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**VILLAGE OF EAST HODGE
East Hodge, Louisiana**

**General Purpose Financial Statements
With Accountant's Compilation Report
And Agreed-Upon Procedures Report
As of and For the Year Ended
June 30, 1999
With Supplemental Information Schedules**

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

Release Date DEC 0 1 1999

VILLAGE OF EAST HODGE
East Hodge, Louisiana

General Purpose Financial Statements
With Accountant's Compilation Report
And Agreed-Upon Procedures Report

As of and For the Year Ended
June 30, 1999
With Supplemental Information Schedules

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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Accountant's Compilation Report

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF EAST HODGE
East Hodge, Louisiana

I have compiled the accompanying general purpose financial statements and supplemental information schedules, as listed in the foregoing table of contents, of the Village of East Hodge as of June 30, 1999, and for the year then ended, in accordance with standards established by *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

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

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report dated October 29, 1999, on the results of my agreed-upon procedures.

Carleen Dumas

Calhoun, Louisiana
October 29, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

VILLAGE OF EAST HODGE
East Hodge, Louisiana
ALL FUND TYPES AND ACCOUNT GROUP

Combined Balance Sheet, June 30, 1999

	GOVERNMENTAL FUND TYPE- GENERAL FUND	PROPRIETARY FUND TYPE - WATER AND SEWER ENTERPRISE FUND	ACCOUNT GROUP - GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
ASSETS				
Current assets:				
Cash	\$1,276	\$6,976		\$8,252
Investments		5,231		5,231
Receivables	1,084	2,941		4,025
Total current assets	<u>2,360</u>	<u>15,148</u>	NONE	<u>17,508</u>
Restricted assets - cash		133		133
Water system plant and equipment (net of accumulated depreciation)		163,357		163,357
Land, buildings, and equipment			\$533,444	533,444
TOTAL ASSETS	<u><u>\$2,360</u></u>	<u><u>\$178,638</u></u>	<u><u>\$533,444</u></u>	<u><u>\$714,442</u></u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current liabilities:				
Bank overdraft		\$465		\$465
Customer meter deposits		6,352		6,352
Total current liabilities	NONE	<u>6,817</u>	NONE	<u>6,817</u>
Long-term liabilities - revenue bonds payable		74,000		74,000
Total Liabilities	NONE	<u>80,817</u>	NONE	<u>80,817</u>
Fund Equity:				
Investment in general fixed assets			\$533,444	533,444
Contributed capital		94,340		94,340
Retained earnings:				
Reserved for bonds payable		133		133
Unreserved - undesignated		3,348		3,348
Total retained earnings	NONE	<u>3,481</u>	NONE	<u>3,348</u>
Fund balance - unreserved - undesignated	2,360			2,360
Total Fund Equity	<u>2,360</u>	<u>97,821</u>	<u>533,444</u>	<u>633,492</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$2,360</u></u>	<u><u>\$178,638</u></u>	<u><u>\$533,444</u></u>	<u><u>\$714,442</u></u>

See accompanying notes and accountant's compilation report.

VILLAGE OF EAST HODGE
East Hodge, Louisiana
GOVERNMENTAL FUND TYPE

**Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1999**

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
REVENUES			
Taxes:			
Ad valorem	\$1,502		\$1,502
Sales	1,592		1,592
Franchise	3,491		3,491
Occupational licenses	1,579		1,579
Intergovernmental revenues:			
Federal grant		\$13,111	13,111
State funds	2,276	15,000	17,276
Traffic fines	1,037		1,037
Other revenues	992		992
Total revenues	<u>12,469</u>	<u>28,111</u>	<u>40,580</u>
EXPENDITURES			
General government - current:			
Personal services and related benefits	3,900		3,900
Operating services	6,704	41	6,745
Materials and supplies	123		123
Facilities acquisition and construction		28,070	28,070
Total expenditures	<u>10,727</u>	<u>28,111</u>	<u>38,838</u>

(Continued)

Statement B

VILLAGE OF EAST HODGE
 East Hodge, Louisiana
 GOVERNMENTAL FUND TYPE
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances, etc.

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
EXCESS OF REVENUES OVER EXPENDITURES	\$1,742	NONE	\$1,742
OTHER FINANCING SOURCES (Uses)			
Operating transfers in	250		250
Operating transfers out	(1,952)		(1,952)
Total other financing sources (uses)	(1,702)	NONE	(1,702)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	40	NONE	40
FUND BALANCES AT BEGINNING OF YEAR	2,320	NONE	2,320
FUND BALANCES AT END OF YEAR	\$2,360	NONE	\$2,360

(Concluded)

See accompanying notes and accountant's compilation report.

VILLAGE OF EAST HODGE
East Hodge, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget
(GAAP Basis) and Actual
For the Year Ended June 30, 1999

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Taxes:			
Ad valorem	\$2,029	\$1,502	(\$527)
Sales		1,592	1,592
Franchise	3,292	3,491	199
Occupational licenses	3,038	1,579	(1,459)
Intergovernmental- state funds	2,266	2,276	10
Traffic fines	950	1,037	87
Other revenues		992	992
Total revenues	<u>11,575</u>	<u>12,469</u>	<u>894</u>
EXPENDITURES			
General government - current:			
Personal services and related benefits	3,660	3,900	(240)
Operating services	6,932	6,704	228
Materials and supplies		123	(123)
Total expenditures	<u>10,592</u>	<u>10,727</u>	<u>(135)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>983</u>	<u>1,742</u>	<u>759</u>
OTHER FINANCING SOURCES (Uses)			
Operating transfers in		250	250
Operating transfers out		(1,952)	(1,952)
Total other financing sources (uses)	<u>NONE</u>	<u>(1,702)</u>	<u>(1,702)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$983</u>	<u>\$40</u>	<u>(\$943)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>NONE</u>	<u>2,320</u>	<u>2,320</u>
FUND BALANCES AT END OF YEAR	<u>\$983</u>	<u>\$2,360</u>	<u>\$1,377</u>

See accompanying notes and accountant's compilation report.

VILLAGE OF EAST HODGE
 East Hodge, Louisiana
 PROPRIETARY FUND TYPE -
 WATER AND SEWER ENTERPRISE FUND

Statement of Revenues, Expenses,
 and Changes in Retained Earnings
 For the Year Ended June 30, 1999

OPERATING REVENUES	
Water and sewer fees	<u>\$28,110</u>
OPERATING EXPENSES	
Salaries	3,361
Payroll taxes	166
Utilities	5,856
Repairs and maintenance	2,629
Insurance	3,766
Office supplies	201
Fees	2,469
Labor	606
Depreciation	19,714
Other operating expenses	453
Total operating expenses	<u>39,221</u>
OPERATING INCOME (Loss)	<u>(11,111)</u>
NON-OPERATING REVENUES (Expenses)	
Interest income	238
Operating transfers in	1,952
Operating transfers out	(250)
Interest expense	<u>(4,559)</u>
Net non-operating revenues (expenses)	<u>(2,619)</u>
NET INCOME (Loss)	(13,730)
Add depreciation on fixed assets acquired with federal grant	<u>2,007</u>
NET DECREASE IN RETAINED EARNINGS	(11,723)
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>15,204</u>
RETAINED EARNINGS AT END OF YEAR	<u><u>\$3,481</u></u>

See accompanying notes and accountant's compilation report.

VILLAGE OF EAST HODGE
 East Hodge, Louisiana
 PROPRIETARY FUND TYPE -
 WATER AND SEWER ENTERPRISE FUND

Statement of Cash Flows
 For the Year Ended June 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES

Operating Income (Loss)	(\$11,111)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	19,714
Decrease in accounts receivable	2,154
Increase in customer deposits	336
Decrease in taxes payable	(20)
Decrease in accounts payable	(729)
Total adjustments	<u>21,455</u>
Net cash provided by operating activities	<u>10,344</u>

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Principal on long-term debt	(4,000)
Interest on long-term debt	(4,559)
Increase in investments	(238)
Operating transfers in	1,952
Operating transfers out	(250)
Net cash used by capital and related financing activities	<u>(7,095)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earnings	<u>238</u>
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NET INCREASE IN CASH

3,487

CASH AT BEGINNING OF YEAR3,157**CASH AT END OF YEAR**\$6,644**NON-CASH CAPITAL FINANCING ACTIVITIES**

Capital assets contributed by Lift Station Capital Projects Fund	<u><u>\$5,230</u></u>
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See accompanying notes and accountant's compilation report.

VILLAGE OF EAST HODGE
East Hodge, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of East Hodge operates under a Mayor-Board of Aldermen form of government. The mayor and aldermen serve four-year terms which expire on December 31, 1999. The village has a part-time clerk and Chief of Police.

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Village of East Hodge have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the municipal governing authority, for reporting purposes, the Village of East Hodge is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the village), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village of East Hodge for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body,
and

See accountant's compilation report.

VILLAGE OF EAST HODGE
East Hodge, Louisiana
Notes to the Financial Statements (Continued)

- a. The ability of the village to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the village.
2. Organizations for which the village does not appoint a voting majority but are fiscally dependent on the village.
 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the village has determined that there are no component units that should be considered as part of the village reporting entity.

C. FUND ACCOUNTING

The village uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds are used to account for all or most of the village's general activities, including the collection and disbursement of specific or

See accountant's compilation report.

VILLAGE OF EAST HODGE

East Hodge, Louisiana

Notes to the Financial Statements (Continued)

legally restricted monies, and the acquisition or construction of general fixed assets. Governmental funds include:

General Fund

The General Fund is the general operating fund of the village. It accounts for all financial resources, except those required to be accounted for in other funds.

Capital Projects Funds

The Capital Projects Funds account for state and federal grants that are used to construct or acquire capital assets.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

Water and Sewer Enterprise Fund

The Water and Sewer Enterprise Fund is used to account for the operations of the village's water and sewer system. The use of enterprise funds is appropriate where the intent of the village is that the cost (expenses, including depreciation) of providing service to the general public on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements

See accountant's compilation report.

VILLAGE OF EAST HODGE

East Hodge, Louisiana

Notes to the Financial Statements (Continued)

of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The modified accrual basis of accounting is used for reporting all governmental fund types. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the village and billed to taxpayers in November. Billed taxes become delinquent on January 1 of the following year. The taxes are normally collected in December, January and February of the current year.

Sales taxes are recognized as revenue when collected by the Jackson Parish Sales Tax Collection Agency.

Franchise taxes and intergovernmental revenues are recorded when the village is entitled to the funds.

Interest income on bank deposits is recorded when the interest has been earned and the amount is determinable.

Substantially all other revenues are recorded when they are received by the village.

Based on the above criteria, ad valorem taxes, sales taxes, franchise taxes, and intergovernmental revenues have been treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Transfers between funds which are not expected to be repaid are accounted for as other financing sources (uses) and are recorded when the underlying events occur.

See accountant's compilation report.

VILLAGE OF EAST HODGE

East Hodge, Louisiana

Notes to the Financial Statements (Continued)

The Water and Sewer Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. The Water and Sewer Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Water and sewer fees are recognized in the period the service is provided to the customer. Salaries and other expenses are recognized when incurred.

E. BUDGET PRACTICES

A proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is presented to the board of aldermen each year. The budget is legally adopted by the board of aldermen. Budgets are established and controlled by the board at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is not employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts. There were no budget amendments during the year ended June 30, 1999.

F. CASH

Cash includes amounts in demand deposits. Under state law, the village may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

G. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At June 30, 1999, the village's investments consist of nonnegotiable certificates of deposits with original maturities that exceed 90 days that are reported in the

See accountant's compilation report.

VILLAGE OF EAST HODGE

East Hodge, Louisiana

Notes to the Financial Statements (Continued)

accompanying financial statements at cost. The bank balances of the deposits are fully secured from risk by federal deposit insurance.

H. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructure general fixed assets consisting of roads, sidewalks, bridges, parking lots, and drainage systems are not capitalized, as these assets are immovable and of value only to the village. All purchased fixed assets are valued at cost where historical records are available and at estimated cost where no historical records are available. Approximately 98 per cent of fixed assets are valued at actual cost, while the remaining 2 per cent are valued at estimated cost based on the actual cost of like items. Donated fixed assets are valued at their estimated fair market value on the date received. No depreciation has been provided on general fixed assets.

The fixed assets used in the proprietary fund type operations are included on the balance sheet of the fund net of accumulated depreciation. Interest costs incurred during construction are not capitalized. Depreciation of all exhaustible fixed assets used by the proprietary fund type operations is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives ranging from 5 to 40 years.

I. LONG-TERM DEBT

Long-term liabilities expected to be financed from enterprise fund operations are accounted for in the enterprise fund.

J. RESTRICTED ASSETS

Certain resources of the Water and Sewer Enterprise Fund set aside for the repayment of revenue bonds are classified as restricted assets on the balance sheet because their use is limited.

K. CONTRIBUTED CAPITAL

See accountant's compilation report.

VILLAGE OF EAST HODGE

East Hodge, Louisiana

Notes to the Financial Statements (Continued)

Federal grants that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired from such contributions. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

L. INTERFUND TRANSACTIONS

All interfund transactions, except quasi-external transactions and reimbursements, are reported as operating transfers.

**M. TOTAL COLUMNS ON THE
COMBINED STATEMENTS**

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position nor results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. CASH

At June 30, 1999, the village has demand deposits (book balances - net of bank overdraft of \$465) totaling \$8,385. These deposits are stated at cost, which approximates market. 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. Deposit balances (bank balances) at June 30, 1999, total \$9,715 and are fully secured by federal deposit insurance.

3. BUDGETED EXPENDITURES

For the year ended June 30, 1999, the General Fund's actual expenditures and other uses exceeded budgeted expenditures and other uses by \$2,087 or 19%.

4. LEVIED TAXES

See accountant's compilation report.

VILLAGE OF EAST HODGE
 East Hodge, Louisiana
 Notes to the Financial Statements (Continued)

For the year ended June 30, 1999, the village levied 6.35 mills on property with a taxable value of \$283,680, for general operating purposes.

5. RECEIVABLES

The following is a summary of receivables at June 30, 1999:

	General Fund	Water and Sewer Enterprise Fund	Total
Franchise taxes	\$731		\$731
Sales tax	353		353
Accounts		\$2,941	2,941
Allowance for doubtful accounts	NONE	NONE	0
Total	<u>\$1,084</u>	<u>\$2,941</u>	<u>\$4,025</u>

The statements contain no provision for doubtful accounts because the village is of the opinion that all amounts are fully collectible.

6. FIXED ASSETS

The following presents changes in general fixed assets for the year ended June 30, 1999:

	Land and Buildings	Improvements Other Than Buildings	Equipment	Total
Balance, July 1, 1998	\$136,906	\$191,705	\$181,952	\$510,563
Additions	1,261	18,310	3,310	22,881
Retirements	NONE	NONE	NONE	NONE
Balance, June 30, 1999	<u>\$138,167</u>	<u>\$210,015</u>	<u>\$185,262</u>	<u>\$533,444</u>

A summary of proprietary fund type property, plant, and equipment at June 30, 1999, follows:

See accountant's compilation report.

VILLAGE OF EAST HODGE

East Hodge, Louisiana

Notes to the Financial Statements (Continued)

	<u>Basis</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Water system	\$125,210	(\$109,101)	\$16,109
Sewerage system	425,864	(278,616)	147,248
Total	<u>\$551,074</u>	<u>(\$387,717)</u>	<u>\$163,357</u>

7. PENSION PLAN

The employees of the village are members of the Social Security System. In addition to the employee contributions withheld at 7.65 per cent of gross salary, the village contributes an equal amount to the Social Security System. The village does not guarantee the benefits granted by the Social Security System.

8. REVENUE BONDS PAYABLE

The liability for revenue bonds at June 30, 1999 consists of Water and Sewer System Revenue Bonds sold by the village in 1971 in the amount of \$129,000 to the United States Department of Agriculture, Farmers Home Administration, under the Water and Waste Disposal Systems for Rural Communities Loan Program (CFDA 10.418) to construct the water and sewer system. The bonds were subsequently sold to GMAC Commercial Mortgage Corporation. The bonds bear interest at 6 per cent annually. Interest payments are due March 1 and September 1 and principal payments are due September 1 through September 1, 2011 and are made solely from revenues derived from operation of the water and sewer system.

The following is a summary of revenue bonds payable transactions for the year ended June 30, 1999:

Revenue bonds payable at July 1, 1998	\$78,000
Additions	NONE
Retirements	<u>(4,000)</u>
Revenue bonds payable at June 30, 1999	<u>\$74,000</u>

9. CONTRIBUTED CAPITAL

During the years ended June 30, 1998 and 1999, the village received a grant totaling \$96,347 from

See accountant's compilation report.

VILLAGE OF EAST HODGE

East Hodge, Louisiana

Notes to the Financial Statements (Continued)

the United States Department of Housing and Urban Development to finance 100 per cent of sewer system improvements. The grant revenues and expenditures are accounted for in the Lift Station Capital Projects Fund. The total cost of the sewer system improvements is reported as a fixed asset and contributed capital in the Water and Sewer System Enterprise Fund.

10. RESERVED RETAINED EARNINGS

The bond covenants for the 1971 Water and Sewer System Revenue Bonds discussed in note 8 above, require the village to establish the following reserve accounts:

- A. A "Revenue Bond Fund". The village must transfer into this fund, each month, one-twelfth of the principal and one-sixth of the interest due on the next principal and interest payment date. This fund is used to pay bond principal and interest as they become due.
- B. A "Revenue Bond Reserve Fund". The village must transfer into this fund, each month, an amount equal to 10 per cent of the amount to be paid into the Revenue Bond Fund each month until \$7,500 has been accumulated therein. Such amounts may be used only for the payment of maturing bonds and interest for which there would otherwise be default.
- C. A "Replacement and Extension Fund". The village must transfer \$30 into this fund each month until \$1,800 has been accumulated therein. The deposits in this fund may be used for unusual or extraordinary maintenance, repairs, replacements, and extensions and for the cost of improvements to the system. Money in this fund may also be used to pay principal and interest on bonds falling due at any time there is not sufficient funds in the other reserve funds.

The village has not funded the above funds in the manner prescribed by the bond issue. At June 30, 1999, the village has \$133 in restricted accounts to meet reserve requirements. No deposits were made to the Revenue Bond Reserve and Replacement and Extension funds during the year ended June 30, 1999.

12. LITIGATION AND CLAIMS

The village is not involved in any litigation at June 30, 1999, nor is it aware of any unasserted claims. The village maintains commercial insurance to provide protection against losses resulting from

See accountant's compilation report.

VILLAGE OF EAST HODGE

East Hodge, Louisiana

Notes to the Financial Statements (Continued)

the damage or destruction of property or liability claims against the village. There were no significant reductions in insurance coverage during the year ended June 30, 1999. The village did not incur any costs resulting from a claim during the year ended June 30, 1999.

13. SUBSEQUENT EVENT

The Village of East Hodge adopted a resolution on September 8, 1998, declaring its intention to issue not exceeding \$80,000 of Sewer Revenue Bonds, the proceeds of which to be used for the purpose of financing a portion of the cost of making improvements to the village sewerage system. The bonds will be secured by the income and revenues derived from the operation of the sewerage system. The bonds have not been issued as of June 30, 1999.

14. FEDERAL GRANTS CONTINGENCIES

During the year ended June 30, 1999, the Village of East Hodge received grant funds from the U. S. Department of Housing and Urban Development through the State of Louisiana Office of Community Development. These grant funds are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with the conditions of the grant. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

15. YEAR 2000 ISSUE

The Year 2000 Issue is the result of shortcomings in many electronic data-processing systems and other equipment that may adversely affect the village's operations in the year 1999 and beyond. The village does not use computer systems in its daily operations. However, there is no assurance that the systems of other governmental agencies or companies on which the village relies will be timely converted or that any such failure to convert by a governmental agency or other company would not have an adverse effect on the village's operations.

See accountant's compilation report.

SUPPLEMENTAL INFORMATION SCHEDULES

See accountant's compilation report.

VILLAGE OF EAST HODGE
East Hodge, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
As of and For the Year Ended June 30, 1999

CAPITAL PROJECTS FUNDS

CONSTRUCTION FUND

The Construction Fund accounts for a federal grant from the United States Department of Housing and Urban Development, passed through the State of Louisiana Office of Community Development for the improvement of the village's fire protection system. This fund was closed during the year ended June 30, 1999.

LIFT STATION FUND

The Lift Station Fund accounts for a federal grant from the United States Department of Housing and Urban Development, passed through the State of Louisiana Office of Community Development for sewer improvements. This fund as closed during the year ended June 30, 1999.

See accountant's compilation report.

VILLAGE OF EAST HODGE
East Hodge, Louisiana
CAPITAL PROJECTS FUNDS

Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1999

	<u>CONSTRUCTION FUND</u>	<u>LIFT STATION FUND</u>	<u>TOTAL</u>
REVENUES			
Intergovernmental revenues:			
Federal grant	\$7,881	\$5,230	\$13,111
State grant	15,000		15,000
Total revenues	<u>22,881</u>	<u>5,230</u>	<u>28,111</u>
EXPENDITURES			
General government - current -			
operating services - bank charges		41	41
Facilities acquisition and construction	22,881	5,189	28,070
Total expenditures	<u>22,881</u>	<u>5,230</u>	<u>28,111</u>
EXCESS OF REVENUES OVER EXPENDITURES	NONE	NONE	NONE
FUND BALANCES AT BEGINNING OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
FUND BALANCES AT END OF YEAR	<u><u>NONE</u></u>	<u><u>NONE</u></u>	<u><u>NONE</u></u>

See accountant's compilation report.

VILLAGE OF EAST HODGE
East Hodge, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
As of and For the Year Ended June 30, 1999

COMPENSATION PAID ALDERMEN

The schedule of compensation paid aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 33:405, aldermen receive \$35 for each meeting they attend. Compensation of aldermen is included in personal services and related benefits expenditures of the General Fund.

PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in the summary schedule of prior year findings (Schedule 3).

CURRENT YEAR FINDINGS

The corrective action plan for current year findings is presented in Schedule 4.

See accountant's compilation report.

VILLAGE OF EAST HODGE
East Hodge, Louisiana

Schedule of Compensation Paid Aldermen
For the Year Ended June 30, 1999

Esther Knox	\$210
Oren Leonard	420
Kenneth West	210
W.C. Wilson	<u>420</u>
Total	<u>\$1,260</u>

See accountant's compilation report.

VILLAGE OF EAST HODGE
East Hodge, Louisiana

Summary Schedule of Prior Year Findings
For the Year Ended June 30, 1999

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Additional Explanation
98-1	1998	Need to Maintain Fixed Asset Records	Yes	N/A
98-2	1998	Need to Amend General Fund Budget	No	See procedure 7 in current year findings.
98-3	1997	Need to Maintain Bond Reserve Accounts	No	See 1999-1 in current year findings.
98-4	1998	Need to Improve Internal Controls Over Cash Receipts and Disbursements	No	See procedure 8 (a) and 1999-2 in current year findings.
98-5	1998	Need to Sign and Approve Federal Award Invoices	Yes	N/A
98-6	1998	Grant Receipts Should Be Recorded in Checkbook	No	No longer applicable.
98-7	1998	Need to Maintain Records of Equipment Purchased With Grant Funds	Yes	N/A

See accountant's compilation report.

VILLAGE OF EAST HODGE
East Hodge, Louisiana

Corrective Action Plan
For Current Year Findings
For the Year Ended June 30, 1999

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Procedure 7	The village did not amend its General Fund budget.	The village will amend its 2000 budget when actual expenditures and other uses exceeds budgeted expenditures by more than 5%.	Harry Mims, Mayor	June 2000
Procedure 8 (a)	Three out of six selected disbursements were not properly supported.	All future disbursements will be properly supported by original invoice or other documentation.	Harry Mims, Mayor	November 1999
Procedure 9	The village did not post or advertise agendas or notices of meetings.	The village will publish notice of meetings on the town hall door at least 24 hours prior to the meetings.	Harry Mims, Mayor	November 1999

(Continued)

See accountant's compilation report.

VILLAGE OF EAST HODGE
East Hodge, Louisiana

Corrective Action Plan
For Current Year Findings
(Continued)
For the Year Ended June 30, 1999

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
1999 -1	Need to Maintain Bond Reserve Accounts	The village will fund bond reserve accounts when sufficient funds are available.	Harry Mims, Mayor	June 2000
1999 - 2	The village did not maintain a record of its cash balance in the checkbooks nor were the bank accounts reconciled on a monthly basis.	The village will record all bank deposits, checks, and other bank charges in its checkbooks and maintain a checkbook balance. The bank accounts will be reconciled on a monthly basis.	Harry Mims, Mayor	June 2000

(Concluded)

See accountant's compilation report.

**Independent Accountant's Report on Applying
Agreed-Upon Procedures**

The following independent accountant's report on applying agreed upon procedures is presented in compliance with the requirements of the *Louisiana Governmental Audit Guide* and the *Louisiana Attestation Questionnaire*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF EAST HODGE
East Hodge, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed upon by the management of the Village of East Hodge and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of East Hodge's compliance with certain laws and regulations during the year ended June 30, 1999 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

A review was made of all disbursements for the year. There were no disbursements for materials and supplies exceeding \$15,000 nor disbursements for public works exceeding \$100,000, made during the year.

Village of East Hodge
Independent Accountant's Report on
Applying Agreed-Upon Procedures
June 30, 1999

Code of Ethics for Public Officials and Public Employees

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

Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of the employees included in the listing obtained from management in procedure number 3 above were also included in the listing obtained from management in procedure number 2 above as immediate family members.

There were no names on the employee listing that were also included on the listing of immediate family members.

Budgeting

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

I obtained a copy of the legally adopted budget. There were no budget amendments during the year ended June 30, 1999.

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

I traced the adoption of the budget to the minutes of a meeting held June 9, 1998.

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

Actual expenditures and other uses exceeded budgeted expenditures and other uses by \$2,087 or 19%. Actual revenues and other sources exceeded budgeted revenues.

Village of East Hodge
Independent Accountant's Report on
Applying Agreed-Upon Procedures
June 30, 1999

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and;
 - (a) trace payments to supporting documentation as to correct amount and payee;
 - (b) determine if payments were properly coded to the correct fund and general ledger account;
 - (c) determine whether payments received approval from proper authorities.

An examination of six randomly selected disbursements disclosed the following:

- (a) Three of the six selected disbursements were not supported by adequate documentation.
- (b) The six selected payments were properly coded to the correct fund and general ledger account.
- (c) The six selected payments received approval from the proper authorities.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (the opening meetings law).

The village did not post or advertise notices or agendas for meetings.

Debt

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

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

Advances and Bonuses

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

Village of East Hodge
Independent Accountant's Report on
Applying Agreed-Upon Procedures
June 30, 1999

A reading of the minutes of the board meetings and an examination of payroll records indicated no payments which may constitute bonuses, advances, or gifts.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Village of East Hodge and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



Calhoun, Louisiana
October 29, 1999

Louisiana Attestation Questionnaire

The accompanying *Louisiana Attestation Questionnaire* has been completed by management and is included in this report as required by the *Louisiana Governmental Audit Guide*.

M. Carleen Dumas
Certified Public Accountant
369 Donaldson Rd.
Calhoun, La 71225

Mrs. Dumas,

In connection with your compilation of the financial statements of the Village of East Hodge as of June 30, 1999 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of _____.

PUBLIC BID LAW

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

Yes [] No [] N/A []

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

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

Yes [] No [] N/A []

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

Yes [] No [] N/A []

BUDGETING

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [] No [] N/A []

ACCOUNTING AND REPORTING

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

Yes [] No [] N/A []

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

Yes [] No [] N/A []

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

Yes [] No [] N/A []

MEETINGS

We have complied with the provisions of the Opening Meetings Law, provided in LSA-RS 42:1-12.

Yes [] No [] N/A []

DEBT

It is true that we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60 -1410.65.

Yes [] No [] N/A []

ADVANCES AND BONUSES

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

Yes [] No [] N/A []

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

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

Handwritten signature of Harry M. ...
Mayor

10/29/99
Date