

# **VILLAGE OF DODSON**

FINANCIAL REPORT  
JUNE 30, 2014

SHANNA JONES, CPA  
WINNFIELD, LOUISIANA

**VILLAGE OF DODSON**  
**FINANCIAL REPORT**  
**JUNE 30, 2014**

**TABLE OF CONTENTS**

	Page
REQUIRED SUPPLEMENTARY INFORMATION	
Management’s Discussion and Analysis	M-1
INDEPENDENT AUDITOR’S REPORT	1
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet—Governmental Funds	8
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	9
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	11
Statement of Net Position—Proprietary Fund	12
Statement of Revenues, Expenses and Changes in Fund Net Position—Proprietary Fund	13
Statement of Cash Flows—Proprietary Fund	14
NOTES TO FINANCIAL STATEMENTS	16
OTHER REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule—General Fund	26

**VILLAGE OF DODSON**  
**FINANCIAL REPORT**  
JUNE 30, 2014

TABLE OF CONTENTS (continued)

	Page
COMPLIANCE AND OTHER MATTERS:	
Independent Auditor's Report Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	28
Schedule of Audit Findings	30

## Village of Dodson

P. O. Box 86  
Dodson, LA 71422

### MANAGEMENT'S DISCUSSION & ANALYSIS

The Management's Discussion and Analysis of the Village of Dodson's (the Village) financial performance presents a narrative overview and analysis of Village of Dodson's financial activities for the years ended June 30, 2014 and 2013. The Village's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

#### FINANCIAL HIGHLIGHTS

The Village's net position on June 30, 2014 was \$2,281,475 and \$2,218,893 on June 30, 2013. The net position is made up largely of Capital assets. The Village has \$1,770,265 in Capital Assets as of June 30, 2014 with no debt associated with it.

Debt was incurred in 1976 as approved by voters of the Village of Dodson and the State Bonding Commission for Public Improvement Bonds which provided funding for constructing and acquiring a waterworks system. Due to interest rates being higher at the time of bond, this debt was paid off during fiscal year ended June 30, 2013.

Although 2014 showed a decrease of \$25,924 over prior year expenses in Governmental Expenditures, Personnel and Related Benefits continue to be the highest costs of the General Government after Capital Outlay. In fiscal year ended June 30, 2014, state grant monies were received and spent for the overlay of Sixth Street in the Village. In the Business-type activities Operating Expenses are higher than prior year by \$22,646. These expenses continue to exceed charges for the water and sewer services, causing a loss for the Village. The Business-type activities also had state grant monies in the amount of \$39,915 for purchase of water meters which did not cover the cost of purchasing and installing said meters. As of June 30, 2014 the meters were not yet fully operational and therefore were included in construction in progress.

#### OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Village of Dodson's financial position and results of operations from differing perspectives which are described as follows:

**GOVERNMENTAL-WIDE FINANCIAL STATEMENTS**—This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. These statements tell how the services were financed in the short-term as well as what remains for future spending.

**FUND FINANCIAL STATEMENTS**—A fund is an accountability unit used to maintain control over resources segregated for specific activities. The Village uses funds to ensure and demonstrate compliance with finance related laws and regulations. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources at the end of the year.

## Village of Dodson

### MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

As the Government-wide Financial Statements includes the long-term view, comparisons between these two views may provide insight into the long-term impact as short-term financing decreases. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the difference between these two views.

#### OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents Other Required Supplementary Information consisting of a comparison of budgeted revenues and expenditures to actual revenues and expenditures.

#### FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Village as a whole.

A summary of the basic government-wide financial statements is as follows:

#### Summary of Statement of Net Position

	<u>2014</u>		<u>2013</u>	
	<b>Governmental</b>	<b>Business-type</b>	<b>Governmental</b>	<b>Business-type</b>
<b>Assets:</b>				
Current	\$ 425,560	\$ 140,885	\$ 520,280	\$ 141,195
Non-Current:				
Capital Assets (Net)	<u>393,334</u>	<u>1,376,931</u>	<u>194,110</u>	<u>1,389,758</u>
Total Assets	<u>818,894</u>	<u>1,517,816</u>	<u>714,390</u>	<u>1,530,953</u>
<b>Liabilities:</b>				
Current:				
Unrestricted	39,067	1,989	11,034	1,402
Restricted	<u>-</u>	<u>14,179</u>		<u>14,014</u>
Total Liabilities	<u>39,067</u>	<u>16,168</u>	<u>11,034</u>	<u>15,416</u>
<b>Net Position:</b>				
Invested in Capital Assets	393,334	1,376,931	194,110	1,389,758
Restricted	-	14,179	2,425	14,014
Unrestricted	<u>386,493</u>	<u>110,538</u>	<u>506,821</u>	<u>111,765</u>
Total Net Position	<u>\$ 779,827</u>	<u>\$ 1,501,648</u>	<u>\$ 703,356</u>	<u>\$ 1,515,537</u>

## Village of Dodson

### MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

Rather than present the Statement of Net Activities, this comparative data shows a Summary of Changes in of Net Position:

	2014		2013	
	Governmental	Business-type	Governmental	Business-type
<b>Revenues:</b>				
Program Revenues—				
Charges for Services,				
Fines, Commissions	\$ 387,063	\$ 77,776	\$ 414,642	\$ 83,520
Operating Grants &				
Contributions	-	-	7,900	-
Capital Grants &				
Contributions	184,412	39,915	-	-
General Revenues—				
Ad Valorem Taxes	7,978	6,573	14,333	-
Franchise Taxes	8,124	-	7,929	-
Rental Income	5,100	-	1,450	-
Licenses & Fees	17,181	-	21,851	-
Disposal of Assets	( 240)	-	96	-
Interest & Miscellaneous	2,316	6,501	2,648	149
	611,934	130,765	470,849	83,669
<b>Total Revenues</b>				
<b>Expenditures:</b>				
General Government	382,351	-	413,805	-
Public Safety	130,092	-	134,558	-
Public Works	20,595	-	10,599	-
Operating	147,079	147,079	0	124,433
	533,038	147,079	558,962	124,433
<b>Total Expenditures</b>				
Excess (Deficiency) of				
Revenues over (under)				
Expenditures	78,896	( 16,314)	( 88,113)	( 40,764)
<b>Other Financing Sources Uses:</b>				
Transfers from Other Funds	-	2,425	7,346	12,111
Transfers to Other Funds	( 2,425)	-	( 12,111)	( 7,346)
	( 2,425)	2,425	( 4,765)	4,765
<b>Total Other Financing Sources</b>				
(Uses)	( 2,425)	2,425	( 4,765)	4,765
<b>Changes in Net Position</b>	\$ 76,471	\$ ( 13,889)	\$ ( 92,878)	\$ ( 35,999)

## **Village of Dodson**

### **MANAGEMENT'S DISCUSSION & ANALYSIS (continued)**

#### **FUNCTIONS OF EXPENSES**

The total functions of the Village include general governmental activities, public safety and public works. In the business-type activities water and sewer services are provided.

#### **GENERAL BUDGETARY HIGHLIGHTS**

For the year ended June 30, 2014, total revenues and total expenditures were not within the 5% variance allowed by state law. Actual Revenues exceeded Budgeted Revenues by \$83,674 favorable variance. However Actual Expenditures exceeded Budgeted Expenditures by \$47,702 causing an unfavorable variance. See finding 14-02.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Village has prepared its fiscal year ended June 30, 2015 budget for the General Fund on the assumptions that revenues and expenditures will remain fairly consistent next year. Revenues and expenditures for the Proprietary Fund should also remain consistent during the next fiscal year.

#### **CONTACTING THE VILLAGE**

This financial report is designed to provide a general overview of the Village's finances, compliance with governmental financial reporting laws and regulations and demonstrate the Village's commitment to public accountability. If you have additional questions about this report or would like to request additional information, contact the Village of Dodson, P. O. Box 86, Dodson, LA 71422.

# *Shanna Jones, CPA*

*795 Big Creek Rd  
Winnfield, LA 71483  
792-8544*

## INDEPENDENT AUDITOR'S REPORT

To the Mayor & Aldermen  
of the Village of Dodson  
P.O. Box 86  
Dodson, Louisiana

I have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Village of Dodson, Louisiana as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the Table of Contents.

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

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

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 U.S. and the *Louisiana Governmental Audit Guide*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluation of the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a reasonable basis for my audit opinion.

**Opinion**

In my 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, and each major fund, and the aggregate remaining fund information of the Village of Dodson as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity 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 Management's Discussion and Analysis and the Budgetary Comparison Schedules on pages M1 through M4 and page 26 to 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 statement in appropriate operation, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued a reported dated September 15, 2014, on my consideration of the Village of Dodson's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Dodson's internal control over financial reporting and compliance.



Shanna Jones, CPA  
Winnfield, Louisiana  
September 15, 2014

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

**VILLAGE OF DODSON**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Current Assets:			
Cash & Cash Equivalents	\$ 317,128	\$ 64,582	\$ 381,710
Receivables	157,176	12,420	169,596
Due To/From Other Funds	( 51,791)	51,791	-
Prepaid Expenses	3,047		3,047
Restricted Assets—Cash	<u>-</u>	<u>12,092</u>	<u>12,092</u>
Total Current Assets	425,560	140,885	566,445
Non-Current Assets:			
Capital Assets			
Depreciable (Net)	387,834	1,376,931	1,764,765
Non-Depreciable	<u>5,500</u>	<u>-</u>	<u>5,500</u>
Total Non-Current Assets	393,334	1,376,931	1,770,265
Total Assets	<u>818,894</u>	<u>1,517,816</u>	<u>2,336,710</u>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts Payable	26,118	1,989	28,107
Payroll & Related Liabilities	12,949	-	12,949
Restricted Liabilities—Customers’ Deposits	<u>-</u>	<u>14,179</u>	<u>14,179</u>
Total Current Liabilities	<u>39,067</u>	<u>16,168</u>	<u>55,235</u>
<b>Net Position:</b>			
Invested in Capital Assets	393,334	1,376,931	1,770,265
Restricted	0	14,179	14,179
Unrestricted	<u>386,493</u>	<u>110,538</u>	<u>497,031</u>
Total Net Position	<u>\$ 779,827</u>	<u>\$ 1,501,648</u>	<u>\$ 2,281,475</u>

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

**VILLAGE OF DODSON**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Program Activities	Expenses	Program Revenue		Net (Expense) Revenue & Changes in Net Position		
		Fines, Fees, Commissions & Charges for Services	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
General & Admin	\$ 382,351	\$ 6,270		\$ ( 376,081)		\$ ( 376,081)
Public Safety	130,092	380,793		250,701		250,701
Public Works	20,595	-	\$ 184,412	163,817		163,817
<b>Total Governmental</b>	<b>533,038</b>	<b>387,063</b>	<b>184,412</b>	<b>38,437</b>		<b>38,437</b>
<b>Business-type Activities:</b>						
Water	77,142	50,292	39,915		\$ 13,065	13,065
Sewer	69,937	27,484	-		( 42,453)	( 42,453)
<b>Total Business-type</b>	<b>\$ 147,079</b>	<b>\$ 77,776</b>	<b>\$ 39,915</b>		<b>( 29,388)</b>	<b>( 29,388)</b>
<b>General Revenues:</b>						
Taxes:						
Ad Valorem				7,978	6,573	14,551
Franchise				8,124		8,124
Licenses & Permits				17,181		17,181
Rental Income				5,100		5,100
Interest Earnings				351	105	456
Miscellaneous				1,965	6,396	8,361
Loss on Disposal Asset				( 240)		( 240)
Transfers				( 2,425)	2425	-
<b>Total General Revenues and Transfers</b>				<b>38,034</b>	<b>15,499</b>	<b>53,533</b>
<b>Change in Net Position</b>				<b>76,471</b>	<b>( 13,889)</b>	<b>62,582</b>
<b>Net Position July 1, 2013</b>				<b>703,356</b>	<b>1,515,537</b>	<b>2,218,893</b>
<b>Net Position June 30, 2014</b>				<b>\$ 779,827</b>	<b>\$ 1,501,648</b>	<b>\$ 2,281,475</b>

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

## FUND FINANCIAL STATEMENTS

**VILLAGE OF DODSON**  
**BALANCE SHEET—GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

	<u>Major Fund General</u>	<u>Non-Major Fund Debt Service</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Current Assets:			
Cash & Cash Equivalents	\$ 317,128	\$ -	\$ 317,128
Receivables	157,176		157,176
Prepaid Expenses	<u>3,047</u>	<u>                    </u>	<u>3,047</u>
Total Assets	<u><u>477,351</u></u>	<u><u>-</u></u>	<u><u>477,351</u></u>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts Payable	26,118	-	26,118
Payroll & Related Liabilities	12,949		12,949
Due to Proprietary Fund	<u>51,791</u>	<u>                    </u>	<u>51,791</u>
Total Liabilities	<u>90,858</u>	<u>-</u>	<u>90,858</u>
<b>Fund Balances:</b>			
Nonspendable	3,047		3,047
Unassigned	<u>383,446</u>	<u>                    </u>	<u>383,446</u>
Total Fund Balances	<u>386,493</u>	<u>-</u>	<u>386,493</u>
Total Liabilities & Fund Balances	<u><u>\$ 477,351</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 477,351</u></u>

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

**VILLAGE OF DODSON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

Total Fund Balances for the Governmental Funds at June 30, 2014		\$ 386,493
Total Net Position reported for Governmental Activities in the Statement of Net Position is different because:		
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the fund. Those assets consist of:		
Non-Depreciable	5,500	
Depreciable	923,851	
Less: Accumulated Depreciation	<u>( 536,017)</u>	<u>393,334</u>
Total Net Position of Governmental Activities at June 30, 2014		<u>\$ 779,827</u>

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

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

	Major Fund General	Non-Major Fund Debt Service	Total Governmental Funds
<b>Revenues:</b>			
Taxes:			
Ad Valorem	\$ 7,978	\$ -	\$ 7,978
Franchise	8,124		8,124
Licenses & Permits	17,181		17,181
Fines & Forfeitures	380,793		380,793
Charges for Services	6,270		6,270
Intergovernmental:			
State Grant	184,412		184,412
Miscellaneous:			
Interest Earned	351		351
Rent	5,100		5,100
Other	1,965		1,965
Total Revenues	612,174	-	612,174
<b>Expenditures:</b>			
Current:			
General Government	355,080		355,080
Public Safety	120,290		120,290
Public Works	19,729		19,729
Capital Outlay	237,403		237,403
Total Expenditures	732,502	-	732,502
Excess of Revenues over Expenditures	( 120,328)	-	( 120,328)
<b>Other Financing Sources/(Uses):</b>			
Transfers Out		( 2,425)	( 2,425)
Excess of Revenues & Other Financing Sources over Expenditures & Other Financing Uses	( 120,328)	( 2,425)	( 122,753)
Fund Balances—Beginning of Year	506,821	2,425	509,246
Fund Balances—End of Year	\$ 386,493	\$ -	\$ 386,493

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

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

Net Change in Fund Balances—Governmental Funds	\$ ( 122,753)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of Capital Assets recorded in the current period is	
	237,403
Depreciation expense on Capital Assets is reported in the Government-wide Financial Statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is	
	( 37,939)
Governmental Funds report the entire amount received from the Sale/Retirement of Assets as Revenues, but the undepreciated cost of the assets reduce the gain from the sale in the Statement of Activities.	
	<u>( 240)</u>
Net Change in Net Position per Statement of Activities	<u>\$ 76,471</u>

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

**VILLAGE OF DODSON**  
**STATEMENT OF NET POSITION—PROPRIETARY FUND**  
**JUNE 30, 2014**

**Assets:**

Current Assets:

Cash & Cash Equivalents	\$ 64,582
Receivables, Net	12,420
Due from Other Funds	51,791
Restricted—Cash & Cash Equivalents	<u>12,092</u>
Total Current Assets	<u>140,885</u>

Non-Current Assets:

Capital Assets	
Depreciable (Net of Depreciation)	1,376,931
Non-Depreciable	<u>-</u>
Total Non-Current Assets	<u>1,376,931</u>

Total Assets	<u>1,517,816</u>
--------------	------------------

**Liabilities:**

Current Liabilities:

Accounts Payable	1,989
Restricted Liabilities—Customer Deposits	<u>14,179</u>

Total Liabilities	<u>16,168</u>
-------------------	---------------

**Net Position:**

Invested in Capital Assets, Net of Related Debt	1,376,931
Restricted	14,179
Unrestricted	<u>110,538</u>

Total Net Position	<u>\$ 1,501,648</u>
--------------------	---------------------

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

**VILLAGE OF DODSON**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION—PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<b>Operating Revenues:</b>	
Charges for Services	
Water	\$ 50,292
Sewer	27,484
Ad Valorem Tax	6,573
Miscellaneous	<u>6,396</u>
Total Operating Revenues	<u>90,745</u>
<b>Operating Expenses:</b>	
Water	
Operating Supplies	38,607
Telephone & Utilities	10,422
Depreciation	28,113
Sewer	
Operating Supplies	11,487
Telephone & Utilities	9,520
Depreciation	<u>48,930</u>
Total Operating Expenses	<u>147,079</u>
Net Operating Income/(Loss)	<u>( 56,334)</u>
<b>Non-Operating Revenues (Expenses):</b>	
Investment Interest	105
Grant Income	<u>39,915</u>
Total Non-Operating Revenues (Expenses)	<u>40,020</u>
Net Loss before Transfers	<u>( 16,314)</u>
<b>Contributions &amp; Transfers:</b>	
Transfers In	<u>2,425</u>
Change in Fund Net Position	<u>( 13,889)</u>
Fund Net Position—Beginning of Year	<u>1,515,537</u>
Fund Net Position—End of Year	<u>\$ 1,501,648</u>

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

**VILLAGE OF DODSON**  
**STATEMENT OF CASH FLOWS—PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**Cash Flows from Operating Activities:**

Receipts from Customers	\$ 84,161
Receipts from Customer Deposits	( 117)
Payments to Suppliers	( 69,449)
Payments, Netted for Interfund Borrowing, General Fund	( 9,346)
Other Receipts (Payments)	<u>3,622</u>
Net Cash Provided by Operating Activities	<u>8,871</u>

**Cash Flows from Capital & Related Financing Activities:**

Retired Asset	3,500
Increase in Construction in Progress	<u>( 67,717)</u>
Net Cash (Used) by Capital & Related Financing Activities	<u>( 64,217)</u>

**Cash Flows from Investing Activities:**

Interest Earned on Operating Accounts	<u>105</u>
Net Cash Provided by Investing Activities	<u>105</u>

**Net Increase (Decrease) in Cash & Cash Equivalents** ( 55,241)

**Cash & Cash Equivalents—Beginning of Year** 119,823

**Cash & Cash Equivalents—End of Year** \$ 64,582

**Reconciliation of Operating Income to Net Cash Provided by Operating Activities:**

**Operating Activities:**

Operating Income/(Loss)	\$ ( 13,889)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	77,043
Changes in Assets & Liabilities:	
(Increase)/Decrease in Accounts Receivable, Net	( 2,962)
(Increase)/Decrease in Due From General Fund	( 51,791)
(Increase)/Decrease in Customer Deposits	( 117)
Increase/(Decrease) in Accounts Payable	<u>587</u>
Net Cash Provided by Operating Activities	<u><u>\$ 8,871</u></u>

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

NOTES TO FINANCIAL STATEMENTS

**VILLAGE OF DODSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1—INTRODUCTION**

The Village of Dodson, Louisiana, is incorporated under the Lawrason Act with a Mayor-Board of Aldermen form of government. The executive branch of government is headed by the Mayor and the legislative branch consists of three Aldermen.

This report includes all funds which are controlled by or dependent on the Village of Dodson, Louisiana's executive and legislative branches (the Mayor and Aldermen). Control by or dependence on the Village of Dodson, Louisiana was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of government body, and other general oversight responsibility.

The Village's operations include police protection, fire protection, and general and administrative services. In addition, the Village operates a Utility System which provides water and sewer services.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

The Village is the basic level of government which has financial accountability and control over all activities related to the Village operations and services provided. The Village is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since the Village Mayor and Board of Aldermen are elected by the public and have decision making authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement No. 61, which are included in the Village's reporting entity.

Basis of Presentation

Government-Wide Financial Statements (GWFS):

GASB Statement No. 63 changed the title of Net Assets to Net Position along with standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. As required the Village has implemented GASB Statement No. 63.

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

**VILLAGE OF DODSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements (FFS):**

The accounts of the Village are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria: a) total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type; and b) total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the Village are described as follows:

**Governmental Funds:**

**General Fund**—The General Fund, is the principal fund and is used to account for the operations of the Village's office. The Village's primary source of revenue is fines and forfeitures. Other major sources of revenue include ad valorem taxes levied by the Village, franchise taxes, licenses and state grants. General operating expenditures are paid from this fund.

**Debt Service Fund**—The Debt Service Fund was used to account for the accumulation of resources for and payment of general long-term debt principal, interest, and related costs. However as the related debt was paid off during the prior year end the fund was closed in the current fiscal year end.

**Proprietary Fund:**

**Enterprise Fund**—The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or

**VILLAGE OF DODSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

(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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Village reports the general fund and the proprietary fund as major.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made.

Accrual Basis—Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. Both of these statements have been prepared using the economic 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 the exchange.

Modified Accrual Basis—Fund Financial Statements (FFS)

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. The Village considers all revenues available if they are collected 60 days after year end. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Assets Liabilities and Equity

Cash and Cash Equivalents—The Village's cash is considered to be the cash in demand deposits and interest bearing deposits. Cash equivalents include all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates.

**VILLAGE OF DODSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

Capital Assets—The Village reports property and equipment in the governmental activities column in the GWFS. Capital assets are carried at historical or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized. In the FFS, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund as acquired. Capital assets in the proprietary fund are accounted for in the same manner as in GWFS.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The assets estimated useful lives are as follows:

Equipment and Vehicles	5 - 10 years
Utility System and Improvements	40 years
Buildings and Improvements	40 years
New Infrastructure (Road Overlay, Asphalt)	20 years

Compensated Absences—Employees are not allowed to carry leave forward from year to year, therefore, there is no entry made for compensated absences. In addition, the Village does not provide employee benefits beyond employment.

Equity Classifications—In the Government-Wide Financial Statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Invested in Capital Assets—Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position—Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position—All other net position that does not meet the definition of “restricted” or “invested in capital assets.”

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted net resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

**VILLAGE OF DODSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

In the Fund Financial Statements, governmental fund equity is classified as fund balance. The Village has implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The General Fund, the Village's only major governmental fund, has a nonspendable fund balance of \$3,047 which represents prepaid expenses. The remaining fund balance of \$383,446 is classified as unassigned. If applicable, the Village would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

#### Budget

Prior to the beginning of each fiscal year, the Village adopts a budget for the next fiscal year. The budget is open for public inspection. All budgeted appropriations lapse at the end of each fiscal year. The budget is prepared on the modified accrual basis of accounting.

#### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent

**VILLAGE OF DODSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 3—AD VALOREM TAXES**

The Village levies taxes on real and business personal property located within the boundaries of the Village. Property taxes are levied by the Village on property values assessed by the Winn Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Village levied the following ad valorem taxes for 2013:

	<u>Authorized</u>	<u>Levied</u>
General Corporate Purposes	6.37	6.37
Public Improvement (Water Bond)	-	5.28

The Village’s Water Bond millage for 5.28 was to expire upon retirement of debt. As the Village paid off the debt in fiscal year ended June 30, 2013 this levy was not in compliance with regulatory statutes. See Finding 14-01. Management has been advised to seek legal counsel regarding a possible liability for those Water Bond taxes collected during fiscal year ended June 30, 2014.

The Village recognizes property tax revenues when levied. The property tax calendar is as follows:

Property Tax Calendar

Assessment Date	January 1
Levy Date	August 31
Tax Bills Mailed	October 15
Total Taxes Due	December 31
Penalties & Interest Added	January 31 of ensuing year
Lien Date	January 31 of ensuing year

**NOTE 4—CASH AND CASH EQUIVALENTS**

At June 30, 2014, the carrying amount of the Village’s cash and cash equivalents of governmental and enterprise funds (collected bank balances) totaled \$398,354. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent banks. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agents. These securities are held in the name of the pledging fiscal agent banks in a holding or custodial bank that is mutually acceptable to both parties.

**VILLAGE OF DODSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

At June 30, 2014, the Village's deposits were secured from risk by federal deposit insurance of \$250,000 and the remainder by securities pledged in the Village's name by the fiscal agent bank with a market value greater than the remaining amount.

**NOTE 5—REVENUES RECEIVABLE**

The following is a summary of receivables as of June 30, 2014:

	<u>General Fund</u>	<u>Proprietary Fund</u>
Fines & Forfeitures	\$ 135,685	
Taxes—Ad Valorem	3,607	\$ 2,952
Miscellaneous	4,473	
State Grant	13,411	
Water Charges		6,280
Sewer Charges		<u>3,188</u>
 Total	 <u>\$ 157,176</u>	 <u>\$ 12,420</u>

The Fines and Forfeitures had an allowance for doubtful accounts in the amount of \$302,749, which has been netted against total receivable above. Historically, bad debts for other receivables have not been significant; therefore no allowance for bad debts was recorded.

**NOTE 6—DUE FROM/TO OTHER FUNDS**

At June 30, 2014 amounts due from and to other Village funds are as follows:

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
Proprietary	\$ 51,791	
General		<u>\$ 51,791</u>
 Totals	 <u>\$ 51,791</u>	 <u>\$ 51,791</u>

The interfund balances resulted from normal settlements between funds.

**VILLAGE OF DODSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 7—CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2014 are as follows:

<u>Governmental Activities</u>	<u>Balance 07/01/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/14</u>
Capital Assets—NonDepreciable:				
Land	\$ 5,500	\$ -	\$ -	\$ 5,500
Capital Assets—Depreciable:				
Furniture and Equipment	440,476	11,876	30,646	421,706
Land Improvements	12,000	225,527	-	237,527
Buildings	<u>264,618</u>	<u>-</u>	<u>-</u>	<u>264,618</u>
Total Depreciable Assets	<u>717,094</u>	<u>237,403</u>	<u>30,646</u>	<u>923,851</u>
Total Capital Assets	<u>722,594</u>	<u>237,403</u>	<u>30,646</u>	<u>929,351</u>
Less Accumulated Depreciation:				
Furniture and Equipment	336,834	32,612	30,406	339,040
Land Improvements	5,300	1,070	-	6,370
Buildings	<u>186,350</u>	<u>4,257</u>	<u>-</u>	<u>190,607</u>
Total Accum. Depreciation	<u>528,484</u>	<u>37,939</u>	<u>30,406</u>	<u>536,017</u>
Net Capital Assets	<u>\$ 194,110</u>			<u>\$ 393,334</u>
<u>Business-type Activities</u>	<u>Balance 07/01/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/14</u>
Capital Assets—Depreciable:				
Water System Equipment	\$ 92,328	-	( 5,000)	\$ 87,328
Water System Equip-In Progress	0	67,716	-	67,716
Water Plant	775,220	-	-	775,220
Sewer System Equipment	89,593	-	-	89,593
Sewer Plant	<u>1,598,833</u>	<u>-</u>	<u>-</u>	<u>1,598,833</u>
Total Depreciable Assets	<u>2,555,974</u>	<u>67,716</u>	<u>( 5,000)</u>	<u>2,618,690</u>
Less Accumulated Depreciation:				
Water Equipment	66,153	8,733	( 1,500)	73,386
Water Plant	148,163	19,380	-	167,543
Sewer System Equipment	71,855	8,959	-	80,814
Sewer Plant	<u>880,045</u>	<u>39,971</u>	<u>-</u>	<u>920,016</u>
Total Accum. Depreciation	<u>1,166,216</u>	<u>77,043</u>	<u>( 1,500)</u>	<u>1,241,759</u>
Net Capital Assets	<u>\$1,389,758</u>			<u>\$1,376,931</u>

**VILLAGE OF DODSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

Depreciation expense for the year ended June 30, 2014 of \$37,939 is charged for Governmental activities. These charges went to the General Government function in the amount of \$27,271, Public Safety \$9,802 and \$866 for Public Works. Depreciation expense for the year ended June 30, 2014 of \$77,043 for the Business-type Activities the Utility Fund had \$28,113 charged to the Water expenditures and \$48,930 charged to Sewer expenditures.

**NOTE 8—PENSION PLAN**

All employees of the Village of Dodson, Louisiana are covered by the Social Security System. Employees contribute 6.2 percent of their total salary to the System, while the Village also contributes 6.2 percent. For the year ended June 30, 2014, the Village's portion contributed was approximately \$17,179. Any future deficit in this System will be financed by the United States Government.

**NOTE 9—PENDING LITIGATION**

At June 30, 2014, there were no outstanding suits seeking damages against the management of the Village of Dodson.

**NOTE 10—RELATED PARTIES**

The Village had no identified related party transactions for the year ended June 30, 2014.

**NOTE 11—COMPENSATION PAID TO THE MAYOR & BOARD OF ALDERMEN**

During the fiscal year ended June 30, 2014 the following compensation was paid to the Village's management:

Loyd Vines—Mayor	\$ 40,800
Verna Hollingsworth	3,900
Lydia Chamberlain	3,900
Karla Shively	<u>3,900</u>
Total	<u>\$ 52,500</u>

**NOTE 12—SUBSEQUENT EVENTS**

Management has evaluated events through September 15, 2014, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED  
SUPPLEMENTARY INFORMATION

**VILLAGE OF DODSON**  
**BUDGETARY COMPARISON SCHEDULE—GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	Variance
<b>Revenues:</b>	<u>Original/Final</u>	<u>Actual</u>	Favorable (Unfavorable)
Taxes:			
Ad Valorem	\$ 6,000	\$ 7,978	\$ 1,978
Franchise	10,000	8,124	( 1,876)
Licenses & Permits	15,000	17,181	2,181
Fines & Forfeitures	300,000	380,793	80,793
Charges for Services	11,000	6,270	( 4,730)
Intergovernmental:			
State Grants	178,000	184,412	6,412
Miscellaneous:			
Interest & Other	3,500	2,316	( 1,184)
Rent	<u>5,000</u>	<u>5,100</u>	<u>100</u>
 Total Revenues	 <u>528,500</u>	 <u>612,174</u>	 <u>83,674</u>
 <b>Expenditures:</b>			
General Government	312,800	355,080	( 42,280)
Public Safety	107,000	120,290	( 13,290)
Public Works	15,000	19,729	( 4,729)
Capital Outlay	<u>250,000</u>	<u>237,403</u>	<u>12,597</u>
 Total Expenditures	 <u>684,800</u>	 <u>732,502</u>	 <u>( 47,702)</u>
 Excess (Deficiency) of Revenues & Other Financing Sources over Expenditures & Other Financing Uses	 ( 156,300)	 (120,328)	 35,972
 Fund Balance—Beginning of Year	 <u>506,821</u>	 <u>506,821</u>	 <u>-</u>
 Fund Balance—End of Year	 <u>\$ 350,521</u>	 <u>\$ 386,493</u>	 <u>\$ 35,972</u>

See accountant's report.

## COMPLIANCE AND OTHER MATTERS

*Shanna Jones, CPA*

795 Big Creek Rd  
Winnfield, LA 71483  
792-8544

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

Mayor & Board of Aldermen  
Village of Dodson  
P.O. Box 86  
Dodson, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund of Village of Dodson as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued my report thereon dated September 15, 2014. I conducted my 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 U.S. and the *Louisiana Governmental Audit Guide*.

Internal Control Over Financial Reporting

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or

(Continued)

material weaknesses. Given these limitations, I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified. I did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings as item 14-03.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Dodson's financial statements are free of material misstatement, I performed tests of 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. These instances are described in the accompanying schedule of audit findings as items 14-01 and 14-02.

#### Response to Finding

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

#### Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended for the information and use of the Louisiana Legislative Auditor, management of the Village of Dodson and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana R.S. 24:513 this report is a matter of public record and its distribution is not limited.



Shanna Jones, CPA  
Winnfield, Louisiana  
September 15, 2014

Concluded

**VILLAGE OF DODSON**  
**SCHEDULE OF AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2014**

**A. SUMMARY OF AUDIT RESULTS**

1. The Auditor's Report expresses an unqualified opinion on the financial statements of the Village of Dodson as of and for the year ended June 30, 2014.
2. There was one significant deficiency noted during the audit of the financial statements. This deficiency was not deemed to be a material weakness.
3. The audit disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**B. FINDINGS IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS***

Compliance

14-01 Compliance with Regulatory Statues

Finding—In the course of audit noted that the Village collected Public Improvement Bond Tax during fiscal year ended June 30, 2014, though related bonds were paid off early during prior fiscal year ended June 30, 2013.

Recommendation—It is recommended that the Village of Dodson contact their attorney regarding the possible liability in connection with the collection of public improvement bond tax monies after early repayment of said bonds.

Management's Response—In an effort to save the Village money we paid off the bonds. We will consult an attorney regarding bond tax monies collected for fiscal year ended June 30, 2014.

14-02 Compliance with Local Government Budget Act

Finding – Actual expenditures exceeded budgeted expenditures by more than 5% variance allowable.

Recommendation—It is recommended that the Village of Dodson institute procedures to ensure the budget is reviewed and amended whenever actual revenues are less than budgeted revenues and/or actual expenditures are more than budgeted expenditures by variance of 5% allowed.

Management's Response—Management will review expenditures more closely and amend budget if either actual revenues or actual expenditures do not meet the 5% variance allowed. In addition the Village has implemented an automated system which can be reviewed by an accounting firm. Management hopes this will help to ensure timely review for necessary changes.

**VILLAGE OF DODSON**  
SCHEDULE OF AUDIT FINDINGS (continued)  
YEAR ENDED JUNE 30, 2014

14-03 Segregation of Duties

Finding—Auditor’s evaluation of internal control revealed an absence of appropriate segregation of duties. This lack of segregation of duties could lead to intentional or unintentional errors which may not be detected within the accounting system.

Recommendation— Since the costs associated with establishing an appropriate system of internal control should not outweigh the benefits derived from it, I do not have a recommendation to make.

Management’s Response —Management feels it is not economically feasible to add sufficient number of employees to adequately segregate duties. However, an automated accounting system has been implemented and an accounting firm has been hired to review data.

C. PRIOR YEAR FINDINGS

NOTE: Another firm audited the prior year. The following is summarized from their report dated December 18, 2013.

Compliance

13-01 Compliance with Local Government Budget Act

Finding – Actual expenditures exceeded budgeted expenditures by more than 5% variance allowable.

Recommendation—It is recommended that the Village of Dodson institute procedures to ensure the budget is reviewed and amended whenever actual revenues are less than budgeted revenues and/or actual expenditures are more than budgeted expenditures by variance of 5% allowed.

Status—See finding 14-02.

13-02 Segregation of Duties

Finding—Prior year Auditors’ evaluation of internal control revealed an absence of appropriate segregation of duties and lack of personnel available to prepare financial statements including the related note disclosures. This lack of segregation of duties could lead to intentional or unintentional errors which may not be detected within the accounting system.

Status—See finding 14-03.