

**VILLAGE OF EDGEFIELD
ANNUAL FINANCIAL REPORT**

DECEMBER 31, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to 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 7-12-06

Village of Edgefield
Financial Report
December 31, 2005

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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 is an element of the reporting model adopted by the *Governmental Accounting Standards Board (GASB)* in their Statement No. 34. Certain comparative information is presented to provide an overview of the Village's operations.

Financial Highlights

This annual report consists of a series of 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. The Village's operations are conducted through a general fund and a business-type activity, the Village's water and sewer system.

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

Summary of Statement of Net Assets

	Governmental Activities <u>2005</u>	Business-Type Activities <u>2005</u>	Total <u>2005</u>	Governmental Activities <u>2004</u>	Business-Type Activities <u>2004</u>	Total <u>2004</u>
ASSETS:						
Current Assets	\$15,186	\$163,588	\$178,774	\$12,950	\$153,569	\$166,519
Capital Assets, net of accumulated depreciation	<u>13,675</u>	<u>149,129</u>	<u>162,804</u>	<u>13,708</u>	<u>159,864</u>	<u>173,572</u>
Total Assets	<u>\$28,861</u>	<u>\$312,717</u>	<u>\$341,578</u>	<u>\$26,658</u>	<u>\$313,433</u>	<u>\$340,091</u>
LIABILITIES:						
Accounts Payable	\$ 0	\$ 1,667	\$ 1,667	\$ 0	\$ 796	\$ 796
Customer Deposits Payable	<u>0</u>	<u>7,625</u>	<u>7,625</u>	<u>0</u>	<u>7,425</u>	<u>7,425</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 9,292</u>	<u>\$ 9,292</u>	<u>\$ 0</u>	<u>\$ 8,221</u>	<u>\$ 8,221</u>
NET ASSETS:						
Invested in Capital Assets	\$13,675	\$149,129	\$162,804	\$13,708	\$159,864	\$173,572
Unrestricted	<u>15,186</u>	<u>154,296</u>	<u>169,482</u>	<u>12,950</u>	<u>145,348</u>	<u>158,298</u>
Total Net Assets	<u>\$28,861</u>	<u>\$303,425</u>	<u>\$332,286</u>	<u>\$26,658</u>	<u>\$305,212</u>	<u>\$331,870</u>

Summary of Statement of Activities

	Governmental Activities <u>2005</u>	Business-Type Activities <u>2005</u>	Total <u>2005</u>	Governmental Activities <u>2004</u>	Business-Type Activities <u>2004</u>	Total <u>2004</u>
REVENUES:						
General Revenues:						
Licenses & Permits	\$ 6,327	\$ 0	\$ 6,327	\$ 5,901	\$ 0	\$ 5,901
Intergovernmental	142	0	142	223	0	223
Charges for Services	13,779	54,809	68,588	3,059	53,196	56,255
Interest & Miscellaneous	<u>2,111</u>	<u>2,245</u>	<u>4,356</u>	<u>224</u>	<u>4,275</u>	<u>4,499</u>
Total Revenues	\$<u>22,359</u>	\$<u>57,054</u>	\$<u>79,413</u>	\$ <u>9,407</u>	\$<u>57,471</u>	\$<u>66,878</u>
EXPENSES:						
General Government	\$20,156	\$ 0	\$20,156	\$11,202	\$ 0	\$11,202
Operating Expenses	<u>0</u>	<u>58,841</u>	<u>58,841</u>	<u>0</u>	<u>54,310</u>	<u>54,310</u>
Total Expenses	\$<u>20,156</u>	\$<u>58,841</u>	\$<u>78,997</u>	\$<u>11,202</u>	\$<u>54,310</u>	\$<u>65,512</u>
Change in Net Assets	\$ <u>2,203</u>	\$ <u>(1,787)</u>	\$ <u>416</u>	\$ <u>(1,795)</u>	\$ <u>3,161</u>	\$ <u>1,366</u>

Governmental Activities

- The Village's assets exceeded its liabilities by \$28,861 (net assets) for the year. This is an increase of \$2,203 from last year.
- Unrestricted net assets of \$15,186 represent the portion available to maintain the Village's obligation to both citizens and creditors. Last year this was \$12,950.

Business-Type Activities

- The water/sewer fund experienced a decrease in net assets of \$1,787 for the year.

General Fund Budgetary Highlights

The Village amended its General Fund budget three times during the year. At year-end, actual revenues were \$114 more than budgeted and actual expenditures were \$799 more than budgeted expenditures.

Economic Factors and Next Year's Budget

The Village has prepared its 2006 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

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

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

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

ACCOUNTANT'S REVIEW REPORT ON THE FINANCIAL STATEMENTS

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

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and major fund of the Village of Edgefield as of and for the year ended December 31, 2005, which collectively comprise the Village's basic financial statements as listed in the Table of Contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the *American Institute of Certified Public Accountants*. All information included in these financial statements is the representation of management of the Village.

A review consists principally of inquiries of Village personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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 generally accepted accounting principles.

The Management's Discussion and Analysis and budgetary comparison information on pages 1 through 4 and 28 through 29, are not a required part of the basic financial statements but are supplementary information required by the *Governmental Accounting Standards Board*. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated March 29, 2006, on the results of our agreed-upon procedures.

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

March 29, 2006
Natchitoches, LA 71457

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Village of Edgefield
Statement of Net Assets
December 31, 2005

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash & Cash Equivalents	\$13,964	\$151,774	\$165,738
Accounts Receivable	<u>1,222</u>	<u>4,189</u>	<u>5,411</u>
Total Current Assets	<u>\$15,186</u>	<u>\$155,963</u>	<u>\$171,149</u>
Non-current Assets:			
Restricted Assets-			
Customers' Meter Deposits	\$ 0	\$ 7,625	\$ 7,625
Capital Assets (net)	<u>13,675</u>	<u>149,129</u>	<u>162,804</u>
Total Non-current Assets	<u>\$13,675</u>	<u>\$156,754</u>	<u>\$170,429</u>
Total Assets	<u>\$28,861</u>	<u>\$312,717</u>	<u>\$341,578</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 0	\$ 1,667	\$ 1,667
Non-current Liabilities:			
Payable from Restricted Assets-			
Customers' Meter Deposits	<u>0</u>	<u>7,625</u>	<u>7,625</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 9,292</u>	<u>\$ 9,292</u>
NET ASSETS:			
Invested in Capital Assets	\$13,675	\$149,129	\$162,804
Unrestricted	<u>15,186</u>	<u>154,296</u>	<u>169,482</u>
Total Net Assets	<u>\$28,861</u>	<u>\$303,425</u>	<u>\$332,286</u>

See accompanying notes and accountant's report.

Village of Edgefield
Statement of Activities
December 31, 2005

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Government Activities</u>	<u>Business-Type Activities</u>	
Governmental Activities:						
General Government	\$20,156	\$ 13,779	\$142	\$ (6,235)	\$ 0	\$ (6,235)
Total Governmental Activities	\$20,156	\$(13,779)	\$142	\$ (6,235)	\$ 0	\$ (6,235)
Business-Type Activities:						
Water/Sewer	\$58,841	\$ 54,809	\$ 0	\$ 0	\$ (4,032)	\$ (4,032)
Total Business-Type Activities	\$58,841	\$(54,809)	\$ 0	\$ 0	\$ (4,032)	\$ (4,032)
		General Revenues:				
				\$ 6,327	\$ 0	\$ 6,327
				<u>2,111</u>	<u>2,245</u>	<u>4,356</u>
			Total General Revenues	\$ 8,438	\$ 2,245	\$ 10,683
			Change in Net Assets	\$ 2,203	\$ (1,787)	\$ 416
			Net Assets January 1, 2005	<u>26,658</u>	<u>305,212</u>	<u>331,870</u>
			Net Assets December 31, 2005	\$28,861	\$303,425	\$332,286

See accompanying notes and accountant's report.

FUND FINANCIAL STATEMENTS

Village of Edgefield
Balance Sheet-Governmental Fund
December 31, 2005

Assets:

Cash & Cash Equivalents	\$13,964
Accounts Receivable	<u>1,222</u>
Total Assets	<u>\$15,186</u>

Liabilities:

Total Liabilities	\$ 0
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Fund Balance:

Unreserved	<u>15,186</u>
Total Liabilities and Fund Balance	<u>\$15,186</u>

See accompanying notes and accountant's report.

Village of Edgefield
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Assets
December 31, 2005

Total Fund Balance for the Governmental Fund at December 31, 2005	\$15,186
Total Net Assets reported for Governmental Activities in the Statement of Net Assets is different because:	
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the fund. Those assets consist of:	
Land, Equipment, Buildings, and Vehicles, Net of Accumulated Depreciation	<u>13,675</u>
Total Assets of Governmental Activities at December 31, 2005	<u>\$28,861</u>

See accompanying notes and accountant's report.

Village of Edgefield
Statement of Revenues, Expenditures and Changes in Fund Balance-
Governmental Fund
Year Ended December 31, 2005

	<u>Total</u>
REVENUES:	
Licenses & Permits	\$ 6,327
Intergovernmental	142
Charges for Services	13,779
Miscellaneous	<u>2,111</u>
Total Revenues	\$22,359
EXPENDITURES:	
Current-	
General Government	<u>20,123</u>
Excess of Revenues over Expenditures	\$ 2,236
Fund Balance-Beginning of Year	<u>12,950</u>
Fund Balance-End of Year	<u>\$15,186</u>

See accompanying notes and accountant's 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, 2005

Total Change in Fund Balance at December 31, 2005, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$2,236
The Change in Assets reported for Governmental Activities in the Statement of Activities is different because:	
Depreciation Expense is reported in the government- wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expen- diture in the governmental funds. Current year depreciation expense is	<u>(33)</u>
Total changes in Assets at December 31, 2005, per Statement of Activities	<u>\$2,203</u>

See accompanying notes and accountant's report.

Village of Edgefield
Statement of Net Assets
Proprietary Fund
December 31, 2005

	Water/Sewer <u>Total</u>
ASSETS:	
Current Assets:	
Cash & Cash Equivalents	\$151,774
Receivables	<u>4,189</u>
Total Current Assets	<u>\$155,963</u>
Non-current Assets:	
Restricted Assets-	
Customers' Meter Deposits	\$ 7,625
Capital Assets, Net	<u>149,129</u>
Total Non-current Assets	<u>\$156,754</u>
Total Assets	<u>\$312,717</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 1,667
Non-current Liabilities:	
Payable from Restricted Assets-	
Customers' Meter Deposits	<u>7,625</u>
Total Liabilities	<u>\$ 9,292</u>
NET ASSETS:	
Invested in Capital Assets	\$149,129
Unrestricted	<u>154,296</u>
Total Net Assets	<u>\$303,425</u>

See accompanying notes and accountant's report.

Village of Edgefield
Statement of Revenues, Expenses and Changes in Net Assets-
Proprietary Fund
December 31, 2005

	Water/Sewer <u>Total</u>
OPERATING REVENUES:	
Charges for Services	\$ <u>54,809</u>
OPERATING EXPENSES:	
Personnel Services	\$ 15,320
Operations & Maintenance	32,786
Depreciation	<u>10,735</u>
Total Operating Expenses	\$ <u>58,841</u>
Operating Income (Loss)	\$ (4,032)
Non-Operating Revenues (Expenses):	
Interest	<u>2,245</u>
Change in Net Assets	\$ (1,787)
Total Net Assets at Beginning of Year	<u>305,212</u>
Total Net Assets at End of Year	<u>\$303,425</u>

See accompanying notes and accountant's report.

Village of Edgefield
Statement of Cash Flows
Proprietary Fund
December 31, 2005

	Water/Sewer <u>Total</u>
Cash Flows From Operating Activities:	
Cash received from customers	\$ 54,741
Cash paid to suppliers	(34,116)
Cash paid to employees	<u>(13,850)</u>
Net Cash Provided By Operating Activities	<u>\$ 6,775</u>
Cash Flows From Investing Activities:	
Interest and dividends	<u>\$ 2,245</u>
Net Cash Provided (used) By Investing Activities	<u>\$ 2,245</u>
Net Increase in Cash & Cash Equivalents	\$ 9,020
Cash & Cash Equivalents at Beginning of Year	<u>150,379</u>
Cash & Cash Equivalents at End of Year	<u>\$159,399</u>
Reconciliation of Operating Income (loss)	
to Net Cash Provided (used) by Operating Activities:	
Operating income (loss)	\$ (4,032)
Adjustments to Reconcile Operating Income	
to Net Cash Provided (used) by Operating Activities:	
Depreciation expense	10,735
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivables	(999)
Increase (Decrease) in Accounts and other payables	<u>1,071</u>
Net Cash Provided by Operating Activities	<u>\$ 6,775</u>

See accompanying notes and accountant's report.

NOTES TO FINANCIAL STATEMENTS

Village of Edgefield
Notes to Financial Statements
December 31, 2005

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. 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.

Village of Edgefield
Notes to Financial Statements
December 31, 2005

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

C. FUND ACCOUNTING-

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

The Village 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.

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.

Village of Edgefield
Notes to Financial Statements
December 31, 2005

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.

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 Assets 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.

Village of Edgefield
Notes to Financial Statements
December 31, 2005

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.

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	3-10 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, 2005

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”.

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. 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.

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.

Village of Edgefield
Notes to Financial Statements
December 31, 2005

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.

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. Budgets for the General fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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.

2. Cash and Cash Equivalents:

For reporting purposes, cash and cash equivalents include demand deposits, time deposits, and certificates of deposit. At December 31, 2005, the Village had cash and cash equivalents (collected bank balances) totaling \$173,545. 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

Village of Edgefield
Notes to Financial Statements
December 31, 2005

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, 2005, were secured as follows:

Demand Deposits	\$ 62,659
Certificate of Deposit	<u>110,886</u>
Total	<u>\$173,545</u>
FDIC	\$ 62,659
Pledged Securities	<u>110,886</u>
Total	<u>\$173,545</u>

Even though the pledged securities are considered uncollateralized (Category #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.

3. Capital Assets:

Capital asset balances and activity for the year ended December 31, 2005, is as follows:

Governmental Activities	Balance 01-01-05	Additions	Deletions	Balance 12-31-05
Capital Assets Not Depreciated				
Land	\$ <u>1,500</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,500</u>
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	\$ 792	\$ 33	\$ 0	\$ 825
Office Equipment & Fixtures	<u>2,300</u>	<u>0</u>	<u>0</u>	<u>2,300</u>
Total Depreciation	\$ <u>3,092</u>	\$ <u>33</u>	\$ <u>0</u>	\$ <u>3,125</u>
Governmental Activities Capital Assets (Net)	\$ <u>13,708</u>	\$ <u>(33)</u>	\$ <u>0</u>	\$ <u>13,675</u>

Village of Edgefield
Notes to Financial Statements
December 31, 2005

Business Type Activities	Balance 01-01-05	Additions	Deletions	Balance 12-31-05
Capital Assets Not Depreciated				
Land	\$ 319	\$ 0	\$0	\$ 319
Capital Assets Depreciated				
Plant & Equipment-Water System	166,159	0	0	166,159
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>\$ 0</u>	<u>\$0</u>	<u>\$415,738</u>
Less: Accumulated Depreciation				
Plant & Equipment-Water System	\$125,362	\$ 4,185	\$0	\$129,547
Plant & Equipment-Sewer System	<u>130,512</u>	<u>6,550</u>	<u>0</u>	<u>137,062</u>
Total Accumulated Depreciation	<u>\$255,874</u>	<u>\$ 10,735</u>	<u>\$0</u>	<u>\$266,609</u>
Business Type Activities Capital Assets (Net)	<u>\$159,864</u>	<u>\$(10,735)</u>	<u>\$0</u>	<u>\$149,129</u>

Depreciation expense of \$33 was charged to the general government function for governmental activities.

Depreciation expense of \$10,735 was charged to business-type activities as follows:

Water	\$ 4,185
Sewer	<u>6,550</u>
Total Depreciation	<u>\$10,735</u>

4. Village Officials:

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

Name	Position	Payments
Clyde Stovel	Alderman	\$1,200
Don Brinkley	Alderman	1,200
Jimmy Stothart	Mayor	1,500
Vince Almond	Alderman	400
Stanley Anderson	Alderman	<u>800</u>
Total		<u>\$5,100</u>

Village of Edgefield
Notes to Financial Statements
December 31, 2005

5. Litigation:

At December 31, 2004, there was a judgment against the Village for \$12,000. On January 12, 2005, the Village voted not to pay this judgment.

6. Receivables:

The following is a summary of receivables at December 31, 2005:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Proprietary Fund</u>
Water-Sales Tax	\$ 0	\$ 106
Water Management Fee	0	90
Water/Sewer Sales	0	3,993
Street Light	285	0
Garbage Fees	<u>937</u>	<u>0</u>
Total	<u>\$1,222</u>	<u>\$4,189</u>

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

**OTHER REQUIRED
SUPPLEMENTARY INFORMATION**

Village of Edgefield
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2005
With Comparative Actual Amounts from December 31, 2004

	2005			Variance Favorable (Unfavorable)	2004 Actual
	Budget		Actual		
	Original	Final			
REVENUES:					
Licenses & Permits	\$ 6,594	\$10,164	\$ 6,327	\$(3,837)	\$ 5,901
Intergovernmental	156	141	142	1	223
Charges for Services	3,084	11,720	13,779	2,059	0
Interest & Miscellaneous	<u>240</u>	<u>220</u>	<u>2,111</u>	<u>1,891</u>	<u>3,283</u>
 Total Revenues	 <u>\$10,074</u>	 <u>\$22,245</u>	 <u>\$22,359</u>	 <u>\$ 114</u>	 <u>\$ 9,407</u>
EXPENDITURES:					
General Government-					
Insurance	\$ 1,008	\$ 1,250	\$ 1,250	\$ 0	\$ 1,000
Dues & Membership	126	0	0	0	250
Election Expense	0	119	119	0	25
Office	0	14	14	0	46
Professional Services	0	300	300	0	431
Rent	0	0	0	0	0
Salaries	5,400	5,400	5,400	0	5,400
Utilities	3,540	3,100	3,970	(870)	4,017
Bad Debt Expense	0	28	0	28	0
Garbage Expense	0	8,700	8,657	43	0
M&R	0	387	387	0	0
Travel	<u>0</u>	<u>26</u>	<u>26</u>	<u>0</u>	<u>0</u>
 Total Expenditures	 <u>\$10,074</u>	 <u>\$19,324</u>	 <u>\$20,123</u>	 <u>\$ (799)</u>	 <u>\$11,169</u>

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

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

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, 2005, included in the *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 \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

Not applicable.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests 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.

None found.

BUDGETING

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

Management provided us with a copy of the original budget. There were three amendments to the budget during the year.

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

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

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

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

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;

All payments examined were properly coded to the correct fund and general ledger account.

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

All payments examined were properly approved by the proper authorities.

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 of Edgefield is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's office building.

DEBT

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

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

ADVANCES AND BONUSES

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

None found.

Our prior report, dated May 7, 2005, did not include 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

Johnson, Thomas & Cunningham, CPA's

March 29, 2006
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, 2005 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 December 12, 2005.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes X 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 LSA-RS 42:1101-1124.

Yes X 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 LSA-RS 42:1119.

Yes X No ___

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14 or the budget requirements of LSA-RS 39:43.

Yes X No ___

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes X No ___

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:453, and/or 39:92, as applicable.

Yes X No ___

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

Yes X No ___

Meetings

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

Yes X No ___

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 47:1410.60.

Yes X No ___

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 72-729.

Yes X No ___

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

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

Mayor Jimmy R. Stothart

Date 12/12/05