

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

99401659
2369

**VILLAGE OF EDGEFIELD
ANNUAL FINANCIAL REPORT**

DECEMBER 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 MAR 3 1 1999

Village of Edgefield

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Accountants' Compilation Report on the Financial Statements	---	1
Financial Statements:		
<i>Combined Balance Sheet - All Fund Types and Account Group</i>	A	3
<i>Combined Statement of Revenues, Expenditures and Changes in Fund Balance-Budget (GAAP Basis) and Actual-General Fund</i>	B	4
<i>Statement of Revenues, Expenses and Changes in Retained Earnings-Proprietary Fund Type-Enterprise Fund</i>	C	5
<i>Statement of Cash Flows-Proprietary Fund Type-Enterprise Fund</i>	D	6
Notes to Financial Statements	---	8-12
Independent Accountants' Report on Applying Agreed-Upon Procedures	E	13-15

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, C.P.A., S. Professional Corporation (1968-1996)

Mark D. Thomas, C.P.A., S. Professional Corporation

Roger M. Cunningham, C.P.A., S. Professional Corporation

*321 Bienville Street
Natchitoches, Louisiana 71457*

(318) 352-3652

Fax (318) 352-4447

ACCOUNTANTS' COMPILATION REPORT ON THE FINANCIAL STATEMENTS

To the Board of Aldermen of
the Village of Edgefield

We have compiled the accompanying general purpose financial statements of the Village of Edgefield as of December 31, 1998, and for the year then ended, in accordance with Statements on Standards for accounting and review services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the modified accrual basis of accounting, which is the generally accepted accounting methods established by the Governmental Accounting Standards Board for governmental units.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements, and accordingly, do not express an opinion or any other form of assurance on them.

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

February 19, 1999
Natchitoches, Louisiana

FINANCIAL STATEMENTS

Village of Edgefield

Combined Balance Sheet-All Fund Types and Account Group
December 31, 1998

	<u>Governmental Fund Types</u>
	<u>General Fund</u>
<u>Assets</u>	
Cash & Investments	\$20,983
Accounts Receivable	190
Restricted Assets-	
Customer's Meter Deposits	0
Plant and Equipment	0
Less, Accumulated Depreciation	<u>0</u>
Total Assets	<u>\$21,173</u>
<u>Liabilities</u>	
Accounts Payable	\$ 0
Payable from Restricted Assets-	
Customer's Meter Deposits	<u>0</u>
Total Liabilities	<u>\$ 0</u>
<u>Fund Equity</u>	
Contributed Capital	\$ 0
Investment in General Fixed Assets	0
Retained Earnings-	
Unreserved	0
Fund Balances-	
Unreserved-	
Undesignated	<u>21,173</u>
Total Fund Equity	<u>\$21,173</u>
 Total Liabilities & Fund Equity	 <u>\$21,173</u>

See accountants' compilation report.

<u>Proprietary Fund</u> Enterprise Fund	<u>Account Group</u> General Fixed Assets	<u>Totals</u> <u>(Memorandum Only)</u> <u>December 31, 1998</u>
\$ 76,884	\$ 0	\$ 97,867
5,485	0	5,675
6,325	0	6,325
383,514	0	383,514
(194,905)	0	(194,905)
<u>0</u>	<u>16,800</u>	<u>16,800</u>
\$ <u>277,303</u>	\$ <u>16,800</u>	\$ <u>315,276</u>
\$ 339	\$ 0	\$ 339
<u>6,325</u>	<u>0</u>	<u>6,325</u>
\$ <u>6,664</u>	\$ <u>0</u>	\$ <u>6,664</u>
\$ 176,296	\$ 0	\$ 176,296
0	16,800	16,800
94,343	0	94,343
<u>0</u>	<u>0</u>	<u>21,173</u>
\$ <u>270,639</u>	\$ <u>16,800</u>	\$ <u>308,612</u>
\$ 277,303	\$ 16,800	\$ 315,276

See accountants' compilation report.

Village of Edgefield

Combined Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
General Fund
Year Ended December 31, 1998

	<u>General Fund</u>		Variance- Favorable <u>(Unfavorable)</u>
	<u>Budget</u>	<u>Actual</u>	
REVENUES:			
Licenses & Permits	\$ 7,560	\$ 5,864	\$(1,696)
Intergovernmental	1,140	1,724	584
Miscellaneous	<u>2,304</u>	<u>3,191</u>	<u>887</u>
Total Revenues	<u>\$11,004</u>	<u>\$10,779</u>	<u>\$ (225)</u>
EXPENDITURES:			
Current-			
General Government	<u>\$10,692</u>	<u>\$10,651</u>	<u>\$ 41</u>
Total Expenditures	<u>\$10,692</u>	<u>\$10,651</u>	<u>\$ 41</u>
Excess (Deficiency) of Revenues over Expenditures	\$ 312	\$ 128	\$ (184)
Fund Balance-Beginning of Year	<u>21,045</u>	<u>21,045</u>	<u>0</u>
Fund Balance-End of Year	<u>\$21,357</u>	<u>\$21,173</u>	<u>\$ (184)</u>

See accountants' compilation report.

Village of Edgefield

Statement of Revenues, Expenses and Changes in Retained Earnings
Proprietary Fund Type
Enterprise Fund
Year Ended December 31, 1998

OPERATING REVENUES:

Water Sales	\$ 42,723
Sewerage Sales	20,236
Installation & Connection Fees	190
Miscellaneous	<u>3,278</u>
Total Operating Revenues	\$ <u>66,427</u>

OPERATING EXPENSES:

Depreciation	\$ 9,588
Personnel Cost	10,416
Utilities	3,308
Repairs & Maintenance	14,199
Insurance	988
Treatment Costs	2,240
Rent	1,200
Office Expenses	2,276
Dues & Miscellaneous	242
Professional Fees	<u>747</u>
Total Operating Expenses	\$ <u>45,204</u>

Operating Income (Loss) \$ 21,223

Retained Earnings (Deficit)-
Beginning of Year 249,416

Retained Earnings (Deficit)-
End of Year \$270,639

See accountants' compilation report.

Village of Edgefield
Proprietary Fund Type
Enterprise Fund
Statement of Cash Flows
Year Ended December 31, 1998

Cash Flows from Operating Activities:		
Net Income (Loss) for the Year	\$21,223	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	9,588	
(Increase) in Accounts Receivables	(805)	
Increase in Accounts Payable	70	
Increase in Customer's Deposits	<u>250</u>	
Net Cash Provided by (Used by) Operating Activities		<u>\$30,326</u>
Cash Flows Used by Investing Activities:		
Construction of Plant & Equipment		\$ <u>0</u>
Cash Flows from Financing Activities:		
Repayment of Long-Term Debt	\$ 0	
Capital Contributed by State of Louisiana	<u>0</u>	
Total Cash Flows from Financing Activities		\$ 0
Net Increase (Decrease) in Cash		30,326
Cash at Beginning of Year		<u>52,883</u>
Cash at End of Year		<u>\$83,209</u>

See accountants' compilation report.

NOTES TO THE FINANCIAL STATEMENTS

Village of Edgefield
Notes to Financial Statements
December 31, 1998

1. The Reporting Entity:

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.

This report includes all funds and account groups which are controlled or dependent on the Village of Edgefield's executive and legislative branches (the Mayor and Aldermen). Control by or dependence on the Village of Edgefield 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, streets and drainage, and general and administrative services. In addition, the Village operates a Utility System which provides water and sewer services.

2. Summary of Significant Accounting Policies:

The accounting and reporting policies of the Village of Edgefield conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Municipal Audit and Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies and practices:

Fund Accounting-The accounts of the Village of Edgefield are organized on the basis of funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic funds types and two broad fund categories as follows:

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.

Village of Edgefield
Notes to Financial Statements
December 31, 1998

Proprietary Fund-

Enterprise Fund-The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fixed Assets-The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed Assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, and are recorded as expenditures in the governmental fund types when purchased. Assets are valued at historical cost. The Village has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

The account group is not a "fund". It is concerned only with the measurement of financial position, and is not involved with the measurement of results of operations.

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity are included on the balance sheet.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against the operations. Depreciation has been provided over the estimated useful lives using the straight-line method.

Water System-1968	40 years
Sewer System-1983	40 years
Equipment	10 years

Village of Edgefield
Notes to Financial Statements
December 31, 1998

Basis of Accounting

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Purchase of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

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).

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.

Retirement Commitments

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

Unpaid Accumulated Vacation and Sick Pay

The Village of Edgefield has no plan for unpaid accumulated vacation and sick pay.

Encumbrance Accounting

The Village of Edgefield does not employ the use of "encumbrance" accounting methods.

Village of Edgefield
Notes to Financial Statements
December 31, 1998

Bad Debts

Uncollectible amounts due for customer's utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable.

Total Columns on Combined Statements - Overview

Total columns on the combined statements-overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. Changes in General Fixed Assets:

A summary of changes in general fixed assets follows:

	Balance <u>1-1-98</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12-31-98</u>
Land	\$ 1,500	\$0	\$0	\$ 1,500
Building	<u>15,300</u>	<u>0</u>	<u>0</u>	<u>15,300</u>
Total	<u>\$16,800</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,800</u>

4. Litigation:

At December 31, 1998, there were no pending civil suits against the Village.

5. Cash and Investments:

The Village's cash is held in separate cash accounts, and accounted for separately in each of the Village's funds. At December 31, 1998, the Village's cash totaled \$96,382. All of this cash is held by banks, and \$96,382 is covered by FDIC insurance.

The Village's cash is categorized below to give an indication of the level of risk assumed by the Village at December 31, 1998. Category 1 includes cash held by the Village which is insured and held in the Village's name. Category 2 would include cash and investments held in the Village's name which is uninsured or unregistered. Category 3 would include the Village's cash held by a trustee or other third party not in the Village's name and uninsured and unregistered.

Village of Edgefield
Notes to Financial Statements
December 31, 1998

	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>	Carrying Value
Total Cash & Investments	\$96,382	\$0	\$0	\$96,382
FDIC Insurance	<u>96,382</u>	<u>0</u>	<u>0</u>	<u>96,382</u>
Balance Uninsured	\$ <u>0</u>	\$0	\$0	\$ <u>0</u>

6. **Plant & Equipment:**

A summary of proprietary fund property, plant and equipment at December 31, 1998:

	Useful <u>Life</u>	<u>Cost</u>	Accumulated <u>Depreciation</u>	<u>Net</u>	Depreciation <u>This Year</u>
Water System-1968	40	\$142,775	\$102,115	\$ 40,660	\$3,564
Sewer System-1983	40	240,420	92,790	147,630	6,024
Land	=	<u>319</u>	<u>0</u>	<u>319</u>	<u>0</u>
Total		<u>\$383,514</u>	<u>\$194,905</u>	<u>\$188,609</u>	<u>\$9,588</u>

7. **Village Officials:**

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

<u>Name</u>	<u>Position</u>	<u>Payments</u>
Pat Holland	Mayor	\$ 500
W. A. Rogers	Interim Mayor	625
Charles Perkins	Interim Mayor	375
Vernon Coffey	Alderman	1,200
Herman Long	Alderman	1,200
Laura Stratton	Alderman	<u>1,200</u>
Total		<u>\$5,100</u>

Johnson, Thomas & Cunningham

Certified Public Accountants

Exhibit E

Page 13

Eddie G. Johnson, C.P.A., A Professional Corporation (1962-1996)

Mark D. Thomas, C.P.A., A Professional Corporation

Roger M. Cunningham, C.P.A., A Professional Corporation

*321 Bienville Street
Metchitoches, 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 Government 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, 1998 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, 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 material and supplies exceeding \$5,000, or public works exceeding \$50,000, 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 procedure (2) as immediate family members.

None found.

Budgeting

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

Management provided us with a copy of the original budget.
There were no amendments to the budget during the year.

6. Trace the budget adoption to the minute book.

We traced the adoption 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 or expenditures exceed budgeted amounts by more than 5%.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%.

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; and

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

Advances and Bonuses

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

None found.

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, this report is a matter of public record and its distribution is not limited.


Johnson, Thomas & Cunningham, CPA's

February 19, 1999
Natchitoches, Louisiana

APPENDIX F. LOUISIANA ATTESTATION QUESTIONNAIRE

3-23-99

Date

Johnson, Thomas & Cunningham, CPAs

321 Bienville St.

Natchitoches, LA 71457

(Auditors)

In connection with your compilation of our financial statements as of December 31, 1998 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 regulation 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 March 23, 1999 (date).

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

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 44:38.

Yes [] No []

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

Yes [] No []

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

Yes [] No []

Meetings

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

Yes [] 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 [] No []

Advances and Bonuses

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

Yes [] 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.

Mary Prosperi Secretary 3-23-99 Date
 _____ Treasurer _____ Date
 _____ President _____ Date

Note-Quasi-public entities should delete reference to the above statutes, unless required to follow such laws by contract with their public funding agencies. The quasi-public entities should include a representation that they have complied with the contractual provisions under which they have received state and/or local funds.