

**VILLAGE OF EDGEFIELD
ANNUAL FINANCIAL REPORT**

DECEMBER 31, 2012

Village of Edgefield
Financial Report
December 31, 2012

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VILLAGE OF EDGEFIELD

P. O. Box 397

Coushatta, LA 71019-0397

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the Village of Edgefield's financial performance presents a narrative overview and analysis of the Village's financial activities for the year ended December 31, 2012. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Village of Edgefield's financial statements, which begin on page 9.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. These statements tell how the services were financed in the short-term as well as what remains for future spending.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities. The Village uses funds to ensure and demonstrate compliance with finance related laws and regulations. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources at the end of the year. As the Government-Wide Financial Statements includes the long-term view, comparisons between these two views may provide insight into the long-term impact of short-term financing decreases. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the difference between these two views.

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

Summary of Statement of Net Position

	2012			2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
ASSETS:						
Assets	\$31,017	\$177,547	\$208,564	\$32,226	\$175,956	\$208,182
Capital Assets, Net of Accumulated Depreciation	<u>11,692</u>	<u>96,939</u>	<u>108,631</u>	<u>12,017</u>	<u>81,072</u>	<u>93,089</u>
Total Assets	<u>\$42,709</u>	<u>\$274,486</u>	<u>\$317,195</u>	<u>\$44,243</u>	<u>\$257,028</u>	<u>\$301,271</u>
LIABILITIES:						
Accounts Payable	\$ 1,540	\$ 14,022	\$ 15,562	\$ 1,083	\$ 1,502	\$ 2,585
Customer Deposits Payable	<u>0</u>	<u>10,775</u>	<u>10,775</u>	<u>0</u>	<u>9,803</u>	<u>9,803</u>
Total Liabilities	<u>\$ 1,540</u>	<u>\$ 24,797</u>	<u>\$ 26,337</u>	<u>\$ 1,083</u>	<u>\$ 11,305</u>	<u>\$ 12,388</u>
NET ASSETS:						
Net Investment in Capital Assets	\$11,692	\$ 96,939	\$108,631	\$12,017	\$ 81,072	\$ 93,089
Unrestricted Net Position	<u>29,477</u>	<u>152,750</u>	<u>182,227</u>	<u>31,143</u>	<u>164,651</u>	<u>195,794</u>
Total Net Position	<u>\$41,169</u>	<u>\$249,689</u>	<u>\$290,858</u>	<u>\$43,160</u>	<u>\$245,723</u>	<u>\$288,883</u>

Summary of Statement of Activities

	2012			2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUES:						
Charges for Services	\$19,066	\$ 55,956	\$ 75,022	\$26,548	\$57,032	\$83,580
Capital & Operating Grants & Contributions	0	64,730	64,730	6	0	6
General Revenues-						
Licenses & Permits	7,903	362	8,265	0	0	0
Interest, Miscellaneous	<u>79</u>	<u>0</u>	<u>79</u>	<u>4,468</u>	<u>4,642</u>	<u>12,985</u>
Total Revenues	<u>\$27,048</u>	<u>\$121,048</u>	<u>\$148,096</u>	<u>\$31,022</u>	<u>\$61,674</u>	<u>\$96,571</u>
EXPENSES:						
General Government	\$23,226	\$ 0	\$ 23,226	\$24,662	\$ 0	\$28,537
Operating Expenses	<u>0</u>	<u>122,895</u>	<u>122,895</u>	<u>0</u>	<u>67,962</u>	<u>67,962</u>
Total Expenses	<u>\$23,226</u>	<u>\$122,895</u>	<u>\$146,121</u>	<u>\$24,662</u>	<u>\$67,962</u>	<u>\$96,499</u>
Excess of Revenues over Expenditures	\$ <u>3,822</u>	\$ <u>(1,847)</u>	\$ <u>1,975</u>	\$ <u>6,360</u>	\$ <u>(6,288)</u>	\$ <u>72</u>
OTHER FINANCING SOURCES (Uses):						
Transfer In	\$ 0	\$ 5,813	\$ 5,813	\$ 0	\$ 3,875	\$ 3,875
Transfer Out	<u>(5,813)</u>	<u>0</u>	<u>(5,813)</u>	<u>3,875</u>	<u>0</u>	<u>(3,875)</u>
Total Other Financing Sources (Uses)	\$ <u>(5,813)</u>	\$ <u>5,813</u>	\$ <u>0</u>	\$ <u>(3,875)</u>	\$ <u>3,875</u>	\$ <u>0</u>
Change in Net Position	\$ <u>(1,991)</u>	\$ <u>3,966</u>	\$ <u>1,975</u>	\$ <u>2,485</u>	\$ <u>(2,413)</u>	\$ <u>72</u>

Governmental Activities

- The Village's assets exceeded its liabilities by \$41,169. This is a decrease of \$1,991 from last year.
- Unrestricted net position of \$29,477 represents the portion available to maintain the Village's obligation to both citizens and creditors. Last year this was \$31,143.

Business-Type Activities

- The water/sewer fund experienced a gain in net position of \$3,966 for the year.

General Fund Budgetary Highlights

For the year ended December 31, 2012, actual revenues were less than budgeted revenues by \$591 and actual expenditures were more than budgeted expenditures by \$1,077.

Economic Factors and Next Year's Budget

The Village has prepared its 2013 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 397, Coushatta, LA 71019-0397.

Johnson, Thomas & Cunningham

Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Mayor and Board of Aldermen
Village of Edgefield
P. O. Box 397
Coushatta, Louisiana 71019-0397

We have reviewed the accompanying financial statements of the governmental activities, business-type activities, and major funds of the Village of Edgefield (Village) as of and for the year ended December 31, 2012, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Village's personnel. 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, we do not express such an opinion.

The management of the Village 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.

Our 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 us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are 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.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis and budgetary comparison information on pages 1 through 4 and 32, are presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an

essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The information included in the budgetary comparison has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto. The information included in the Management's Discussion and Analysis 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. We have not audited or reviewed the management's discussion and analysis and accordingly, we do not express an opinion or provide any other form of assurance on it.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated April 23, 2013, on the results of our agreed-upon procedures on page 33 through 35. Pages 36 through 37 present the Louisiana Attestation Questionnaire.

Johnson, Thomas & Cunningham, CPA's

Johnson, Thomas & Cunningham, CPA's

April 23, 2013

Natchitoches, LA 71457

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Village of Edgefield
Statement of Net Position
December 31, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash & Cash Equivalents	\$29,495	\$150,705	\$180,200
Revenue Receivable	1,522	15,339	16,861
Due from Others	<u>0</u>	<u>728</u>	<u>728</u>
Total Current Assets	<u>\$31,017</u>	<u>\$166,772</u>	<u>\$197,789</u>
Non-current Assets:			
Restricted Assets-			
Customers' Meter Deposits	\$ 0	\$ 10,775	\$ 10,775
Capital Assets (net)	<u>11,692</u>	<u>96,939</u>	<u>108,631</u>
Total Non-current Assets	<u>\$11,692</u>	<u>\$107,714</u>	<u>\$119,406</u>
Total Assets	<u>\$42,709</u>	<u>\$274,486</u>	<u>\$317,195</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 1,540	\$ 14,022	\$ 15,562
Non-current Liabilities:			
Payable from Restricted Assets-			
Customers' Meter Deposits	<u>0</u>	<u>10,775</u>	<u>10,775</u>
Total Liabilities	<u>\$ 1,540</u>	<u>\$ 24,797</u>	<u>\$ 26,337</u>
NET POSITION:			
Net Investment in Capital Assets	\$11,692	\$ 96,939	\$108,631
Unrestricted Net Position	<u>29,477</u>	<u>152,750</u>	<u>182,227</u>
Total Net Position	<u>\$41,169</u>	<u>\$249,689</u>	<u>\$290,858</u>

See accompanying notes and independent accountant's review report.

Village of Edgefield
Statement of Activities
December 31, 2012

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 23,226	\$19,066	\$ 0	\$ 0	\$ (4,160)	\$ 0	\$ (4,160)
Business-Type Activities:							
Water/Sewer	<u>122,895</u>	<u>55,956</u>	<u>39,730</u>	<u>25,000</u>	<u>0</u>	<u>(2,209)</u>	<u>(2,209)</u>
Total Government	<u>\$146,121</u>	<u>\$75,022</u>	<u>\$39,730</u>	<u>\$25,000</u>	<u>\$ (4,160)</u>	<u>\$ (2,209)</u>	<u>\$ (6,369)</u>
General Revenues:							
					\$ 7,903	\$ 0	\$ 7,903
					<u>79</u>	<u>362</u>	<u>441</u>
					Total General Revenue	\$ <u>7,982</u>	\$ <u>8,344</u>
					Transfers	\$ <u>(5,813)</u>	\$ <u>0</u>
					Change in Net Position	\$ <u>(1,991)</u>	\$ <u>1,975</u>
					Net Position January 1, 2012	<u>43,160</u>	<u>288,883</u>
					Net Position December 31, 2012	<u>\$41,169</u>	<u>\$290,858</u>

See accompanying notes and independent accountant's review report.

FUND FINANCIAL STATEMENTS

Village of Edgefield
Balance Sheet-Governmental Fund
December 31, 2012

Assets:

Cash & Cash Equivalents	\$29,495
Revenue Receivable	<u>1,522</u>
Total Assets	<u>\$31,017</u>

Liabilities:

Accounts Payable	\$ 1,540
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Fund Balance:

Unassigned	<u>29,477</u>
Total Liabilities & Fund Balance	<u>\$31,017</u>

See accompanying notes and independent accountant's review report.

Village of Edgefield
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
December 31, 2012

Total Fund Balance for the Governmental Fund at December 31, 2012	\$29,477
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital Assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet-	
Land, Equipment, Buildings, and Vehicles	16,800
Less: Accumulated Depreciation	<u>(5,108)</u>
Total Net Position of Governmental Activities at December 31, 2012	<u>\$41,169</u>

See accompanying notes and independent accountant's review report.

Village of Edgefield
Statement of Revenues, Expenditures and Changes in Fund Balance-
Governmental Fund
Year Ended December 31, 2012

REVENUES:	
Licenses & Permits	\$ 7,903
Charges for Services	19,066
Interest & Miscellaneous	<u>79</u>
Total Revenues	\$27,048
EXPENDITURES:	
Current-	
General Government	<u>22,901</u>
Excess of Revenues over Expenditures	\$ 4,147
OTHER FINANCING SOURCES (Uses):	
Transfer Out	<u>(5,813)</u>
(Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ (1,666)
Fund Balance-Beginning of Year	<u>31,143</u>
Fund Balance-End of Year	<u>\$29,477</u>

See accompanying notes and independent accountant's review report.

Village of Edgefield
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended December 31, 2012

Net Change in Fund Balance-Governmental Funds	\$(1,666)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Depreciation expense on Capital Assets is reported in the Government-wide Financial Statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is	<u>(325)</u>
Change in Net Position per Statement of Activities	<u>\$(1,991)</u>

See accompanying notes and independent accountant's review report.

Village of Edgefield
Statement of Net Position
Proprietary Fund
December 31, 2012

	Water/Sewer <u>Total</u>
ASSETS:	
Current Assets:	
Cash & Cash Equivalents	\$150,705
Revenue Receivable	15,339
Due from Others	<u>728</u>
Total Current Assets	<u>\$166,772</u>
Non-current Assets:	
Restricted Assets-	
Customers' Meter Deposits	\$ 10,775
Capital Assets, Net	<u>96,939</u>
Total Non-current Assets	<u>\$107,714</u>
Total Assets	<u>\$274,486</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 14,022
Non-current Liabilities:	
Payable from Restricted Assets-	
Customers' Meter Deposits	<u>10,775</u>
Total Liabilities	<u>\$ 24,797</u>
NET POSITION:	
Net Investment in Capital Assets	\$ 96,939
Unrestricted Net Position	<u>152,750</u>
Total Net Position	<u>\$249,689</u>

See accompanying notes and independent accountant's review report.

Village of Edgefield
Statement of Revenues, Expenses and Changes in Net Position-
Proprietary Fund
December 31, 2012

	Water/Sewer <u>Total</u>
OPERATING REVENUES:	
Charges for Services	\$ <u>55,956</u>
OPERATING EXPENSES:	
Personnel Services	\$ 16,245
Operations & Maintenance	97,518
Depreciation	<u>9,132</u>
Total Operating Expenses	\$ <u>122,895</u>
Operating Income (Loss)	\$ <u>(66,939)</u>
Non-Operating Revenues (Expenses):	
State Grants - Revenue	\$ 64,730
Interest	362
Transfer-In - General Fund	<u>5,813</u>
Total Non-Operating Revenues (Expenses)	\$ <u>70,905</u>
Change in Net Position	\$ 3,966
Total Net Assets at Beginning of Year	<u>245,723</u>
Total Net Position at End of Year	<u>\$249,689</u>

See accompanying notes and independent accountant's review report.

Village of Edgefield
Statement of Cash Flows
Proprietary Fund
December 31, 2012

	Water/Sewer <u>Total</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 56,596
Cash Paid to Suppliers	(96,171)
Cash Paid to Employees	<u>(16,974)</u>
Net Cash Provided By Operating Activities	\$ <u>(56,549)</u>
Cash Flows from Investing Activities:	
Interest and Dividends	\$ <u>363</u>
Cash Flows from Non-Capital Financing Activities:	
Transfer-In - General Fund	\$ <u>5,813</u>
Cash Flows from Capital and Related Financing Activities:	
State Grants	\$ 64,730
Acquisition of Capital Assets	<u>(25,000)</u>
Net Cash from Capital and Related Financing Activities	\$ <u>39,730</u>
Net Decrease in Cash & Cash Equivalents	\$ (10,643)
Cash and Cash Equivalents at Beginning of Year	<u>172,123</u>
Cash and Cash Equivalents at End of Year	<u>\$161,480</u>
Reconciliation of Operating Income (loss)	
to Net Cash Provided (used) by Operating Activities:	
Operating Income (loss)	\$ (66,940)
Adjustments to Reconcile Operating Income	
to Net Cash Provided (used) by Operating Activities:	
Depreciation Expense	9,132
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts and Other Receivables	(12,234)
Increase (Decrease) in Accounts and Other Payables	<u>13,493</u>
Net Cash Provided by Operating Activities	\$ <u>(56,549)</u>
Cash & Cash Equivalents-	
Operating Accounts	\$150,705
Customer's Meter Deposits	<u>10,775</u>
Total	<u>\$161,480</u>

See accompanying notes and independent accountant's review report.

NOTES TO FINANCIAL STATEMENTS

Village of Edgefield
Notes to Financial Statements
December 31, 2012

Introduction:

The Village of Edgefield 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 consisting of three Aldermen.

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

1. Summary of Significant Accounting Policies:

A. REPORTING ENTITY-

The Village is the basic level of government which has financial accountability and control over all activities related to the Village operations and services provided. The Village is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since the Village Mayor and Board of Aldermen are elected by the public and have decision making authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the Village's reporting entity.

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

B. BASIS OF PRESENTATION-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

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.

Village of Edgefield
Notes to Financial Statements
December 31, 2012

C. FUND ACCOUNTING-

The accounts of the Village are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Village has two funds, 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 Village considers all funds to be major:

Governmental Fund-

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.

Proprietary Fund-

Enterprise Fund

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. The Village's enterprise fund is the Utility Fund.

Village of Edgefield
Notes to Financial Statements
December 31, 2012

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

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

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

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

E. CASH AND INTEREST-BEARING DEPOSITS-

For purposes of the Statement of Net Position, 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 Edgefield
Notes to Financial Statements
December 31, 2012

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 Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Buildings and improvements	40 years
Equipment and vehicles	3-12 years
Utility system and improvements	10-50 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 meter deposits.

H. COMPENSATED ABSENCES-

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

Village of Edgefield
Notes to Financial Statements
December 31, 2012

I. EQUITY CLASSIFICATIONS-

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

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

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

Village of Edgefield
Notes to Financial Statements
December 31, 2012

- e. Unassigned fund balance - amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

The General Fund, the Village's only governmental fund, has an unassigned fund balance of \$29,477. If applicable, the Village would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

J. ESTIMATES-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires 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.

K. 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.

L. 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.

M. BUDGETS AND BUDGETARY ACCOUNTING-

The Village utilizes the following procedures in establishing the budgetary data reflected in the financial statements.

Village of Edgefield
Notes to Financial Statements
December 31, 2012

1. The Clerk prepares the budget, which is to be submitted to the Board of Aldermen at the December meeting of the Board. The budget is to be voted on at the January meeting.
2. The budget can be amended after adoption, by the Clerk submitting an amended budget to the Board, and adoption by the Board.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget for the General Fund is adopted on the modified accrual basis of accounting.

N. INVENTORIES-

Water system supplies used in the proprietary fund are expensed when purchased since the amount on hand, if any, is not material in amount.

O. RETIREMENT COMMITMENTS-

The Village of Edgefield is not covered by any pension system.

P. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS-

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

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

Village of Edgefield
Notes to Financial Statements
December 31, 2012

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components; assets, deferred outflows of resources, liabilities and deferred inflows of resources. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB 63 does not have any impact on the Village's financial statements, other than to change the name of the Statement of Net Assets.

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

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

2. Cash and Cash Equivalents:

For reporting purposes, cash and cash equivalents include demand deposits, time deposits, and certificates of deposit. At December 31, 2012, the Village had cash and cash equivalents (collected bank balances) totaling \$179,101. Cash and cash equivalents are stated at cost, which approximates market. Under Louisiana law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a holding or custodial bank in the form of safekeeping receipts held by the Village. The deposits at December 31, 2012, were fully secured by FDIC Insurance.

Village of Edgefield
Notes to Financial Statements
December 31, 2012

3. Capital Assets:

Capital asset balances and activity for the year ended December 31, 2012, is as follows:

Governmental Activities	Balance 01-01-12	Additions	Deletions	Balance 12-31-12
Capital Assets; Not Depreciated				
Land	\$ 1,500	\$ 0	\$0	\$ 1,500
Capital Assets; Depreciated				
Building	13,000	0	0	13,000
Office Equipment & Fixtures	<u>2,300</u>	<u>0</u>	<u>0</u>	<u>2,300</u>
Total Assets	<u>\$ 16,800</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$ 16,800</u>
Less: Accumulated Depreciation				
Building	\$ 2,483	\$ 325	\$0	\$ 2,808
Office Equipment & Fixtures	<u>2,300</u>	<u>0</u>	<u>0</u>	<u>2,300</u>
Total Depreciation	<u>\$ 4,783</u>	<u>\$ 325</u>	<u>\$0</u>	<u>\$ 5,108</u>
Governmental Activities Capital Assets (Net)	<u>\$ 12,017</u>	<u>\$ (325)</u>	<u>\$0</u>	<u>\$ 11,692</u>
Business Type Activities	Balance			Balance
	01-01-12	Additions	Deletions	12-31-12
Capital Assets; Not Depreciated				
Land	\$ 319	\$ 0	\$0	\$ 319
Capital Assets; Depreciated				
Plant & Equipment-Water System	166,159	25,000	0	191,159
Plant & Equipment-Sewer System	<u>249,260</u>	<u>0</u>	<u>0</u>	<u>249,260</u>
Total Costs	<u>\$415,738</u>	<u>\$ 25,000</u>	<u>\$0</u>	<u>\$440,738</u>
Less: Accumulated Depreciation				
Plant & Equipment-Water System	\$154,792	\$ 3,122	\$0	\$157,914
Plant & Equipment-Sewer System	<u>179,874</u>	<u>6,010</u>	<u>0</u>	<u>185,884</u>
Total Accumulated Depreciation	<u>\$334,666</u>	<u>\$ 9,132</u>	<u>\$0</u>	<u>\$343,798</u>

Village of Edgefield
Notes to Financial Statements
December 31, 2012

Business Type Activities	Balance 01-01-12	Additions	Deletions	Balance 12-31-12
Business Type Activities				
Capital Assets (Net)	\$ <u>81,072</u>	\$ <u>15,868</u>	\$0	\$ <u>96,940</u>

Depreciation expense of \$325 was charged to the general government function for governmental activities.

Depreciation expense of \$9,132 was charged to business-type activities as follows:

Water	\$3,122
Sewer	<u>6,010</u>
Total Depreciation	<u>\$9,132</u>

4. Village Officials:

The following is a summary of payments to Village officials during the year.

<u>Name</u>	<u>Position</u>	<u>Payments</u>
Jimmy Stothart	Mayor	\$1,500
Clyde Stovel	Alderman	1,200
Trish Gamble	Alderman	1,200
Vince Almond	Alderman	<u>1,200</u>
Total		<u>\$5,100</u>

5. Litigation:

At December 31, 2003, there was a judgment against the Village for \$12,000. On January 12, 2004, the Village voted not to pay this judgment.

6. Receivables:

The following is a summary of receivables at December 31, 2012:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Proprietary Fund</u>
State Grant	\$ 0	\$11,175
Water/Sewer Sales	0	4,164
Street Light	<u>1,522</u>	<u>0</u>
Total	<u>\$1,522</u>	<u>\$15,339</u>

Substantially all receivables are considered to be collectible and no allowance for bad debts is used.

Village of Edgefield
Notes to Financial Statements
December 31, 2012

7. Subsequent Events:

Management has evaluated events through April 23, 2013, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED
SUPPLEMENTAL INFORMATION

Village of Edgefield
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2012

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Licenses & Permits	\$10,026	\$ 8,225	\$ 7,903	\$ (322)
Charges for Services	18,912	19,332	19,066	(266)
Interest & Miscellaneous	84	82	79	(3)
Total Revenues	<u>\$29,022</u>	<u>\$27,639</u>	<u>\$27,048</u>	<u>\$ (591)</u>
EXPENDITURES:				
General Government-				
Insurance	\$ 1,416	\$ 1,313	\$ 1,313	\$ 0
Garbage Expense	12,708	13,408	14,045	(637)
Office	126	162	144	18
Utilities/Telephone	5,880	5,741	6,199	(458)
Legal	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>0</u>
Total Expenditures	<u>\$21,330</u>	<u>\$21,824</u>	<u>\$22,901</u>	<u>\$(1,077)</u>
Excess of Revenues over Expenditures	\$ 7,692	\$ 5,815	\$ 4,147	\$(1,668)
OTHER FINANCING SOURCES (Uses):				
Transfer to Water Fund	<u>(6,780)</u>	<u>(5,815)</u>	<u>(5,813)</u>	<u>2</u>
Excess of Revenues and Other Sources over Expenditures and Other Uses	\$ 912	\$ 0	\$ (1,666)	\$(1,666)
Fund Balance-Beginning of Year	<u>31,143</u>	<u>31,143</u>	<u>31,143</u>	<u>0</u>
Fund Balance-End of Year	<u>\$32,055</u>	<u>\$31,143</u>	<u>\$29,477</u>	<u>\$(1,666)</u>

See independent accountant's review report.

Johnson, Thomas & Cunningham

Certified Public Accountants

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

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA - A Professional Corporation
Jessica H. Broadway, CPA - A Professional Corporation
Ryan E. Todtenbier, CPA - A Professional Corporation

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Alderman of
The Village of Edgefield

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Village of Edgefield and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Edgefield's compliance with certain laws and regulations during the year ended December 31, 2012, 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 and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we 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 materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures found to be in violation.

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 42:1101-1224 (the code of ethics), and a list of outside business interest of all board members and employees, as well as their immediate families.

Management provided us with 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 procedures (2) as immediate family members.

No violations found.

BUDGETING

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

Management provided us with a copy of the original budget and amendment.

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

We traced the adoption of the budget and amendment to the minute book.

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

Actual revenues and expenditures were within the 5% variance allowed.

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:

We examined supporting documentation for each of the six selected disbursements and found that payment was 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:

Each disbursement appeared to be coded correctly.

- (c) determine whether payments received approval from proper authorities:

Inspection of supporting documentation showed written approval. In addition, non-recurring entries were discussed and approved in the minutes.

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 open meetings law).

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 asserted that such 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 any other indebtedness which have not been approved by the State Bond Commission.

We inspected copies of all bank deposits for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds or other indebtedness which had not been approved by the State Bond Commission.

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.

No violations found.

Our prior report, dated June 19, 2012, did not contain any comments or unresolved matters.

We were 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, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Village of Edgefield and the Legislative Auditor, State of 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

April 23, 2013
Natchitoches, Louisiana

VILLAGE OF EDGEFIELD
LOUISIANA ATTESTATION QUESTIONNAIRE

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

In connection with your review of our financial statements as of December 31, 2012, and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of 6/10/2013.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes No

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes No

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes No

