

VILLAGE OF DODSON, LOUISIANA

ANNUAL FINANCIAL REPORT

JUNE 30, 2013

Village of Dodson, Louisiana
Financial Report
June 30, 2013

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Village of Dodson, Louisiana
Financial Report
June 30, 2013

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Village of Dodson, Louisiana

P. O. Box 86
Dodson, LA 71422

MANAGEMENT'S DISCUSSION AND ANALYSIS for the Year Ended June 30, 2013

The Management's Discussion and Analysis of the Village of Dodson's financial performance presents a narrative overview and analysis of the Village's financial activities for the year ended June 30, 2013. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Village of Dodson's financial statements, which begin on page 11.

Government-Wide 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. As the Government-Wide Financial Statements includes the long-term view, comparisons between these two views may provide insight into the long-term impact of 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.

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

Summary of Statement of Net Position

	June 2013			June 2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
ASSETS:						
Current Assets	\$520,280	\$ 141,195	\$ 661,475	\$600,132	\$ 152,686	\$ 752,818
Capital Assets, Net of Accumulated Depreciation	<u>194,110</u>	<u>1,389,758</u>	<u>1,583,868</u>	<u>214,739</u>	<u>1,466,801</u>	<u>1,681,540</u>
Total Assets	<u>\$714,390</u>	<u>\$1,530,953</u>	<u>\$2,245,343</u>	<u>\$814,871</u>	<u>\$1,619,487</u>	<u>\$2,434,358</u>
LIABILITIES:						
Accounts Payable	\$ 8,395	\$ 1,402	\$ 9,797	\$ 5,032	\$ 3,586	\$ 8,618
Payroll Liabilities	2,639	0	2,639	6,605	0	6,605
Restricted Payables	0	14,014	14,014	0	15,365	15,365
Long Term Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,000</u>	<u>49,000</u>	<u>56,000</u>
Total Liabilities	<u>\$ 11,034</u>	<u>\$ 15,416</u>	<u>\$ 26,450</u>	<u>\$ 18,637</u>	<u>\$ 67,951</u>	<u>\$ 86,588</u>
NET POSITION:						
Net Investment in Capital Assets	\$194,110	\$1,389,758	\$1,583,868	\$207,739	\$1,417,801	\$1,625,540
Restricted for- Public Improvement	2,425	0	2,425			
Customers' Deposits	0	14,014	14,014	7,000	133,735	140,735
Unrestricted	<u>506,821</u>	<u>111,765</u>	<u>618,586</u>	<u>581,495</u>	<u>0</u>	<u>581,495</u>
NET POSITION	<u>\$703,356</u>	<u>\$1,515,537</u>	<u>\$2,218,893</u>	<u>\$796,234</u>	<u>\$1,551,536</u>	<u>\$2,347,770</u>

Summary of Statement of Activities

	June 2013			June 2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUES:						
General Revenues:						
Taxes-						
Ad Valorem	\$ 14,333	\$ 0	\$ 14,333	\$ 11,903	\$ 0	\$ 11,903
Franchise Tax	7,929	0	7,929	14,111	0	14,111
Rental Income	1,450	0	1,450	1,550	0	1,550
Licenses & Fees	21,851	0	21,851	14,375	0	14,375
Sale of Assets	96	0	96	31,230	0	31,230
Interest & Miscellaneous	2,648	149	2,797	3,681	199	3,880
Fees, Fines & Charges for Services	414,642	83,520	498,162	494,182	115,023	609,205
Operating Grants & Contributions	7,900	0	7,900	25,890	0	25,890
Total Revenues	\$470,849	\$ 83,669	\$ 554,518	\$601,261	\$ 115,222	\$ 716,483
EXPENDITURES:						
General Government	\$413,805	\$ 0	\$413,805	\$360,910	\$ 0	\$ 360,910
Public Safety	134,558	0	134,558	116,862	0	116,862
Public Works	10,599	0	10,599	19,698	0	19,698
Operating Expense	0	124,433	124,433	0	135,599	135,599
Total Expenditures	\$558,962	\$ 124,433	\$ 683,395	\$497,470	\$ 135,599	\$ 633,069
Excess (Deficiency) of Revenues over (under) Expenditures	\$(88,113)	\$ (40,764)	\$ (128,877)	\$103,791	\$ (20,377)	\$ 83,414
OTHER FINANCING SOURCES (USES):						
Transfers from Other Funds	\$ 7,346	\$ 12,111	\$ 19,457	\$ 1,400	\$ 5,300	\$ 6,700
Transfers to Other Funds	(12,111)	(7,346)	(19,457)	(5,300)	(1,400)	(6,700)
Total Other Financing Sources (Uses)	\$ (4,765)	\$ 4,765	\$ 0	\$ (3,900)	\$ 3,900	\$ 0
Excess (Deficiency) of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ (92,878)	\$ (35,999)	\$ (128,877)	\$ 99,891	\$ (16,477)	\$ 83,414
Net Position-Beginning of Year	796,234	1,551,536	2,347,770	696,343	1,568,013	2,264,356
Net Position-End of Year	\$703,356	\$1,515,537	\$2,218,893	\$796,234	\$1,551,536	\$2,347,770

Summary of Statement of Activities (cont'd)

Governmental Activities

- The Village's assets exceeded its liabilities by \$703,356 (net position) for the year ending June 30, 2013. This is a decrease of \$92,878 from prior year.
- Unrestricted net position of \$506,821 represent the portion available to maintain the Village's obligation to both citizens and creditors. This is a decrease of \$74,674 from the prior year.

Business Type Activities

The Proprietary Fund and the water and sewer system experienced a net loss of \$35,999 for the year ending June 30, 2013. This compares to a net loss of \$16,477 from the prior year.

General Fund Budgetary Highlights

The Village made one amendment to its General Fund budget during the year. Actual revenues were more than budgeted revenues by \$103,766, and actual expenditures were more than budgeted expenditures by \$32,012 which is more than the 5% allowance pursuant to Louisiana Revised Statute 39:1311. See finding 13-01.

Economic Factors and Next Year's Budget

The Village has prepared its FY 2013/2014 budget for the General Fund on the assumption that revenues and expenditures will remain fairly constant next year. Revenues and expenditures for the Proprietary Fund should also remain constant during the next year.

Contacting the Village

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Village at P. O. Box 86, Dodson, LA 71422.

Johnson, Thomas & Cunningham

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Aldermen of the
Village of Dodson, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Dodson (Village) as of and for the year ended June 30, 2013, 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the introductory section because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The required supplementary information and the other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

December 18, 2013

Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Village of Dodson, Louisiana
Government-Wide Statement of Net Position
June 30, 2013

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS:			
Current Assets-			
Cash and Cash Equivalents	\$ 359,938	\$ 119,823	\$ 479,761
Revenue Receivables, net	160,342	9,457	169,799
Restricted Assets - Cash	<u>0</u>	<u>11,915</u>	<u>11,915</u>
Total Current Assets	<u>\$ 520,280</u>	<u>\$ 141,195</u>	<u>\$ 661,475</u>
Noncurrent Assets-			
Capital Assets-			
Land	\$ 5,500	\$ 0	\$ 5,500
Land Improvements	12,000	0	12,000
Buildings	264,618	0	264,618
Furniture and Equipment	440,476	0	440,476
Utility System	0	2,555,974	2,555,974
Less, Accumulated Depreciation	<u>(528,484)</u>	<u>(1,166,216)</u>	<u>(1,694,700)</u>
Total Noncurrent Assets	<u>\$ 194,110</u>	<u>\$ 1,389,758</u>	<u>\$ 1,583,868</u>
Total Assets	<u>\$ 714,390</u>	<u>\$ 1,530,953</u>	<u>\$ 2,245,343</u>
LIABILITIES:			
Current Liabilities-			
Accounts Payable	\$ 8,395	\$ 1,402	\$ 9,797
Payroll Liabilities	2,639	0	2,639
Payable from Restricted Assets-			
Customers' Deposits	<u>0</u>	<u>14,014</u>	<u>14,014</u>
Total Current Liabilities	<u>\$ 11,034</u>	<u>\$ 15,416</u>	<u>\$ 26,450</u>
NET POSITION:			
Net Investment in Capital Assets	\$ 194,110	\$ 1,389,758	\$ 1,583,868
Restricted for Public Improvement	2,425	0	2,425
Restricted for Customers' Deposits	0	14,014	14,014
Unrestricted	<u>506,821</u>	<u>111,765</u>	<u>618,586</u>
Total Net Position	<u>\$ 703,356</u>	<u>\$ 1,515,537</u>	<u>\$ 2,218,893</u>

See notes to financial statements.

Village of Dodson, Louisiana
Government-Wide Statement of Activities
June 30, 2013

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$413,805	\$ 3,120	\$ 0	\$ 0	\$(410,685)	\$ 0	\$ (410,685)
Public Safety	134,558	411,522	0	0	276,964	0	276,964
Public Works	<u>10,599</u>	<u>0</u>	<u>7,900</u>	<u>0</u>	<u>(2,699)</u>	<u>0</u>	<u>(2,699)</u>
Total Governmental Activities	<u>\$558,962</u>	<u>\$414,642</u>	<u>\$7,900</u>	<u>\$0</u>	<u>\$(136,420)</u>	<u>\$ 0</u>	<u>\$ (136,420)</u>
Business-Type Activities:							
Water	\$ 76,249	\$ 58,074	\$ 0	\$0	\$ 0	\$ (18,175)	\$ (18,175)
Sewer	<u>48,184</u>	<u>25,446</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(22,738)</u>	<u>(22,738)</u>
Total Business-Type Activities	<u>\$124,433</u>	<u>\$ 83,520</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$ 0</u>	<u>\$ (40,913)</u>	<u>\$ (40,913)</u>
Total Government	<u>\$683,395</u>	<u>\$498,162</u>	<u>\$7,900</u>	<u>\$0</u>	<u>\$(136,420)</u>	<u>\$ (40,913)</u>	<u>\$ (177,333)</u>
General Revenues:							
Taxes-							
Ad Valorem					\$ 14,333	\$ 0	\$ 14,333
Franchise					7,929	0	7,929
Licenses and Fees					21,851	0	21,851
Rental Income					1,450	0	1,450
Interest & Miscellaneous					2,648	149	2,797
Sale of Assets					96	0	96
Transfers					<u>(4,765)</u>	<u>4,765</u>	<u>0</u>
Total General Revenues and Transfers					<u>\$ 43,542</u>	<u>\$ 4,914</u>	<u>\$ 48,456</u>
Change in Net Position					\$ (92,878)	\$ (35,999)	\$ (128,877)
Net Position at Beginning of Year					<u>796,234</u>	<u>1,551,536</u>	<u>2,347,770</u>
Net Position at End of Year					<u>\$ 703,356</u>	<u>\$1,515,537</u>	<u>\$2,218,893</u>

See notes to financial statements.

FUND FINANCIAL STATEMENTS

Village of Dodson, Louisiana
Balance Sheet-Governmental Funds
June 30, 2013

	<u>Major Fund</u> General Fund	<u>Non-Major Fund</u> Debt Service Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$359,938	\$ 0	\$359,938
Revenue Receivables, net	<u>157,917</u>	<u>2,425</u>	<u>160,342</u>
Total Assets	<u>\$517,855</u>	<u>\$2,425</u>	<u>\$520,280</u>
LIABILITIES:			
Accounts Payable	\$ 8,395	\$ 0	\$ 8,395
Payroll Liabilities	<u>2,639</u>	<u>0</u>	<u>2,639</u>
Total Liabilities	<u>\$ 11,034</u>	<u>\$ 0</u>	<u>\$ 11,034</u>
FUND BALANCES:			
Assigned for:			
Public Improvement	\$ 0	\$2,425	\$ 2,425
Unassigned	<u>506,821</u>	<u>0</u>	<u>506,821</u>
Total Fund Balance	<u>\$506,821</u>	<u>\$2,425</u>	<u>\$509,246</u>
Total Liabilities and Fund Balances	<u>\$517,855</u>	<u>\$2,425</u>	<u>\$520,280</u>

See notes to financial statements.

Village of Dodson, Louisiana
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2013

Total Fund Balance for the Governmental Funds \$ 509,246

Amounts reported for Governmental Activities
in the Statement of Net Position are different because:

Capital Assets used in Governmental Activities are not
current financial resources and, therefore, are not reported
in the Governmental Funds Balance Sheet-

Capital Assets	722,594
Less, Accumulated Depreciation	<u>(528,484)</u>

Total Net Position of Governmental Activities \$ 703,356

Village of Dodson, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balance-
Governmental Funds
Year Ended June 30, 2013

	<u>Major Fund</u> General <u>Fund</u>	<u>Non-Major Fund</u> Debt Service <u>Fund</u>	Total Governmental <u>Funds</u>
REVENUES:			
Taxes-			
Ad Valorem	\$ 7,846	\$ 6,487	\$ 14,333
Franchise	7,929	0	7,929
Licenses and Permits	21,851	0	21,851
Intergovernmental	7,900	0	7,900
Charges for Services	3,120	0	3,120
Fines and Forfeits	411,522	0	411,522
Miscellaneous-			
Rental Income	1,450	0	1,450
Interest & Miscellaneous	<u>2,648</u>	<u>0</u>	<u>2,648</u>
Total Revenues	<u>\$464,266</u>	<u>\$ 6,487</u>	<u>\$470,753</u>
EXPENDITURES:			
Current-			
General Government	\$416,093	\$ 0	\$416,093
Public Safety	115,467	0	115,467
Public Works	10,252	0	10,252
Debt Service	<u>0</u>	<u>7,346</u>	<u>7,346</u>
Total Expenditures	<u>\$541,812</u>	<u>\$ 7,346</u>	<u>\$549,158</u>
(Deficiency) of Revenues over Expenditures	\$ (77,546)	\$ (859)	\$ (78,405)
OTHER FINANCING SOURCES:			
Sale of Assets	\$ 3,921	\$ 0	\$ 3,921
Transfers In	0	7,346	7,346
Transfers Out	<u>(500)</u>	<u>(11,611)</u>	<u>(12,111)</u>
Total Other Financing	<u>\$ 3,421</u>	<u>\$ (4,265)</u>	<u>\$ (844)</u>
(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ (74,125)	\$ (5,124)	\$ (79,249)
Fund Balance-Beginning of Year	<u>580,946</u>	<u>7,549</u>	<u>588,495</u>
Fund Balance-End of Year	<u>\$506,821</u>	<u>\$ 2,425</u>	<u>\$509,246</u>

See notes to financial statements.

Village of Dodson, Louisiana
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Funds
to the Statement of Activities
for the Year Ended June 30, 2013

Net Change in Fund Balance-Governmental Funds \$(79,249)

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

Governmental Funds report Capital Outlay 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 19,031

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 (35,835)

The net effect of sales transactions involving capital assets is to decrease net position

Decrease in Capital Assets (5,450)
Decrease in Accumulated Depreciation 1,625

Payments made on Long-term Debt are shown as expenditures in the Governmental Funds, but the payments reduce Long-term Liabilities in the Statement of Net Position. Changes in Long-term Debt were- 7,000

Total Change in Net Position \$(92,878)

See notes to financial statements.

Village of Dodson, Louisiana
Statement of Net Position
Proprietary Fund-Utility Fund
Year Ended June 30, 2013

ASSETS:	
Current Assets-	
Cash and Cash Equivalents	\$ 119,823
Accounts Receivable	<u>9,457</u>
Total Current Assets	<u>\$ 129,280</u>
Restricted Assets-	
Customer's Deposit Cash	<u>\$ 11,915</u>
Fixed Assets-	
Plant and Equipment	\$ 2,555,974
Less, Accumulated Depreciation	<u>(1,166,216)</u>
Total Fixed Assets	<u>\$ 1,389,758</u>
Total Assets	<u>\$ 1,530,953</u>
LIABILITIES:	
Current Liabilities-	
Accounts Payable	\$ 1,402
Current Liabilities Payable from Restricted Assets-	
Customers' Deposits	<u>14,014</u>
Total Liabilities	<u>\$ 15,416</u>
NET POSITION:	
Net Investment in Capital Assets	\$ 1,389,758
Restricted for Customers' Deposits	14,014
Unrestricted	<u>111,765</u>
Total Net Position	<u>\$ 1,515,537</u>

See notes to financial statements.

Village of Dodson, Louisiana
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund-Utility Fund
Year Ended June 30, 2013

OPERATING REVENUES:	
Charges for Services-	
Water	\$ 54,775
Sewer	24,031
Miscellaneous	<u>4,714</u>
Total Operating Revenues	\$ <u>83,520</u>
OPERATING EXPENSES:	
Water System-	
Operating Supplies	\$ 12,458
Telephone & Utilities	9,336
Miscellaneous	4,417
Depreciation	<u>49,723</u>
Total Water System	\$ <u>75,934</u>
Sewer System-	
Operating Supplies	\$ 10,732
Telephone & Utilities	8,048
Miscellaneous	1,584
Depreciation	<u>27,820</u>
Total Sewer System	\$ <u>48,184</u>
Total Operating Expenses	\$ <u>124,118</u>
Loss from Operations	\$ <u>(40,598)</u>

See notes to financial statements.

Continued next page

Village of Dodson, Louisiana
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund-Utility Fund
Year Ended June 30, 2013

NON-OPERATING REVENUES (EXPENSES):	
Interest Income	\$ 149
Interest Expense	<u>(315)</u>
Total Non-operating Revenues (Expenses)	\$ <u>(166)</u>
Net Loss Before Transfers	\$ <u>(40,764)</u>
CONTRIBUTIONS AND TRANSFERS:	
Transfers In	\$ 12,111
Transfers Out	<u>(7,346)</u>
Total Contributions and Transfers	\$ <u>4,765</u>
Change in Net Position	\$ (35,999)
Net Position at Beginning of Year	<u>1,551,536</u>
Net Position at End of Year	<u>\$1,515,537</u>

See notes to financial statements.

Village of Dodson, Louisiana
Statement of Cash Flows
Proprietary Fund-Utility Fund
Year Ended June 30, 2013

Cash Flows from Operating Activities:	
Cash Receipts from Customers	\$ 86,475
Cash Receipts from Customers' Deposits	699
Cash Payments to Restricted Assets	32,375
Cash Payments to Suppliers for Goods and Services	<u>(48,759)</u>
Net Cash Provided by Operating Activities	<u>\$ 70,790</u>
Cash Flows from Non-Capital Financing Activities:	
Transfers from Other Funds	\$ 12,111
Transfers to Other Funds	<u>(7,346)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>\$ 4,765</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	\$ (500)
Principal Paid on Capital Debt	(49,000)
Interest Paid on Capital Debt	<u>(2,365)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>\$ (51,865)</u>
Cash Flows from Investing Activities:	
Interest Income	<u>\$ 149</u>
Net Increase in Cash and Cash Equivalents	\$ 23,839
Cash and Cash Equivalents:	
Beginning of Year	<u>95,984</u>
End of Year	<u>\$119,823</u>

Continued next page

Village of Dodson, Louisiana
Statement of Cash Flows
Proprietary Fund-Utility Fund
Year Ended June 30, 2013

Reconciliation of Income from Operations to
Net Cash Provided by Operating Activities:

Loss from Operations \$ (40,598)

Adjustments to Reconcile Income from Operations to
Net Cash Provided by Operating Activities:

Depreciation 77,543
Changes in Assets and Liabilities-
Decrease in Revenue Receivables 2,956
Decrease in Restricted Assets 32,375
Decrease in Accounts Payable (2,183)
Increase in Customers' Deposits 697

Net Cash Provided by Operating Activities \$ 70,790

Total Cash and Cash Equivalents:

Water Operating Fund \$ 95,175
Sewer Operating Fund 24,648

Total \$119,823

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2013

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.

1. Summary of Significant Accounting Policies:

A. 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 14, which are included in the Village's reporting entity.

The financial statements of the Village of Dodson, Louisiana are prepared in accordance with generally accepted accounting principles (GAAP). The Village of Dodson, Louisiana's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2013

B. BASIS OF PRESENTATION-

Government-Wide Financial Statements (GWFS)

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 or services.

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.

C. FUND ACCOUNTING-

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 minimum number of funds maintained is consistent with legal and managerial requirements.

The Village maintains three funds. They are categorized as governmental funds and a proprietary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise 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.

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2013

The funds of the Village are described below:

Governmental Funds-

General Fund

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

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for and payment of general long-term debt principal, interest, and related costs.

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 (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 enterprise fund as major.

D. MEASUREMENT FOCUS/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 regardless of the measurement focus applied.

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2013

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, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means 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 within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. CASH AND INTEREST-BEARING DEPOSITS-

For purposes of the Statement of Net Position and Statement of Cash Flows, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Village.

F. CAPITAL ASSETS-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 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.

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2013

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 of depreciation. The range of useful lives by type of asset is as follows:

Buildings and improvements	40 years
Equipment and vehicles	5-10 years
Utility system and improvements	40 years

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

G. RESTRICTED ASSETS-

Restricted assets include cash, interest-bearing deposits, and investments of the proprietary fund that are legally restricted as to their use. The restricted assets are related to utility bond covenant accounts and customer deposits.

H. COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS-

There is no formal leave policy for the Village, therefore no entry is made to record compensated absences. In addition, the Village does not provide employee benefits beyond employment.

I. EQUITY CLASSIFICATIONS-

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources 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 provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2013

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.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. 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. Only the General Fund would report positive amounts in unassigned fund balance.

Assigned fund balance is established by the Village through adoption or amendment of the budget as intended for specific purpose (such as debt service or for other purposes). The General Fund has an unassigned fund balance of \$506,821. 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.

J. EXPENDITURES/EXPENSES-

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

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2013

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Fund - By Operating and Nonoperating

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

K. BUDGET AND BUDGETARY ACCOUNTING-

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 budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

L. INTERFUND TRANSACTIONS-

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

The following is a summary of interfund operating transfers:

	2013	
	Operating Transfers In	Operating Transfers Out
General Fund	\$ 0	\$ 500
Debt Service Fund	7,346	11,611
Utility Fund	<u>12,111</u>	<u>7,346</u>
Totals	<u>\$19,457</u>	<u>\$19,457</u>

Transfers are primarily used to move operating monies to and from various funds.

M. LONG-TERM OBLIGATIONS-

In the government-wide financial statements, long-term debt is reported as liabilities in the applicable governmental activities statement of net position.

In the fund financial statements, governmental fund types recognize debt issued reported as other financing sources. Repayment of the principal and interest is shown as an expenditure.

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2013

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

O. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS-

In June 2011, the GASB issued Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. GASB 64 provides clarification on whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement is effective for periods beginning after June 15, 2011. The adoption of GASB 64 does not have any impact on the Village's current financial statements.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements; Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components; assets, deferred outflows of resources, liabilities and deferred inflows of resources. This statement is effective for periods beginning after December 15, 2011.

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASB 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011. The Village does not have any SCAs and therefore the adoption of GASB 60 does not have any impact on the Village's financial statements.

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2013

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 properly classifies and recognizes certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The adoption of GASB 65 does not have any impact on the Village's current financial statements.

2. 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 bills and collects property taxes. The Village recognizes property tax revenues when levied.

<u>Property Tax Calendar</u>	
Assessment date	January 1
Levy date	August 31
Tax bills mailed	October 15
Total taxes are due	December 31
Penalties and interest added	January 31
Lien date	January 31

For the year ended June 30, 2013, taxes of 11.65 mills were levied on property and were dedicated as follows:

General Corporate Purposes	6.37 mills
Debt Service (Water Bonds)	5.28 mills

Total taxes collected were \$14,333 after small adjustments were made to the original tax roll.

3. Cash and Cash Equivalents:

The Village has cash and cash equivalents (book balances) as follows:

Demand Deposits	<u>\$491,676</u>
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Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2013

The deposits are stated at cost which approximates market. Under state law these deposits and the resulting bank balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2013, the Village has \$496,297 in deposits (collected bank balances). These deposits are secured from risk as follows:

Demand Deposits	\$ 496,297
FDIC Insurance	(250,000)
Pledged Securities	<u>(246,297)</u>
Uninsured	\$ <u>0</u>

Even though the pledged securities are considered uncollateralized (Category 3), under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent has failed to pay deposited funds upon demand.

4. Restricted Assets - Proprietary Fund Type:

Restricted assets of the Utility Fund were applicable to the following at June 30, 2013:

Customer's Deposit Account	<u>\$11,915</u>
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Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2013

5. Capital Assets:

Capital assets and depreciation activity for the year ended June 30, 2013, are as follows:

Governmental Activities	Balance <u>07-01-12</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06-30-13</u>
Capital Assets, not depreciated:				
Land	\$ 5,500	\$ 0	\$ 0	\$ 5,500
Capital Assets, depreciated:				
Buildings	264,618	0	0	264,618
Furniture, Fixtures & Equipment	426,895	19,031	5,450	440,476
Land Improvements	<u>12,000</u>	<u>0</u>	<u>0</u>	<u>12,000</u>
Total Assets	\$ <u>709,013</u>	\$ <u>19,031</u>	\$ <u>5,450</u>	\$ <u>722,594</u>
Accumulated Depreciation:				
Buildings	\$ 182,093	\$ 4,257	\$ 0	\$ 186,350
Furniture, Fixtures & Equipment	307,481	30,978	1,625	336,834
Land Improvements	<u>4,700</u>	<u>600</u>	<u>0</u>	<u>5,300</u>
Total Accumulated Depreciation	\$ <u>494,274</u>	\$ <u>35,835</u>	\$ <u>1,625</u>	\$ <u>528,484</u>
Net Capital Assets	\$ <u>214,739</u>	\$ <u>(16,804)</u>	\$ <u>3,825</u>	\$ <u>194,110</u>
Business-Type Activities	Balance <u>07-01-12</u>	<u>Additions</u>	<u>Balance Deletions</u>	Balance <u>06-30-13</u>
Capital Assets:				
Water System Equipment	\$ 91,829	\$ 500	\$ 0	\$ 92,328
Water Plant	775,220	0	0	775,220
Sewer System Equipment	89,593	0	0	89,593
Sewer Plant	<u>1,598,832</u>	<u>0</u>	<u>0</u>	<u>1,598,832</u>
Total Assets	\$ <u>2,555,474</u>	\$ <u>500</u>	\$ <u>0</u>	\$ <u>2,555,974</u>
Accumulated Depreciation:				
Water System Equipment	\$ 56,921	\$ 9,232	\$ 0	\$ 66,153
Water Plant	128,783	19,380	0	148,163
Sewer System Equipment	62,896	8,959	0	71,855
Sewer Plant	<u>840,073</u>	<u>39,972</u>	<u>0</u>	<u>880,045</u>
Total Accumulated Depreciation	\$ <u>1,088,673</u>	\$ <u>77,543</u>	\$ <u>0</u>	\$ <u>1,166,216</u>
Net Capital Assets	\$ <u>1,466,801</u>	\$ <u>(77,043)</u>	\$ <u>0</u>	\$ <u>1,389,758</u>

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2013

Depreciation expense of \$35,835 was charged to general government function for governmental activities, and \$77,543 was charged to the utility fund as follows:

Water	\$49,723
Sewer	\$27,820

6. Changes in Long-Term Debt:

The following is a summary of bond transactions of the Village of Dodson, Louisiana, for the year ended June 30, 2013:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Bonds Payable, July 1, 2012	\$ 7,000	\$ 49,000	\$ 56,000
Less, Bonds Retired	(7,000)	(49,000)	(56,000)
Bonds Payable, June 30, 2013	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

Total interest expense for the year ended June 30, 2013, is as follows:

	<u>Debt Service Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Interest Expense	\$ <u>346</u>	\$ <u>314</u>	\$ <u>660</u>

The individual bond issues that comprise the total bonds payable at June 2013 are shown below:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Authorized and Issued</u>	<u>Interest Rate</u>
Revenue	09/08/1977	09/08/2017	\$166,000	5%
General Obligation	09/08/1977	09/08/2015	\$ 42,000	5%

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2013

7. Flow of Funds, Restriction on Use-Water Revenue:

Under the terms of the bond indenture relating to Water Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Water System, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special accounts:

1. Out of revenue to the “operation and maintenance fund,” an amount sufficient to provide for expenses of the system.
2. Each month, there will be set aside into a fund called the “Bond and Interest Redemption Fund,” an amount constituting 1/12 of the next maturing yearly installment of principal and interest payments. These funds may be used only for payment of bond principal and interest.
3. There shall also be set aside into a “Bond Reserve Fund,” an amount equal to 5 percent of adjusted income until the sum of \$10,350 is accumulated. Such amount may be used only for the payment of maturing bonds and interest for which sufficient funds are not on deposit in the “Bond and Interest Redemption Fund”.
4. Funds will also be set aside into a contingency fund at the rate of \$480 per year. Money in this fund may be used for making extraordinary repairs to the system necessary to keep the system in operating condition. Money in this fund may also be used to pay principal or interest on bonds falling due at any time there is not sufficient money for payment in the other bond funds.
5. All of the revenue received in any fiscal year not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful purpose of the Village.

8. Related Parties:

The Village had no identified related party transactions for the year ended June 30, 2013.

9. Compensation Paid to the Mayor and Board of Aldermen:

Lloyd Vines – Mayor	\$40,800
Verna Hollingsworth	2,604
Lydia Chamberlain	2,604
Karla Shively	<u>2,604</u>
 Total	 <u>\$48,612</u>

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2013

10. Pension Plans:

All employees of the Village of Dodson, Louisiana are covered by the Social Security System. Employees contribute 4.2 percent of their total salary to the System, while the Village contributes 6.2 percent. For the year ended June 30, 2013, the Village contributed \$14,039. Any future deficit in this System will be financed by the United States Government.

12. Litigation and Claims:

Management has advised that there is no litigation pending against the Village of Dodson, Louisiana at June 30, 2013.

13. Receivables:

The following is a summary of net receivables at June 30, 2013:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Proprietary Fund</u>
Fines and Forfeits	\$418,239	\$ 0	\$ 0
Taxes - Ad Valorem	2,925	2,425	0
Licenses – Insurance	3,557	0	0
Miscellaneous	4,447	0	0
Water Charges	0	0	5,811
Sewer Charges	<u>0</u>	<u>0</u>	<u>3,646</u>
Total	<u>\$429,168</u>	<u>\$2,425</u>	<u>\$9,457</u>

Allowance for bad debts for the general fund is \$271,251. Historically, bad debts for the proprietary fund have not been significant; therefore, no allowance for bad debts has been established.

14. Subsequent Events:

Management has evaluated events through December 18, 2013, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Dodson, Louisiana
Major Fund-General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
Year Ended June 30, 2013

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes-				
Ad Valorem	\$ 6,000	\$ 6,000	\$ 7,846	\$ 1,846
Franchise	10,000	10,000	7,929	(2,071)
Licenses and Permits	15,000	15,000	21,851	6,851
Intergovernmental-				
LCDBG Grant	50,000	10,000	1,000	(9,000)
La. Dept. of Transportation	4,500	4,500	6,900	2,400
Police Supplemental	3,000	3,000	0	(3,000)
Charges for Services	1,000	1,000	3,120	2,120
Fines and Forfeits	450,000	300,000	411,522	111,522
Miscellaneous-				
Rental Income	5,500	5,500	1,450	(4,050)
Interest & Miscellaneous	<u>5,500</u>	<u>5,500</u>	<u>2,648</u>	<u>(2,852)</u>
Total Revenues	<u>\$550,500</u>	<u>\$360,500</u>	<u>\$464,266</u>	<u>\$ 103,766</u>
EXPENDITURES:				
Current-				
General Government-				
Salaries and Benefits	\$145,000	\$163,800	\$171,283	\$ (7,483)
Insurance	30,000	30,000	10,863	19,137
Legal and Accounting	10,000	10,000	9,959	41
Office Expense	15,000	15,000	7,013	7,987
Telephone and Utilities	24,000	24,000	23,970	30
Seminars and Conferences	2,500	2,500	210	2,290
Bad Debt Expense	0	0	102,483	(102,483)
Gas, Oil & Supplies	40,000	45,000	49,517	(4,517)
Miscellaneous	11,500	11,500	2,672	8,828
Capital Outlay	75,000	75,000	19,031	55,969
Payroll Taxes	16,000	16,000	19,092	(3,092)
Public Safety-				
Salaries and Benefits	72,000	72,000	73,764	(1,764)
Supplies and Miscellaneous	35,000	35,000	41,703	(6,703)
Public Works-				
Repairs and Maintenance	<u>10,000</u>	<u>10,000</u>	<u>10,252</u>	<u>(252)</u>
Total Expenditures	<u>\$486,000</u>	<u>\$509,800</u>	<u>\$541,812</u>	<u>\$ (32,012)</u>

Continued next page

Village of Dodson, Louisiana
Major Fund-General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
Year Ended June 30, 2013

	<u>Budget Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues over Expenditures	\$ <u>64,500</u>	\$ <u>(149,300)</u>	\$ <u>(77,546)</u>	\$ <u>71,754</u>
OTHER FINANCING SOURCES (USES):				
Sale of Assets	\$ <u>0</u>	\$ <u>0</u>	\$ <u>3,921</u>	\$ <u>3,921</u>
Operating Transfer (to) From- Utility Fund	<u>0</u>	<u>0</u>	<u>(500)</u>	<u>(500)</u>
Total Other Financing	\$ <u>0</u>	\$ <u>0</u>	\$ <u>3,421</u>	\$ <u>3,421</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	\$ <u>64,500</u>	\$ <u>(149,300)</u>	\$ <u>(74,125)</u>	\$ <u>75,175</u>
Fund Balance at Beginning of Year	<u>580,946</u>	<u>580,946</u>	<u>580,946</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>645,446</u>	\$ <u>431,646</u>	\$ <u>506,821</u>	\$ <u>75,175</u>

See notes to financial statements.

INTERNAL CONTROL AND COMPLIANCE

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation
Jessica H. Broadway, CPA – A Professional Corporation
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and Aldermen of the
Village of Dodson, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village of Dodson's (Village) basic financial statements and have issued our report thereon dated December 18, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings as item 13-02, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit findings as items 13-01.

Response to Finding

The Village's response to the finding 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, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

December 18, 2013
Natchitoches, Louisiana

Village of Dodson, Louisiana
Schedule of Audit Findings
Year Ended June 30, 2013

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Village of Dodson as of and for the year ended June 30, 2013.
2. The audit disclosed one significant deficiency in internal control, and this deficiency was not deemed to be a material weakness.
3. The audit disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Compliance-

13-01 Compliance with Local Government Budget Act

Criteria – Louisiana Revised Statute 39:1311 states that total actual expenditures and other uses should not exceed total budgeted expenditures and other uses by more than 5%.

Condition – Actual expenditures exceeded budgeted expenditures by more than the 5% allowance in the General Fund.

Effect – The budget cannot be used as an effective management tool to control expenditures.

Cause – The Village of Dodson does not have procedures to ensure that the budget is amended in compliance with state revised statutes.

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 by more than 5% and/or actual expenditures are more than budgeted expenditures by more than the 5% allowed.

Management's Response – We will ensure that in the future, the budget will be amended if either actual revenues or actual expenditures do not meet the 5% variance allowed.

13-02 *Segregation of Duties*

Criteria - The Village's office should have employees available to execute the ongoing duties related to financial matters.

Condition - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements including the related note disclosures.

Effect - Intentional or unintentional errors could be made and not detected within the accounting system.

Cause - Due to a lack of funds, Village's office does not have a sufficient number of employees to adequately separate accounting duties or to prepare the Village's annual financial statements with related note disclosures.

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

Management's Response - It is not economically feasible to add a sufficient number of employees to adequately segregate accounting duties. In addition, we have evaluated the cost/benefit of establishing a system to prepare our annual financial statements and have determined that it is in the best interest of the Village to have our independent auditors prepare our annual financial statements. We understand that we should review the financial statements and notes and accept responsibility for their contents and presentation.

III. PRIOR YEAR AUDIT FINDINGS

No findings.