

VILLAGE OF DODSON, LOUISIANA**ANNUAL FINANCIAL REPORT
JUNE 30, 2003 AND 2004**

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

Release Date 1-19-05

Village of Dodson, Louisiana
 Financial Report
 June 30, 2003 and 2004

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Village of Dodson, Louisiana

P. O. Box 86
Dodson, LA 71422

MANAGEMENT'S DISCUSSION AND ANALYSIS for the Years Ended June 30, 2003 and 2004

The Management's Discussion and Analysis is an element of the new reporting model adopted by the *Governmental Accounting Standards Board (GASB)* in their Statement No. 34. As this is the first year the Village will be reporting under this new model, certain comparative information with the previous year, which is by design included in this model, will not be presented in the analysis, as permitted by GASB No. 34 with respect to first year reporting.

Financial Highlights

This annual report consists of a series of new financial statements. The Statement of Net Assets 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 these services were financed in the short-term as well as what remains for future spending. Its operations are conducted through a general fund and a business-type activity, the Village's water system.

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

Summary of Statement of Net Assets

	<u>2003</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Current Assets	\$ 52,291	\$ 58,316	\$ 110,607
Capital Assets, Net of Accumulated Depreciation	<u>215,435</u>	<u>1,374,954</u>	<u>1,590,389</u>
Total Assets	<u>\$267,726</u>	<u>\$1,433,270</u>	<u>\$1,700,996</u>
LIABILITIES:			
Accounts Payable	\$ 7,853	\$ 3,656	\$ 11,509
Restricted Payables	0	8,773	8,773
Long Term Debt	<u>16,000</u>	<u>102,000</u>	<u>118,000</u>
Total Liabilities	<u>\$ 23,853</u>	<u>\$ 114,429</u>	<u>\$ 138,282</u>
NET ASSETS	<u>\$243,873</u>	<u>\$1,318,841</u>	<u>\$1,562,714</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	\$199,435	\$1,374,954	\$1,574,389
Unrestricted	44,438	0	44,438
Deficit	<u>0</u>	<u>(56,113)</u>	<u>(56,113)</u>
NET ASSETS	<u>\$243,873</u>	<u>\$1,318,841</u>	<u>\$1,562,714</u>

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

Summary of Statement of Net Assets

	<u>2004</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS:			
Current Assets	\$168,727	\$ 75,193	\$ 243,920
Capital Assets, Net of Accumulated Depreciation	<u>195,394</u>	<u>1,312,423</u>	<u>1,507,817</u>
Total Assets	<u>\$364,121</u>	<u>\$1,387,616</u>	<u>\$1,751,737</u>
LIABILITIES:			
Accounts Payable	\$ 7,810	\$ 3,050	\$ 10,860
Restricted Payables	0	8,860	8,860
Long Term Debt	<u>15,000</u>	<u>97,000</u>	<u>112,000</u>
Total Liabilities	<u>\$ 22,810</u>	<u>\$ 108,910</u>	<u>\$ 131,720</u>
NET ASSETS	<u>\$341,311</u>	<u>\$1,278,706</u>	<u>\$1,620,017</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	\$195,394	\$1,312,423	\$1,507,817
Unrestricted	145,917	0	145,917
Deficit	<u>0</u>	<u>(33,717)</u>	<u>(33,717)</u>
NET ASSETS	<u>\$341,311</u>	<u>\$1,278,706</u>	<u>\$1,620,017</u>

Summary of Statement of Activities

	2003		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
REVENUES:			
General Revenues:			
Ad Valorem	\$ 10,078	\$ 0	\$ 10,078
Charge for Services	126,045	66,390	192,435
Franchise Fees	7,119	0	7,119
Licenses and Permits	14,309	0	14,309
Transfers	25,583	0	25,583
Operating Grants	21,414	15,000	36,414
Miscellaneous	<u>7,991</u>	<u>648</u>	<u>8,639</u>
Total Revenues	<u>\$212,539</u>	<u>\$ 82,038</u>	<u>\$294,577</u>
EXPENSES:			
Public Works	\$ 13,210	\$ 0	\$ 13,210
Public Safety	51,012	0	51,012
General Government	151,374	0	151,374
Operating Expense	0	107,200	107,200
Transfers	<u>0</u>	<u>25,583</u>	<u>25,583</u>
Total Expenses	<u>\$215,596</u>	<u>\$132,783</u>	<u>\$348,379</u>
Change in Net Assets	<u>\$ (3,057)</u>	<u>\$ (50,745)</u>	<u>\$ (53,802)</u>

Governmental Activities

- The Village's assets exceeded its liabilities by \$243,873 (net assets) for the year ending June 30, 2003.
- Unreserved net assets of \$44,438 represent the portion available to maintain the Village's obligation to both citizens and creditors.

Business Type Activities

The Proprietary Fund, the water system, experienced an operating loss of \$35,668 for the year ending June 30, 2003. Revenues and expenses remained fairly consistent with the prior year.

Summary of Statement of Activities

	2004		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
REVENUES:			
General Revenues:			
Ad Valorem	\$ 10,850	\$ 0	\$ 10,850
Charge for Services	286,649	77,137	363,786
Franchise Fees	7,066	0	7,066
Licenses and Permits	22,208	0	22,208
Transfers	0	2,223	2,223
Operating Grants	19,237	0	19,237
Miscellaneous	<u>8,751</u>	<u>1,957</u>	<u>10,708</u>
Total Revenues	<u>\$354,761</u>	<u>\$ 81,317</u>	<u>\$436,078</u>
EXPENSES:			
Public Works	\$ 36,228	\$ 0	\$ 36,228
Public Safety	74,324	0	74,324
General Government	144,548	0	144,548
Operating Expense	0	121,452	121,452
Transfers	<u>2,223</u>	<u>0</u>	<u>2,223</u>
Total Expenses	<u>\$257,323</u>	<u>\$121,452</u>	<u>\$378,775</u>
Change in Net Assets	<u>\$ 97,438</u>	<u>\$ (40,135)</u>	<u>\$ 57,303</u>

Governmental Activities

- The Village's assets exceeded its liabilities by \$341,311 (net assets) for the year ending June 30, 2004.
- Unreserved net assets of \$145,917 represent the portion available to maintain the Village's obligation to both citizens and creditors.

Business Type Activities

The Proprietary Fund, the water system, experienced an operating loss of \$38,022 for the year ending June 30, 2004. Revenues and expenses remained fairly consistent with the prior year.

General Fund Budgetary Highlights

The Village did not amend its General Fund budget during either year. Actual revenues were more than budgeted by \$7,524 for 2003 and \$149,899 by 2004, and actual expenditures were more than budgeted expenditures by \$8,683 for 2003 and \$9,098 by 2004.

Economic Factors and Next Year's Budget

The Village has prepared its FY 2004/2005 budget for the General Fund on the assumption that revenues and expenditures will remain fairly constant next year. Both revenues and expenditures for the Utility Enterprise 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 AUDITORS' REPORT

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

We have audited the financial statements of the governmental activities, business-type activities, and major funds, which collectively comprise the basic financial statements, of the Village of Dodson, Louisiana ("Village"), as of and for the years ended June 30, 2003 and 2004, as listed in the Table of Contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, major funds, and remaining fund information of the Village of Dodson, Louisiana, at June 30, 2003 and 2004, and the changes in financial position and cash flows, where applicable, of those activities and funds and the budgetary comparisons presented as Other Required Supplemental Information, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the schedules presented therewith are not required parts of the basic financial statements, but are supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

As described in Note 2 to the basic financial statements, the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2002. This results in a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 2004, on our consideration of the Village of Dodson, Louisiana’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA’s

December 29, 2004

Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Village of Dodson, Louisiana
Government-Wide Statement of Net Assets
June 30, 2003

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 32,799	\$ 1,637	\$ 34,436
Revenue Receivables	19,492	7,460	26,952
Restricted Assets – Cash	0	49,219	49,219
Capital Assets-			
Land	5,500	0	5,500
Buildings	249,297	0	249,297
Furniture and Equipment	254,013	0	254,013
Utility System	0	2,439,532	2,439,532
Less, Accumulated Depreciation	<u>(293,375)</u>	<u>(1,064,578)</u>	<u>(1,357,953)</u>
Total Assets	<u>\$ 267,726</u>	<u>\$ 1,433,270</u>	<u>\$ 1,700,996</u>
LIABILITIES:			
Accounts Payable	\$ 7,853	\$ 3,656	\$ 11,509
Payable from Restricted Assets-			
Bond Accounts	0	4,116	4,116
Customer's Deposits	0	4,657	4,657
Long-Term Debt-			
Due within One Year	1,000	5,000	6,000
Due within More Than One Year	<u>15,000</u>	<u>97,000</u>	<u>112,000</u>
Total Liabilities	<u>\$ 23,853</u>	<u>\$ 114,429</u>	<u>\$ 138,282</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	\$ 199,435	\$ 1,374,954	\$ 1,574,389
Unrestricted	44,438	0	44,438
Deficit	<u>0</u>	<u>(56,113)</u>	<u>(56,113)</u>
Total Net Assets	<u>\$ 243,873</u>	<u>\$ 1,318,841</u>	<u>\$ 1,562,714</u>

See notes to financial statements.

Village of Dodson, Louisiana
Government-Wide Statement of Net Assets
June 30, 2004

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 126,971	\$ 14,928	\$ 141,899
Revenue Receivables	41,756	10,754	52,510
Restricted Assets – Cash	0	49,511	49,511
Capital Assets-			
Land	5,500	0	5,500
Buildings	249,297	0	249,297
Furniture and Equipment	276,147	0	276,147
Utility System	0	2,443,432	2,443,432
Less, Accumulated Depreciation	<u>(335,550)</u>	<u>(1,131,009)</u>	<u>(1,466,559)</u>
Total Current Assets	<u>\$ 364,121</u>	<u>\$ 1,387,616</u>	<u>\$ 1,751,737</u>
LIABILITIES:			
Accounts Payable	\$ 7,810	\$ 3,050	\$ 10,860
Payable from Restricted Assets-			
Bond Accounts	0	3,866	3,866
Customer's Deposits	0	4,994	4,994
Long-Term Debt-			
Due within One Year	1,000	5,000	6,000
Due within More Than One Year	<u>14,000</u>	<u>92,000</u>	<u>106,000</u>
Total Liabilities	<u>\$ 22,810</u>	<u>\$ 108,910</u>	<u>\$ 131,720</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	\$ 195,394	\$ 1,312,423	\$ 1,507,817
Unrestricted	145,917	0	145,917
Deficit	<u>0</u>	<u>(33,717)</u>	<u>(33,717)</u>
Total Net Assets	<u>\$ 341,311</u>	<u>\$ 1,278,706</u>	<u>\$ 1,620,017</u>

See notes to financial statements.

Village of Dodson, Louisiana
Government-Wide Statement of Activities
June 30, 2003

Activities	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Fees, Fines and Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
General Government	\$151,374	\$ 0	\$15,000	\$(136,374)	\$ 0	\$(136,374)
Public Safety	51,012	124,580	2,177	75,745	0	75,745
Public Works	<u>13,210</u>	<u>1,465</u>	<u>4,237</u>	<u>(7,508)</u>	<u>0</u>	<u>(7,508)</u>
Total Governmental Activities	<u>\$215,596</u>	<u>\$126,045</u>	<u>\$21,414</u>	<u>\$ (68,137)</u>	<u>\$ 0</u>	<u>\$ (68,137)</u>
Business-Type Activities:						
Water/Sewer	\$ 40,145	\$ 42,930	\$ 7,500	\$ 0	\$ 10,285	\$ 10,285
Sewer	<u>67,055</u>	<u>23,460</u>	<u>7,500</u>	<u>0</u>	<u>(36,095)</u>	<u>(36,095)</u>
Total Business-Type Activities	<u>\$107,200</u>	<u>\$ 66,390</u>	<u>\$15,000</u>	<u>\$ 0</u>	<u>\$ (25,810)</u>	<u>\$ (25,810)</u>
Total Government	<u>\$322,796</u>	<u>\$192,435</u>	<u>\$36,414</u>	<u>\$ (68,137)</u>	<u>\$ (25,810)</u>	<u>\$ (93,947)</u>
General Revenues:						
Taxes-						
Ad Valorem				\$ 10,078	\$ 0	\$ 10,078
Franchise				7,119	0	7,119
Licenses and Permits				14,309	0	14,309
Interest Income				1,012	648	1,660
Rental Income				6,302	0	6,302
Miscellaneous				677	0	677
Transfers				<u>25,583</u>	<u>(25,583)</u>	<u>0</u>
Total General Revenues and Transfers				<u>\$ 65,080</u>	<u>\$ (24,935)</u>	<u>\$ 40,145</u>
Change in Net Assets				\$ (3,057)	\$ (50,745)	\$ (53,802)
Net Assets at Beginning of Year				246,930	1,369,586	1,616,516
Net Assets at End of Year				<u>\$ 243,873</u>	<u>\$1,318,841</u>	<u>\$1,562,714</u>

See notes to financial statements.

Village of Dodson, Louisiana
Government-Wide Statement of Activities
June 30, 2004

Activities	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Fees, Fines and Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
General Government	\$144,548	\$ 0	\$15,000	\$(129,548)	\$ 0	\$ (129,548)
Public Safety	74,324	285,816	0	211,492	0	211,492
Public Works	<u>36,228</u>	<u>833</u>	<u>4,237</u>	<u>(31,158)</u>	<u>0</u>	<u>(31,158)</u>
Total Governmental Activities	\$255,100	\$286,649	\$19,237	\$ 50,786	\$ 0	\$ 50,786
Business-Type Activities:						
Water/Sewer	\$ 55,993	\$ 50,285	\$ 0	\$ 0	\$ (5,708)	\$ (5,708)
Sewer	<u>65,459</u>	<u>26,852</u>	<u>0</u>	<u>0</u>	<u>(38,607)</u>	<u>(38,607)</u>
Total Business-Type Activities	\$121,452	\$ 77,137	\$ 0	\$ 0	\$ (44,315)	\$ (44,315)
Total Government	\$376,552	\$363,786	\$19,237	\$ 50,786	\$ (44,315)	\$ 6,471
General Revenues:						
Taxes-						
Ad Valorem				\$ 10,850	\$ 0	\$ 10,850
Franchise				7,066	0	7,066
Licenses and Permits				22,208	0	22,208
Interest Income				739	514	1,253
Rental Income				6,902	0	6,902
Miscellaneous				1,110	1,443	2,553
Transfers				<u>(2,223)</u>	<u>2,223</u>	<u>0</u>
Total General Revenues and Transfers				\$ 46,652	\$ 4,180	\$ 50,832
Change in Net Assets				\$ 97,438	\$ (40,135)	\$ 57,303
Net Assets at Beginning of Year				243,873	1,318,841	1,562,714
Net Assets at End of Year				\$ 341,311	\$1,278,706	\$1,620,017

See notes to financial statements.

FUND FINANCIAL STATEMENTS

Village of Dodson, Louisiana
Balance Sheet-Governmental Funds
June 30, 2003

	<u>Major Fund</u> General Fund	<u>Non-Major Fund</u> Debt Service Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$28,347	\$4,452	\$ 32,799
Revenue Receivables	<u>19,492</u>	<u>0</u>	<u>19,492</u>
Total Assets	<u>\$47,839</u>	<u>\$4,452</u>	<u>\$ 52,291</u>
LIABILITIES:			
Accounts Payable	\$ 7,853	\$ 0	\$ 7,853
FUND BALANCES:			
Unreserved	39,986	0	39,986
Reserved for Debt Service	<u>0</u>	<u>4,452</u>	<u>4,452</u>
Total Liabilities and Fund Balances	<u>\$47,839</u>	<u>\$4,452</u>	<u>\$ 52,291</u>

See notes to financial statements.

Village of Dodson, Louisiana
Balance Sheet-Governmental Funds
June 30, 2004

	<u>Major Fund</u> General Fund	<u>Non-Major Fund</u> Debt Service Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$122,252	\$4,719	\$126,971
Revenue Receivables	<u>41,756</u>	<u>0</u>	<u>41,756</u>
Total Assets	<u>\$164,008</u>	<u>\$4,719</u>	<u>\$168,727</u>
LIABILITIES:			
Accounts Payable	\$ 7,810	\$ 0	\$ 7,810
FUND BALANCES:			
Unreserved	156,198	0	156,198
Reserved for Debt Service	<u>0</u>	<u>4,719</u>	<u>4,719</u>
Total Liabilities and Fund Balances	<u>\$164,008</u>	<u>\$4,719</u>	<u>\$168,727</u>

See notes to financial statements.

Village of Dodson, Louisiana
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2003

Total Fund Balances for the Governmental Funds \$ 44,438

Amounts reported for Governmental Activities
in the Statement of Net Assets is 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	508,810
Less, Accumulated Depreciation	(293,375)

Long-term Liabilities are not due and payable in the
current period and, therefore, are not reported in the
Governmental Funds Balance Sheet-

Long-term Debt	<u>(16,000)</u>
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Total Net Assets of Governmental Activities \$ 243,873

Village of Dodson, Louisiana
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2004

Total Fund Balances for the Governmental Funds \$ 160,917

Amounts reported for Governmental Activities
in the Statement of Net Assets is 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	530,944
Less, Accumulated Depreciation	(335,550)

Long-term Liabilities are not due and payable in the
current period and, therefore, are not reported in the
Governmental Funds Balance Sheet-

Long-term Debt	<u>(15,000)</u>
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Total Net Assets of Governmental Activities \$ 341,311

See notes to financial statements.

Village of Dodson, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balance-
Governmental Funds
Year Ended June 30, 2003

	<u>Major Fund</u> General Fund	<u>Non-Major Fund</u> Debt Service Fund	Total Governmental Funds
REVENUES:			
Taxes	\$ 12,814	\$ 4,383	\$ 17,197
Licenses and Permits	14,309	0	14,309
Intergovernmental	21,414	0	21,414
Charges for Services	1,465	0	1,465
Fines and Forfeits	124,580	0	124,580
Miscellaneous	<u>7,942</u>	<u>49</u>	<u>7,991</u>
Total Revenues	<u>\$182,524</u>	<u>\$ 4,432</u>	<u>\$186,956</u>
EXPENDITURES:			
Current-			
General Government	\$112,357	\$ 4	\$112,361
Public Safety	53,431	0	53,431
Public Works	42,895	0	42,895
Debt Service	<u>0</u>	<u>1,850</u>	<u>1,850</u>
Total Expenditures	<u>\$208,683</u>	<u>\$ 1,854</u>	<u>\$210,537</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (26,159)</u>	<u>\$ 2,578</u>	<u>\$ (23,581)</u>
OTHER FINANCING SOURCES:			
Transfers In	\$ 28,233	\$ 0	\$ 28,233
Transfers Out	<u>0</u>	<u>(2,650)</u>	<u>(2,650)</u>
Total Other Financing	<u>\$ 28,233</u>	<u>\$(2,650)</u>	<u>\$ 25,583</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$ 2,074</u>	<u>\$ (72)</u>	<u>\$ 2,002</u>
Fund Balance-Beginning of Year	<u>37,912</u>	<u>4,524</u>	<u>42,436</u>
Fund Balance-End of Year	<u>\$ 39,986</u>	<u>\$ 4,452</u>	<u>\$ 44,438</u>

See notes to financial statements.

Village of Dodson, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balance-
Governmental Funds
Year Ended June 30, 2004

	<u>Major Fund</u> General Fund	<u>Non-Major Fund</u> Debt Service Fund	Total Governmental Funds
REVENUES:			
Taxes	\$ 13,083	\$ 4,833	\$ 17,916
Licenses and Permits	22,208	0	22,208
Intergovernmental	19,237	0	19,237
Charges for Services	833	0	833
Fines and Forfeits	285,816	0	285,816
Miscellaneous	<u>8,722</u>	<u>29</u>	<u>8,751</u>
Total Revenues	<u>\$349,899</u>	<u>\$ 4,862</u>	<u>\$354,761</u>
EXPENDITURES:			
Current-			
General Government	\$123,537	\$ 170	\$123,707
Public Safety	74,324	0	74,324
Public Works	36,228	0	36,228
Debt Service	<u>0</u>	<u>1,800</u>	<u>1,800</u>
Total Expenditures	<u>\$234,089</u>	<u>\$ 1,970</u>	<u>\$236,059</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$115,810</u>	<u>\$ 2,892</u>	<u>\$118,702</u>
OTHER FINANCING SOURCES:			
Transfers In	\$ 402	\$ 0	\$ 402
Transfers Out	<u>0</u>	<u>(2,625)</u>	<u>(2,625)</u>
Total Other Financing	<u>\$ 402</u>	<u>\$(2,625)</u>	<u>\$(2,223)</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$116,212	\$ 267	\$116,479
Fund Balance-Beginning of Year	<u>39,986</u>	<u>4,452</u>	<u>44,438</u>
Fund Balance-End of Year	<u>\$156,198</u>	<u>\$ 4,719</u>	<u>\$160,917</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, 2003

Net Change in Fund Balance-Governmental Funds	\$ 2,002
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of capital assets recorded in the current period are	32,954
Depreciation expense on capital assets is reported in the Government-wide financial statements, but they do not require the use of current financial resources and are not reported in the Fund Financial Statements. Current year depreciation expenses are	(39,013)
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 Assets. Changes in Long-term Debt were	<u>1,000</u>
Total Change in Net Assets	\$ <u>(3,057)</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, 2004

Net Change in Fund Balance-Governmental Funds \$116,479

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

Governmental Funds report Capital Outlays as
expenditures. However, in the Statement of
Activities, the cost of these assets is allocated
over their estimated useful lives as depreciation
expense. The cost of capital assets recorded
in the current period are 22,134

Depreciation expense on capital assets is reported
in the Government-wide financial statements, but
they do not require the use of current financial
resources and are not reported in the Fund Financial
Statements. Current year deprecation expenses are (42,175)

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 Assets. Changes in Long-term
Debt were 1,000

Total Change in Net Assets \$ 97,438

See notes to financial statements.

Village of Dodson, Louisiana
Statement of Net Assets
Proprietary Fund-Utility Fund
Years Ended June 30, 2003 and 2004

	<u>2003</u>	<u>2004</u>
ASSETS:		
Current Assets-		
Cash and Cash Equivalents	\$ 1,637	\$ 14,928
Receivables	<u>7,460</u>	<u>10,754</u>
Total Current Assets	<u>\$ 9,097</u>	<u>\$ 25,682</u>
Restricted Assets-		
Bond Contingency Cash	\$ 20,252	\$ 21,095
Customer's Deposit Cash	2,638	2,975
Bond Interest and Redemption Cash	9,613	8,711
Bond Reserve Cash	<u>16,716</u>	<u>16,730</u>
Total Restricted Assets	<u>\$ 49,219</u>	<u>\$ 49,511</u>
Fixed Assets-		
Plant and Equipment	\$ 2,439,532	\$ 2,443,432
Less, Accumulated Depreciation	<u>(1,604,578)</u>	<u>(1,131,009)</u>
Total Fixed Assets	<u>\$ 1,374,954</u>	<u>\$ 1,312,423</u>
Total Assets	<u>\$ 1,433,270</u>	<u>\$ 1,387,616</u>
LIABILITIES:		
Current Liabilities-		
Accounts Payable	\$ <u>3,656</u>	\$ <u>3,050</u>
Current Liabilities Payable form Restricted Assets-		
Accrued Bond Interest	\$ 4,116	\$ 3,866
Customer Deposits	4,657	4,994
Bonds Payable	<u>5,000</u>	<u>5,000</u>
Total Current Liabilities Payable from Restricted Assets	<u>\$ 13,773</u>	<u>\$ 13,860</u>
Long-Term Liabilities-		
Revenue Bonds Payable	\$ <u>97,000</u>	\$ <u>92,000</u>
Total Liabilities	<u>\$ 114,429</u>	<u>\$ 108,910</u>
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	\$ 1,374,954	\$ 1,312,423
Deficit	<u>(56,113)</u>	<u>(33,717)</u>
Total Net Assets	<u>\$ 1,318,841</u>	<u>\$ 1,278,706</u>

See notes to financial statements.

Village of Dodson, Louisiana
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund-Utility Fund
Years Ended June 30, 2003 and 2004

	<u>2003</u>	<u>2004</u>
OPERATING REVENUES:		
Charges for Services-		
Water	\$ 42,930	\$ 50,285
Sewer	22,766	26,302
Connection Fees	220	550
Miscellaneous	<u>474</u>	<u>1,443</u>
Total Operating Revenues	<u>\$ 66,390</u>	<u>\$ 78,580</u>
OPERATING EXPENSES:		
Water System-		
Supplies	\$ 3,949	\$ 18,406
Repairs and Maintenance	2,209	2,024
Telephone and Utilities	10,261	10,078
Legal and Accounting	1,527	2,452
Dues and Miscellaneous	784	1,378
Depreciation	<u>21,415</u>	<u>21,655</u>
Total Water System	<u>\$ 40,145</u>	<u>\$ 55,993</u>
Sewer System-		
Supplies	\$ 5,983	\$ 7,016
Repairs and Maintenance	5,797	4,798
Telephone and Utilities	4,329	4,019
Legal and Accounting	1,027	0
Depreciation	<u>44,777</u>	<u>44,776</u>
Total Sewer System	<u>\$ 61,913</u>	<u>\$ 60,609</u>
Total Operating Expenses	<u>\$ 102,058</u>	<u>\$ 116,602</u>
Loss from Operations	<u>\$ (35,668)</u>	<u>\$ (38,022)</u>

Continued next page

Village of Dodson, Louisiana
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund-Utility Fund
Years Ended June 30, 2003 and 2004

	<u>2003</u>	<u>2004</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest Income	\$ 648	\$ 514
Grant Income	15,000	0
Interest Expense on Bonds	<u>(5,142)</u>	<u>(4,850)</u>
Total Non-operating Revenues (Expenses)	<u>\$ 10,506</u>	<u>\$ (4,336)</u>
Net Loss Before Transfers	<u>\$ (25,162)</u>	<u>\$ (42,358)</u>
TRANSFERS:		
Transfers In	\$ 2,650	\$ 2,625
Transfers Out	<u>(28,233)</u>	<u>(402)</u>
Total Transfers	<u>\$ (25,583)</u>	<u>\$ 2,223</u>
Change in Net Assets	<u>\$ (50,745)</u>	<u>\$ (40,135)</u>
Net Assets at Beginning of Year	<u>1,369,586</u>	<u>1,318,841</u>
Net Assets at End of Year	<u>\$1,318,841</u>	<u>\$1,278,706</u>

See notes to financial statements.

Village of Dodson, Louisiana
Statement of Cash Flows
Proprietary Fund-Utility Fund
Years Ended June 30, 2003 and 2004

	<u>2003</u>	<u>2004</u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 63,232	\$ 75,286
Cash Received from Customers' Deposits	596	337
Cash Used to Increase Restricted Assets	(18,030)	(292)
Cash Payments to Suppliers for Goods and Services	<u>(34,763)</u>	<u>(50,777)</u>
Net Cash Provided by Operating Activities	<u>\$ 11,035</u>	<u>\$ 24,554</u>
Cash Flows from Non-Capital Financing Activities:		
Transfers from Other Funds	\$ 2,650	\$ 2,625
Transfers to Other Funds	(28,233)	(402)
Operating Grants	<u>15,000</u>	<u>0</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>\$(10,583)</u>	<u>\$ 2,223</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	\$(10,499)	\$ (3,900)
Principal Paid on Capital Debt	(5,000)	(5,000)
Interest Paid on Capital Debt	<u>(5,348)</u>	<u>(5,100)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>\$(20,847)</u>	<u>\$(14,000)</u>
Cash Flows from Investing Activities:		
Interest Income	\$ <u>648</u>	\$ <u>514</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$(19,747)	\$ 13,291
Cash and Cash Equivalents:		
Beginning of Year	<u>21,384</u>	<u>1,637</u>
End of Year	<u>\$ 1,637</u>	<u>\$ 14,928</u>

Continued next page

Village of Dodson, Louisiana
Statement of Cash Flows
Proprietary Fund-Utility Fund
Years Ended June 30, 2003 and 2004

	<u>2003</u>	<u>2004</u>
Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:		
Loss from Operations	\$(35,668)	\$(38,022)
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:		
Depreciation	66,192	66,431
Changes in Assets and Liabilities-		
Increase in Revenue Receivables	(3,158)	(3,294)
Increase in Restricted Assets	(18,030)	(292)
Increase (Decrease) in Accounts Payable	1,103	(606)
Increase in Customers' Deposits	<u>596</u>	<u>337</u>
Net Cash Provided by Operating Activities	<u>\$ 11,035</u>	<u>\$ 24,554</u>
Total Cash and Cash Equivalents:		
Water Operating Fund	\$ 520	\$ 5,383
Sewer Operating Fund	<u>1,117</u>	<u>9,545</u>
Total	<u>\$ 1,637</u>	<u>\$ 14,928</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2003 and 2004

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 a legislative branch consists of three Aldermen.

This report includes all funds which are controlled 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 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. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

B. BASIS OF PRESENTATION-

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets 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.

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2003 and 2004

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 is maintained consistent with legal and managerial requirements.

The Village maintains two funds. They are categorized as a governmental fund 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.

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 Funds are used to account for the accumulation of resources for and payment of general long-term debt principal, interest, and related costs.

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2003 and 2004

Proprietary Fund-

Enterprise Fund

The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods 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.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus-

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement is used as appropriate.

- a. The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statement utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost of recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net assets.

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2003 and 2004

Basis of Accounting-

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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 collected 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 (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Major Funds-

The Village reports the following major funds:

General Fund-To account for resources traditionally associated with governments that are not required to be accounted for in another fund.

Utility Fund-To account for the provision of water and sewer services for the residents of the Village. All activities necessary to provide such services are accounted for in this fund.

E. CASH AND INTEREST-BEARING DEPOSITS-

For purposes of the Statement of Net Assets, 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.

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2003 and 2004

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.

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 Assets. 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-

There is no formal leave policy for the Village, therefore no entry is made to record compensated absences.

I. EQUITY CLASSIFICATIONS-

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

- a. Invested in capital assets, net of related debt---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 assets---Consists of net assets 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 assets---All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2003 and 2004

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

J. OPERATING REVENUES AND EXPENSES-

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing noncapital financing, or investing activities.

K. EXPENDITURES/EXPENSES-

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

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.

L. 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.

M. INTERFUND TRANSACTIONS-

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds.

	2003	
	Operating Transfers In	Operating Transfers Out
General Fund	\$28,233	\$ 0
Debt Service Fund	1,850	4,500
Utility Fund	<u>4,500</u>	<u>30,083</u>
Totals	<u>\$34,583</u>	<u>\$34,583</u>

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2003 and 2004

	2004	
	Operating Transfers In	Operating Transfers Out
General Fund	\$ 402	\$ 0
Debt Service Fund	0	4,425
Utility Fund	<u>4,425</u>	<u>402</u>
Totals	<u>\$4,827</u>	<u>\$4,827</u>

N. LONG-TERM OBLIGATIONS-

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

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.

O. 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.

2. Changes in Accounting Principles:

For the year ended June 30, 2003, the Village has implemented GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. GASB No. 34 creates new basic financial statements for reporting on the Village's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements.

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2003 and 2004

The implementation of GASB No. 34 caused the opening fund balance at June 30, 2003, to be restated in terms of "net assets" as follows:

Total fund balance-Governmental Fund at June 30, 2002		\$ 42,437
Add: Cost of capital assets at June 30, 2002	\$ 475,856	
Less: Accumulated Depreciation at June 30, 2002	(254,363)	
Less: Long-Term Obligations at June 30, 2002	(17,000)	<u>204,493</u>
Net Assets at June 30, 2002		<u>\$246,930</u>

3. Ad Valorem Taxes

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

The Village 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
Tax sale	May 15

For the years ended June 30, 2003 and 2004, taxes of 11.59 mills were levied on property with an assessed valuation totaling \$928,209 for 2004 and \$929,889 for 2003, and were dedicated as follows:

General Corporate Purposes	6.31 mills
Debt Service (Water Bonds)	5.28 mills

Total taxes collected were \$10,849 for 2004 and \$10,078 for 2003 after small adjustments were made to the original tax roll. Uncollected taxes average less than 3.4 percent of total taxes levied, and no provision for uncollectibles is made.

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2003 and 2004

4. Cash and Cash Equivalents:

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

	<u>2004</u>	<u>2003</u>
Demand Deposits	\$158,137	\$50,727
Time Deposits	<u>33,266</u>	<u>32,928</u>
Total	<u>\$191,403</u>	<u>\$83,655</u>

The deposits are stated at cost which approximates market. Under state law these deposits are 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 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, 2003 and 2004 the Sheriff has \$158,555 and \$51,326 respectfully in deposits (collected bank balances). These deposits are secured from risk as follows:

	<u>2004</u>	<u>2003</u>
Demand Deposits	\$ 158,555	\$ 51,326
Time Deposits	33,266	32,928
FDIC Insurance	<u>(133,266)</u>	<u>(84,254)</u>
Uninsured	<u>\$ 58,555</u>	<u>\$ _____ 0</u>

This unsecured balance was secured by the bank by December 31, 2004. 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.

5. Restricted Assets - Proprietary Fund Type:

Restricted assets of the Utility Fund were applicable to the following at June 30, 2003 and 2004:

	<u>2004</u>	<u>2003</u>
Bond Contingency Account	\$ 4,490	\$ 3,972
Customer's Deposit Account	2,975	2,638
Bond Reserve Account	8,911	9,613
Bond Interest and Redemption Account	<u>15,189</u>	<u>15,189</u>
Cash, 6-30-04	<u>\$31,565</u>	<u>\$31,412</u>

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2003 and 2004

6. Capital Assets:

Capital assets and depreciation activity for the years ended June 30, 2003 and 2004, are as follows:

Governmental Activities	Balance 07-01-02	Additions	Balance 06-30-03	Additions	Balance 06-30-04
Capital Assets:					
Land	\$ 5,500	\$ 0	\$ 5,500	\$ 0	\$ 5,500
Building	249,297	0	249,297	0	249,297
Furniture and Fixtures	<u>221,059</u>	<u>32,954</u>	<u>254,013</u>	<u>22,134</u>	<u>276,147</u>
Total Assets	<u>\$475,856</u>	<u>\$32,954</u>	<u>\$508,810</u>	<u>\$ 22,134</u>	<u>\$530,944</u>
Less, Accumulated Depreciation:					
Buildings	\$148,472	\$ 2,725	\$151,197	\$ 2,725	\$153,922
Fixtures and Equipment	<u>105,891</u>	<u>36,288</u>	<u>142,179</u>	<u>39,449</u>	<u>181,628</u>
Total Depreciation	<u>\$254,363</u>	<u>\$39,013</u>	<u>\$293,376</u>	<u>\$ 42,174</u>	<u>\$335,550</u>
Net Capital Assets	<u>\$221,493</u>	<u>\$ (6,059)</u>	<u>\$215,434</u>	<u>\$ (20,040)</u>	<u>\$195,394</u>
Business-Type Activities					
Capital Assets:					
Water System Equipment	\$ 20,827	\$ 0	\$ 20,827	\$ 1,910	\$ 22,737
Water Plant	762,730	10,500	773,230	1,990	775,220
Sewer System Equipment	48,543	0	48,543	0	48,543
Sewer Plant	<u>1,596,932</u>	<u>0</u>	<u>1,596,932</u>	<u>0</u>	<u>1,596,932</u>
Total Assets	<u>\$2,429,032</u>	<u>\$ 10,500</u>	<u>\$2,439,532</u>	<u>\$ 3,900</u>	<u>\$2,443,432</u>
Less, Accumulated Depreciation:					
Water System Equipment	\$ 6,335	\$ 2,083	\$ 8,418	\$ 2,274	\$ 10,692
Water Plant	232,001	19,331	251,332	19,381	270,713
Sewer System Equipment	22,422	4,854	27,276	4,854	32,130
Sewer Plant	<u>737,628</u>	<u>39,923</u>	<u>777,551</u>	<u>39,923</u>	<u>817,474</u>
Total Depreciation	<u>\$ 998,386</u>	<u>\$ 66,191</u>	<u>\$1,064,577</u>	<u>\$ 66,432</u>	<u>\$1,131,009</u>
Net Capital Assets	<u>\$1,430,646</u>	<u>\$ (55,691)</u>	<u>\$1,374,955</u>	<u>\$ (62,532)</u>	<u>\$1,312,423</u>

Depreciation expense of \$39,013 for 2004 and 42,171 for 2003 was charged to general government function for governmental activities.

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2003 and 2004

7. Changes in Long-Term Debt:

The following is a summary of bond transactions of the Village of Dodson, Louisiana, for the years ended June 30, 2004 and 2003:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Bonds Payable, July 1, 2002	\$17,000	\$107,000	\$124,000
Less, Bonds Retired	<u>(1,000)</u>	<u>(5,000)</u>	<u>(6,000)</u>
Bonds Payable June 30, 2003	\$16,000	\$102,000	\$118,000
Less, Bonds Retired	<u>\$ (1,000)</u>	<u>(5,000)</u>	<u>(6,000)</u>
Bonds Payable June 30, 2004	<u>\$15,000</u>	<u>\$ 97,000</u>	<u>\$112,000</u>

The individual bond issues that comprise the total bonds payable at June 2003 and 2004 are shown below:

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

The total requirements to amortize all bonds outstanding at June 30, 2003, including interest payments are below:

<u>Year Ending June 30</u>	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
2004	\$ 1,800	\$ 10,100	\$ 11,900
2005	1,750	9,850	11,600
2006	1,700	9,600	11,300
2007	1,650	10,350	12,000
2008	1,600	10,050	11,650
2009	1,550	9,750	11,300
Thereafter	<u>12,300</u>	<u>87,300</u>	<u>99,600</u>
Totals	<u>\$22,350</u>	<u>\$147,000</u>	<u>\$169,350</u>
Total Interest Requirement			<u>\$ 51,350</u>

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2003 and 2004

8. 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.

9. Related Parties:

The Village had no identified related party transactions for the years ended June 30, 2003 and 2004.

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

	<u>2004</u>	<u>2003</u>
Lloyd Vines – Mayor	\$20,500	\$19,000
Verna Hollingsworth	1,775	1,500
Deidre Knapp	1,775	1,500
Karla Shively	<u>1,775</u>	<u>1,500</u>
Total	<u>\$25,825</u>	<u>\$23,500</u>

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2003 and 2004

11. Pension Plans:

All employees of the Village of Dodson, Louisiana are covered by the Social Security System. Employees contribute 6.2 percent of their total salary to the System, while the Commission contributes a like amount. For the years ended June 30, 2003 and 2004, total contributions to the System were \$12,556 and \$11,932, respectively, of which the Commission contributed \$6,278 and \$5,966 respectively and employees contributed \$6,278 and \$5,966, respectively. Total payroll for the years ended June 30, 2003 and 2004, was \$101,256 and \$96,224, respectively, and total payroll covered by the system was \$101,256 and \$96,224, respectively. 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, 2003 and 2004.

13. Receivables:

The following is a summary of receivables at June 30, 2003 and 2004:

<u>Class of Receivable</u>	<u>2004</u>		<u>2003</u>	
	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>General Fund</u>	<u>Proprietary Fund</u>
Tax, Licenses and Permits- Franchise Tax	\$ 0	\$ 0	\$ 1,159	\$ 0
Intergovernmental- State	2,118	0	2,118	0
Other Receivables	<u>38,992</u>	<u>10,754</u>	<u>15,836</u>	<u>7,460</u>
Total	<u>\$41,110</u>	<u>\$10,754</u>	<u>\$19,113</u>	<u>\$7,460</u>

14. Accounts, Salaries, and Other Payables:

The payables of \$10,859 at June 30, 2004 are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Proprietary Fund</u>
Accounts Payable	\$5,436	\$3,050
Payroll Tax Payable	<u>2,373</u>	<u>0</u>
Total	<u>\$7,809</u>	<u>\$3,050</u>

Village of Dodson, Louisiana
Notes to Financial Statements
June 30, 2003 and 2004

The payables of \$11,508 at June 30, 2003 are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Proprietary Fund</u>
Accounts Payable	\$5,669	\$3,381
Payroll Tax Payable	2,183	0
Sales Tax Payable	<u>0</u>	<u>275</u>
Total	<u>\$7,852</u>	<u>\$3,656</u>

15. Deficits in Retained Earnings

The enterprise fund has retained earnings deficits of \$857,143 for 2004 and \$817,007 for 2003. The majority of these deficits were created by depreciation taken on that portion of the system constructed by grant funds.

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, 2003

	<u>Budgeted</u> <u>Amounts</u> <u>Original/Final</u>	<u>Actual</u>	<u>Variance-</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES:			
Taxes-			
Ad Valorem	\$ 5,500	\$ 5,695	\$ 195
Franchise Taxes	4,900	7,119	2,219
Licenses and Permits	15,000	14,309	(691)
Intergovernmental-			
LA DOTD	5,000	4,237	(763)
LA Comm. on Law Enforcement	2,400	2,177	(223)
Rural Development	0	15,000	15,000
Charges for Services	1,000	1,465	465
Fines and Forfeits	132,500	124,580	(7,920)
Miscellaneous-			
Rent Income	5,700	6,302	602
Interest	1,800	963	(837)
Miscellaneous	<u>1,200</u>	<u>677</u>	<u>(523)</u>
Total Revenues	<u>\$175,000</u>	<u>\$182,524</u>	<u>\$ 7,524</u>
EXPENDITURES:			
Current-			
General Government-			
Salaries and Benefits	\$ 82,000	\$ 80,107	\$ 1,893
Insurance	3,000	2,706	294
Legal and Accounting	5,000	5,925	(925)
Office Expense	3,000	3,342	(342)
Telephone and Utilities	14,500	15,993	(1,493)
Seminars and Conferences	1,500	2,770	(1,270)
Miscellaneous	2,000	1,514	486
Public Safety-			
Salaries	35,000	23,601	11,399
Supplies and Miscellaneous	15,000	20,698	(5,698)
Repairs and Maintenance	5,000	6,713	(1,713)
Capital Expenditures	2,500	2,419	81
Public Works-			
Supplies	10,000	12,117	(2,117)
Miscellaneous	500	243	257
Capital Expenditures	<u>21,000</u>	<u>30,535</u>	<u>(9,535)</u>
Total Expenditures	<u>\$200,000</u>	<u>\$208,683</u>	<u>\$ (8,683)</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, 2003

	Budgeted <u>Amounts</u> <u>Original/Final</u>	<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (25,000)	\$ (26,159)	\$ (1,159)
OTHER FINANCING SOURCES (USES):			
Operating Transfer From- Utility Fund	<u>25,000</u>	<u>28,233</u>	<u>3,233</u>
Excess of Revenues and Other Sources over Expenditures	\$ 0	\$ 2,074	\$ 2,074
Fund Balance at Beginning of Year	<u>37,912</u>	<u>37,912</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>37,912</u>	\$ <u>39,986</u>	\$ <u>2,074</u>

See notes to financial statements.

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, 2004

	<u>Budgeted</u> <u>Amounts</u> <u>Original/Final</u>	<u>Actual</u>	<u>Variance-</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES:			
Taxes-			
Ad Valorem	\$ 5,700	\$ 6,017	\$ 317
Franchise Taxes	7,100	7,066	(34)
Licenses and Permits	15,000	22,208	7,208
Intergovernmental-			
LA DOTD	4,200	4,237	37
Rural Development	15,000	15,000	0
Charges for Services	1,500	833	(667)
Fines and Forfeits	143,500	285,816	142,316
Miscellaneous-			
Rent Income	6,300	6,902	602
Interest	1,000	710	(290)
Miscellaneous	<u>700</u>	<u>1,110</u>	<u>410</u>
Total Revenues	<u>\$200,000</u>	<u>\$349,899</u>	<u>\$149,899</u>
EXPENDITURES:			
Current-			
General Government-			
Salaries and Benefits	\$ 82,000	\$ 77,154	\$ 4,846
Insurance	15,000	14,896	104
Legal and Accounting	6,000	2,380	3,620
Office Expense	3,500	4,077	(577)
Telephone and Utilities	16,000	16,916	(916)
Seminars and Conferences	3,000	3,651	(651)
Miscellaneous	1,500	4,463	(2,963)
Public Safety-			
Salaries	24,000	31,187	(7,187)
Supplies and Miscellaneous	22,000	34,170	(12,170)
Repairs and Maintenance	7,000	8,967	(1,967)
Public Works-			
Supplies	15,000	13,955	1,045
Miscellaneous	500	139	361
Capital Expenditures	<u>29,500</u>	<u>22,134</u>	<u>7,366</u>
Total Expenditures	<u>\$225,000</u>	<u>\$234,089</u>	<u>\$ (9,089)</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, 2004

	<u>Budgeted Amounts</u> <u>Original/Final</u>	<u>Actual</u>	<u>Variance- Favorable</u> <u>(Unfavorable)</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (25,000)	\$115,810	\$140,810
OTHER FINANCING SOURCES (USES):			
Operating Transfer From- Utility Fund	<u>25,000</u>	<u>402</u>	<u>(24,598)</u>
Excess of Revenues and Other Sources over Expenditures	\$ 0	\$116,212	\$116,212
Fund Balance at Beginning of Year	<u>39,986</u>	<u>39,986</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 39,986</u>	<u>\$156,198</u>	<u>\$116,212</u>

See notes to financial statements.

INTERNAL CONTROL AND COMPLIANCE

Johnson, Thomas & Cunningham
Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1962-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Village of Dodson, Louisiana, as of and for the years ended June 30 2003 and 2004, which collectively comprise the Village of Dodson, Louisiana's basic financial statements and have issued our report thereon dated December 29, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Village of Dodson, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, as finding 2004-1 on the Schedule of Findings and Questioned Costs.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village of Dodson, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Louisiana Legislative Auditor and management, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, the report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

December 29, 2004

Natchitoches, Louisiana

Village of Dodson, Louisiana
Schedule of Findings and Questioned Costs
Years Ended June 30, 2003 and 2004

Finding:

2004-1 *Condition* – Under state law, all funds on deposit must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At June June 30, 2004, the Village did not have all their bank balances secured by pledged securities.

Recommendation – The Village of Dodson should establish procedures to ensure the bank provides the required pledged securities.

Village of Dodson, Louisiana
P. O. Box 86
Dodson, LA 71422

December 29, 2004

Johnson, Thomas & Cunningham, CPA's
321 Bienville Street
Natchitoches, LA 71457

RE: The Village of Dodson's response to Schedule of Findings and Questioned Costs – Year Ended
June 30, 2004

Response: Finding 2004-1 – The Village of Dodson has contacted its fiscal agent bank concerning the lack of an adequate pledge of securities to cover all of the bank balances of the Village. The fiscal agent bank has pledged the necessary additional securities and has provided the Village with appropriate documentation.

Recommendation – In order to ensure that the fiscal agent bank provides the required pledge security, a review of the securities will be added to the end of calendar year closing activities checklist and to the end of the fiscal year checklist. In addition, our fiscal agent bank is providing an over pledge of securities to provide coverage for unexpected increases in collection.



Lloyd Vines
Village of Dodson
