

VILLAGE OF NORTH HODGE, LOUISIANA
NORTH HODGE, LOUISIANA

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTAL INFORMATION
As of And for The Year Ended September 30, 2022**

BY

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North Hodge, Louisiana

**Financial Statements
and Independent Auditor's Report
With Supplemental Information
As of and for the Year Ended September 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Joanie Cannady, Mayor,
and Members of the Board of Aldermen
Village of North Hodge, Louisiana

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of North Hodge, Louisiana (the "Village"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Village of North Hodge, Louisiana's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village as of September 30, 2022 and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Village of North Hodge, Louisiana, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of North Hodge, Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Village of North Hodge, Louisiana Independent Auditor's Report on Financial (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of North Hodge, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of North Hodge, Louisiana's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

**Village of North Hodge, Louisiana
Independent Auditor's Report on Financial (Continued)**

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of North Hodge, Louisiana's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated May 12, 2023, on my consideration of the Village's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Village's internal control over financial reporting and compliance.



Rosie D. Harper
Certified Public Accountant

Monroe, Louisiana
May 12, 2023

REQUIRED SUPPLEMENTAL INFORMATION

(Part 1 of 2)

VILLAGE OF NORTH HODGE
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MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

The management's discussion and analysis of the Village of North Hodge's financial performance provides an overview of the financial activities for the year ended September 30, 2022. It is based upon currently known facts, decisions, and conditions. Please read it in conjunction with the financial statements which begin on page 11.

Basic Financial Statements

The basic financial statements include government-wide and fund financial statements. The *government-wide* statements consist of a Statement of Net Position and a Statement of Activities and provide information about the financial activities of the Village as a whole. The government-wide statements present a long-term view of our finances. Fund financial statements consist of the respective fund's balance sheet and the fund's statement of revenues, expenditures and changes in fund balance, if applicable. The fund statements tell how the Village's services were financed in the short-term and what remains for *future spending*. The primary difference *between the* fund and government-wide statement presentation methods is that expenditures for capital assets are expensed in the fund financial statements but capitalized and depreciated in the government-wide statements.

Statement of Net Position and Statement of Activities

One of the most important questions asked about our finances is, "Is the Village of North Hodge as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is a method similar to accounting used by most private-sector companies. All revenues and expenses of the current year are reported under this method regardless of when cash is received or disbursed.

These two statements report the Village's net position and the changes in the net position. You can think of net position - the difference between assets and liabilities - as one way to measure the financial health, or financial position, of the Village. Increases/(decreases) in the Village's net *position* is one indicator of whether its financial health is improving/(deteriorating). You will need to consider other nonfinancial factors, however, such as changes in the Village's tax base and the condition of the Village's roads, to assess the overall health of the Village.

In the Statement of Net Position and Statement of Activities, there are two kinds of activities:

Governmental Activities - Most of the Village's basic services are reported here, including the police, streets, sanitation, and general and administration. Sales taxes, ad valorem taxes, franchise taxes, fines, and grants finance most of these activities. Expenses primarily include salaries, supplies, utilities, and insurance.

**Village of North Hodge, Louisiana
Management's Discussion And Analysis (Continued)**

Statement of Net Position and Statement of Activities (Continued)

Business-Type Activities - The Village's water and sewer system are reported here. The Village charges a fee to customers to cover the cost of these services. These charges finance most of these services. Expenses primarily include depreciation, system repairs and maintenance, and utilities.

Government-Wide Financial Analysis

As noted above, net position may serve as a useful indicator of the Village's financial position. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the governmental and business-type activities of the Village of North Hodge.

TABLE 1-SEPTEMBER 30, 2022

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current and Other Assets	\$ 157,439	\$ 133,841	\$ 208,379	\$ 170,618	\$ 365,818	\$ 304,459
Capital Assets (Net)	87,393	99,303	1,674,742	1,526,509	1,762,135	1,625,812
Total Assets	<u>244,832</u>	<u>233,144</u>	<u>1,883,121</u>	<u>1,697,127</u>	<u>2,127,953</u>	<u>1,930,271</u>
LIABILITIES						
Current Liabilities	15,100	31,549	179,381	172,500	194,481	204,049
Non-current Liabilities	-	-	178,646	198,300	178,646	198,300
Total Liabilities	<u>15,100</u>	<u>31,549</u>	<u>358,027</u>	<u>370,800</u>	<u>373,127</u>	<u>402,349</u>
NET POSITION						
Invested in Capital						
Assets Net of Debt	87,393	99,303	1,484,590	1,314,202	1,571,983	1,413,505
Unrestricted	<u>142,339</u>	<u>102,292</u>	<u>40,504</u>	<u>12,035</u>	<u>182,843</u>	<u>114,327</u>
Total Net Position	<u>\$ 229,732</u>	<u>\$ 201,595</u>	<u>\$ 1,525,094</u>	<u>\$ 1,326,237</u>	<u>\$ 1,754,826</u>	<u>\$ 1,527,832</u>

For the year ended September 30, 2022, total net position increased 15% \$226,994 compared to the prior year. There was a surplus of \$182,781 in unrestricted net position at the end of the current year. Unrestricted net position can be used to finance the day-to-day operations of the Village without constraints.

The largest portion, \$1,571,983, of the Village's net position is invested in capital assets. These capital assets consist of land, water and sewer system, streets, improvements, office furniture, and equipment. The Village uses these capital assets to provide services to its citizens; consequently, capital assets are not available for future spending.

The Village's total net position included no restricted amounts for 2022.

**Village of North Hodge, Louisiana
Management's Discussion And Analysis (Continued)**

TABLE 2 CHANGE IN NET POSITION-SEPTEMBER 30, 2022

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charges for Services	\$ -	\$ -	\$ 141,225	\$ 156,648	\$ 141,225	\$ 156,648
Fines and Forfeitures	93,110	125,572	-	-	93,110	125,572
Operating Grants and Contributions	-	-	69,646	-	69,646	-
Capital Grants and Contributions	-	-	206,379	119,081	206,379	119,081
General Revenues:						
Taxes	126,916	113,306	-	-	126,916	113,306
Licenses	1,990	1,865	-	-	1,990	1,865
Other	11,083	7,292	2,381	2,107	13,464	9,399
Total Revenues	<u>233,099</u>	<u>248,035</u>	<u>419,631</u>	<u>136,511</u>	<u>652,730</u>	<u>525,871</u>
Program Expenses						
General Government	124,710	121,712	-	-	124,710	121,712
Police	69,702	79,511	-	-	69,702	79,511
Streets	18,930	19,177	-	-	18,930	19,177
Water and Sewer	-	-	210,054	182,465	210,054	182,465
Interest on Bond Debt	-	-	10,466	11,670	10,466	11,670
Total Expenses	<u>213,342</u>	<u>220,400</u>	<u>220,520</u>	<u>178,847</u>	<u>433,862</u>	<u>414,535</u>
Interfund Transfers In (Out)	(272)	-	-	-	(272)	-
Increase (Decrease) in Net Position	19,485	27,635	199,111	83,701	218,596	111,336
Net Position-Beginning	201,595	174,038	1,326,237	1,242,536	1,527,832	1,416,574
Prior Period Adjustment	8,652	(78)	(254)	-	8,398	(78)
Net Position - Ending	<u>\$ 229,732</u>	<u>\$ 201,595</u>	<u>\$ 1,525,094</u>	<u>\$ 1,326,237</u>	<u>\$ 1,754,826</u>	<u>\$ 1,527,832</u>

Governmental activities were responsible for a \$28,137 increase in the Village's net position for the year ended September 30, 2022. Revenue from police fines decreased (\$32,462) in 2022. The Village's General government had an overall decrease in revenue of (\$14,936) compared to 2021. General government expenses decreased by (\$7,058). The increase in the Village's net position for the General government was due to decrease in expenses of the general government and an increase in revenue from bingo taxes.

Business-type activities increased net position by \$198,857 for the year ended September 30, 2022. The increase in net position was due primarily to an increase in grant revenue and the increase in rates for utility services.

Fund Financial Statements

As of September 30, 2022, the Village's governmental funds reported a surplus fund balance of, \$142,339 which is \$40,047 increase from the 2021 fund balance.

Amounts reported for business-type activities in the Village's individual funds are identical to the business-type activities reported in the government-wide presentation.

**Village of North Hodge, Louisiana
Management's Discussion And Analysis (Continued)**

Governmental Funds Budgetary Highlights

The Village of North Hodge amends its budget when it is determined that there are unexpected differences between actual and anticipated revenues and/or expenditures. A budget amendment was adopted for the year ended September 30, 2022.

For the year ended September 30, 2022, the General Fund had a 5% unfavorable variance of \$11,801 between budgeted revenue versus actual revenue. The favorable variance between budgeted and actual expenses was 5% in the amount of \$10,028. The Village reported an excess of \$31,667 in revenue over expenses. Also, the Village had a budget variance of \$1 in the amounts transferred funds to the water and sewer.

Business-type Activity Budgetary Highlights

The Village of North Hodge adopted a separate budget for its business-type activities (water and sewer fund) for the year ended September 30, 2022. Business-type activities had a favorable revenue variance of \$1,375, 0%; and it had an unfavorable expense variance of \$7,162, 5%. After debt service of \$32,620, a capital outlay of \$233,177 and interfund transfers, the business-type activities had a favorable variance of \$7,890, 38% in excess of revenues and other sources of funds over expenses and other uses of funds for the year ended September 30, 2022.

Capital Assets and Debt Administration

The Village had outstanding bond debt of \$190,152 for the year ended September 30, 2022. Principal payments of \$23,503 and interest payments of \$10,466 were made in 2022 on the outstanding debt. More detailed information about the District's long-term debt is presented in the notes to the financial statements.

Currently Known Facts, Decisions, or Conditions

We are not aware of any facts, decisions, or conditions that are expected to have a significant impact on the financial position or results of operations after the reporting date.

Requests for Additional Information

This financial report is designed to provide citizens and taxpayers with a general overview of the finances of the Village of North Hodge and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Village of North Hodge at P.O. Box 520, Hodge, Louisiana 71247.

BASIC FINANCIAL STATEMENTS

VILLAGE OF NORTH HODGE, LOUISIANA

Statement of Net Position
September 30, 2022

	Governmental Activities	Business- Type Activities	Total
Assets			
Cash & Cash Equivalents	\$ 20,313	\$ 2,746	\$ 23,059
Receivables	9,655	35,829	45,484
Due from Other Funds	127,386	-	127,386
Restricted Assets:			
Cash & Cash Equivalents	85	169,379	169,464
Investments	-	425	425
Capital Assets (Net of Accumulated Depreciation)	87,393	1,674,742	1,762,135
Total Assets	<u>244,832</u>	<u>1,883,121</u>	<u>2,127,953</u>
Liabilities			
Current Liabilities			
Accrued Liabilities	15,100	28,180	43,280
Due to Other Funds	-	127,386	127,386
Current Portion of			
Long-Term Debt	-	23,503	23,503
Bond Interest Payable	-	312	312
Total Current Liabilities	<u>15,100</u>	<u>179,381</u>	<u>194,481</u>
Non-current Liabilities			
Meter Deposits	-	11,997	11,997
Bonds Payable	-	166,649	166,649
Total Non-Current Liabilities	<u>-</u>	<u>178,646</u>	<u>178,646</u>
Total Liabilities	<u>15,100</u>	<u>358,027</u>	<u>373,127</u>
Net Position			
Invested in Capital Assets Net of Related Debt	87,393	1,484,590	1,571,983
Unrestricted	142,339	40,504	182,843
Total Net Position	<u>\$ 229,732</u>	<u>\$ 1,525,094</u>	<u>\$ 1,754,826</u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

VILLAGE OF NORTH HODGE, LOUISIANA

Statement of Activities
For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
<i>Governmental Activities:</i>							
General Government	\$ 124,710	\$ -	\$ -	\$ -	\$ (124,710)	\$ -	\$ (124,710)
Public Safety	69,702	-	-	-	(69,702)	-	(69,702)
Streets	18,930	-	-	-	(18,930)	-	(18,930)
Total Governmental Activities	<u>213,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(213,342)</u>	<u>-</u>	<u>(213,342)</u>
<i>Business Type Activities:</i>							
Water and Sewer	210,054	141,225	-	-	-	(68,829)	(68,829)
Grants	-	-	69,646	206,379	-	276,025	276,025
Interest on Long-Term Debt	10,466	-	-	-	-	(10,466)	(10,466)
Total Business Type Activities	<u>220,520</u>	<u>141,225</u>	<u>69,646</u>	<u>206,379</u>	<u>-</u>	<u>196,730</u>	<u>196,730</u>
Total Primary Government	<u>\$ 433,862</u>	<u>\$ 141,225</u>	<u>\$ 69,646</u>	<u>\$ 206,379</u>	<u>\$ (213,342)</u>	<u>\$ 196,730</u>	<u>\$ (16,612)</u>
<i>General Revenues:</i>							
<i>Taxes</i>							
Property Taxes Levied for General Purposes					7,307	-	7,307
Electronic Video Bingo					86,413	-	86,413
Franchise Tax					12,383	-	12,383
Sales Taxes					20,813	-	20,813
Fines					93,110	-	93,110
Licenses and Permits					1,990	-	1,990
Investment Earnings					-	65	65
Other Revenue					11,083	2,044	13,127
Transfers In (Out)					(272)	272	-
Total General Revenues and Transfers					<u>232,827</u>	<u>2,381</u>	<u>235,208</u>
<i>Change in Net Position</i>							
Net Position-October 1, 2021					201,595	1,326,237	1,527,832
Prior Period Adjustment					8,652	(254)	8,398
Net Position-September 30, 2022					<u>\$ 229,732</u>	<u>\$ 1,525,094</u>	<u>\$ 1,754,826</u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

VILLAGE OF NORTH HODGE, LOUISIANA

Balance Sheet
Governmental Funds
September 30, 2022

Assets

Cash and Cash Equivalents	\$	20,398
Receivables (net)		9,655
Due From Other Funds		127,386
Total Assets		<u>157,439</u>

Liabilities and Fund Equity

Liabilities:

Accrued Liabilities		15,100
Total Liabilities		<u>15,100</u>

Fund Equity:

Unassigned		142,339
Total Fund Equity		<u>142,339</u>

Total Liabilities and Fund Equity	\$	<u>157,439</u>
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See Accompanying Independent Auditor's Report and Notes to Financial Statements.

VILLAGE OF NORTH HODGE, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended
September 30, 2022

Revenues

Property Taxes	\$	7,307
Electronic Bingo		86,413
Franchise Taxes		12,383
Sales Taxes		20,813
Fines		93,110
Licenses and Permits		1,990
Other Revenues		11,083
Total Revenues		233,099

Expenditures

General Government		124,489
Public Safety		69,702
Streets		7,241
Total Expenditures		201,432

Excess of Expenditures Over Revenue		31,667
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Other Financing Sources

Interfund Transfers Out		(272)
Total Other Financing Uses		(272)

Net Change in Fund Equity		31,395
Fund Balance-Beginning		102,292
Prior Period Adjustment		8,652
Fund Balance-Ending	\$	142,339

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

VILLAGE OF NORTH HODGE, LOUISIANA

Reconciliation of The Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
September 30, 2022

Fund Balance, Total Governmental Funds \$ 142,339

Amounts reported for governmental activities in the Statement of Net Assets are different
because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the governmental
funds.

Net Assets of Governmental Activities

87,393
\$ 229,732

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

VILLAGE OF NORTH HODGE LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
for the Year Ended September 30, 2022

Net Change in Fund Balances, Total governmental Funds	\$	31,395
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(11,909)
Rounding Adjustment		<u>(1)</u>
Changes in Net Position of Governmental Activities	\$	<u>19,485</u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

VILLAGE OF NORTH HODGE, LOUISIANA

Statement of Fund Net Position
 Proprietary Fund
 September 30, 2022

	<u>Water and Sewer Enterprise Fund</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 2,746
Customer Accounts Receivable	23,703
State Income Tax Refundable	<u>12,126</u>
Total Current Assets	38,575
Restricted Assets:	
Cash	169,379
Investments	<u>425</u>
Total Restricted Assets	169,804
Utility Plant:	
Capital Assets Net of Accumulated Depreciation	<u>1,674,742</u>
Net Utility Plant	<u>1,674,742</u>
Total Assets	<u>1,883,121</u>
Liabilities	
Current Liabilities:	
Accrued Liabilities	28,180
Due to Other Funds	127,386
Current Portion of Bonds Payable	23,503
Bond Interest Payable	<u>312</u>
Total Current Liabilities	179,381
Liabilities Payable from Restricted Assets:	
Customer Deposits	<u>11,997</u>
Total Liabilities Payable from Restricted Assets	11,997
Long-Term Liabilities:	
Bonds Payable	<u>166,649</u>
Total Long-Term Liabilities	<u>166,649</u>
Total Liabilities	<u>358,027</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	1,484,590
Unrestricted	<u>40,504</u>
Total Net Position	<u>\$ 1,525,094</u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

VILLAGE OF NORTH HODGE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended
 September 30, 2022

	<u>Water and Sewer</u> <u>Enterprise Fund</u>
Utility Operating Revenue:	
Charges for Water and Sewer	\$ 141,225
Other Income	71,690
Total Operating Revenue	<u>212,915</u>
Operating Expenses:	
Contract Labor	3,831
Depreciation Expense	74,882
Office	1,272
Other Operating	30,541
Repairs and Maintenance	3,106
Salaries	80,046
Supplies	2,097
Telephone & Utilities	14,279
Total Operating Expenses	<u>210,054</u>
Utility Operating Loss	2,861
Other Income and Deductions:	
Capital Grants	206,379
Interest and Dividend Revenue	65
Interest on Long-Term Debt	<u>(10,466)</u>
Total Other Income and Deductions	<u>195,978</u>
Income Before Transfers In (Out)	<u>198,839</u>
Operating Transfer In (Out)	<u>272</u>
Change in Net Position	199,111
Total Net Position, Beginning	1,326,237
Prior Period Adjustment	(254)
Total Net Position, Ending	<u>\$ 1,525,094</u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

VILLAGE OF NORTH HODGE, LOUISIANA

Statement of Cash Flows
Proprietary Funds
September 30, 2021

Cash Flows from Operating Activities	
Cash Received from Customers	\$ 138,593
Net Decrease in Customer Deposits	3,760
Other Cash Received	71,690
Cash Paid to Employees for Services	(74,154)
Cash Paid for Goods and Services	(79,057)
Net Cash Used by Operating Activities	<u>60,832</u>
Cash Flows from Non-Capital Financing Activities	
Interfund Liability/Asset	11,190
Transfers from Other Funds	272
Net Cash Provided by Non-Capital Financing Activities	<u>11,462</u>
Cash Flows from Capital and Related Financing Activities	
Cash from Grants	206,379
Principal Paid on Bond Debt	(22,154)
Interest Paid on Long Term Debt	(10,466)
Net Cash Provided for Capital and Related Financing Activities	<u>173,759</u>
Cash Flows from Investing Activities	
Cash Paid for Sewer Improvements	(223,115)
Interest and Dividend Income	65
Net Cash Used by Investing Activities	<u>(223,050)</u>
Net Increase in Cash and Cash Equivalents	23,003
Cash and Cash Equivalents-Beginning	149,122
Cash and Cash Equivalents-Ending	<u>\$ 172,125</u>

Reconciliation of Cash and Cash Equivalents to the Balance Sheet

	September 30, 2022	
	End	Beginning
	of Year	of Year
Cash and Cash Equivalents in Current and Accrued Assets	\$ 2,746	\$ 30,709
Restricted Cash and Cash Equivalents	169,379	118,413
Total Cash and Cash Equivalents	<u>\$ 172,125</u>	<u>\$ 149,122</u>

Reconciliation of Utility Operating Income to Net Cash Provided by Operating Activities

Utility Operating Loss	\$ 2,861
Adjustments:	
Depreciation Expense	74,882
Decrease in Customer Accounts Receivables	(2,632)
Increase in State Income Tax Refund Receivable	(12,126)
Decrease in Accrued Liabilities	(5,566)
Decrease in Interest Payable	(93)
Decrease in Meter Deposits Payable	3,760
Prior Period Adjustment	(254)
Total Adjustments	<u>57,971</u>
Net Cash Provided by Operating Activities	<u>\$ 60,832</u>

There were no operating investing, or financing activities during the year that did not result in cash receipts or payments.

VILLAGE OF NORTH HODGE, LOUISIANA

Statement of Cash Flows
Proprietary Funds
September 30, 2021

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

VILLAGE OF NORTH HODGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS As of and For the Year Ended September 30, 2022

The Village of North Hodge, Louisiana, was incorporated August 5, 1953, under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government. Services provided by the Village include police protection and street maintenance. The Village also operates a water distribution system and sewer system for about 203 customers.

The accompanying basic financial statements of the Village of North Hodge, Louisiana, are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles for state and local governments through its pronouncements (Statements of Interpretations). The more significant accounting policies established in GAAP and used by the Village are discussed below.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) establishes the criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under these provisions, the Village of North Hodge is considered a primary government, since it is a general purpose local *government* that has an elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used by GASB, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Component units can be identified by financial accountability and whether exclusion would create misleading or incomplete financial statements. No component units were identified for the Village of North Hodge.

B. Basic Financial Statements--Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's police protection, highways and streets, and general administrative services are classified as governmental activities. The Village's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column. They are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position is reported in three parts—invested in capital assets, restricted net position, and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net costs of each of the Village's functions and business-type activities. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must *be* directly associated with the function or a business-type activity. The *net costs* (by function or

B. Basic Financial Statements--Government-Wide Statements (Continued)

business-type activity) are normally covered by general revenue (taxes, interest income, etc.). The Village does not allocate indirect costs.

The government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

C. Basic Financial Statements--Fund Financial Statements

The financial transactions of the Village of North Hodge are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following funds are used by the Village of North Hodge:

Governmental Funds--The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village of North Hodge:

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.

The activities reported in this fund are reported as governmental activities in the government-wide financial statements.

Proprietary Funds--The focus of proprietary fund measurement is upon determination of operating income, changes in net asset, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Village:

Enterprise Funds - Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity establishes fees and charges based on a pricing policy designed to recover similar costs.

The activities reported in this fund are reported as business-type activities in the government-wide financial statements.

In the governmental fund financial statements, fund balances are classified to describe the relative strength of the spending constraints placed on the purposes for which resources can be used. These classifications are as follows: nonspendable, restricted, committed, assigned, and unassigned. When fund balance resources are available for a specific purpose in more than one classification, it is the Village's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)

Basis of Accounting

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

Accrual -- Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Sales tax collected and held by the sales tax collection agency at year end on-behalf of the government are reported in the period for which they were collected. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees, charges, and other exchange revenue are recognized when earned and expenses are recognized when incurred.

Modified Accrual -- The governmental fund financial statements are presented on the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Sales tax collected and held by the sales tax collection agency at year end on behalf of the government are reported in the period for which they were collected provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met, and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

The Village reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The revenues susceptible to accrual are franchise fees, interest income, and intergovernmental revenues. All other governmental fund revenues are recognized when received.

E. Budgetary Practices

The Village of North Hodge, Louisiana, was required to prepare an operating budget, on a basis consistent with generally accepted accounting principles, on its general fund for the year ended September 30, 2022, as required by Louisiana law. The proposed original budget for the fiscal year ended September 30, 2022 was adopted on October 1, 2021. An amended budget for the fiscal year ended September 30, 2022 was adopted on September 20, 2022.

Although the Village was not required by statute to adopt a budget for the business-activity fund, a budget was adopted for the business-activity fund on October 1, 2021. An amended budget for the fiscal year ended September 30, 2022 was adopted on September 20, 2022.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)

F. Cash Deposits and Investments

Under state law, the Village of North Hodge may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal office in Louisiana. Deposits are carried at cost which approximates market value.

Cash and cash equivalents consist of cash on hand, demand deposits, interest-bearing demand deposits, and short-term time deposits with original maturities of three months or less from date of acquisition. Under state law, the Village of North Hodge may invest funds in collateralized certificates of deposit, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments are reported at fair value.

G. Restricted Assets

Restricted assets represent resources that must be expended in a specific manner. The "customers'" deposits account is used to report amounts being held for customers' meter deposits. A corresponding liability is presented to record these funds held by the enterprise fund. The Village also receives grants for specific purposes. The proceeds from these grants were deposited into a separate account and are restricted to the purpose for which they were approved. A corresponding liability is recorded for amounts payable on the project.

In compliance with its bond covenant, the Village is required to established restricted cash accounts for debt service and fund in the amount of \$272.60 per month effective October 1, 2014. The Village is also required to establish a separate account in the Village's name as a security for the utility services and is to be refunded to the customer upon termination of services and outstanding utility amounts are fully satisfied.

H. Compensated Absences

Vacation and sick leave are noncumulative. Employees who work 28 hours a week or more receive four (4) days of vacation, four (4) days of sick leave and (4) inclement weather days (that are not guaranteed) annually. There are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure at year end. Employees are entitled to paid official holidays that are considered holidays by the State of Louisiana.

I. Use of Estimates

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

J. Inter-fund Receivables and Payables

Inter-fund activity is reported as loans, reimbursements, or transfers. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and

J. Inter-fund Receivables and Payables (Continued)

reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers *between* governmental or *between* proprietary funds are netted as part of the reconciliation to the government-wide financial statements. At the end of the fiscal year, outstanding funds are referred to as "due to/from other funds" on the fund financial statements balance sheets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

K. Equity Classifications

Government Wide Statements--Equity is classified as net position and displayed in three components:

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.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

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

Fund Financial Statements--Governmental fund equity is classified as fund balance. The following classifications are used to describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

Non-spendable Fund Balance - amounts that are not in spendable form (such as prepaids) or are required to *be* maintained intact.

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.

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.

Assigned Fund Balance - amounts the 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.

Unassigned Fund Balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

VILLAGE OF NORTH HODGE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)

Proprietary fund equity is classified the same as government wide statements.

L. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, all cash and cash equivalents are considered cash regardless of whether there are restrictions on their use.

M. Deferred Outflows of Resources and Deferred Inflows of Resources

The Village reports decreases in net assets that relate to future periods as deferred outflows of resources and increases in net assets that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary fund statements of net position. There were no deferred outflows or deferred inflows of resources reported in this year's financial statements.

N. Receivables

Ad valorem tax and proprietary fund receivables are shown net of an allowance for uncollectible amounts. Estimated uncollectible amounts are recognized as a reduction in revenue in the general fund and as bad debt expense in the proprietary fund through an allowance established based upon collection experience and other factors which indicate possible uncollectibility.

Ad valorem taxes are levied on a calendar year basis and become delinquent after December 31. The Village bills and collects its own ad valorem taxes. For the year ended September 30, 2022, ad valorem taxes, one rate of tax was levied on property within the corporate limits, as follows:

7.63 mills for the general maintenance of the Village. This millage was approved by the Board of Aldermen August 11, 2020. This millage is the maximum millage that can be assessed without the approval of voters.

For the year ended September 30, 2022, taxes of \$7,307 were levied on property. Taxes receivable at September 30, 2022 consisted of the following:

Taxes Receivable	\$ 1,332
Allowance for Uncollectible Taxes	<u> -</u>
Net Ad Valorem Taxes Receivable	<u><u>\$ 1,332</u></u>

The following are the principal taxpayers and their related ad valorem tax revenue for the Village:

Longleaf Estates	\$ 570
Alltel Comm Wireless, Inc.	249
Atmos Energy	<u>327</u>
Total	<u><u>\$ 1,146</u></u>

By special election, duly called and held, on July 11, 1981, the qualified electors of the Village of North Hodge authorized a one-cent sale and use tax levy, as defined in Louisiana R.S. 47:301 to Louisiana R.S. 47:317, to be dedicated and used for the purpose of providing funds for any lawful corporate

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)

N. Receivables (Continued)

purpose of the Village. The Village adopted Ordinance Number 177 on August 13, 1981, whereby this tax was levied from and after October 1, 1981.

O. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Improvements	10 to 20 years
Streets	20 years
Water and Sewer Systems	10 to 50 years
Machinery, Equipment, and Furniture	5 to 10 years

General infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before January 1, 2004, are excluded from capital assets.

P. Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as inter-fund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Q. Defining Operating Revenues and Expenses

The Village's proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses of the Village's water and sewer fund consist of charges for services and cost of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as non-operating.

VILLAGE OF NORTH HODGE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - CASH AND CASH EQUIVALENTS

At September 30, 2022, the Village had cash and cash equivalents (restricted and unrestricted) as follows:

	<u>Cash</u>	<u>Certificate of Deposit</u>	<u>Total</u>
Unrestricted			
Cash on Hand	\$ 200	\$ -	\$ 200
Demand Deposits	22,859	-	22,859
Restricted			
Demand Deposits	169,464	-	169,464
Time Deposit	-	425	425
Total	<u>\$ 192,523</u>	<u>\$ 425</u>	<u>\$ 192,948</u>

The Village maintains its cash accounts at a local bank which provides Federal Deposit Insurance Corporation (FDIC) coverage of \$250,000 for all demand deposits and \$250,000 for all time deposits. At September 30, 2022, the Village has \$192,948 in deposits (collected bank balances), which is secured from risk by FDIC insurance.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must, at all times, equal or exceed the amount on deposit with the fiscal agent.

NOTE 3 - INTERFUND RECEIVABLE/PAYABLE

For the year ended September 30, 2022, interfund receivables and payables are as follows:

Due to General Government from Sewer and Water	\$ (127,386)
Due from Sewer and Water to General Government	127,386
Net Interfund Receivables & Payables	<u>\$ -</u>

NOTE 4 - RESTRICTED ASSETS

Restricted assets for the proprietary fund were applicable to the following at September 30, 2022:

Customers' Deposits	\$ 12,025
Kirkpatrick Family Park	356
State & Local Fiscal Recovery Funds	124,640
Debt Service	32,358
Total	<u>\$ 169,379</u>

The Village received contributions from the public for improvements to a local park. Those funds were deposited into a separate account. At September 30, 2022, the remaining funds received for the park were \$356.

VILLAGE OF NORTH HODGE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - ACCRUED LIABILITIES

At September 30, 2022, the Village had the following accrued liabilities:

	<u>General Fund</u>	<u>Sewer & Water</u>	<u>Total</u>
Payroll Taxes	\$ 15,100	\$ 16,054	\$ 31,154
Total	<u>\$ 15,100</u>	<u>\$ 16,054</u>	<u>\$ 31,154</u>

\$26,979 of the payroll tax liabilities were owed for past due payroll taxes, interest and penalties for fiscal years ending September 30, 2015 and September 30, 2016.

NOTE 6 - ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2022 for the Village is as follows:

	<u>Balance 10/1/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/22</u>
Government Activities:				
Capital Assets				
Land	\$ 2,775	\$ -	\$ -	\$ 2,775
Buildings	20,441	-	-	20,441
Improvements	11,895	-	-	11,895
Streets	221,007	-	-	221,007
Equipment	93,784	-	-	93,784
Total Capital Assets	<u>349,902</u>	<u>-</u>	<u>-</u>	<u>349,902</u>
Less Accumulated Depreciation				
Buildings	17,981	259	-	18,240
Improvements	6,379	880	-	7,259
Streets	135,439	10,770	-	146,209
Equipment	90,801	-	-	90,801
Total Accumulated Depreciation	<u>250,600</u>	<u>11,909</u>	<u>-</u>	<u>262,509</u>
Governmental Capital Assets, Net	<u>\$ 99,302</u>	<u>\$ (11,909)</u>	<u>\$ -</u>	<u>\$ 87,393</u>
	<u>Balance 10/1/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/22</u>
Business-Type Activities				
Capital Assets				
Land	\$ 20,127	\$ -	\$ -	\$ 20,127
Buildings	1,955	-	-	1,955
Machinery and Equipment	130,855	-	-	130,855
Water and Sewer System	2,799,648	223,115	-	3,022,763
Total	<u>2,952,585</u>	<u>223,115</u>	<u>-</u>	<u>3,175,700</u>
Less Accumulated Depreciation				
Buildings	1,955	-	-	1,955
Machinery and Equipment	153,948	-	-	153,948
Water and Sewer System	1,270,173	74,882	-	1,345,055
Total Accumulated Depreciation	<u>1,426,076</u>	<u>74,882</u>	<u>-</u>	<u>1,500,958</u>
Business-Type Capital Assets, Net	<u>\$ 1,526,509</u>	<u>\$ 148,233</u>	<u>\$ -</u>	<u>\$ 1,674,742</u>

VILLAGE OF NORTH HODGE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - RECEIVABLES

Accounts receivable consisted of customer billings for water and sewer usage. There were 148 customer accounts totaling \$23,703 consisting of 33 customers with past due balances of \$10,441 at September 30, 2022.

NOTE 8 - LONG-TERM DEBT

Long-Term debt payable is comprised of the following individual debt instruments:

Revenue Bonds

\$340,000 Utilities Revenue Bonds, Series 2014, dated September 18, 2014, due in monthly installments of \$2,726 beginning October 18, 2014 for fifteen years, interest at 5.9% on \$255,000 of bonds and 3% on \$85,000; secured by revenues earned by the Village of North Hodge, derived from the operation of the utility system.

Balance at October 1	\$ 190,152
Less: Current Maturities	
Adjustment	<u>(23,503)</u>
Long-Term Debt, Net of Current Maturities	<u>\$ 166,649</u>

The annual debt service requirements to maturity to all issued debt outstanding as of September 30, 2022 are as follows:

Year	Principal	Interest
2023	23,267	9,445
2024	24,502	8,211
2025	25,806	6,907
2026	27,184	5,529
2027	28,717	3,996
2027-2029	<u>60,676</u>	<u>3,277</u>
	<u>\$ 190,152</u>	<u>\$ 37,365</u>

At September 30, 2022, the debt reserve account was required to be funded as follows:

Required Beginning Balance	\$ 22,898
Required 2022 Deposits	<u>3,271</u>
Required Ending Balance	<u>\$ 26,169</u>
Actual Balance	<u>25,195</u>
Deficit Funding	<u>\$ (974)</u>

VILLAGE OF NORTH HODGE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - Coronavirus State and Local Fiscal Recovery Funds

In March of 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law. The ARPA provides additional relief to address the continued impacts of COVID-19 on the economy, public health, state and local governments, individuals and businesses. The funding laid out in ARPA extends to a wide range of programs, including but not limited to, nutrition, schools and higher education institutions, childcare, COVID-19 testing and treatment, mental health, housing assistance, healthcare and transportation. One of the new programs created under ARPA is related to the *Coronavirus State and Local Fiscal Recovery Funds*.

Coronavirus State and Local Fiscal Recovery Funds (SLFRF) provided over \$350 billion to states, tribal entities, U.S. territories, and local governments. They can be used for the following:

- Covering costs to respond to the public health emergency or its negative economic impacts.
- Responding to workers performing essential services.
- The provision of government services to the extent of the reduction in revenue due to COVID-19.
- Making necessary investments in water, sewer, or broadband infrastructure.

For the year ended September 30, 2022, the Village received SLFRF in the amount of \$69,646. The Village plans to use the funding for sewer and water capital expenditures.

NOTE 10 – Delta Regional Authority (DRA) Grant

The Delta Regional Authority (DRA) Grant’s goal is to improve workforce competitiveness, strengthen infrastructure, and increase community capacity. For the year ended September 30, 2022, the Village received DRA grant funds in the amount of \$218,505. \$206,379 was expended on capital outlay for sewer and water system repairs, and \$12,126 was erroneously levied by the Louisiana Department of Revenue through the Federal Offset Program. The Village is pursuing a refund from the Louisiana Department of Revenue of the \$12,126. When the refund is received, the Village will return the \$12,126 to DRA.

NOTE 11 - PRIOR PERIOD ADJUSTMENTS

At September 30, 2022, the Village had the following prior period adjustment:

	<u>General Fund</u>	<u>Sewer & Water</u>	<u>Total</u>
Voided Checks	\$ 8,652	-	8,652
Understatement of Expenses	-	(254)	(254)
Total	<u>\$ -</u>	<u>\$ (254)</u>	<u>\$ (254)</u>

NOTE 12 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued May 12, 2023 and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

(Part 2 of 2)

VILLAGE OF NORTH HODGE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND
Year Ended September 30, 2022

	Budget Amounts		Actual	Variance with Final Budget	
	Original	Final		\$	%
REVENUE					
Taxes					
Ad Valorem	\$ 7,000	\$ 7,000	\$ 7,307	\$ (307)	-4%
Electronic Bingo	68,000	80,300	86,413	(6,113)	-8%
Franchise/Insurance	13,200	13,500	12,383	1,117	8%
Sales	15,200	19,200	20,813	(1,613)	-8%
Licenses and Permits	2,000	5,200	1,990	3,210	62%
Fines and Forfeitures	125,000	110,000	93,110	16,890	15%
Grants	6,750	-	-	-	0%
Interest and Miscellaneous	10,000	9,700	11,083	(1,383)	-100%
Total Revenues	<u>247,150</u>	<u>244,900</u>	<u>233,099</u>	<u>11,801</u>	<u>5%</u>
EXPENDITURES					
Current:					
General Government	139,288	134,400	124,489	9,911	7%
Public Safety	72,650	69,895	69,702	193	0%
Highways and Streets	6,550	7,165	7,241	(76)	-1%
Total Expenditures	<u>218,488</u>	<u>211,460</u>	<u>201,432</u>	<u>10,028</u>	<u>5%</u>
Excess (Deficiency) of Revenues Over Expenditures	28,662	33,440	31,667	1,773	5%
OTHER FINANCING SOURCES (USES)					
Transfers from (to) Other Funds	-	(273)	(272)	(1)	0%
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>28,662</u>	<u>33,167</u>	<u>31,395</u>	<u>1,772</u>	<u>5%</u>
Fund Balances (Deficit) , Beginning	11,650	11,650	102,292	-	0%
Prior Period Adjustment	-	-	8,652	(8,652)	100%
Fund Balances, Ending	<u>\$ 40,312</u>	<u>\$ 44,817</u>	<u>\$ 142,339</u>	<u>\$ (6,880)</u>	<u>-15%</u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF NORTH HODGE, LOUISIANA

SCHEDULE OF REVENUES AND EXPENSES
 BUDGET AND ACTUAL-PROPRIETARY FUNDS
 Year Ended September 30, 2022

	Budget Amounts		Actual	Variance with Final Budget	
	Original	Final		\$	%
REVENUE					
Water and Sewer Charges	\$ 138,600	\$ 148,115	\$ 141,225	\$ 6,890	5%
Grants	-	200,337	206,379	(6,042)	-3%
ARP Funds	69,532	69,532	69,646	(114)	0%
Other Revenue	23,000	-	2,109	(2,109)	100%
Total Revenues	231,132	417,984	419,359	(1,375)	0%
EXPENSES					
Contract Labor	9,500	5,476	3,831	1,645	100%
Office	1,000	175	1,272	(1,097)	-627%
Other Operating	15,800	22,659	30,479	(7,820)	-35%
Repairs and Maintenance	15,000	25,700	3,106	22,594	88%
Salaries	60,528	66,300	80,046	(13,746)	-21%
Supplies	2,000	1,700	2,097	(397)	-23%
Telephone & Utilities	5,000	6,000	14,279	(8,279)	-138%
Total Expenditures	108,828	128,010	135,110	(7,100)	-5%
Excess (Deficiency) of Revenues Over Expenditures	122,304	289,974	284,249	5,725	2%
OTHER FINANCING SOURCES (USES)					
Debt Service	(30,485)	(32,713)	(32,620)	(93)	0%
Acquisitions	-	(223,115)	(223,115)	-	100%
Transfers from (to) Other Funds	(10,300)	(13,311)	273	(13,584)	102%
Total Other Financing Sources (Uses)	(40,785)	(269,139)	(255,462)	(13,677)	5%
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ 81,519	\$ 20,835	\$ 28,787	\$ (7,952)	-38%

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

VILLAGE OF NORTH HODGE, LOUISIANA

SCHEDULE OF MAYOR'S AND ALDERMEN'S COMPENSATION

As of and for the Year Ended September 30, 2022

The schedule of compensation paid to the mayor and aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the board members is included in the general government expenditures of the General Fund. The mayor and aldermen receive compensation pursuant to Louisiana Revised Statute 33: 404.1.

Name	Title	Term	2022 Compensation
Kathy Robertson	Mayor	01/01/19-12/31/22	\$ 17,700
Chasity Davis	Alderman	01/01/19-12/31/22	3,900
Ernest Roden	Alderman	01/01/19-12/31/22	3,900
Andrea D. Woods	Alderman	01/01/19-12/31/22	3,900
Total Mayor's and Alderman's Compensation			<u>\$ 29,400</u>

VILLAGE OF NORTH HODGE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

As of and for the Year Ended September 30, 2022

Agency Head Name: Mayor Kathy Robertson

Name	Term	2021
Kathy Robertson	01/01/19 - 12/31/22	
Salary		\$ 17,700
Reimbursements		<u>83</u>
Total Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer		<u><u>\$ 17,783</u></u>

Village of North Hodge, Louisiana
Justice System Funding Schedule
Receiving Entity
Year Ended September 30, 2022

	First Six Month Period Ended 3/31/2022	Second Six Month Period Ended 9/30/2022
Cash Basis Presentation		
Receipts From:		
Village of North Hodge Mayoral Court-Traffic Fines	\$ 26,630	\$ 19,559
Service Fees by Third Party Collecting Agencies	2,159	1,645
Total Receipts	28,789	21,204
Amounts Retained by Third Party Collecting Agencies	(2,159)	(1,645)
Net Receipts	\$ 26,630	\$ 19,559

See Accompanying Independent Auditor's Report and Notes to Financial Statements.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Kathy Robertson, Mayor,
and Members of the Board of Aldermen
Village of North Hodge, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Village of North Hodge, Louisiana (the "Village"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Village of North Hodge, Louisiana 's basic financial statements and have issued my report thereon dated May 12, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Village of North Hodge, Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of North Hodge, Louisiana 's internal control. Accordingly, I do not express an opinion on the effectiveness of the Village's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, I identified a certain deficiency in internal as item 2022-3 that I consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Village of North Hodge, Louisiana
Independent Auditor's Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of Financial Statements Performed
In Accordance With *Government Auditing Standards* (Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of North Hodge, Louisiana 's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-1 through 2022-6.

The Village of North Hodge, Louisiana 's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village of North Hodge, Louisiana's response to the findings identified in my audit and described in the accompanying schedule of findings and questions costs. The Village of North Hodge, Louisiana 's responses were not subjected to other the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the council members, others within the Village, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by Louisiana Legislative Auditor as a public document.



Rosie D. Harper
Certified Public Accountant

Monroe, Louisiana
May 12, 2023

VILLAGE OF NORTH HODGE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS WITH MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION As of and for the Year Ended September 30, 2022

I have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Village of North Hodge, Louisiana (the "Village"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued my report thereon dated May 12, 2023. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of September 30, 2022 resulted in an unmodified opinion.

Section I - Summary of Auditor's Report

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Internal Control

Significant Deficiencies Yes No

Material Weaknesses Yes No

Compliance

Material to Financial Statements Yes No

2022-1 Noncompliance with revenue bond covenant agreement (*Repeat Finding*)

Criteria: The resolution authorizing the sewer revenue bonds requires the following:

1. The Village establish a separate bond reserve fund and monthly deposits of \$272.60 are required to be made to the fund.

Condition: For the year ended September 30, 2022, The fund was under-funded by \$974

Cause: The required monthly deposits are not being made into the bond reserve fund.

Effect: The Village is in violation of the sewer revenue bond covenant.

Recommendation: Funds should be timely deposited to the sewer revenue bond restricted cash accounts to fund the minimum required balances.

Management's Response and Planned Corrective Action:

We had been depositing the monthly required amount of \$272.60 each month along with an extra \$927.40 each month until February 2022. By our calculations, that should have brought us current in the Bond Reserve account. Each month, we ensure that \$273 gets deposited into the Bond Reserve account. After finding out that our calculations were a bit off, we brought the account up-to-date by depositing the \$974 in the Bond Reserve on May 8, 2023. The Village of North Hodge has been and is committed to making sure that it stays current by depositing the required monthly payments into the fund.

VILLAGE OF NORTH HODGE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS WITH
MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION (Continued)

2022-2 Untimely payroll tax payments (*Repeat Finding*)

Criteria: Federal and state statute require payroll taxes to be deposited timely.

Condition: For the year ended September 30, 2022, the Village had unpaid federal payroll taxes, penalties and interest of \$26,979 which were incurred during fiscal years ended September 30, 2015 and September 30, 2016.

Cause: Funds necessary to pay these amounts when originally due during fiscal years ending September 30, 2015 and September 30, 2016 were not available.

Effect: The Village is incurring penalties and interest by failing to pay federal and state payroll taxes in a timely manner.

Recommendation: The Village is currently in an installment agreement with the Internal Revenue Service Center to pay past due payroll tax obligations.

Management's Response and Planned Corrective Action:

The Village of North Hodge is currently on an installment plan. Since the Village is current with its bond and security deposit obligations, we have begun getting \$1235 drafted from our general fund account from the IRS as agreed upon. We are paying our current payroll taxes monthly and sending our 941's every quarter in a timely manner.

2022-3 Untimely reconciliation of bank statements (*Repeat Finding*)

Criteria: Bank statements should be reconciled within 60 days of receipt to protect the Village against the risk of losses from fraudulent transactions and errors.

Condition: For the year ended September 30, 2022, some of the Village's bank statements were reconciled over 60 days after receipt.

Cause: The Clerk failed to reconcile the bank account statements timely.

Effect: Generally, bank customers have 60 days to notify their financial institutions of an error or unauthorized transaction. After this period, the customer can be subject to unlimited losses.

Recommendation: To protect the Village from the risk of losses, the Clerk should reconcile all bank accounts within 60 days of receipt.

Management's Response and Planned Corrective Action:

To ensure compliance with the bank reconciliations, the Mayor and Clerk have made a schedule to ensure that all bank records are reconciled on a specific day of the month by the Clerk and that each completed reconciliation is signed by the Mayor before the Assistant Clerk files them in the correct bank binder

VILLAGE OF NORTH HODGE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS WITH
MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION (Continued)

2022-4	Mayor and Related Party Failed to Pay Utility Bill Timely
Criteria:	The Louisiana Constitution 714, Section 14 prohibits that funds, credit, property or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.
Condition:	For the year ended September 30, 2022, Mayor Kathy Robertson and her son David Womack were indebted to the Village for past due utility bills.
Cause:	Mayor Robertson and her son David Womack failed to pay their utility bills timely, and their services were not disconnected.
Effect:	For the year ended September 30, 2022, Mayor Robertson was indebted to the Village in the amount of \$1,028. Her son, David Womack, was indebted to the Village in the amount of \$4,525 for a commercial account and \$1,858 for his residential account.
Recommendation:	Elected officials, public servants or their immediate family should not be indebted to the Village. Should they fail to pay their utility bills timely, their services should be disconnected like any other customer.

Management's Response and Planned Corrective Action:

Mayor Kathy Robertson and her son, David Womack, along with a few other citizens, were on payment plans due to Covid-19. Mayor Robertson did not cut-off any water accounts during that time. Mayor Robertson and Mr. Womack both paid their utility bills in full prior to the payment plans ending. Now that all payment plans that were active during Covid-19 are paid, the now elected Mayor, Joanie Cannady, has established that all water accounts must be paid, including her account and related parties. If water accounts are not paid in a timely manner, these unpaid accounts will be disconnected, unless an agreement of payment has been established and approved by the customer and Mayor in writing. Agreements are documented and filed, as well as the customer receiving a copy of the agreement for their records. Any written payment agreements made will have a deadline to be paid, and if the agreement is voided due to non-payment, a disconnection for the water account will be issued.

2022-5	Prohibited Related Party Transactions
Criteria:	LA R.S. 42:1113 prohibits public servants, their family members and any entity in which the public servant has a controlling interest to bid on or enter into a contract, subcontract or other transaction that is under the supervision or jurisdiction of the public servant's agency. However, there is an exception for members of a governing authority of a municipality with a population of 5,000 or less if the public servant has developed a plan on how transactions will occur. The plan must be approved by the Ethics Board before any transactions take place.
Condition:	For the year ended September 30, 2022, the Village was engaged in a contract with the clerk Deanna Carter's company Pay-Star which had not been pre-approved by the Ethics Board. The contract was to provide collection services for payment of traffic fines and customer utility bills.

VILLAGE OF NORTH HODGE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS WITH
MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION (Continued)

2022-5 Prohibited Related Party Transactions (continued)

Cause: The Clerk to submit a developed plan for approval to the Board of Ethics.

Effect: The Clerk was in violation of LA R.S. 42:1113 prohibits public servants, their family members and any entity in which the public servant has a controlling interest to bid on or enter into a contract, subcontract or other transaction that is under the supervision or jurisdiction of the public servant's agency.

Recommendation: Any public servant who desires to provide an allowed service to the Village should develop a plan describing how transactions will occur. The plan should be approved by the Ethics Board before any transactions occur

Management's Response and Planned Corrective Action:

At the time of the contract, Ms. Carter had not been appointed Village Clerk by the Board of Aldermen, she was only an office worker. Since Paypal required someone other than the Village to be on the PayStar account, it was clear that Ms. Carter was the person as she was ensuring payments were being paid. The legal opinion that was given at the time was that since the contract existed prior to Ms. Carter being appointed Clerk, then she would be allowed to continue to process debit/credit payments made with PayStar. Although all payments through PayStar have been accounted for to the Village, in the future we will develop a plan of service to bring forth to the Ethics Board before a contract agreement is signed or transactions can occur with a third-party company who is a public servant

2022-6 Late submission of audit

Criteria: RS 24:513 requires audits to be completed within six (6) months of the close of the entity's fiscal year

Condition: For the years ended September 30, 2022, the audit of the Village was completed and submitted more than six months after the close of the fiscal year.

Cause: The audit report was not submitted in time.

Effect: The Village is not in compliance with RS 24:513.

Due to numerous issues that required additional investigation by auditors, the report was unable to be submitted on time. A request for a Forty-five (45) day extension was submitted to the Louisiana Legislative Auditor's office. All issues have been resolved, which will ensure timely submission in the future.

VILLAGE OF NORTH HODGE, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED SEPTEMBER 30, 2022

FINDINGS-FINANCIAL STATEMENTS AUDIT

2022-1 - Noncompliance with revenue bond covenant agreement (Repeat Finding)- The resolution authorizing the sewer revenue bonds requires the following:

1. The Village establish a separate bond reserve fund and monthly deposits of \$272.60 are required to be made to the fund.

STATUS: **UNCLEARED**

2022-2: - Untimely payroll tax payments (*Repeat Finding*)-Federal and state statute require payroll taxes to be deposited timely. For the year ended September 30, 2021, the Village had unpaid federal payroll taxes, penalties and interest of \$50,670 and unpaid state payroll taxes, penalties and interest \$6,850 which were incurred during fiscal years ended September 30, 2015 and September 30, 2016.

STATUS: **UNCLEARED**

2022-3: - Untimely reconciliation of bank statements- Bank statements were not reconciled within 60 days of receipt to protect the Village against the risk of losses from fraudulent transactions and errors. For the year ended September 30, 2021, the Village's bank statements were reconciled over 60 days after receipt.

STATUS: **UNCLEARED**

VILLAGE OF NORTH HODGE, LOUISIANA
NORTH HODGE, LOUISIANA

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
As of and for the Year Ended September 30, 2022**

VILLAGE OF NORTH HODGE, LOUISIANA

North Hodge, Louisiana

**Independent Accountant's Report
On Applying Agreed-Upon Procedures
As of and for the Year Ended September 30, 2022**

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Alderman
The Village of North Hodge, Louisiana, and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by The Village of North Hodge, Louisiana (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2021, through September 30, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation 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 this 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.

The procedures and associated findings are as follows:

Written Policies and Procedures

1) I obtained and inspected the entity's written policies and procedures and observed whether those written policies and procedures addressed each of the following categories and subcategories, as applicable:

a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.

The Entity does have written guidelines for adopting, monitoring, and amending the budget. The entity does prepare budgets for all funds. The preparation of the budget is outsourced to a certified public accountant. The Village follows the Louisiana Local Government Budget Act for adopting and amending the budget. A budget to actual report is presented to the board of alderman at each meeting.

b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The Entity does have written guidelines for how purchases are initiated, vendors are added to the vendor list, the preparation and approval process of purchase requisitions and purchase orders for payment of routine vendor payments. However, the Entity does have written guidelines for following the procedures required by the Louisiana Public Bid Law. Request for purchases must be approved by the Mayor. If approved, a purchase order is completed with the date, vendor name, purchase order number, and what is needed. A copy of the purchase order is placed into a file. All vendors are approved by the Mayor before being added to the vendor list.

c) *Disbursements*, including processing, reviewing, and approving.

The Entity does have written policies and procedures which provide guidelines for processing, reviewing, and approving of disbursements. When an invoice is received, the Mayor approves the invoice before payment. The clerk enters the invoice into the Quickbooks billing system. The clerk prints a check for

The Village of North Hodge, Louisiana
Independent Accountants Report on Applying Agreed-Upon Procedures (Continued)

payment. The check is signed by the Mayor. The check stub is attached to the invoice and filed. The payment is remitted to the vendor.

- d) *Receipts/Collections*, including receiving, recording, and preparing deposits.

The Entity does have written policies and procedures which provide guidelines for receiving, recording, and preparing deposits. Receipts are classified in Quickbooks according to their source, i. e. fines, utility payments, taxes, etc. Receipts are issued for all payments received in the office. For payments made in the office, a separate person from the person who receives and records the payment counts and reconciles the deposit to the source documents. For on-line payments, a report for each deposit is printed and reconciled with the bank records.

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The Entity does have written policies and procedures which provide guidelines for payroll processing and approval. Timesheets are kept for the clerk and maintenance personnel. The timesheets are reviewed and signed by the Mayor. Payroll is then processed by the clerk in the Quickbooks payroll system. Paychecks are presented to the Mayor for signature. Paystubs are attached to the timesheets and filed. Employees do not work overtime.

- f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

The Entity does have written policies and procedures which provide guidelines for contracting including types of services requiring written contracts, standard terms and conditions, legal review, approval process, and monitoring process. The Entity follows the procedures of the Louisiana Public Bid Law

- g) *Credit Cards* (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.

The Entity does have written policies and procedures which provide guidelines for (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.

- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The Entity does have written policies and procedures which provide guidelines for travel and expense reimbursement, including allowable expenses, dollar thresholds by category of expense, documentation requirements, and required approvers. When employees use their personal vehicles for errands, they are required to submit a request for reimbursement which reports total mileage, destination, purpose of trip, and date. If they travel on Village business, a request for reimbursement is submitted to the clerk and approved by the Mayor. After approval, payment is made for the requested reimbursement.

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The Entity does have written policies and procedures for compliance with ethics as defined in Louisiana Revised Statute 42:111-1121. All elected officials filed their annual financial statements as required but did not take the required one hour of ethics training.

- j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosures/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Entity does have written policies and procedures for debt service. The Entity complies with R.S. 39:1410.60 when incurring debt. To comply with bond covenants, the Entity has set up payments on automatic bank draft. To fund its bond sinking reserve, the clerk has prepared a schedule of required deposits. As reserve deposits are made, the Mayor is presented proof of deposit. The Entity had a deficit funding in the reserve account for the year ended September 30, 2022 in the amount of \$974.

- k) *Disaster Recovery/Business Continuity*, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The Entity's policies and procedures manual does provide guidelines for disaster recovery/business continuity. The Entity uses an off-site back-up system and critical files are backed up daily. The Entity's IT contractor performs periodic testing and verification that back-ups can be restored. All computer systems have antivirus software installed and updates to software are installed in a timely manner. The Entity's IT contractor maintains their computers, and his services would be utilized during a disaster recovery.

Board or Finance Committee

- 2) I obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observed whether the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws or other equivalent document.

The Entity's board of alderman met with a quorum on a frequency in accordance with the entity's charter.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements.

The Entity's minutes did not reference monthly budget-to-actual comparisons on the financial information. The clerk does provide monthly budget- to actual comparison financial statements to the board.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

The unrestricted fund balance in the general fund did not have a deficit balance.

Bank Reconciliations

- 3) I obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. I asked management to identify the entity's main operating account. The Entity only had two (2) bank accounts. For each of the bank accounts selected, I randomly selected one

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month from the fiscal period, obtained and inspected the corresponding bank statements and reconciliations for each account, and observed that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date.

Bank reconciliations were not performed timely on all bank accounts provided by the Entity's management.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

The bank reconciliations are prepared by the clerks and reviewed monthly by the Mayor. No reconciled items were on the bank statement outstanding for more than six months as of the end of the fiscal period.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months as of the end of the fiscal period.

No reconciled items were on the bank statement outstanding for more than twelve months as of the end of the fiscal period.

Collections

- 4) I obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. I tested the collections from each of the two sites of the Entity.

- 5) The Entity has only one deposit site and collection location. For that location, obtained and inspected written policies and procedures relating to employee job duties at each location, and observed that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Two employees are responsible for collecting cash. They share the same cash drawer, but a third employee who does not collect cash counts and reconciles collections to reports from the utility system, police ticket collection system and receipts.

- b) Each employee responsible for collecting cash is not responsible for preparing /making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

The clerk collects cash sometimes and also prepares the deposit slip. An employee who is not responsible for preparing /making bank deposits reconciles the collection documentation.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The clerk collects cash sometimes and also post collections to the general ledger. An employee who is not responsible for preparing /making bank deposits reconciles the collection documentation to the general ledger.

- d) The employee responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

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The employee responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions is sometimes responsible for collecting cash, but another employee verifies the reconciliation.

- 6) I inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

All individuals responsible for handling cash and checks are bonded.

- 7) I randomly selected two deposit dates for each of the two (2) bank accounts selected for procedure #3 under "Bank Reconciliations" above. (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day. I obtained supporting documentation for each of the eight (8) deposits and:

- a) Observed that receipts were sequentially pre-numbered.
- b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Traced the deposit slip total to the actual deposit per the bank statement.
- d) Observed that the deposit was made within one (1) business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Traced the actual deposit per the bank statement to the general ledger.

My testing disclosed no discrepancies.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8) I obtained a listing of locations that process payments for the fiscal period and management's representation that the listing was complete. I selected the one location where payments are processed.
- 9) For each location selected under #8 above, I obtained a listing of those employees involved with non-payroll purchasing and payment functions. I obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

All purchases were not made by purchase orders but were all approved by the appropriate levels of management who did not initiate the purchase except for purchases made by the Mayor. My testing did not disclose any discrepancies.

- b) At least two employees are involved in processing and approving payments to vendors.

The person requesting purchases are separate from approval functions except for purchases made by the Mayor. All purchases, except those purchases made by the Mayor, are pre-approved by the appropriate level of management. Payments for purchases are paid by original invoices.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The person responsible for processing payments is not prohibited from adding vendors to the Entity's purchasing and disbursement system but is separate from the person who authorizes and signs checks. All vendor additions and disbursements were approved by authorized personnel and management at an appropriate level.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The person who mails checks is separate from the persons with signatory authority and makes the final authorization and the person who processes payments.

- 10) For each location selected under #8 above, I obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. I randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:

- a) Observed that the disbursement matched the related original invoice/billing statement.

My testing did not disclose any discrepancies.

- b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

My testing did not disclose any discrepancies.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11) I obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards and obtained management's representation that the listing is complete.

- 12) Using the listing prepared by management, I selected the four credit cards and one debit card that were used during the fiscal period. I randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:

- a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

My testing did not disclose any discrepancies.

- b) Observed that finance charges and late fees were not assessed on the selected statements.

On one of the credit cards the Entity incurred interest expense of \$.09 (9 cents) during one of the test months.

- 13) I used the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected all transactions from each statement, and obtained supporting documentation for the transactions. For each transaction, I observed that it was supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

My testing did not disclose any discrepancies.

Travel and Expense Reimbursement

14) Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

There were no amounts paid for travel and expense reimbursement that exceeded General Services Administration rates.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

My testing did not disclose any discrepancies.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

My testing did not disclose any discrepancies.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

My testing did not disclose any discrepancies.

Contracts

I obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* I obtained management's representation that the listing is complete.

My testing did not disclose any discrepancies.

- a) I observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

My testing did not disclose any discrepancies.

- b) I observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

My testing did not disclose any discrepancies.

- c) If the contract was amended (e.g. change order), I observed that the original contract terms provided for such an amendment. N/A

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- d) I randomly selected one payment from the fiscal period for the contract, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

My testing did not disclose any discrepancies.

Payroll and Personnel

- 16) I obtained a listing of employees employed during the fiscal period and management's representation that the listing is complete. I randomly selected five (5) employees, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

My testing did not disclose any discrepancies.

- 17) I randomly selected one pay period during the fiscal period. For the five (5) employees selected under #16 above, I obtained attendance records and leave documentation for the pay period, and:

- a) Observed that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).
- b) Observed that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

My testing did not disclose any discrepancies.

- 18) I obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

The Entity did not have any terminated employees during the fiscal year.

- 19) I obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

The Entity is currently on an installment agreement for payroll taxes incurred during fiscal years ending September 30, 2015 and 2016. The Entity failed to file the payroll tax forms timely for one of the quarters during the fiscal year. However, all payroll taxes were paid timely for the fiscal year ending September 30, 2022.

Ethics (excluding nonprofits)

- 20) Using the five (5) randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. I observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

None of the elected officials completed the one hour of ethics training.

- b. I observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

The entity does not have a policy requiring each elected official to attest by signature to verify that he or she has read the entity's policy during the fiscal year.

Debt Service

- 21) Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

The Entity did not issue any debt during the fiscal period.

- 22) Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

The Entity made all of the scheduled debt service payments on its outstanding debt, but a deficiency of \$974 remains for deposits owed to the debt reserve account from prior periods.

Fraud Notice

- 23) Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

The Entity did not have any misappropriations of public funds or assets during the fiscal period.

- 24) I observed that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

The notice required by R.S. 24:523.1 was posted by the Entity.

Information Technology Disaster Recovery/Business Continuity

- 25) I performed the following procedures and verbally discussed the results with management:

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data.

The Entity uses an off-site back-up system and critical files are backed up daily. The Entity's IT contractor performs periodic testing and verification that back-ups can be restored. All computer systems have antivirus software installed and updates to software are installed in a timely manner. The Entity's IT contractor maintains their computers, and his services would be utilized during a disaster recovery.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored.

The IT contractor provided documentation of the most recent back-up was tested and verified it could be restored.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

All computer systems have antivirus software installed and updates to software are installed in a timely manner.

Sexual Harassment

26) Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management,

None of the elected officials completed sexual harassment training during the year..

27) I observed the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

The sexual harassment policy is in a conspicuous location.

28) Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements.
- b) Number of sexual harassment complaints received by the agency.
- c) Number of complaints which resulted in a finding that sexual harassment occurred.
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

The entity did not have any sexual harassment complaints during the fiscal year.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Rosie D. Harper
Certified Public Accountant

Monroe, Louisiana
May 12, 2023