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**VILLAGE OF NORTH HODGE
LOUISIANA**

**FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

Under provisions of state law this report is a public document. A copy of this report has been submitted to the entity and other appropriate public officials. The reports are 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 11-14-09

VILLAGE OF NORTH HODGE, LOUISIANA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

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McGEHEE AND KEEN, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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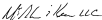
ACCOUNTANTS' COMPILATION REPORT

Honorable Geraldine Causey, Mayor and
Board of Aldermen
Village of North Hedge
P.O. Box 520
Hedge, Louisiana 71247

We have compiled the accompanying general purpose financial statements of the Village of North Hedge, Louisiana as of September 30, 2003 and for the year then ended, as listed in the table of contents, and the accompanying supplementary information contained in the supporting schedule, which is presented only for supplementary analysis purposes, in accordance with 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 information that is the representation of management. We have not audited or reviewed the accompanying general purpose financial statements 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, we have issued a report dated March 24, 2004, on the results of our agreed-upon procedures.



McGehee and Keen, LLC
Certified Public Accountants
March 24, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

VILLAGE OF NORTH HODGE, LOUISIANA
COMBINED BALANCE SHEET—ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 2003

	Governmental	Proprietary	Account	Totals
	Fund Type	Fund Type	Group	
	General	Enterprise	Fixed	(Memorandum)
	Fund	Fund	Assets	(Item)
ASSETS				
Cash and Cash Equivalents	\$ 313	\$ 14,475	\$ 0	\$ 14,788
Certificate of Deposit	0	5,590	0	5,590
Accounts Receivable	0	7,180	0	7,180
Taxes Receivable	2,147	0	0	2,147
Intergovernmental Receivable	1,739	15,505	0	17,245
Interest Receivable	0	90	0	90
Prepaid Insurance	328	1,726	0	2,054
Due from Utility Fund	6,751	0	0	6,751
Restricted Assets-Cash	0	10,203	0	10,203
Land	0	18,827	2,275	20,902
Buildings	0	1,555	15,370	17,325
Equipment	0	28,380	24,774	53,154
Water Distribution System	0	619,526	0	619,526
Sewer Collection System	0	1,052,753	0	1,052,753
Accumulated Depreciation	0	(532,280)	0	(532,280)
TOTAL ASSETS	\$ 11,264	\$ 1,538,034	\$ 42,419	\$ 1,691,717
LIABILITIES AND EQUITY				
LIABILITIES				
Accounts Payable	\$ 3,178	\$ 15,288	\$ 0	\$ 18,466
Accrued Payroll	232	166	0	418
Accrued Expenses	213	625	0	838
Due to General Fund	0	5,751	0	5,751
Unearned Revenue	0	141	0	141
Payable from Restricted Assets:				
Customer Deposits	0	10,141	0	10,141
Utility Relocation Costs	0	14,420	0	14,420
TOTAL LIABILITIES	3,623	47,582	0	51,205
EQUITY:				
Contributed Capital	0	1,747,523	0	1,747,523
Investments in General Fixed Assets	0	0	42,419	42,419
Accumulated Deficit—Unreserved	0	(257,041)	0	(257,041)
Fund Balances—Unreserved and Undesignated	7,641	0	0	7,641
TOTAL EQUITY	7,641	1,490,482	42,419	1,540,542
TOTAL LIABILITIES AND EQUITY	\$ 11,264	\$ 1,538,034	\$ 42,419	\$ 1,691,717

See accountants' compilation report.
See accompanying notes to financial statements.

VILLAGE OF NORTH HODGE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE—GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED SEPTEMBER 30, 2003

REVENUES

Taxes:	
Sales	\$ 12,197
Franchise	7,159
Ad Valorem	4,878
Licenses and Permits	3,681
Intergovernmental	
Right-of-Way Maintenance	1,262
On-Behalf Revenue	800
Fines and Forfeitures	14,193
Charges for Services	283
Miscellaneous	40
TOTAL REVENUE	<u>44,293</u>

EXPENDITURES

General Government	26,870
Police	12,793
Highways and Streets	11,320
Capital Outlay	1,110
TOTAL EXPENDITURES	<u>52,993</u>

DEFICIENCY OF REVENUES

UNDER EXPENDITURES (10,630)

OTHER FINANCING SOURCES

Operating Transfer In—Utility Fund 9,398

TOTAL OTHER FINANCING SOURCES

9,398

DEFICIENCY OF REVENUES AND OTHER

SOURCES UNDER EXPENDITURES (1,234)

FUND BALANCE-BEGINNING

8,975

FUND BALANCE-ENDING

\$ 7,741

See accountants' compilation report.
 See accompanying notes to financial statements.

VILLAGE OF NORTH HODGE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE
-BUDGET AND ACTUAL - GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	GENERAL FUND		Variance- Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Taxes:			
Sales	\$ 6,000	\$ 12,107	\$ 6,107
Franchise	6,000	7,159	1,159
Ad Valorem	4,100	4,678	478
Licenses and Permits	4,000	3,681	(319)
Intergovernmental:			
Right-of-Way Maintenance	0	1,360	1,360
On-Behalf Revenue	900	900	0
Fines and Forfeitures	10,300	14,783	3,483
Charges for Services	100	200	100
Miscellaneous	200	40	(160)
TOTAL REVENUE	<u>31,800</u>	<u>44,283</u>	<u>12,483</u>
EXPENDITURES			
General Government	28,500	28,670	1,170
Police	19,400	19,719	319
Highways and Streets	11,100	11,300	(200)
Sanitation	100	0	100
Capital Outlay	1,100	1,110	(10)
TOTAL EXPENDITURES	<u>57,200</u>	<u>54,809</u>	<u>2,391</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(25,400)	(10,526)	14,874
OTHER FINANCING SOURCES (USES)			
Operating Transfer In--Utility Fund	23,400	9,399	(14,001)
TOTAL OTHER FINANCING SOURCES	<u>23,400</u>	<u>9,399</u>	<u>(14,001)</u>
DEFICIENCY OF REVENUES AND OTHER SOURCES UNDER EXPENDITURES	(2,000)	(1,127)	873
FUND BALANCE-BEGINNING	<u>12,000</u>	<u>8,625</u>	<u>(3,375)</u>
FUND BALANCE-ENDING	<u>\$ 9,800</u>	<u>\$ 7,498</u>	<u>\$ (2,302)</u>

See accountants' compilation report.
 See accompanying notes to financial statements.

VILLAGE OF NORTH HODGE, LOUISIANA
ENTERPRISE FUND
UTILITY FUND
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS—PROPRIETARY FUND TYPE
FOR THE YEAR ENDED SEPTEMBER 30, 2003

OPERATING REVENUES	
Water Sales	\$ 44,401
Sewer Sales	20,029
Delinquent Fees	1,029
Connecting and Reconnecting Fees	2,006
Miscellaneous	701
TOTAL OPERATING REVENUES	<u>68,166</u>
OPERATING EXPENSES	
Bad Debt Expense	504
Depreciation	43,673
Dues	342
Equipment Maintenance and Repairs	1,703
Equipment Operating Expense	976
Insurance	5,290
Legal and Accounting	6,133
Miscellaneous	269
Office Supplies	1,841
Outside Services	2,630
Safe Water Administration Fee	547
Salaries	16,296
System Repair and Maintenance	4,812
System Supplies and Expense	2,788
Taxes-Payroll	1,363
Telephone and Utilities	9,653
Travel and Training	294
Workman's Compensation	1,421
TOTAL OPERATING EXPENSES	<u>99,926</u>
OPERATING LOSS	(31,760)
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	389
Grant Revenue	3,449
Reimbursement by State for Utility Relocation Costs	51,594
Utility Relocation Costs for State Highway Project	(21,859)
TOTAL NON-OPERATING REVENUE	<u>33,573</u>
LOSS BEFORE OPERATING TRANSFERS	(27,344)
OPERATING TRANSFERS TO OTHER FUNDS	
Transfer Out to General Fund	(9,382)
TOTAL OPERATING TRANSFERS TO OTHER FUNDS	<u>(9,382)</u>
NET LOSS	(36,730)
ACCUMULATED DEFICIT - BEGINNING	<u>122,283</u>
ACCUMULATED DEFICIT - ENDING	<u>85,553</u>

See accountants' compilation report.
See accompanying notes to financial statements.

VILLAGE OF NORTH HODGE, LOUISIANA
ENTERPRISE FUND
UTILITY FUND
STATEMENT OF CASH FLOWS—PROPRIETARY FUND TYPE
FOR THE YEAR ENDED SEPTEMBER 30, 2003

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers and Users	\$ 79,697
Cash Payments for Goods and Services	(25,040)
Cash Payments for Salaries and Wages	(18,327)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>36,330</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating Transfers to General Fund	(9,298)
Proceeds from Operating Grant	1,800
Cash Received from the State for Utility Relocation Costs	99,276
Cash Payments for Utility Relocation costs	(44,161)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>47,617</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	302
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>302</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,335
CASH AT BEGINNING OF YEAR	<u>18,243</u>
CASH AT END OF YEAR	<u>\$ 26,578</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (35,970)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:-	
Depreciation	43,673
(Increase) Decrease in Accounts Receivable	472
(Increase) Decrease in Prepaid Insurance	(757)
Increase (Decrease) in Accounts Payable	6,166
Increase (Decrease) in Accrued Payroll	(42)
Increase (Decrease) in Accrued Expenses	(988)
Increase (Decrease) in Unearned Revenue	(355)
Increase (Decrease) in Customers' Deposits	1,415
Total Adjustments	<u>50,154</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 14,184</u>

See accountants' compilation report.
 See accompanying notes to financial statements.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of North Hodge, Louisiana, was incorporated August 5, 1953, under the provisions of the Louisiana Act. The Village operates under a Mayor-Board of Aldermen form of government.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification is recognized as generally accepted accounting principles for state and local government. The accounting and reporting policies of the Village of North Hodge, Louisiana, conform to these generally accepted accounting principles and the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the Louisiana Governmental Audit Guide and to the industry audit guide, Audit of State and Local Governmental Units, published by the American Institute of Certified Public Accountants.

A. Reporting Entity

Based upon standards for defining and reporting on the financial reporting entity, the Village of North Hodge is a primary government. Component units can be identified by financial accountability and whether exclusion would create misleading or incomplete financial statements. No component units of the Village of North Hodge were identified.

B. Fund Accounting

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

Governmental Funds--

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary Funds--

Enterprise Funds

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

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General Fixed Assets Account Group—

The *General Fixed Assets Account Group* is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost. No depreciation is recorded on general fixed assets. General fixed assets are recorded as expenditures in the governmental fund type when purchased.

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and trust 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 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.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., expenses) in net total assets. The Village applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations.

D. Basis of Accounting

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Village considers all governmental revenues as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. Purchase of various operating supplies are regarded as expenditures at the time purchased.

Those revenues susceptible to accrual are sales taxes, property taxes, franchise taxes, tobacco taxes, and charges for services. Fines, occupational licenses, permits, and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary fund types follow generally accepted accounting principles prescribed by the Governmental Accounting Standards Board and all applicable Financial Accounting Standards Board's standards.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgetary Practices

The Village of North Hodge, Louisiana, adopted an operating budget, on a basis consistent with generally accepted accounting principles, on its governmental fund type for the year ended September 30, 2003, as required by generally accepted accounting principles as applicable to governmental units, and as required by Louisiana law. Prior to year end, the Village adopted an amended budget approving revisions to revenues and expenditures for the governmental fund type. The amended budget is presented in the Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual. Appropriations lapse at year-end and must be re-appropriated for the following year to be expended.

F. Cash and Cash Equivalents

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 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 offices in Louisiana. Deposits are carried at cost which approximates market value.

G. Restricted Assets

The "customer deposit" account is used to report proceeds from customers' meter deposits. A corresponding liability is presented to record these funds held by the enterprise fund.

H. Vacation and Sick Leave

Vacation and sick leave are noncumulative. There are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure at year end.

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 these estimates.

J. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

K. Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Village has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

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

Water Utility	
Wells	20 years
Storage Tanks	50 years
Lines and Meters	50 years
Sewerage Utility	
Pump Stations	40 years
Lines	40 years
Other Equipment	5 - 10 years

All fixed assets are stated at historical cost. Donated fixed assets are stated at their estimated fair value on the date donated.

L. Memorandum Only - Total Columns

Total columns on the general purpose financial 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, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH

At September 30, 2003, the Village has cash and restricted cash (book balances) totaling \$24,999 and a certificate of deposit (book balance) of \$5,000, as follows:

	<u>Cash</u>	<u>Certificate of Deposit</u>
Cash on Hand	\$ 300	\$ 0
Demand Deposits	29	0
Time Deposit	<u>24,750</u>	<u>5,000</u>
Total	<u>\$ 24,999</u>	<u>\$ 5,000</u>

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 the amount on deposit with the fiscal agent.

The Village maintains its cash accounts at a local bank which provides Federal Deposit Insurance Corporation (FDIC) coverage of \$100,000 for all demand deposits and \$100,000 for all time deposits (time deposits are defined as any interest bearing accounts). At September 30, 2003, the Village has \$30,279 in deposits (collected bank balances). These deposits are secured from risk by FDIC insurance.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 3 - INTERFUND RECEIVABLE/PAYABLE

	Interfund Receivable	Interfund Payable
General Fund	\$ 6,751	\$ 0
Utility Fund	<u>0</u>	<u>6,751</u>
Totals	<u>\$ 6,751</u>	<u>\$ 6,751</u>

NOTE 4 - AD VALOREM TAXES

Taxes are levied on a calendar year basis and become delinquent on December 31. The Village bills and collects its own Ad Valorem taxes. For the 2002 Ad Valorem Taxes, one rate of tax was levied on property within the corporate limits, as follows:

7.41 mills was approved by the Village Aldermen in June, 2002. This millage is the maximum millage that can be assessed without the approval of voters.

For the year ended September 30, 2003, taxes of \$4,748 were levied on property. There were \$47 of taxes receivable at September 30, 2003.

NOTE 5 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of the following at September 30, 2003:

General Fund	
Sales Tax Due from the Jackson Parish Sales Tax Collection Agency	<u>\$ 1,730</u>
Utility Fund:	
Louisiana Department of Transportation and Development	\$ 14,357
Governor's Office of Rural Development	<u>1,148</u>
Total	<u>\$ 16,235</u>

NOTE 6 - RESTRICTED ASSETS—PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at September 30, 2003:

Customers' Deposits	\$ 10,140
Utility Relocation Costs Payable	<u>63</u>
Total	<u>\$ 10,203</u>

NOTE 7 - CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets is as follows at September 30, 2003:

	Beginning Balance <u>10/01/02</u>	Additions	Deletions	Ending Balance <u>09/30/03</u>
Land	\$ 2,275	\$ 0	\$ 0	\$ 2,275
Buildings	15,370	0	0	15,370
Equipment	<u>23,854</u>	<u>1,130</u>	<u>0</u>	<u>24,984</u>
Total	<u>\$ 41,500</u>	<u>\$ 1,130</u>	<u>\$ 0</u>	<u>\$ 42,630</u>

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

**NOTE 8 - DEDICATION OF PROCEEDS AND FLOW OF FUNDS -
 1% SALES AND USE TAX**

By special election, duly called and duly held, on July 11, 1991, the qualified electors of the Village of North Hodge authorized a one cent sales and use tax levy, as defined in Louisiana R.S. 47:381 to Louisiana R.S. 47:317, to be dedicated and used for the purpose of providing funds for any lawful corporate purpose of the Village. The Village adopted Ordinance Number 177 on August 13, 1991, whereby this tax was levied from and after October 1, 1991.

NOTE 9 - FUND DEFICIT

The retained earnings deficit in the proprietary fund of \$257,041 arose due to the Village's water and sewer service revenue being less than operating expenses and transfers to other funds. The deficit is expected to continue. There are no plans for rate increases to alleviate this deficit.

NOTE 10 - COMPENSATION PAID THE ALDERMEN

The amount of compensation paid each board member for the year ended September 30, 2003, is as follows:

Oscar Coville	\$ 1,125
Henry Himp	375
Robert Simpson	1,500
James Speicher	<u>1,500</u>
Total	<u>\$ 4,500</u>

NOTE 11 - ON-BEHALF PAYMENTS

The police chief of the Village of North Hodge received a supplemental salary of \$900 from the State of Louisiana. There were no fringe benefits paid on this supplemental salary.

NOTE 12 - COMMITMENTS

As of September 30, 2003, the Village of North Hodge was involved in a project, in cooperation with the State of Louisiana Department of Transportation and Development, to relocate some of its utility facilities to accommodate the State's Highway project. The Village was approved to receive reimbursement from the State for the costs related to the project up to \$252,000. The Village had made the following commitments related to this Utility Relocation Project as of September 30, 2003:

The Village had a contract for \$30,300 with Demman Engineering, Inc. for engineering and inspection fees. This contract will be funded by a reimbursement from the State. At year end, \$26,954 had been paid on this contract with reimbursement proceeds.

The Village had a contract for \$180,838 with CBC Services, Inc. for services to relocate and adjust utility facilities. This contract will be funded by a reimbursement from the State. At year end, \$170,952 had been paid on this contract with reimbursement proceeds.

As of September 30, 2003, the Village of North Hodge was involved in a project funded by the Louisiana Governor's Office of Rural Development for sewer improvements. The Village was approved to receive reimbursement from the Office of Rural Development up to a maximum amount of \$13,800. At year end, \$2,948 had been incurred by the Village and had received reimbursement proceeds of \$1,900, which was paid to the contractor.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 13 - LITIGATION

The Village of North Hodge is involved in a lawsuit with a former contractor. Although the outcome of this lawsuit cannot be determined at this time, it is the opinion of the Village's counsel that there is at least a reasonable possibility that a loss, estimated at \$10,000, could occur upon the resolution of this matter.

SUPPLEMENTARY INFORMATION

VILLAGE OF NORTH HODGE, LOUISIANA
GENERAL FUND
SUPPORTING SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT			
Aldermen Fees	\$ 4,500	\$ 4,500	\$ 0
Association Dues	150	275	(125)
Building Repair and Maintenance	500	146	354
Election	800	300	500
Equipment Repairs and Maintenance	300	100	131
Insurance	2,800	2,761	49
Legal and Accounting Fees	4,700	4,650	50
Mayor's Salary	3,000	3,000	0
Miscellaneous	250	160	90
Office Supplies	1,000	946	54
Outside Services	250	0	250
Publication	600	565	(85)
Salaries-Office	4,800	5,230	1,370
Tax Roll Expense	400	400	(20)
Taxes - Payroll	750	644	106
Telephone and Utilities	2,000	2,592	(592)
Travel and Convention	0	389	(389)
TOTAL GENERAL GOVERNMENT	\$ 28,500	\$ 29,970	\$ 1,470
POLICE			
Auto Maintenance and Repairs	\$ 500	\$ 664	\$ (84)
Auto Operating Expense	1,800	2,067	(267)
Criminal Investigation	500	100	390
Fees on Traffic Tickets	400	341	59
Feeding and Caring for Prisoners	200	0	200
Insurance	2,200	1,864	236
Miscellaneous	200	75	125
On-Behalf Salary Expense	600	600	0
Salaries	8,400	8,436	(36)
Supplies	200	557	(357)
Taxes-Payroll	600	690	292
Travel	0	19	(19)
Worker's Compensation	200	0	200
TOTAL POLICE	\$ 16,400	\$ 15,763	\$ 637
HIGHWAY AND STREETS			
Insurance	400	522	(122)
Lighting of Highway and Streets	5,900	5,890	10
Outside Services	2,400	2,400	0
Salaries	2,300	2,300	(8)
Taxes-Payroll	0	182	(182)
Supplies	100	50	50
TOTAL HIGHWAY AND STREETS	\$ 11,100	\$ 11,342	\$ 242

VILLAGE OF NORTH HODGE, LOUISIANA
GENERAL FUND
SUPPORTING SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
SANITATION			
Moving and Refuse	\$ 150	\$ 0	\$ 150
TOTAL SANITATION	<u>\$ 150</u>	<u>\$ 0</u>	<u>\$ 150</u>
CAPITAL OUTLAY			
General Government	\$ 1,150	\$ 1,130	\$ 20
TOTAL CAPITAL OUTLAY	<u>\$ 1,150</u>	<u>\$ 1,130</u>	<u>\$ 20</u>

AGREED-UPON PROCEDURES

McGHEE AND KEEN, LLC
CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 1344
800 North Trenton
Ruston, Louisiana 71272-1344

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Honorable Genevieve Causey, Mayor and
Board of Aldermen
Village of North Hedge
P.O. Box 630
Hedge, Louisiana 71347

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Village of North Hedge and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of North Hedge's compliance with certain laws and regulations during the year ended September 30, 2023 included in the accompanying *Louisiana Attention Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-3251 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$15,000. There were no expenditures made during the year for public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of the mayor and each alderman as defined by LSA-RS 43:101-1124 (the code of ethics), and a list of outside business interests of the mayor, each alderman, and employees, as well as their immediate families.

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

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

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

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

Management provided us with a copy of the original budget and all amendments to the budget.

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

We traced the adoption of the budget to the minutes of a meeting held on October 24, 2002, which indicated that the budget had been adopted by the mayor and board of aldermen of the Village of North Hedge. The mayor and board of aldermen adopted amendments to the budget in a meeting held on August 7, 2003, and September 4, 2003, according to the minutes.

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

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. For the fiscal year, actual revenues did not fail to meet budgeted revenues by more than 5% and actual expenditures did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

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

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

Inspection of documentation supporting each of the six selected disbursements indicated approval from the mayor.

Meetings

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

The Village of North Hedge is only required to post a notice of each meeting (and the accompanying agenda) on the door of the Village's town hall. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas for eight of the fifteen meetings held during the year.

Debt

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

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

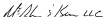
Advances and Refunds

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

A reading of minutes of the Village for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

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

This report is intended solely for the use of management of the Village of North Hedge 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



McGehee and Keen, LLC
Certified Public Accountants
March 24, 2004

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)
March 30, 2004 (Date Transmitted)

McFarber and King, LLC
Certified Public Accountants
204 N. Thibodeau
Kenner, LA 70112-70 (Auditors)

In connection with your compilation of our financial statements as of (date) 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 the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 50:213, and, where applicable, the regulations of the Division of Administration, State Purchasing Office. Yes No

Code of Ethics for Public Officials and Public Employees

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

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

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 30:1301-14) or the budget requirements of LSA-RS 30:24. Yes No

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:2, 44:31, and 44:38. Yes No

We have filed our annual financial statements in accordance with LSA-RS 24:514, 53:453, and/or 30:52, as applicable. Yes No

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.
Yes No

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.
Yes No

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VI, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 10 of the 1974 Louisiana Constitution, and LSA-RS 30:1411.60-1411.65.
Yes No

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VI, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AD opinion 79-729.
Yes No

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

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

_____	_____	_____	Date
<i>Spence Hall</i>	<i>Spence</i>	<i>3-10-04</i>	Date
_____	_____	_____	Date
<i>David Conway</i>	<i>David</i>	<i>3-10-04</i>	Date

OTHER REPORTS

VILLAGE OF NORTH HODGE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

SECTION I COMPLIANCE WITH CERTAIN LAWS AND REGULATIONS

<u>FINDINGS</u>	<u>STATUS</u>
<p>2002-1 The budget was not adopted prior to the beginning of the fiscal year for which it was effective. It was recommended that the mayor begin the budget process earlier in 2003 to ensure that the 2003-2004 budget was adopted prior to year end.</p>	Resolved.
<p>2002-2 Two disbursements selected for testing did not have supporting documentation. It was recommended that the clerk be more diligent in maintaining records of supporting documentation for all disbursements.</p>	Resolved.
<p>2002-3 Agendas for two meetings were missing. It was recommended that the clerk be more diligent in maintaining a file of agendas and notices posted for each meeting, beginning in April, 2003.</p>	Resolved.

**VILLAGE OF NORTH HODGE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

SECTION I COMPLIANCE WITH CERTAIN LAWS AND REGULATIONS

FINDINGS

2003-1 The 2003-2004 budget was not adopted prior to the beginning of the fiscal year for which it was effective. Mayor Hall did not begin the budget process in time to ensure that the budget would be adopted within the time frame established by state law. I recommend that the Mayor begin the budget process three months before year-end to allow the process to be completed in a timely manner.

2003-2 Agendas for seven meetings were missing. We did not find any evidence that agendas were prepared for these meetings. The former clerk asserted that the agendas were prepared and posted as required by the open meetings law. We recommend that the clerk be more diligent in maintaining the file of notices and agendas posted for the meetings beginning in April, 2004.

MANAGEMENT'S RESPONSES

The newly elected Mayor, Geraldine Causey, began the process earlier for the 2003-2004 budget and the budget was adopted September 4, 2003, prior to the beginning of the fiscal year.

There were three different clerks during the year. The current clerk, Ann Hill, could not find the missing agendas posted for meetings prior to her employment. However, she maintained a file of all agendas and notices posted for each meeting, beginning in June, 2003, when she was hired.