	-	49,387
FUND BALANCES			
Restricted	19,235	-	19,235
Assigned	-	10,513	10,513
Unassigned	539,637	-	539,637
Total fund balances	558,872	10,513	569,385
Total liabilities, deferred inflows of resources and fund balances	\$ 617,276	\$ 10,513	\$ 627,789

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

STATEMENT D

VILLAGE OF SIMSBORO, LOUISIANA

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-wide Financial Statement of Net Position**

June 30, 2021

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

Total Governmental Fund Balances (Statement C)	\$ 569,385
Receivables which are not available to pay for current period expenditures and therefore are unavailable in the funds	49,387
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	148,189
Deferred outflows/inflows related to pensions are not due and payable in the current period and accordingly not recorded in the fund financial statements	
Deferred outflows on pensions	42,353
Deferred inflows on pensions	(7,593)
Long-term liabilities applicable to the Village's governmental activities are not due and payable in the current period and, therefore, are not reported as fund liabilities in the governmental funds. All liabilities, both current and long-term are reported in the Statement of Net Position.	
Pension liability	<u>(52,118)</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 749,603</u>

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

STATEMENT E

VILLAGE OF SIMSBORO, LOUISIANA

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

For the Year Ended June 30, 2021

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Taxes			
Advalorem	\$ 16,938	\$ -	\$ 16,938
Sales and use	125,604	-	125,604
Franchise and insurance premium	66,203	-	66,203
Intergovernmental	1,000	-	1,000
Charges for services	56,387	-	56,387
Fines and forfeitures	9,781	-	9,781
Interest income	451	6	457
Miscellaneous	783	-	783
Total revenues	<u>277,147</u>	<u>6</u>	<u>277,153</u>
EXPENDITURES			
Current:			
General government	118,194	-	118,194
Public safety	26,478	-	26,478
Total expenditures	<u>144,672</u>	<u>-</u>	<u>144,672</u>
Excess of revenues over expenditures	132,475	6	132,481
Fund balance- beginning	<u>426,397</u>	<u>10,507</u>	<u>436,904</u>
Fund balance - ending	<u>\$ 558,872</u>	<u>\$ 10,513</u>	<u>\$ 569,385</u>

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

VILLAGE OF SIMSBORO, LOUISIANA

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities****For the Year Ended June 30, 2021**

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

Net Change in Fund Balances, Governmental Funds (Statement E)	\$ 132,481
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets	(9,024)
The recognition of pension expense in the Statement of Activities is based on projected benefit payments discounted to actuarial present value and attributed to periods of employee service. Pension expenditures in the fund financial statements are the amounts actually paid.	(17,358)
Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the Statement of Activities	<u>(6,228)</u>
Change in Net Position, Governmental Activities (Statement B)	<u>\$ 99,871</u>

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

STATEMENT G

VILLAGE OF SIMSBORO, LOUISIANA
Statement of Net Position, Proprietary Funds
June 30, 2021

	<u>Business-type Activities</u> <u>Water & Sewer Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 290,812
Investments	127,161
Receivables, net	22,381
Inventory	10,390
Total current assets	<u>450,744</u>
Noncurrent assets:	
Restricted cash and cash equivalents	34,856
Capital assets:	
Land and construction in progress	39,246
Plant and equipment	4,276,843
Less: accumulated depreciation	<u>(2,368,795)</u>
Total noncurrent assets	<u>1,982,150</u>
Total assets	<u><u>2,432,894</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	22,070
Interest payable	601
Due to other funds	26,039
Payable from restricted assets:	
Customer deposits	23,924
Notes payable	<u>3,962</u>
Total current liabilities	<u>76,596</u>
Noncurrent liabilities:	
Notes payable	<u>161,843</u>
Total noncurrent liabilities	<u>161,843</u>
Total liabilities	<u><u>238,439</u></u>
NET POSITION	
Net investment in capital assets	1,781,489
Restricted	10,932
Unrestricted	<u>402,034</u>
Total net position	<u><u>\$ 2,194,455</u></u>

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

STATEMENT H

VILLAGE OF SIMSBORO, LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Business-Type Activities
	Water & Sewer Fund
Operating revenues:	
Charges for services	
Water	\$ 136,616
Sewer	78,418
Total operating revenues	215,034
Operating expenses:	
Personnel services	37,693
Materials, repairs, & supplies	101,407
Utilities	21,607
Other administrative	35,956
Depreciation	106,068
Outside services	69,256
Sample collections/testing	4,791
Total operating expenses	376,778
Operating income (loss)	(161,744)
Nonoperating income (expenses):	
Interest income	474
Grant income	71,853
Interest expense	(7,145)
Total nonoperating revenues (expenses)	65,182
Change in net position	(96,562)
Net position - beginning	2,291,017
Net position - ending	\$ 2,194,455

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

VILLAGE OF SIMSBORO, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Business-type Activities Water & Sewer Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 217,068
Cash payments to other suppliers of goods or services	(197,859)
Cash payments to employees for service	<u>(37,420)</u>
Net cash provided by operating activities	<u>(18,211)</u>
Cash flows from noncapital financing activities:	
Grant proceeds	71,853
Decrease in customer deposits	<u>(300)</u>
Net cash provided by noncapital financing activities	<u>71,553</u>
Cash flows from capital and related financing activities:	
Principal paid on bonds	(3,799)
Interest paid on bonds	<u>(7,747)</u>
Net cash used by capital and related financing activities	<u>(11,546)</u>
Cash flows from investing activities:	
Interest income	<u>153</u>
Net cash provided by investing activities	<u>153</u>
Net increase in cash and cash equivalents	41,949
Cash and cash equivalents at beginning of year	<u>283,719</u>
Cash and cash equivalents at end of year	<u>\$ 325,668</u>

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

STATEMENT I

	Business-type <u>Activities</u> Water & <u>Sewer Fund</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (161,744)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	106,068
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable	2,034
(Decrease) increase in accounts payable	17,166
Increase (decrease) in due to other funds	<u>18,265</u>
 Net cash provided by operating activities	 <u>\$ (18,211)</u>

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Introduction

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

Note 1 – Summary of Significant Accounting Policies

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

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

A. Financial Reporting Entity

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

GASB established criteria for determining which component units should be considered part of the Village of Simsboro, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criterion includes:

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

Based on the previous criteria, the Village has determined that there are no component units that are part of the reporting entity.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

B. Government-wide and Fund Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment or component unit.

Program revenues

Program revenues include 1) charges to customers who purchase, use or directly benefit from goods or services provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Charges for services are primarily derived from solid waste fees, rental income, and traffic fines. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues.

Allocation of indirect expenses

The Village allocates indirect expenses, such as interest expense, directly to clearly identifiable functions in the Statement of Activities.

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

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

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

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Principal revenue sources

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

considered susceptible to accrual include grants, sales and use taxes, and franchise taxes. Other revenues are considered to be measurable and available only when cash is received by the Village.

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

- Interest on general long-term obligations is recognized when paid.
- Debt service expenditures are recorded only when payment is due.

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

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

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

D. Fund Accounting

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

Major Governmental Fund

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

Major Proprietary Fund

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

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

E. Cash and Cash Equivalents

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

For purposes of the Proprietary fund Statement of Cash Flows, the Village considers all investments with a maturity of three months or less when purchased to be cash equivalents.

F. Investments

Investments are limited by R.S. 33:2955 and the Village's investment policy. If original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations and repurchase agreements.

The investments are reflected at fair value except for the following which are permitted per GASB Statement No. 31:

- Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Village's investments are in certificates of deposit, and are stated at amortized cost.

G. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances of the governmental activities include sales and use taxes and franchise fees, and grants. Business-type activities report utilities as their major receivable. An allowance for uncollectible receivables is maintained, however, if amounts become uncollectible, in the opinion of management, they are charged to operations at that time.

In the fund financial statements, material receivables in governmental funds include revenue accruals that are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

H. Inventory

Inventory items are valued at cost using the first-in, first out method. The Village records inventory in the Utility fund for water and sewer repair and maintenance items held at year end.

I. Capital Assets

Capital assets, which include land, buildings, equipment, and improvements, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Site Improvements	40 years
Equipment	5-10 years

J. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has one item that qualifies for reporting in this category.

The Statement of Net Position reports the Village's proportionate share of the deferred outflows of resources related to pensions. See Note 10 for more information.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Village has two items that qualifies for reporting in this category.

The Statement of Net Position reports the Village's proportionate share of the deferred inflows of resources related to pensions. See Note 10 for more information.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

The governmental funds balance sheet reports unavailable revenues for ticket fines accrued at year end, for amounts which are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

K. Interfund Activity

Interfund activity is reported as loans, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related costs as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

L. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental and business-type activities in the Statement of Net Position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Compensated Absences

The Village’s policy provides vacation and sick leave to full time employees. Part-time employees do not accrue vacation time.

Vacation and sick leave chart is as follows:

<u>Years of service</u>	<u>Days of annual leave</u>	<u>Days of sick leave</u>
1 year after anniversary date	10	10
2 years (Jan 1 – Dec 31)	10	10
3 years (Jan 1 – Dec 31)	10	10
4 years (Jan 1 – Dec 31)	10	10
5 – 9 years (Jan 1 – Dec 31)	15	15
10 - 20 years (Jan 1- Dec 31)	20	20

After the first year of employment, annual vacation leave must be taken between anniversary date of employment and December 31 of the year following year. All other vacation leave days shall be taken

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

between January 1 and December 31, of the year earned or year following. Vacation and sick leave is not paid upon termination. As of June 30, 2021, no liability was recognized for unused annual leave.

N. Post-Employment Health Care Benefits

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

O. Equity Classifications – Government-wide Statements

Net position represents the difference between assets and deferred outflows or resources less liabilities and deferred inflows of resources. The Village reports three categories of net position as follows:

- Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows or resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- Restricted net position - net position is considered restricted if its use is constrained to a particular purpose. Restrictions can be:
 - Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments
 - Imposed by law through constitutional provisions or enabling legislation.Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.
- Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the Village.

When both restricted and unrestricted resources are available for use, generally it is the Village's policy to use restricted resources first, then unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Net position in the governmental activities of \$19,235 are restricted by enabling legislation (LA RS 47:322.33(B)) for infrastructure enhancements which support economic development or tourism.

P. Fund Equity of Fund Financial Statements

GASB Statement No. 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

Non-spendable – Fund balance that is not in spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily covered to cash such as inventories.

Restricted Fund Balance – Fund balance that can be spent only for specific purposes stipulated by constitution, external resource provides or through enabling legislation.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

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

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

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

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

Q. Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, the interfund activity was reported as internal balances in an attempt to minimize the “grossing up” effect on assets and liabilities within the governmental and business-type activities column.

R. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

S. Pension Plan

The Village is a participating employer in a multiple employer, defined benefit plan described in Note 10. For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan, and additions to/deductions for the plans fiduciary net position have been determined on the accrual basis, which is the same basis as they are reported in the retirement system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Note 2 – Stewardship, compliance and accountability

BUDGET INFORMATION The Village uses the following budget practices:

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

Note 3 – Deposits and investments

Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Interest rate risk: The Village's policy does not address interest rate risk.

Credit Risk: The Village's investment are in certificates of deposit which do not have credit ratings. The Village's policy does not address credit risk.

Concentration of credit risk: The Village's policy does not address concentration of credit risk.

Custodial credit risk – deposits: At year-end, the Village's carrying amount of deposits was \$975,364 and the bank balance was \$989,347.

These deposits are reported as follows:

Statement A – Cash and cash equivalents	\$ 692,630
Statement A – Investments	228,643
Statement A – Restricted cash	<u>54,091</u>
Total deposits	<u>\$ 975,364</u>

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

The bank deposits are secured from risk by \$500,000 of federal deposit insurance and \$517,111 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Village that the fiscal agent has failed to pay deposited funds upon demand.

Note 4 - Accounts receivable

The receivables of governmental activities at June 30, 2021 are as follows:

<u>Class of Receivable</u>	<u>General</u>
Franchise fees	\$ 7,190
Sales tax	10,548
Solid waste fees	11,723
Insurance fees	367
Fines/tickets	49,387
Total	<u>\$ 79,215</u>

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

At June 30, 2021, the Water and Sewer Fund had accounts receivable of \$22,381, which is made up of customers' accounts outstanding of \$26,571, less allowance for doubtful accounts of \$9,385 and a grant receivable of \$5,195.

Note 5 - Ad valorem taxes

The Village levies taxes on real and business personal property located within the Village's boundaries. Property taxes are levied by the Village on property values assessed by the Lincoln Parish Tax Assessor and approved by the State of Louisiana Tax Commission. Property taxes are assessed and collected on a calendar year basis. 2020 property taxes attached as an enforceable lien on property as of January 1, 2021. Tax notices are usually mailed in November each year and become delinquent after December 31, of that year. The tax levy for 2020 was 5.08 mills of the assessed property valuation on tax rolls as of January 1. For the year ended June 30, 2021, taxes of \$16,938 was levied on property with assessed valuations totaling \$3,343,035.

Note 6 – Sales and use taxes

On April 28, 2018, the voters of the Village of Simsboro, Louisiana approved a 1.25% sales and use tax. The sales tax is collected by the Lincoln Parish Sales Tax Commission and transferred to the Village of Simsboro, Louisiana on a monthly basis. The sales tax is effective for a perpetual term commencing on July 1, 2018. After paying the costs of collection and administration, the proceeds of the sales tax are to be used for any lawful corporate purpose of the Village.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Note 7 – Restricted assets

At June 30, 2021, all restricted assets were in the form of demand deposits. These assets represent amounts held as follows:

	<u>Governmental</u>	<u>Business-type</u>
Economic development & tourism	\$ 19,235	\$ -
Utility customer deposits	-	23,924
Restricted for debt service	<u>-</u>	<u>10,932</u>
Totals	<u>\$ 19,235</u>	<u>\$ 34,856</u>

Note 8 – Capital assets

A summary of changes in capital assets follows:

	June 30, 2020			June 30, 2021
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Total capital assets, not being depreciated	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Capital assets being depreciated:				
Buildings & improvements	167,793	-	-	167,793
Equipment	77,612	-	-	77,612
Vehicles	<u>59,356</u>	<u>-</u>	<u>-</u>	<u>59,356</u>
Total capital assets being depreciated	<u>304,761</u>	<u>-</u>	<u>-</u>	<u>304,761</u>
Less accumulated depreciation for:				
Buildings & improvements	67,214	7,171	-	74,385
Equipment	70,978	1,853	-	72,831
Vehicles	<u>59,356</u>	<u>-</u>	<u>-</u>	<u>59,356</u>
Total accumulated depreciation	<u>197,548</u>	<u>9,024</u>	<u>-</u>	<u>206,572</u>
Total capital assets, being depreciated, net	<u>107,213</u>	<u>(9,024)</u>	<u>-</u>	<u>98,189</u>
Governmental activities capital assets, net	<u>\$ 157,213</u>	<u>\$ (9,024)</u>	<u>\$ -</u>	<u>\$ 148,189</u>

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

	June 30, 2020			June 30, 2021		
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>
Business-type activities:						
Capital assets, not being depreciated:						
Land	\$ 39,246	\$ -	\$ -	\$ 39,246		
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Total capital assets, not being depreciated	<u>39,246</u>	<u>-</u>	<u>-</u>	<u>39,246</u>		
Capital assets being depreciated:						
Waterworks system	1,509,197	-	-	1,509,197		
Sewer treatment facilities	2,712,430	-	-	2,712,430		
Machinery & equipment	<u>55,216</u>	<u>-</u>	<u>-</u>	<u>55,216</u>		
Total capital assets being depreciated	<u>4,276,843</u>	<u>-</u>	<u>-</u>	<u>4,276,843</u>		
Less accumulated depreciation for:						
Waterworks system	710,731	37,847	-	748,578		
Sewer treatment facilities	1,497,382	67,892	-	1,565,274		
Machinery & equipment	<u>54,614</u>	<u>329</u>	<u>-</u>	<u>54,943</u>		
Total accumulated depreciation	<u>2,262,727</u>	<u>106,068</u>	<u>-</u>	<u>2,368,795</u>		
Total capital assets, being depreciated, net	\$ <u>2,014,116</u>	\$ <u>(106,068)</u>	\$ <u>-</u>	\$ <u>1,908,048</u>		
Business-type activities capital assets, net	\$ <u>2,053,362</u>	\$ <u>(106,068)</u>	\$ <u>-</u>	\$ <u>1,947,294</u>		

Depreciation expense for the year ended June 30, 2021 was charged to functions of the primary government as follows:

Government activities:	
General government	\$ <u>9,024</u>
Business-type activities:	
Water and sewer	\$ <u>106,068</u>

Note 9 – Customers’ deposits

Deposits held for customers that are currently active on the water and sewer systems total \$23,924 at June 30, 2021. These amounts are payable from restricted assets. See Note 7.

Note 10 – Pension Plans

Employees of the Village are members of the Municipal Police Employees' Retirement System of Louisiana (MPERS).

A. Municipal Police Employee Retirement System (MPERS)

Plan Description: Police officers of the Village are provided with pensions through a cost-sharing multiple-employer defined benefit plan established by Act 189 of 1973 and amended by Louisiana

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Revised Statutes (La. R.S. 11:2211 - 11:2233) to provide retirement benefits for municipal police officers. The Municipal Police Employees' Retirement System of Louisiana is the administrator of this plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. MPERS issues a publicly available financial report that can be obtained at www.lampers.org.

Benefits Provided: The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement - membership prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3 1/3% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

Retirement - membership commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are 3% and 2 ½%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments: The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost-of-living adjustment until they reach retirement age.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

Initial Benefit Option Plan: In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on the same criteria as DROP.

Contributions: Contribution requirements of active employees are governed by Act 189 of 1973 and amended by Louisiana Revised Statutes (La. R.S. 11:2211 - 11:2233) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to MPERS by participating employers. Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ending June 30, 2021, the actual employer contribution rate ranged from 32.50% to 33.75% of actual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2021, and excluded from pension expense. Non-employer contributions to the pension plan from the Village were \$1,229 for the year ended June 30, 2021. There were no contributions to the pension plan from the Village for the year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2021, the Village reported a liability of \$52,118 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Village's proportion was 0.005639% which was an increase of 0.005639% from its proportion measured as of June 30, 2019. The Village did not participate in the retirement system in June 30, 2019.

For the year ended June 30, 2021, the Village recognized pension expense of \$18,587.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

At June 30, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental activities</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ -	\$ 2,052
Net difference between projected and actual earnings on pension plan investments	6,253	-
Change of assumptions	1,238	1,286
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>34,862</u>	<u>4,255</u>
Total	<u>\$ 42,353</u>	<u>\$ 7,593</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended</u>	
06/30/2022	\$ 10,408
06/30/2023	11,791
06/30/2024	11,373
06/30/2025	1,188

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

Valuation Date	June 30, 2020	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	6.950%, net of investment expense	
Inflation Rate	2.50% per annum	
Expected Remaining Service Lives	4 years	
Salary increase, including inflation and merit	Salary growth	
	<u>Years of service</u>	<u>Rate</u>
	1-2	12.3%
	Above 2	4.70%
Mortality	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational	

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

projection using the MP2019 scale was used.

For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105 % for males and 115% for females, each with full generational projection using the MP2019 scale was used

For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using MP2019 scale was used.

Cost-of-living adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019, and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	48.50%	3.08%
Fixed income	33.50%	0.54%
Alternative	18.00%	1.02%
Other	<u>0.00%</u>	<u>0.00%</u>
Totals	100.00%	4.64%
Inflation		<u>2.55%</u>
Expected Nominal Return		<u>7.19%</u>

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Discount Rate: The discount rate used to measure the total pension liability was 6.950%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to changes in Discount Rate: The following presents the net pension liability of the Village's proportionate share of the net pension liability using the discount rate of 6.950%, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2020:

	<u>Changes in Discount Rate</u>		
	1%	Current	1%
	Decrease	Rate	Increase
	<u>5.950%</u>	<u>6.950%</u>	<u>7.950%</u>
Net Pension Liability	\$ 73,220	\$ 52,118	\$ 34,477

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Municipal Police Employees' Retirement System of Louisiana stand-alone audit report on their financial statements for the year ended June 30, at www.lampers.org.

Payables to the Pension Plan: At June 30, 2021, the Village did not owe any money to the Municipal Police Employees' Retirement System for the June 30, 2021 employee and employer legally required contributions.

Note 11– Long-term obligations

Long-term debt consists of notes payable to Rural Development for revenue bonds that relate to the Village's sewerage system.

The note requires a monthly payment of \$911, at an interest rate of 4.25%, payable through 2046.

Interest paid during the fiscal year ended June 30, 2021 was \$7,145.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Changes in long term obligations for the year ended June 30, 2021, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Business-Type Activities:</u>					
Notes from direct borrowings:					
Rural Development (92-04)	\$ <u>169,604</u>	\$ <u>-</u>	\$ <u>3,799</u>	\$ <u>165,805</u>	\$ <u>3,962</u>
Total	\$ <u>169,604</u>	\$ <u>-</u>	\$ <u>3,799</u>	\$ <u>165,805</u>	\$ <u>3,962</u>

Debt service requirements on long-term debt at June 30, 2021, are as follows:

<u>Year Ended June 30, 2021</u>	<u>Direct borrowings</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 3,962	\$ 6,970
2023	4,134	6,799
2024	4,313	6,619
2025	4,500	6,433
2026	4,695	6,238
2027-2031	26,709	27,954
2032-2036	33,020	21,642
2037-2041	40,822	13,840
2042-2046	<u>43,650</u>	<u>11,006</u>
Total	\$ <u>165,805</u>	\$ <u>107,501</u>

Note 12 - Interfund receivables, payables, and transfers

Interfund receivables and payables at June 30, 2021, were as follows:

<u>Fund</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General fund	\$ 26,039	\$ -
Proprietary fund	<u>-</u>	<u>26,039</u>
Total	\$ <u>26,039</u>	\$ <u>26,039</u>

These balances resulted from the time lag between the dates that 1) interfund goods and services are provided or expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made. The balances are expected to be repaid within one year.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Note 13 – Fund balance classifications

Amounts set aside for specific purposes by fund and fund balance classifications for the year ended June 30, 2021 are as follows:

<u>Classification/Fund</u>	<u>Purpose</u>	<u>Amount</u>
Restricted:		
General fund	Infrastructure for economic development and tourism	\$19,235
Assigned:		
Madden Park	Park collections and repairs	\$10,513

Note 14 – Subsequent events

Subsequent events have been evaluated through March 25, 2022, which is the day the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

Such statements and schedules include:

- Budgetary comparison schedule
- Schedule of proportionate share of net pension liability
- Schedule of employer contributions

SCHEDULE 1

VILLAGE OF SIMSBORO, LOUISIANA
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual	Variance
Revenues	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	With
Taxes				Final Budget
Advalorem	\$ 19,500	\$ 17,000	\$ 16,938	Favorable
Sales and use	87,200	115,000	125,604	(Unfavorable)
Franchise and insurance premium	55,110	60,000	66,203	
Intergovernmental	8,000	4,800	1,000	
Charges for services	51,106	49,000	56,387	
Fines and forfeitures	38,176	9,000	9,781	
Interest income	110	200	451	
Miscellaneous	318	350	783	
Total revenues	<u>259,520</u>	<u>255,350</u>	<u>277,147</u>	<u>21,797</u>
EXPENDITURES				
Current:				
General government	122,000	136,000	118,194	17,806
Public safety	<u>59,000</u>	<u>29,000</u>	<u>26,478</u>	<u>2,522</u>
Total expenditures	<u>181,000</u>	<u>165,000</u>	<u>144,672</u>	<u>20,328</u>
Excess (deficiency) of revenues over (under) expenditures	78,520	90,350	132,475	42,125
Fund balance at beginning of year	<u>266,802</u>	<u>426,396</u>	<u>426,397</u>	<u>1</u>
Fund balance at end of year	<u>\$ 345,322</u>	<u>\$ 516,746</u>	<u>\$ 558,872</u>	<u>\$ 42,126</u>

Village of Simsboro

Schedule of Proportionate Share of Net Pension Liability
June 30, 2021

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Municipal Police Employees' Retirement System					
2020	0.000000%	\$ -	\$ 10,500	0.00%	71.01%
2021	0.005639%	52,118	7,000	744.54%	70.94%

Notes:

The amounts presented have a measurement date of June 30, 2020.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

The Village began participation in the Municipal Police Employees' Retirement System on January 1, 2018. The Municipal Police Employees' Retirement System report as of June 30, 2019 did not include the Village in calculating the employer's proportion of the net pension liability.

Village of Simsboro

Schedule of Employer Contributions
June 30, 2021

Fiscal Year	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contribution as a Percentage of Covered Employee Payroll
Municipal Police Employees' Retirement System					
2020	\$ 3,397	\$ 3,397	\$ -	\$ 10,500	32.35%
2021	2,265	2,265	-	7,000	32.36%

Notes:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

The Village began participation in the Municipal Police Employees' Retirement System on January 1, 2019. The Municipal Police Employees' Retirement System report as of June 30, 2019 did not include the Village when calculating the employer's proportion of the net pension liability.

VILLAGE OF SIMSBORO, LOUISIANA

Notes to the Required Supplementary Information for Pensions
June 30, 2021

Changes in Assumptions

The following schedule provides changes in assumptions and other inputs for Municipal Police Employees' Retirement System:

Report Date	June 30, 2020	June 30, 2021
Valuation Date	June 30, 2019	June 30, 2020
Investment Rate of Return	7.125%, net of investment expense	6.950%, net of investment expense
Inflation Rate	2.50% per annum	2.50% per annum
Mortality Non-disabled Active	RP-2000 Employee Table set back 4 years for males and 3 years for females	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using MP2019 scale
Mortality Non-disabled Retiree	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females)	Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale
Mortality Disabled	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females	Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105 % for males and 115% for females, each with full generational projection using the MP2019 scale
Termination, Disability, Retirement	2009-2014 experience study	2014-2019 experience study
Salary Increases	1-2 years: 9.75% 3-23 years: 4.75% Over 23: 4.25%	1-2 years: 12.3% Above 2: 4.70%

Notes:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining statements of nonmajor governmental funds
- Schedule of compensation paid alderman
- Schedule of compensation, benefits and other payments to agency head
- Justice system funding schedule – receiving entity
- Justice system funding schedule – collecting/disbursing entity

VILLAGE OF SIMSBORO, LOUISIANA
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2021

	<u>Madden Park</u>
ASSETS	
Cash and cash equivalents	<u>\$ 10,513</u>
Total assets	<u>10,513</u>
FUND BALANCE	
Fund balances:	
Assigned	<u>10,513</u>
Total fund balances	<u>10,513</u>
Total fund balances	<u>\$ 10,513</u>

VILLAGE OF SIMSBORO, LOUISIANA

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

For the Year Ended June 30, 2021

	<u>Madden Park</u>
REVENUES	
Miscellaneous	<u>\$ 6</u>
Total revenues	<u>6</u>
EXPENDITURES	
General government	<u>-</u>
Total expenditures	<u>-</u>
Excess of revenues over expenditures	6
Fund balance- beginning	<u>10,507</u>
Fund balances - ending	<u><u>\$ 10,513</u></u>

SCHEDULE 6

VILLAGE OF SIMSBORO, LOUISIANA

Budgetary Comparison Schedule - Nonmajor governmental fund

For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With</u>
				<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUES				
Miscellaneous	\$ 12	\$ 7	\$ 6	\$ (1)
Total revenues	<u>12</u>	<u>7</u>	<u>6</u>	<u>(1)</u>
 EXPENDITURES				
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Excess of revenues over expenditures	12	7	6	(1)
 Fund balances - beginning	<u>10,494</u>	<u>10,507</u>	<u>10,507</u>	<u>-</u>
 Fund balances - ending	<u>\$ 10,506</u>	<u>\$ 10,514</u>	<u>\$ 10,513</u>	<u>\$ (1)</u>

VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF COMPENSATION PAID ALDERMAN
FOR THE YEAR ENDED JUNE 30, 2021

The following payments were made to the Alderman of the Village of Simsboro, Louisiana during the year ended June 30, 2021:

Doug Durrett	\$ 900
Hazel Tuminello	950
Jerry White	<u>950</u>
Total	\$ <u>2,800</u>

VILLAGE OF SIMSBORO, LOUISIANA
 SCHEDULE OF COMPENSATION, BENEFITS AND
 OTHER PAYMENTS TO AGENCY HEAD
 FOR THE YEAR ENDED JUNE 30, 2021

Agency Head: Sybil Smalling-Foster, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 12,000
Benefits – insurance	174
Benefits – retirement	744
Reimbursement	10
Car allowance	<u>1,161</u>
	\$ <u>14,089</u>

VILLAGE OF SIMSBORO, LOUISIANA

Justice System Funding Schedule - Receiving Entity
 For the Year Ended June 30, 2021

Cash Basis Presentation	First Six Month Period Ended 12/31/2020	Second Six Month Period Ended 6/30/2021
Receipts From:		
<i>Louisiana Department of Public Safety - Other</i>	\$ 38	\$ 63
Subtotal Receipts	<u>\$ 38</u>	<u>\$ 63</u>
Ending Balance of Amounts Assessed but Not Received	<u>\$ -</u>	<u>\$ -</u>

VILLAGE OF SIMSBORO, LOUISIANA

Justice System Funding Schedule - Collecting/Disbursing Entity
For the Year Ended June 30, 2021

Cash Basis Presentation	First Six Month Period Ended 12/31/2020	Second Six Month Period Ended 6/30/2021
Beginning Balance of Amounts Collected	\$ -	\$ 76
Add: Collections		
Other	3,491	6,190
Subtotal Collections	3,491	6,190
Less: Disbursements to Governments		
<i>Louisiana Traumatic Head and Spinal Cord Injury Trust Fund, Other</i>	15	35
<i>Treasurer, State of Louisiana - CMIS, Other</i>	3	8
<i>Louisiana Judicial College, Other</i>	2	4
<i>Louisiana Commission on Law Enforcement, POST Law Enforcement Training and Assistance Fund, Other</i>	6	14
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Distributing to Others Based on Fixed Amount	3,389	6,037
Subtotal Disbursements/Retainage	3,415	6,098
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	76	168
Ending Balance of "Partial Payments" Collected but not Disbursed	-	-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected	-	-
Total Waivers During the Fiscal Period	-	-

OTHER REPORTS

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Sybil Smalling-Foster, Mayor
and Members of the Board of Alderman
Village of Simsboro, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Simsboro, Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Village of Simsboro, Louisiana's basic financial statements and have issued our report thereon dated March 25, 2022.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village'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 were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings as item 2021-01, that we consider to be material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Simsboro, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village of Simsboro, Louisiana's Response to Findings

The Village of Simsboro, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings. The Village of Simsboro, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wise Martin & Cole, LLC

Minden, Louisiana

March 25, 2022

OTHER INFORMATION

**VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

There was one finding and one management letter comment in the prior year audit for the year ended June 30, 2020 as follows:

2020-01 Lack of segregation of duties

Finding: Management for the Village of Simsboro does not have proper segregation of duties to ensure adequate internal accounting controls over its revenues/receipts and lack of controls over utility billings and cash collections to ensure the accuracy of record-keeping process and maintain the accounts receivable on a timelier and more accurate basis.

Current Status: Not resolved, see 2021-01

ML 2020-0103 FY 2018-2019 LGAP disallowed cost

Finding: The Village requested a grant from LGAP to cover the cost of an approved demolition project and requested and received reimbursement from the landowner for the same project.

Current Status: Resolved.

**VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

2021-01 Controls over utility accounts receivable and customer deposits

Origination date: June 30, 2019

Criteria: Internal controls should be in place to adequately account for water and sewer accounts receivable and customer deposit collections, including proper segregation of duties.

Condition:

The general ledger is maintained on a cash basis by the Village. Accounts receivable and customer deposit balances are adjusted-reconciled only at year end. Also, the Village Clerk is the only employee that collects payments from customers, records collections, and makes adjustments to the billing system.

Cause: The Village has one employee, the Village Clerk, who is responsible for the collection of water and sewer payments. Controls have not been implemented over the collection of water and sewer payments to adequately account for the accounts receivable and customer deposits on a monthly basis.

Effect: Without controls over cash collections and utility billings, errors or fraud could occur and not be detected, increasing risk of loss or theft of additional Village assets.

Recommendation: Due to the lack of segregation of duties in regards to collections of utility accounts receivable and customer deposits, it may not be cost effective or practical to correct the finding. However, we recommend that the Village have the CPA firm that assists them to reconcile the water and sewer accounts receivable and customer deposits to the general ledger with reports generated by the billing system prepared by the Village clerk. This reconciliation should be done on a monthly basis.

View of Responsible Official and Correction Action Plan: Our fee accountant is going to help with reconciling water and sewer accounts receivable and customer deposits to the general ledger with reports generated by our billing system which will be prepared by the Clerk. This will be done on a monthly basis.