

VILLAGE OF ATHENS, LOUISIANA

FINANCIAL STATEMENTS

December 31, 2011

Marsha O. Millican
A Professional Accounting Corporation
Shreveport, Louisiana

VILLAGE OF ATHENS, LOUISIANA

December 31, 2011

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VILLAGE OF ATHENS, LOUISIANA

December 31, 2011

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Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Honorable Hubie James, Mayor
and Members of the Board of Aldermen
Village of Athens, Louisiana

I have reviewed the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Athens, Louisiana, as of and for the year ended December 31, 2011. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated July 12, 2012 on the results of my agreed-upon procedures.

The budgetary comparison information on page 17 is not a part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplemental information.

Marsha O. Millican

Certified Public Accountant
July 12, 2012

VILLAGE OF ATHENS, LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

ASSETS	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current Assets			
Cash	\$ 6,324	\$ 46,139	\$ 52,463
Taxes and Accounts Receivable	6,738	5,105	11,843
Due from Other Funds	-	10,699	10,699
Total Current Assets	<u>13,062</u>	<u>61,943</u>	<u>75,005</u>
Noncurrent Assets			
Due from other funds	-	-	-
Restricted cash	-	5,815	5,815
Capital assets, net	<u>243,762</u>	<u>620,618</u>	<u>864,380</u>
Total Noncurrent Assets	<u>243,762</u>	<u>626,433</u>	<u>870,195</u>
Total Assets	<u><u>256,824</u></u>	<u><u>688,376</u></u>	<u><u>945,200</u></u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current Liabilities			
Accounts payable and accruals	2,216	2,218	4,434
Due to other funds	<u>10,699</u>	<u>-</u>	<u>10,699</u>
Total current liabilities	<u>12,915</u>	<u>2,218</u>	<u>15,133</u>
Noncurrent Liabilities			
Customer deposits	<u>-</u>	<u>5,670</u>	<u>5,670</u>
Total Noncurrent liabilities	<u>-</u>	<u>5,670</u>	<u>5,670</u>
Total liabilities	12,915	7,888	20,803
NET ASSETS			
Investment in capital assets, Net of related debt	243,762	620,618	864,380
Unrestricted	<u>147</u>	<u>59,870</u>	<u>60,017</u>
Total Net Assets	<u>243,909</u>	<u>680,488</u>	<u>924,397</u>
Total Liabilities and Net Assets	<u><u>\$ 256,824</u></u>	<u><u>\$ 688,376</u></u>	<u><u>\$ 945,200</u></u>

See accompanying notes and accountant's review report.

VILLAGE OF ATHENS, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ 38,051	-	\$ -	\$ -	\$ (38,051)	\$ -	\$ (38,051)
Depreciation	6,888	-	-	24,989	18,101	-	18,101
Total Governmental Activities	44,939	-	-	24,989	(19,950)	-	(19,950)
Business-Type Activities							
Utility Fund	83,873	59,962	-	156,192	-	132,281	267,649
Total Business-Type Activities	83,873	52,682	-	-	-	132,281	267,649
Total Primary Government	\$ 128,812	\$ 52,682	\$ -	\$ 308,586	(19,950)	132,281	247,699
General Revenues							
Taxes					27,773	-	27,773
Miscellaneous					4,000	119	4,119
Total General Revenues and Transfers					31,773	119	31,892
Change in Net Assets					11,823	132,400	279,591
Net Assets, Beginning of year, as previously reported					232,086	507,756	1,536,267
Prior Period Adjustment - To record construction in progress at beginning of year					-	40,332	(4,456)
Net Assets, Beginning of Year					232,086	548,088	1,536,267
Net Assets, End of Year					\$ 243,909	\$ 680,488	\$ 924,397

See accompanying notes and accountant's review report.

VILLAGE OF ATHENS, LOUISIANA
BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2011

ASSETS		
Cash		\$ 6,324
Taxes Receivable		<u>6,738</u>
Total Assets		<u>\$ 13,062</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable and accruals		2,216
Due to other funds		<u>10,699</u>
Total Liabilities		12,915
Fund Balances		
Unassigned		<u>147</u>
Total Fund Balances		<u>147</u>
Total Liabilities and Fund Balances		<u>\$ 13,062</u>

See accompanying notes and accountant's review report.

VILLAGE OF ATHENS, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

Total Fund Balance for Governmental Funds	\$ 147
Total Net Assets for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>243,762</u>
Total Net Assets of Governmental Activities	<u>\$ 243,909</u>

See accompanying notes and accountant's review report.

VILLAGE OF ATHENS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues			
Taxes, Licenses, and Permits	\$ 27,773	\$ -	\$ 27,773
Intergovernmental	24,989	-	24,989
Miscellaneous	4,000	-	4,000
Total Revenues	<u>56,762</u>	<u>-</u>	<u>56,762</u>
Expenditures			
General Government	63,040	-	63,040
Project Expenditures	-	-	-
Total Expenditures	<u>63,040</u>	<u>-</u>	<u>63,040</u>
Net Change in Fund Balances			
Before Other Sources	(6,278)	-	(6,278)
Other Sources			
Transfers from Other Funds	-	-	-
Total Other Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(6,278)		(6,278)
Fund Balances, Beginning of year	<u>6,425</u>	<u>-</u>	<u>6,425</u>
Fund Balances, End of year	<u>\$ 147</u>	<u>\$ -</u>	<u>\$ 147</u>

See accompanying notes and accountant's review report.

VILLAGE OF ATHENS, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Net changes in Fund Balances - Total Government Funds \$ (6,278)

The change in Net Assets reported for governmental activities
in the statement of activities is different because:

Governmental funds report capital outlay as
expenditures. However, in the statement of
activities the cost of those assets is allocated
over their estimated useful lives and reported as
depreciation expense. This is the amount by
which capital outlay (\$24,989) exceeds
depreciation (\$6,888) in the current period.

18,101

Changes in Net Assets of Governmental Activities

\$ 11,823

See accompanying notes and accountant's review report.

VILLAGE OF ATHENS, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
DECEMBER 31, 2011

Assets	
Current Assets	
Cash	\$ 46,139
Accounts receivable	5,105
Due from other funds	10,699
Total Current Assets	61,943
Noncurrent Assets	
Restricted cash	5,815
Capital Assets, Net	620,618
Total Noncurrent Assets	626,433
Total Assets	\$ 688,376
Liabilities and Fund Balances	
Liabilities	
Accounts payable and accruals	\$ 2,218
Due to other funds	-
Total Current Liabilities	2,218
Noncurrent Liabilities	
Customer deposits	5,670
Total Noncurrent Liabilities	5,670
Total Liabilities	7,888
Net Assets	
Investments in capital assets, Net of related debt	620,618
Unrestricted	59,870
Total Net Assets	680,488
Total Liabilities and Net Assets	\$ 688,376

See accompanying notes and accountant's review report.

VILLAGE OF ATHENS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

OPERATING REVENUES	
Charges for Services	\$ 59,962
Miscellaneous	119
Total Operating Revenues	<u>60,081</u>
OPERATING EXPENSES	
Personal Services	30,824
Utilities	10,016
Repair and maintenance	5,704
Other supplies and expenses	17,914
Depreciation	19,415
Total Operating Expenses	<u>83,873</u>
Change in Net Assets before Other Income and Capital Contributions	(23,792)
OTHER INCOME (EXPENSE)	
State Grants	-
Transfers to Other Funds	-
Change in Net Assets before Capital Contributions	(23,792)
CAPITAL CONTRIBUTIONS	<u>156,192</u>
Change in Net Assets	132,400
Net Assets, Beginning of Year, as previously reported	507,756
Prior Period Adjustment Recording Construction in Progress at Beginning of Year	<u>40,332</u>
Net Assets, Beginning of Year, Restated	<u>548,088</u>
Net Assets, End of Year	<u>\$ 680,488</u>

See accompanying notes and accountant's review report.

VILLAGE OF ATHENS, LOUISIANA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
YEAR ENDED DECEMBER 31, 2011

Cash flows from operating activities:	
Cash received from customers	\$ 60,590
Cash payments to suppliers and employees	(66,110)
Other operating income	119
Net cash provided by operating activities	<u>(5,401)</u>
Cash flows from capital and related financing activities	
Capital contributions	156,192
Construction in progress	(159,043)
Net cash used by capital and related financing activities	<u>(2,851)</u>
Net decrease in cash	(5,401)
Cash, January 1, 2011 (including \$5,9364 in restricted accounts)	<u>60,206</u>
Cash, December 31, 2011 (including \$5,815 in restricted accounts)	<u>\$ 51,954</u>
Reconciliation of changes in net assets to net cash provided by operating activities:	
Changes in net assets before capital contributions	\$ (23,792)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	19,415
Changes in assets and liabilities	
Decrease in accounts receivable	628
Decrease in accounts payable	(1,508)
Decrease in customer deposits	(144)
Net cash provided by operating activities	<u>\$ (5,401)</u>

See accompanying notes and accountant's review report.

VILLAGE OF ATHENS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

The Village of Athens was incorporated under the provisions of the Lawrason act. The Village operates under a Mayor-Aldermen form of government. The Village's major operations include fire protection, public works, recreation and parks, utilities, and general administrative services.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying financial statements of the Village of Athens have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued in June 1999.

B. Reporting Entity

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village of Athens is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Village of Athens may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

C. Government - Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets, Exhibit A, and the Statement of Activities, Exhibit B) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include a) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and b) grants and contributions that are restricted to meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

VILLAGE OF ATHENS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Ad valorem taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Sales and use tax revenues are recorded in the month collected by the tax collector. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Purchases of various operating supplies are regarded as expenditures at the time purchased.

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of capital assets, debt extinguishment, long-term proceeds, et cetera) are accounted for as other financing sources/(uses). These other financing sources/(uses) are recognized at the time the underlying events occur.

The Village of Athens reports the following governmental and proprietary funds:

Governmental Funds

Governmental funds account for all or most of the Village of Athen's general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition or construction of capital assets.

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. General tax revenues and other sources of revenue used to finance the fundamental operations of the Village are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

VILLAGE OF ATHENS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary Funds

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The Village of Athens applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Enterprise Fund - is used to account for operations a) that are financed/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 the periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include a) charges to customers or applicants for goods, services, or privileges provided, b) operating grants and contributions, and c) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

E. Budgetary Accounting

Formal budgetary accounting is employed as a management control. The Village of Athens prepares and adopts a budget each year for its general and special revenue funds in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The Village amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

VILLAGE OF ATHENS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

F. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows and consistent with GASB Statement 9, the Village of Athens, Louisiana defines cash and cash equivalents as follows:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - includes 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. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

G. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

H. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2011, all accounts receivable are considered to be fully collectible.

I. Capital Assets

Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and other improvements, 10 to 25 years for the distribution system and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

VILLAGE OF ATHENS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences

Village of Athens has no full-time employees. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 LEVIED TAXES

The Village of Athens levies taxes on real and business personal property located within its boundaries. The Claiborne Parish Sheriff collects the Village's property taxes. Ad valorem taxes are levied on October 31 and are payable upon receipt of notice. Ad valorem taxes attach as an enforceable lien on property as of December 31, of each year. Taxes of 8.64 mills were levied on assessed values of 912,040 for general purposes. Total property taxes levied were \$7,880. Property tax receivable at December 31, 2011 totaled \$5,992.

NOTE 3 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions includes savings, demand deposits, time deposits, and certificates of deposit. Under state law the Village of Athens may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further the fund may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These pledged 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 December 31, 2011, all accounts were fully secured by FDIC insurance.

NOTE 4 ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at December 31, 2011:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Taxes			
Ad valorem	\$ 5,992	\$ -	\$ 5,992
Franchise	746	-	746
Grants	-	-	-
Charges for services	-	5,105	5,105
Total	<u>\$ 6,738</u>	<u>\$ 5,105</u>	<u>\$ 11,843</u>

VILLAGE OF ATHENS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 5 CAPITAL ASSETS

A summary of the Village of Athens's capital assets at December 31, 2011 follows:

	<u>Balance</u> <u>Jan. 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Government Activities				
Capital Assets, being depreciated				
Buildings and other improvements	\$ 280,599	\$ 24,989	\$ -	\$ 305,588
Less accumulated depreciation	<u>(54,938)</u>	<u>(6,888)</u>	<u>-</u>	<u>(61,826)</u>
Total Capital Assets, net	<u>\$ 225,661</u>	<u>\$ 18,101</u>	<u>\$ -</u>	<u>\$ 243,762</u>
Business-Type Activities				
Capital Assets, not depreciated				
Construction in progress	\$ 40,332	\$ 156,192	\$ -	\$ 196,524
Capital Assets, being depreciate				
Distribution system	801,165	2,851	-	804,016
Less accumulated depreciation	<u>(360,507)</u>	<u>(19,415)</u>	<u>-</u>	<u>(379,922)</u>
Total Capital Assets, net	<u>\$ 480,989</u>	<u>\$ 139,628</u>	<u>\$ -</u>	<u>\$ 620,618</u>
Primary Government				
Total Capital Assets, net	<u>\$ 706,652</u>	<u>\$ 139,628</u>	<u>\$ -</u>	<u>\$ 864,380</u>

A prior period adjustment of \$40,332 has been made to beginning net assets to record construction in progress at January 1, 2011.

NOTE 7 RISK MANAGEMENT

The Village of Athens is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village.

NOTE 8 CLAIMS AND JUDGMENTS

The Village of Athens participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Village may be required to reimburse the grantor government. The Village believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Village.

NOTE 9 COMMUNITY DEVELOPMENT BLOCK GRANT

The Village of Athens was awarded a Community Development Block Grant on March 22, 2010 in the amount of \$202,350 for improvements to its water system. Revenue and expenditures under this grant for the year ended December 31, 2011 were \$156,192.

VILLAGE OF ATHENS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Ad Valorem	\$ 6,600	\$ 9,200	\$ 7,485	\$ 16
Licenses & Permits	20,650	20,650	20,288	1,619
Intergovernmental	-	24,500	24,989	
Miscellaneous	1,600	5,196	4,000	171
Total revenues	<u>28,850</u>	<u>59,546</u>	<u>56,762</u>	<u>1,806</u>
Expenditures:				
General Government	<u>24,075</u>	<u>52,065</u>	<u>63,040</u>	<u>(10,975)</u>
Total Expenditures	<u>24,075</u>	<u>52,065</u>	<u>63,040</u>	<u>(10,975)</u>
-				
Excess Revenues Over Expenditures	4,775	7,481	(6,278)	1,064
Fund Balances, Beginning	6,425	6,425	6,425	
Fund Balances, Ending	<u>\$ 11,200</u>	<u>\$ 13,906</u>	<u>\$ 147</u>	<u>\$ 1,064</u>

VILLAGE OF ATHENS, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO MAYOR AND
BOARD OF ALDERMEN

YEAR ENDED DECEMBER 31, 2011

Hubie James, Mayor	\$ 3,300
Melver Stassen	900
Prentis Washington	900
Ardis Wilhite	<u>900</u>
 Total	 <u>\$ 6,000</u>



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

Independent Accountant's Report on Applying Agreed-Upon Procedures

The Honorable Hubie James, Mayor
and Members of the Board of Aldermen
Athens, Louisiana

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of Village of Athens and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village's compliance with certain laws and regulations during the year ended December 31, 2011, included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000 and determine whether such purchases were made in accordance with LSA-RS 38:221-2251.

The Village made expenditures of \$156,192 for public works. The expenditures were made in accordance with LSA-RS 38:221-2251.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124, and a list of outside business interests of all aldermen and employees, as well as their immediate families.

Management provided the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided a copy of the original and the amended budgets.

6. Trace the budget adoption and amendments to the minute book.

I traced the adoption of the original budget to the minutes of a meeting held on December 9, 2010.
I traced the adoption of the amended budget to the minutes of a meeting held on August 9, 2011.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

I compared the revenues and expenditures of the amended budget to actual revenues and expenditures. Actual expenditures exceeded final budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for six selected disbursements and found that payments were for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

The six selected disbursements were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

The six selected disbursements were traced to the Village's minute book where they were approved by the aldermen.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12.

The Village is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's office building. Management has informed me that these documents were properly posted.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or like indebtedness.

I inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the Village for the year indicated no approval for the payments noted. I also inspected payroll records for the year and noted no instances which would indicate payment to employees which would constitute bonuses, advances, or gifts.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Village of Athens, Louisiana and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

March D. Mulhearn

Certified Public Accountant
July 12, 2012

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [X] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [X] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [X] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [X] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [X] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.



Mayor

VILLAGE OF ATHENS, LOUISIANA

Schedule of Findings

For the Year Ended December 31, 2011

Finding # 2011-1:

Condition:

The segregation of duties is inadequate to provide effective internal control. This is a repeat finding.

Cause:

The condition is due to space and economic limitations.

Recommendation: Whether or not it would be cost effective to correct a condition is not a factor in reporting requirements under accounting standards generally accepted in the United States of America. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all conditions reported under accounting standards generally accepted in the United States of America. In this case, both management and the independent accountant do not believe that correcting the condition described above is cost effective or practical, and, accordingly, do not believe that any corrective action is necessary.

Management's Response and Corrective Action Plan:

We agree with the finding. We will make every effort to segregate duties as allowed by space and economic limitations.

Condition:

The Village is not in compliance with the State Budget Law. Although the budget was amended, actual expenditures exceeded budgeted amounts by more than 5%.

Cause:

The budget was amended in August, 2011. Expenditures for the rest of the year exceeded budgeted amounts by more than 5%.

Recommendation:

I recommend the Village comply with State law.

Management's Response and Corrective Action Plan:

We agree with the finding. We will comply with the State Budget law in the future.