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VILLAGE OF SIMSBORO, LOUISIANA

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 1999

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

Release Date 1-19-2000

**VILLAGE OF SIMSBORO, LOUISIANA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 1999**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen of
Simsboro, Louisiana

We have audited the accompanying general purpose financial statements of the Village of Simsboro, Louisiana (the Village), as of and for the year ended June 30, 1999, as listed in the accompanying Table of Contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The Village has not maintained adequate records of their general fixed assets; therefore, we are unable to express, and we do not express, an opinion on the financial statements of the General Fixed Assets Account Group.

In our opinion, except for the general fixed assets account group described in the third paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village, as of June 30, 1999, and the results of the operations and cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 1999, on our consideration of the Village of Simsboro's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
December 22, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS
COMBINED STATEMENTS - OVERVIEW**

VILLAGE OF SIMSBORO, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1999

	<u>Governmental Fund Types</u>		
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECT</u>
<u>ASSETS AND OTHER DEBITS</u>			
Cash and Cash Equivalents	\$ 9,125	\$ 10,823	\$ -
Investments	-	-	-
Accounts Receivable	1,839	-	4,500
Due From Other Funds	45,509	40,552	-
Prepaid Expenses	1,170	-	-
Restricted Assets:			
Cash	-	-	-
Fixed Assets (Net of Accumulated Depreciation)	-	-	-
Advances to Other Funds	69,000	-	-
Total Assets and Other Debits	<u>\$ 126,643</u>	<u>\$ 51,375</u>	<u>\$ 4,500</u>
<u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 2,269	\$ -	\$ 4,500
Due To Other Funds	3,955	10,132	-
Notes Payable	-	-	-
Accrued Interest	-	-	-
Customer Deposits	-	-	-
Advances from Other Funds	-	-	-
Total Liabilities	<u>6,224</u>	<u>10,132</u>	<u>4,500</u>
<u>Fund Equity</u>			
Contributed Capital	-	-	-
Investment in General Fixed Assets	-	-	-
Retained Earnings(Deficit):			
Reserved for Debt Retirements	-	-	-
Unreserved	-	-	-
Fund Balances:			
Reserved for Advances to Other Funds	69,000	-	-
Unreserved and Undesignated	51,419	41,243	-
Total Fund Equity	<u>120,419</u>	<u>41,243</u>	<u>0</u>
Total Liabilities and Fund Equity	<u>\$ 126,643</u>	<u>\$ 51,375</u>	<u>\$ 4,500</u>

<u>Proprietary Fund Types</u>	<u>Account Group</u> <u>GENERAL</u> <u>FIXED</u> <u>ASSETS</u> <u>(Unaudited)</u>	<u>TOTALS</u> <u>(Memorandum Only)</u> <u>JUNE 30,</u> <u>1999</u>
<u>ENTERPRISE</u>		
\$ 12,407	\$ -	\$ 32,355
13,666	-	13,666
8,095	-	14,434
64,514	-	150,575
360	-	1,530
34,757	-	34,757
1,194,762	45,799	1,240,561
-	-	69,000
<u>\$ 1,328,561</u>	<u>\$ 45,799</u>	<u>\$ 1,556,878</u>
\$ 15,377	\$ -	\$ 22,146
136,488	-	150,575
204,000	-	204,000
5,988	-	5,988
21,287	-	21,287
69,000	-	69,000
<u>452,140</u>	<u>0</u>	<u>472,996</u>
1,433,528	-	1,433,528
-	45,799	45,799
13,866	-	13,866
(570,973)	-	(570,973)
-	-	69,000
-	-	92,662
<u>876,421</u>	<u>45,799</u>	<u>1,083,882</u>
<u>\$ 1,328,561</u>	<u>\$ 45,799</u>	<u>\$ 1,556,878</u>

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

VILLAGE OF SIMSBORO, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999

	<u>Governmental Fund Types</u>		
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECT</u>
REVENUES			
Taxes	\$ 3,744	\$ 5,393	\$ -
Intergovernmental	30,000	-	232,891
Licenses and Permits	27,237	-	-
Charges for Services	11,253	-	-
Fines and Forfeitures	1,511	-	-
Miscellaneous	4,084	-	-
Total Revenues	<u>77,829</u>	<u>5,393</u>	<u>232,891</u>
EXPENDITURES			
General Government	45,058	2,723	-
Public Safety	6,421	-	-
Capital Expenditures and Major Projects	35,623	-	-
Capital Projects	-	-	232,891
Total Expenditures	<u>87,102</u>	<u>2,723</u>	<u>232,891</u>
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	(9,273)	2,670	0
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	-	-	-
Operating Transfers - Out	-	-	-
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
<u>Excess (Deficiency) of Revenues and Other</u> <u>Financing Sources Over Expenditures and</u> <u>Other Financing Uses</u>	(9,273)	2,670	0
Fund Balances at Beginning of Year	<u>129,692</u>	<u>38,573</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 120,419</u>	<u>\$ 41,243</u>	<u>\$ 0</u>

TOTALS
(Memorandum Only)

JUNE 30,
1999

\$	9,137
	262,891
	27,237
	11,253
	1,511
	4,084
	<hr/>
	316,113
	<hr/>

	47,781
	6,421
	35,623
	232,891
	<hr/>
	322,716
	<hr/>

(6,603)

	0
	0
	<hr/>
	0
	<hr/>

(6,603)

	168,265
	<hr/>

\$	<hr/>
	161,662
	<hr/>

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

VILLAGE OF SIMSBORO, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999

	General Fund		
	GAAP BASIS BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 2,508	\$ 3,744	\$ 1,236
Intergovernmental	30,000	30,000	0
Licenses and Permits	23,000	27,237	4,237
Charges for Services	11,000	11,253	253
Fines and Forfeitures	0	1,511	1,511
Miscellaneous	200	4,084	3,884
Total Revenues	<u>66,708</u>	<u>77,829</u>	<u>11,121</u>
EXPENDITURES			
General Government	45,811	45,058	753
Public Safety	2,578	6,421	(3,843)
Capital Expenditures and Major Projects	30,000	35,623	(5,623)
Capital Projects	0	0	0
Total Expenditures	<u>78,389</u>	<u>87,102</u>	<u>(8,713)</u>
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	(11,681)	(9,273)	2,408
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	0	0	0
Operating Transfers - Out	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
<u>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</u>	(11,681)	(9,273)	2,408
Fund Balances at Beginning of Year	<u>129,692</u>	<u>129,692</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 118,011</u>	<u>\$ 120,419</u>	<u>\$ 2,408</u>

Special Revenue Fund

		Special Revenue Fund		
GAAP BASIS BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)		
\$	5,900	\$	5,393	\$ (507)
	0		0	0
	0		0	0
	0		0	0
	0		0	0
	0		0	0
	<u>5,900</u>		<u>5,393</u>	<u>(507)</u>
	3,400		2,723	677
	0		0	0
	0		0	0
	0		0	0
	<u>3,400</u>		<u>2,723</u>	<u>677</u>
	2,500		2,670	170
	0		0	0
	0		0	0
	<u>0</u>		<u>0</u>	<u>0</u>
	2,500		2,670	170
	<u>38,573</u>		<u>38,573</u>	<u>0</u>
\$	<u>41,073</u>	\$	<u>41,243</u>	<u>170</u>

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

VILLAGE OF SIMSBORO, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999

	<u>Capital Project Fund</u>		
	<u>GAAP BASIS BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
Taxes	\$ 0	\$ 0	0
Intergovernmental	593,880	232,891	(360,989)
Licenses and Permits	0	0	0
Charges for Services	0	0	0
Fines and Forfeitures	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>593,880</u>	<u>232,891</u>	<u>(360,989)</u>
<u>EXPENDITURES</u>			
General Government	0	0	0
Public Safety	0	0	0
Capital Expenditures and Major Projects	0	0	0
Capital Projects	593,880	232,891	360,989
Total Expenditures	<u>593,880</u>	<u>232,891</u>	<u>360,989</u>
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	0	0	0
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	0	0	0
Operating Transfers - Out	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
<u>Excess (Deficiency) of Revenues and Other</u> <u>Financing Sources Over Expenditures and</u> <u>Other Financing Uses</u>	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>

TOTALS
(Memorandum Only)

GAAP BASIS BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 8,408	\$ 9,137	\$ 729
623,880	262,891	(360,989)
23,000	27,237	4,237
11,000	11,253	253
0	1,511	1,511
200	4,084	3,884
<u>666,488</u>	<u>316,113</u>	<u>(350,375)</u>
49,211	47,781	1,430
2,578	6,421	(3,843)
30,000	35,623	(5,623)
593,880	232,891	360,989
<u>675,669</u>	<u>322,716</u>	<u>352,953</u>
(9,181)	(6,603)	2,578
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>
(9,181)	(6,603)	2,578
<u>168,263</u>	<u>168,265</u>	<u>(2)</u>
<u>\$ 159,082</u>	<u>\$ 161,662</u>	<u>\$ 2,576</u>

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

**VILLAGE OF SIMSBORO, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN RETAINED EARNINGS (DEFICIT) - ENTERPRISE FUNDS**

FOR THE YEAR ENDED JUNE 30, 1999

	1999
<u>OPERATING REVENUES</u>	
Charges for Services - Water	\$ 72,970
Charges for Services - Sewer	38,649
Total Operating Revenues	111,619
<u>OPERATING EXPENSES</u>	
Insurance	864
Interest	12,010
Materials, Repairs & Supplies	66,420
Salaries & Wages	19,893
Payroll Taxes	2,337
Utilities	16,758
Gas & Oil	992
Other Administrative	16,802
Depreciation	38,468
Total Operating Expenses	174,544
Total Operating Income (Loss)	(62,925)
<u>NONOPERATING REVENUES/(EXPENSES)</u>	
Interest Income	1,326
Miscellaneous	(3,033)
Total Nonoperating Income/(Expenses)	(1,707)
NET INCOME (LOSS)	(64,632)
Retained Earnings (Deficit) at Beginning of Year	(492,475)
Retained Earnings (Deficit) at End of Year	\$ (557,107)

The accompanying notes are an integral part of this financial statement

**VILLAGE OF SIMSBORO, LOUISIANA
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 1999**

	1999
<u>Cash Flows From Operating Activities</u>	
Operating Loss	\$ (62,925)
<u>Adjustments to Reconcile Net Loss to Net Cash</u>	
<u>Provided (Used) by Operating Activities:</u>	
Depreciation	38,468
Decrease in Accounts Receivable	50
Decrease in Prepaid Expenses	206
Increase in Due From Other Funds	(21,669)
Increase in Due To Other Funds	34,728
Increase in Accounts Payable	12,527
Net Cash Provided (Used) by Operating Activities	1,385
<u>Cash Flows From Noncapital Financing Activities</u>	
Increase in Customer Deposits	3
Increase in Restricted Assets (Cash)	(34,757)
Net Cash Provided (Used) by Noncapital Financing Activities	(34,754)
<u>Cash Flows From Capital and Related Financing Activities</u>	
Increase in Contributed Capital	232,891
Miscellaneous Nonoperating Funds Received	(3,033)
Increase in Property, Plant & Equipment	(236,423)
Principal Paid on Bonds	(4,000)
Net Cash Provided (Used) by Capital and Related Financing Activities	(10,565)
<u>Cash Flows From Investing Activities</u>	
Interest Income	1,326
Net Cash Provided (Used) by Investing Activities	1,326
Net Increase (Decrease) in Cash and Cash Equivalents	(42,608)
Cash and Cash Equivalents at Beginning of Year	55,015
Cash and Cash Equivalents at End of Year	\$ 12,407

The accompanying notes are an integral part of this financial statement

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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 comprised of three aldermen. The Village's combined balance sheet includes the accounts of all village operations. The Village's major operations include police protection, garbage and trash collection, and administrative services. In addition, the Village operates a Utility Enterprise Fund to provide water and sewerage services.

The following is a summary of certain significant accounting policies and practices:

Note 1 - Summary of Significant Accounting Policies

A. BASIS OF PRESENTATION

The accompanying financial statements of the Village of Simsboro, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

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

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Village of Simsboro, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be *considered in determining financial accountability*. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality 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 municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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 municipality has determined that there are no component units that are part of the reporting entity.

C. FUND ACCOUNTING

The Village uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Village are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

1. General Fund--the general operating fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.
2. Special revenue funds--account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
3. Capital projects funds--account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. Enterprise funds--account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through 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.

Account Groups

The following account group is not a "fund". It is concerned only with the measurement of financial position and is not involved with measurement of results of operations.

General Fixed Asset Account Group

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public Domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of fixed assets or materially extend their useful lives are not capitalized but are only recognized as a normal expenditure of the governmental funds.

D. TOTAL COLUMNS ON COMBINED STATEMENTS--OVERVIEW

Total columns on the Combined Statements--Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

E. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village each year in November, and are billed to the taxpayers in December. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed to the extent collections are expected. The Village uses an outside party to bill its property taxes using the assessed values determined by the tax assessor of Lincoln Parish.

Federal and state grants are normally "expenditure driven", which means that the Village does not earn, or is not entitled to, the grant funds until liability for the expenditure has been incurred. Any amounts received in excess of actual expenditures/liabilities at year end is reflected as deferred revenue on the fund's balance sheet.

Interest earnings on time deposits are recognized as revenue when the time deposits have matured and the interest is available.

Substantially all other revenues are recognized when received by the Village.

Based on the above criteria, ad valorem taxes, federal and state grants, fees, charges, and commissions for services have been treated as susceptible to accrual.

Expenditures

Expenditures in the governmental funds are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Proprietary Funds

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (and any other financing sources/uses) are recognized when the underlying events occur.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

F. BUDGETS

The Village uses the following budget practices:

1. In May of each year, the Mayor submits to the Board of Aldermen an operating and capital budget for the succeeding year.
2. A public hearing is scheduled by the Mayor and the Board of Aldermen after allowing for at least ten days notice to the public at the time the budget is initially submitted to the Board of Aldermen.
3. Final adoption of the Budget by the Board of Aldermen is on the second Tuesday in June.
4. The Mayor may authorize transfers of budgetary amounts within departments. However, any revision requiring alteration of levels of expenditures or transfers between departments must be approved by the Board of Aldermen.
5. Operating appropriations and nonmajor 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 generally accepted accounting principles (GAAP). Budgets are adopted for the General Fund and Special Revenue Fund.

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

G. CASH AND CASH EQUIVALENTS

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

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

H. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Village's investment policy. If the 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. A certificate of deposit was renewed on September 22, 1998 in the amount of \$13,666, which matures one year from the date of renewal.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

**I. SHORT-TERM INTERFUND
RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

J. ADVANCES TO OTHER FUNDS

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

K. BAD DEBTS

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

L. FIXED ASSETS

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

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

Buildings	40 years
Improvements	40 years
Equipment	5-10 years

M. COMPENSATED ABSENCES

The Village does not have a formal leave policy.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

N. FUND EQUITY

Contributed Capital

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

Reserves

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

O. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 – Cash and Cash Equivalents

At June 30, 1999, the Village had cash and cash equivalents as follows:

Demand Deposits	\$ 30,787
Certificate of Deposit	<u>1,568</u>
Total Cash and Cash Equivalents	\$ 32,355

These deposits are stated at cost, which approximates market. 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. At June 30, 1999, all cash and cash equivalents were secured by federal deposit insurance.

Note 3 - Fund Deficits

At June 30, 1999, the Water and Sewer Enterprise Funds had deficit balances of \$85,835 and \$471,272, respectively.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

Note 4 – Ad Valorem Taxes

Property taxes are assessed and collected on a calendar year. Property taxes attach as an enforceable lien on property as of January 1. Tax notices are usually mailed in November each year and become delinquent after December 31, of that year.

The ad valorem tax millage is 5.08 mills.

For the calendar year 1998, the 5.08 mills were levied on property with an assessed valuation totaling \$1,285,140.

Note 5 – Accounts Receivable

Accounts Receivable at June 30, 1999, consisted of the following:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Capital Project</u>	<u>Total</u>
Accounts Receivable	\$ -	\$ 8,095	\$ 4,500	\$12,595
Other Receivables	<u>1,839</u>	<u>-</u>	<u>-</u>	<u>1,839</u>
Total	\$ 1,839	\$ 8,095	\$ 4,500	\$14,434

Note 6 – Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1999</u>
Land & Buildings	\$ -	\$ 34,000	\$ -	\$ 34,000
Equipment	<u>8,073</u>	<u>3,726</u>	<u>-</u>	<u>11,799</u>
Totals	\$ 8,073	\$ 37,726	\$ -	\$ 45,799

A summary of proprietary fund type property, plant, and equipment at June 30, 1999 follows:

Waterworks System	\$ 354,492
Treatment Facilities	1,115,111
Machinery and Equipment	7,420
Construction in Progress	<u>232,891</u>
Total	1,709,914
Less: Accumulated Depreciation	<u>(554,398)</u>
Net Depreciable Assets	1,155,516
Land	<u>39,246</u>
Total Property, Plant and Equipment	\$1,194,762

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

Note 7 – Restricted Assets

At June 30, 1999, all restricted assets were in the form of demand deposits. These assets represent amounts held as follows:

Utility Customer Deposits	\$ 7,025	
Rural Development Loan Requirements	<u>27,732</u>	
Totals	\$ <u>34,757</u>	

Note 8 - Pension and Retirement Plans

At June 30, 1999 no eligible Village employees were participating in any of the State retirement systems. Payments in the amount of \$659 were made to the chief of police that left office December 31, 1998. These payments were for the Village's portion of the chief's retirement contribution.

Note 9 – Postemployment Health Care Benefits

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

Note 10 – Long-Term Debt

Long-term debt consists of two notes payable to Rural Development that relate to the Village's sewerage system. These notes require an annual payment due by December 31 of each year. Interest ranges from 5% to 7.875%. At June 30, 1999, the outstanding principal balance was \$204,000. The annual principal requirement is \$ 4,000. Interest paid during the fiscal year ended June 30, 1999 was \$12,010.

Note 11 – Interfund Receivables and Payables

Individual fund interfund receivables and payables at June 30, 1999, were as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 45,509	\$ 3,955
Special Revenue Fund:		
Sales Tax Fund	40,552	10,132
Enterprise Funds:		
Water Fund	37,480	88,909
Sewer Fund	<u>27,034</u>	<u>47,579</u>
Total	\$ <u>150,575</u>	\$ <u>150,575</u>

Note 12 – Advances to Other Funds

The General Fund had advanced monies to the Sewer Fund to cover the cost of repairs on the system. At June 30, 1999, the General Fund was owed \$69,000.

**VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

Note 13 – Segment Information for Enterprise Fund

The Village maintains a Utilities Enterprise Fund which provides water and sewerage services to the residents of the Village of Simsboro. Segment information for the year ended June 30, 1999, was as follows:

	Operating Revenues
	\$ 111,619
Depreciation	38,468
Operating Loss	(62,925)
Net Loss	(64,632)
Current Capital Contributions	232,891
Fixed Asset Additions	236,423
Total Assets	1,328,561
Notes Payable	204,000
Total Contributed Capital and Retained Earnings (Deficit)	876,421
Net Working Capital	13,163

Note 14 – Year 2000 Issue

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Village's operations. The Village recognizes the potential problems that the year 2000 may present and is in the process of identifying and correcting these problems. This process was not complete and therefore no costs were incurred by June 30, 1999.

Subsequent to June 30, 1999, the Village was in the process of upgrading its computer hardware and software. The systems upgrade is expected to be in place before December 31, 1999. Total cost for the upgrade is approximately \$ 900.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of the related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Village is or will be year 2000 ready, that the Village's remediation efforts will be successful in whole or in part, or that parties with whom the Village does business will be year 2000 ready.

Note 15 – Capital Project Fund

For the year ended June 30, 1999, the capital project fund consisted of two projects:

<u>Project</u>	<u>Expenditures</u>
Louisiana Community Development Block Grant 107-800282	\$ 221,663
Louisiana Community Development Block Grant 107-900370	<u>11,228</u>
Total Expenditures	\$ 232,891

**OTHER SUPPLEMENTAL INFORMATION-
GRANT ACTIVITY**

CAMERON, HINES & HARTT

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

P.O. Box 2474
West Monroe, LA 71294-2474

Phone (318) 323-1717
Fax (318) 322-5121

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

Honorable Mayor and Board of Aldermen of
Simsboro, Louisiana

We have audited the general purpose financial statements of the Village of Simsboro, Louisiana, (the Village) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 22, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 99-2 and 99-6.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-1, 99-3, 99-4, and 99-5.

Honorable Mayor and Board of Aldermen of
Simsboro, Louisiana
Page 2

A material weakness is a condition in which the design or operations of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of management of the Village of Simsboro, Louisiana, the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
December 22, 1999

**VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1999**

We have audited the general purpose financial statements of the Village of Simsboro, Louisiana as of and for the year ended June 30, 1999 and have issued our report thereon dated December 22, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Except for the general fixed assets account group, our audit of the financial statements as of June 30, 1999, resulted in an unqualified opinion.

Section I - Summary of Auditor's Report

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

Internal Control

Material Weaknesses yes no Reportable Conditions yes no

Compliance

Compliance material to financial statements
 yes no

B. Federal Awards – N/A

Internal Control

Material Weaknesses yes no Reportable Conditions yes no

Type of Opinion on Compliance
For Major Programs

Unqualified Qualified
Disclaimer Adverse

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

C. Identification of Major Programs: N/A

CFDA Number(s)

Name of Federal Program(or cluster)

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

Is the audience a "low-risk" auditee, as defined by OMB Circular a-133?
 yes no N/A

**VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1999**

(Continued)

Section II – Financial Statement Findings

99-1 Internal Controls Over Receipts and Disbursements

Condition

The village clerk has the authority to sign checks, receive payments, post payments, and reconcile bank statements. These duties are incompatible for a proper internal control system of checks and balances.

Criteria

In order for the Village to have a proper system of internal control over receipts and disbursements, incompatible duties need to be separated.

Effect

These incompatible duties increase the risk of both intentional and unintentional errors.

Recommendation

The Village should separate incompatible duties of its staff. In view of the extremely small size of the staff, not all duties can be divided in a way that limits the risk of errors. Some duties can be performed by the aldermen, such as opening and reviewing the bank statements as they come in each month.

Response

The Village will take under advisement any suggestions that will improve its internal control system.

99-2 Failure to Comply with Local Government Budget Act

Condition

The village did not adopt its budget for the fiscal year ending June 30, 1999 in a timely manner.

Criteria

Louisiana law requires that budgets should be adopted before the beginning of the fiscal year. The Village adopted its budget July 10, 1998.

Effect

An adopted budget is an integral managerial tool to be used in financial decisions.

Recommendation

The Village should adopt its annual budget before the beginning of the fiscal year.

**VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1999**

(Continued)

Response

The Village will make every effort to adopt its annual budget before the beginning of the fiscal year in the future.

99-3 Fixed Assets

Condition

The village's detail listing of fixed assets does not include all real property owned by the Village. Assets are also not tagged, and physical inventories of fixed assets are not conducted.

Criteria

In order for the Village to be able to exercise control over its fixed assets, the detail listing must be complete and all assets should be tagged.

Effect

Because all fixed assets are not included on the detail fixed asset listing, the risk that control cannot be exercised over such assets is increased.

Recommendation

The Village should complete the fixed asset listing.

Response

The Village will make every effort to include all assets owned and tag assets that can be.

99-4 Customer Deposit Subsidiary Records

Condition

The customer deposit balance in the general ledger does not agree with the village's detail listing of customer deposits and is not reconciled monthly.

Criteria

In order for the Village to be able to exercise control over its customer deposits, the detail listing must be accurate and reconciled on a regular basis.

Effect

By not reconciling subsidiary records to the general ledger, the risk of intentional or unintentional errors not being detected in a timely manner is increases.

Recommendation

The Village should reconcile its subsidiary records to reduce the risk of errors.

Response

The Village is in the process of reconciling its customer deposit subsidiary listing. This is being done in conjunction with the installation of a new billing system that should be in place at the end of December, 1999.

**VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1999**

(Continued)

99-5 Accounts Receivable Subsidiary Records

Condition

The Enterprise Fund accounts receivable balances in the general ledger do not agree with the village's detail billing register and is not reconciled monthly.

Criteria

In order for the Village to be able to exercise control over its billing and collection activities, the detail listing must be accurate and reconciled on a regular basis.

Effect

By not reconciling subsidiary records to the general ledger, the risk of intentional or unintentional errors not being detected in a timely manner is increases.

Recommendation

The Village should reconcile its subsidiary records to reduce the risk of errors.

Response

The Village is in the process of installing a new billing system. Reconciliation of the billing register and general ledger will be part of the conversion process. This process should begin before the end of December, 1999.

99-6 Local Budget Act

Condition

The Village did not comply with the Local Budget Act in that actual expenditures on the General Fund exceeded budgeted expenditures by more than five percent.

Criteria

Louisiana Revised Statutes (LSA-RS 39:1310) requires that actual expenditures should not exceed budgeted amounts by five percent or more.

Effect

The adopted budget is a financial tool that should be used to monitor expenditures.

Recommendation

The Village should timely review its expenditures and should amend its budget when a variance of five percent or more over budgeted expenditure amounts occurs.

Response

The Village was under the direction of two different administrations during the fiscal year. A third administration was in charge shortly after the end of the fiscal year. During these periods timely financial information was not readily available to make such decisions. This situation has been resolved and timely information is now available.

**VILLAGE OF SIMSBORO, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 1999**

Internal Control and Compliance Material to the Financial Statements

The financial statements of the Village of Simsboro, Louisiana were not audited for the year ended June 30, 1998; consequently this section is N/A.

Internal Control and Compliance Material to Financial Awards

N/A – See above.

Management Letter

No management letter was issued.

**VILLAGE OF SIMSBORO, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 1999**

Internal Control and Compliance Material to the Financial Statements

99-1 Internal Controls Over Receipts and Disbursements

Recommendation

The Village should separate incompatible duties of its staff. In view of the extremely small size of the staff, not all duties can be divided in a way that limits the risk of errors. Some duties can be performed by the aldermen, such as opening and reviewing the bank statements as they come in each month.

Action Taken:

The Village will take under advisement any suggestions that will improve its internal control system.

99-2 Failure to Comply with Local Government Budget Act

Recommendation

The Village should adopt its annual budget before the beginning of the fiscal year.

Action Taken:

The Village will make every effort to adopt its annual budget before the beginning of the fiscal year in the future.

99-3 Fixed Assets

Recommendation

The Village should complete the fixed asset listing.

Action Taken:

The Village will make every effort to include all assets owned and tag assets that can be.

99-4 Customer Deposit Subsidiary Records

Recommendation

The Village should reconcile its subsidiary records to reduce the risk of errors.

Action Taken:

The Village is in the process of reconciling its customer deposit subsidiary listing. This is being done in conjunction with the installation of a new billing system that should be in place at the end of December, 1999.

**VILLAGE OF SIMSBORO, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 1999**

(Continued)

99-5 Accounts Receivable Subsidiary Records

Recommendation

The Village should reconcile its subsidiary records to reduce the risk of errors.

Action Taken:

The Village is in the process of installing a new billing system. Reconciliation of the billing register and general ledger will be part of the conversion process. This process should begin before the end of December, 1999.

99-6 Local Budget Act

Recommendation

The Village should timely review its expenditures and should amend its budget when a variance of five percent or more over budgeted expenditure amounts occurs.

Action Taken:

The Village was under the direction of two different administrations during the fiscal year. A third administration was in charge shortly after the end of the fiscal year. During these periods timely financial information was not readily available to make such decisions. This situation has been resolved and timely information is now available.