

VILLAGE OF NORTH HODGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (continued)  
SEPTEMBER 30, 1996

**NOTE 7 - 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. 47:504 to Louisiana R.S. 47:517, 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 10, 1991, whereby this tax was levied from and after October 1, 1991.

**NOTE 8 - FUND DEFICIT**

The total retained earnings deficit in the proprietary fund of \$10,814 arose due to the Village's continued water and sewer service revenue not covering operating costs and depreciation expenses. The deficit is expected to continue. There are no plans for rate increases to alleviate this deficit.

**NOTE 9 - COMPENSATION PAID THE COUNCILMEN**

The amount of compensation paid each board member for the year ended September 30, 1996, is as follows:

|                |                 |
|----------------|-----------------|
| Travis Hall    | \$ 1,500        |
| Glen Robinson  | 1,250           |
| Greg Steiner   | 250             |
| James Speicher | 875             |
| Charles Young  | 250             |
| Total          | <u>\$ 4,125</u> |

**NOTE 10 - LITIGATION**

There is one lawsuit pending against the Village of North Hodge. In the opinion of the attorney for the Village, the potential loss on the lawsuit is not probable nor will it be significant to the financial statements.

**NOTE 11 - ON-BEHALF PAYMENTS**

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

**NOTE 12 - FEDERAL GRANT**

In December, 1995, the Village of North Hodge disbursed the final payments, totaling \$20,000, on a street project funded by a 1994 Louisiana Community Development Block Grant. Previous financial statements covered \$370,262 of expenditures under this grant.

See accountant's compilation report.

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).

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

Management provided me with a copy of the original budget and the budget amendments made during the year.

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

I traced the adoption of the original budget to the minutes of a meeting held on October 5, 1995 which indicated that the budget had been adopted by the mayor and board of aldermen of the Village of North Hedge. I traced the adoption of the budget amendments made to the minutes of the meeting held on July 11, 1995 which indicated that the amendments had been adopted by the mayor and board of Aldermen of the Village of North Hedge.

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

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

#### Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

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

I examined supporting documentation for five of the six selected disbursements and found that payment was for the proper amount and made to the correct payee. The other disbursement selected was for an alderman's monthly per diem payment. The minutes recording the appointment of the alderman were used to support that payment had been to proper payee. The payment appears to be for the proper amount, but I did not find documentation to support this conclusion.

- (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.

**DON M. McGEHEE**  
A Professional Accounting Corporation  
P.O. Box 1244  
801 North Zenker  
Bossier, Louisiana 71022-1244

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

Honorable Glen Robinson, Mayor  
and Board of Aldermen  
Village of North Hedge  
P.O. Box 520  
Hodge, Louisiana 71247

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the mayor and board of aldermen 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, 1990 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, 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 material and supplies exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2261 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$5,000 or for public works exceeding \$50,000.

**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 council member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of the mayor, all council members, and employees, as well as their immediate families.

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

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

Management provided us with the required list.

**AGREED-UPON PROCEDURES**

VILLAGE OF NORTH HODGE, LOUISIANA  
GENERAL FUND

SUPPORTING SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 1996

|                                    | BUDGET          | ACTUAL          | VARIANCE --<br>FAVORABLE<br>(UNFAVORABLE) |
|------------------------------------|-----------------|-----------------|---|
| <b>STREET DEPARTMENT</b>           |                 |                 |   |
| Equipment Expense                  | \$ 150          | \$ 177          | (27)                                      |
| Insurance                          | 300             | 273             | 27  |
| Lighting of Highway and Streets    | 8,100           | 4,889           | 1,211                                     |
| Street Repair and Maintenance      | 23,000          | 23,078          | (78)                                      |
| Supplies                           | 300             | 281             | 19  |
| <b>TOTAL STREET DEPARTMENT</b>     | <u>23,850</u>   | <u>23,648</u>   | <u>1,202</u>                              |
| <b>SANITATION DEPARTMENT</b>       |                 |                 |   |
| Mowing and Refuse                  | 1,200           | 252             | 948                                       |
| <b>TOTAL SANITATION DEPARTMENT</b> | <u>1,200</u>    | <u>252</u>      | <u>948</u>                                |
| <b>CAPITAL OUTLAY</b>              |                 |                 |   |
| Police Department                  | 2,000           | 2,800           | (800)                                     |
| Street Department                  | 1,000           | 1,008           | (8)                                       |
| <b>TOTAL CAPITAL OUTLAY</b>        | <u>\$ 3,000</u> | <u>\$ 3,808</u> | <u>(808)</u>                              |

See accountant's compilation report.

**VILLAGE OF NORTH HODGE, LOUISIANA**  
**GENERAL FUND**  
**SUPPORTING SCHEDULE OF EXPENDITURES COMPARED TO BUDGET**  
**FOR THE YEAR ENDED SEPTEMBER 30, 1995**

|                                   | BUDGET           | ACTUAL           | VARIANCE—<br>FAVORABLE<br>(UNFAVORABLE) |
|-----------------------------------|------------------|------------------|---|
| <b>GENERAL GOVERNMENT</b>         |                  |                  |   |
| Admnan's Fees                     | \$ 4,500         | \$ 4,135         | \$ 365                                  |
| Building Repairs and Maintenance  | 3,500            | 1,769            | 1,731                                   |
| Dues                              | 175              | 125              | 50                                      |
| Election                          | 300              | 0                | 300                                     |
| Equipment Repairs and Maintenance | 200              | 268              | (68)                                    |
| Grant Administration              | 3,000            | 3,000            | 0                                       |
| Insurance                         | 2,000            | 1,288            | 712                                     |
| Legal and Accounting Fees         | 7,000            | 8,735            | (1,735)                                 |
| Mayor's Salary                    | 3,000            | 3,000            | 0                                       |
| Miscellaneous                     | 75               | 655              | (575)                                   |
| Office Supplies                   | 1,000            | 1,324            | (324)                                   |
| Outside Services                  | 1,000            | 1,555            | (555)                                   |
| Publication                       | 300              | 167              | 133                                     |
| Salaries—Office                   | 7,000            | 7,802            | (182)                                   |
| Tax Roll Expense                  | 500              | 325              | 175                                     |
| Taxes—Payroll                     | 600              | 655              | (55)                                    |
| Telephone and Utilities           | 2,000            | 1,900            | 100                                     |
| Travel                            | 500              | 0                | 500                                     |
| Workman's Compensation            | 500              | 57               | 443                                     |
| <b>TOTAL GENERAL GOVERNMENT</b>   | <u>37,872</u>    | <u>37,212</u>    | <u>660</u>                              |
| <b>FIRE DEPARTMENT</b>            |                  |                  |   |
| Supplies                          | 208              | 133              | 75                                      |
| <b>TOTAL FIRE DEPARTMENT</b>      | <u>208</u>       | <u>133</u>       | <u>75</u>                               |
| <b>POLICE DEPARTMENT</b>          |                  |                  |   |
| Auto Maintenance and Repairs      | 650              | 709              | (59)                                    |
| Auto Operating Expense            | 4,200            | 4,204            | (4)                                     |
| Criminal Investigation            | 200              | 475              | (275)                                   |
| Feeding Prisoners                 | 50               | 1                | 49                                      |
| Insurance                         | 3,000            | 1,685            | 1,315                                   |
| Miscellaneous                     | 0                | 1,287            | (1,287)                                 |
| On—Behalf Salary Expense          | 3,120            | 3,174            | (54)                                    |
| Salaries                          | 1,300            | 1,380            | 0                                       |
| Supplies                          | 450              | 170              | 280                                     |
| Taxes—Payroll                     | 350              | 347              | 3                                       |
| Travel and Seminar                | 50               | 0                | 50                                      |
| Workman's Compensation            | 500              | 387              | (113)                                   |
| <b>TOTAL POLICE DEPARTMENT</b>    | <u>\$ 13,820</u> | <u>\$ 14,127</u> | <u>\$ (307)</u>                         |

See accountant's compilation report.

VILLAGE OF NORTH HODGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (continued)  
SEPTEMBER 30, 1998

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

**E. Budgetary Practices**

The Village of North Hodge, Louisiana, adopted an operating budget, on a basis consistent with generally accepted accounting principles, for its governmental fund type for the year ended September 30 1998, 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 revenue, expenditures, and beginning fund balance. The amended budget for the General Fund is presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

**F. Cash and Cash Equivalents and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash and cash equivalents of the Village of North Hodge include demand deposits and a passbook savings account.

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.

Under state law, the Village of North Hodge may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost. At September 30, 1998, the Village of North Hodge had no investments.

**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.

See accountant's compilation report.

**SUPPLEMENTARY INFORMATION**



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, 1996

|  |                    |
|--|--------------------|
| <b>OPERATING REVENUES:</b>                       |                    |
| Water Sales                                      | \$ 46,751          |
| Sewer Sales                                      | 14,221             |
| Delinquent Fees                                  | 2,014              |
| Connecting and Reconnecting Fees                 | 387                |
| Miscellaneous                                    | 443                |
| <b>TOTAL OPERATING REVENUES</b>                  | <u>63,806</u>      |
| <b>OPERATING EXPENSES:</b>                       |                    |
| Depreciation                                     | 55,401             |
| Equipment Cost                                   | 162                |
| Insurance  | 1,503              |
| Legal and Accounting                             | 363                |
| Miscellaneous                                    | 71                 |
| Office Supplies                                  | 530                |
| Outside Services                                 | 16,480             |
| System Repair and Maintenance                    | 6,507              |
| System Supplies and Expense                      | 1,837              |
| Telephone and Utilities                          | 1,640              |
| Workmen's Compensation                           | 1,055              |
| <b>TOTAL OPERATING EXPENSES</b>                  | <u>88,854</u>      |
| <b>OPERATING INCOME</b>                          | 10,145             |
| <b>NON-OPERATING REVENUES</b>                    |                    |
| Interest Income                                  | 291                |
| <b>INCOME BEFORE OPERATING TRANSFERS</b>         | 10,383             |
| <b>OPERATING TRANSFERS FROM (TO) OTHER FUNDS</b> |                    |
| Transfer In From General Fund                    | 2,671              |
| Transfer Out To General Fund                     | <u>(15,129)</u>    |
| <b>TOTAL OPERATING TRANSFERS TO OTHER FUNDS</b>  | <u>(12,458)</u>    |
| <b>NET LOSS</b>                                  | (2,105)            |
| <b>RETAINED EARNINGS - BEGINNING</b>             | <u>(26,608)</u>    |
| <b>RETAINED EARNINGS - ENDING</b>                | \$ <u>(28,713)</u> |

See accountant's compilation report.  
 The accompanying notes are an integral part of these financial statements.

**VILLAGE OF NORTH HODGE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 1995**

**NOTE 2 – CASH AND INVESTMENTS (continued)**

Interest-bearing accounts at September 30, 1995, had a bank balance of \$7,042 and a carrying amount of \$7,042, which was covered by FDIC insurance.

Besides demand deposits, the only other cash the Village has is \$300 of petty cash. Deposits are carried at cost which approximates market value.

**NOTE 3 – 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 1995 Ad Valorem Taxes, one rate of tax was levied on property within the corporate limits, as follows:

7.75 mills was approved by the Village Aldermen in July, 1995. This millage is the maximum millage that can be assessed without the approval of voters.

For the year ended September 30, 1995, taxes of \$4,151 were levied on property. There were no taxes receivable at September 30, 1995.

**NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units consisted of the following:

|  |                 |
|--|-----------------|
| Sales Tax Due from the Jackson Parish<br>Sales Tax Collection Agency | \$ 2,010        |
| Tobacco Taxes Due from the State of Louisiana                        | 645             |
| Total  | <u>\$ 2,655</u> |

**NOTE 5 – RESTRICTED ASSETS – PROPRIETARY FUND TYPE**

Restricted assets were applicable to the following at September 30:

|                     |           |
|---------------------|-----------|
| Customers' Deposits | \$ 10,137 |
|---------------------|-----------|

**NOTE 6 – CHANGES IN FIXED ASSETS**

A summary of changes in general fixed assets is as follows:

|           | Beginning<br>Balance<br>10/1/93 | Additions      | Deletions      | Ending<br>Balance<br>09/30/95 |
|-----------|---------------------------------|----------------|----------------|-------------------------------|
| Land      | \$2,275                         | \$ 0           | 0              | \$2,275                       |
| Buildings | 15,505                          | 0              | 0              | 15,505                        |
| Equipment | 7,660                           | 3,828          | 1,500          | 9,988                         |
| Total     | <u>\$25,440</u>                 | <u>\$3,828</u> | <u>\$1,500</u> | <u>\$27,768</u>               |

See accountant's compilation report.

VILLAGE OF NORTH HODGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (continued)  
SEPTEMBER 30, 1996

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. 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.

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:

|                         |          |
|-------------------------|----------|
| <b>Water Utility</b>    |          |
| Wells                   | 20 years |
| Storage Tanks           | 50 years |
| Lines and Meters        | 50 years |
| <b>Sewerage Utility</b> |          |
| Pump Stations           | 40 years |
| Lines                   | 40 years |
| Other Equipment         | 10 years |

All fixed assets are stated at historical cost, not available. Donated fixed assets are stated at their estimated fair value on the date donated.

**J. 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 AND INVESTMENTS**

The Village maintains its cash accounts in the Jackson Parish Bank, which is insured by the Federal Deposit Insurance Corporation (FDIC). FDIC coverage is \$100,000 for all demand deposits and \$250,000 for all time deposits (time deposits are defined as any interest bearing account.) At September 30, 1996, the bank balance was \$64,845 and the carrying amount was \$64,379 on non-interest bearing accounts, which was all covered by FDIC insurance.

See accountant's compilation report.

- (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 LSA - RS 42:1 through 42:12 (The open meetings law).

The Village of North Hodge does not prepare 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 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 Benefits**

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.

A reading of the minutes of the Village for the year indicated no approval for the payments noted. I also inspected payroll records for the year and noted no instances which would indicate payments to employees which would 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 North 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.



Don M. McCallie  
Certified Public Accountant  
January 9, 1997

2419

ORIGINAL  
FILE COPY  
**DO NOT REMOVE**

REMOVE LOCKWASHER  
FROM THIS FILE  
AND PLACE  
HERE IN FILE

POSTAGE  
NECESSARY  
FOR MAILING  
57 APR -1 PM 5:03

VILLAGE OF NORTH HODGE  
LOUISIANA  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 1986

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewer, 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 10/1/86

VILLAGE OF NORTH HODGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1998

**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 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide and to the industry audit guide, Audits of State and Local Governmental Units, 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

See accountant's compilation report.

VILLAGE OF NORTH HODGE, LOUISIANA  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 1996

CONTENTS

|  |       |
|--|-------|
| ACCOUNTANT'S COMPILATION REPORT  | 1     |
| GENERAL PURPOSE FINANCIAL STATEMENTS   |       |
| Combined Balance Sheet--All Fund Types and Account Groups  | 3     |
| Statement of Revenues, Expenditures, and Changes<br>in Fund Balance--Governmental Fund Type                    | 4     |
| Statement of Revenues, Expenditures, and Changes in Fund<br>Balance--Budget and Actual--Governmental Fund Type | 5     |
| Statement of Revenues, Expenses, and Changes<br>in Retained Earnings--Proprietary Fund Type                    | 6     |
| Statement of Cash Flows--Proprietary Fund Type   | 7     |
| NOTES to the Financial Statements  | 8-13  |
| SUPPLEMENTARY INFORMATION  |       |
| Supporting Schedule of Expenditures--General Fund  | 15    |
| AGREED-UPON PROCEDURES   |       |
| Accountant's Report on Applying Agreed-Upon Procedures   | 17-19 |
| Louisiana Attestation Questionnaire  | 20-21 |

**DON M. McGEHEE**

*(A Professional Accounting Organization)*  
P.O. Box 1144  
800 North Tenth  
Baton Rouge, Louisiana 71273-1544

**ACCOUNTANT'S COMPILATION REPORT**

The Honorable Glen Robinson, Mayor  
and Board of Aldermen  
Village of North Hedge  
P.O. Box 520  
Hedge, LA 71247

I have compiled the accompanying general purpose financial statements of the Village of North Hedge, Louisiana as of September 30, 1996 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. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.



Don M. McGehee  
Certified Public Accountant  
January 9, 1997



**GENERAL PURPOSE FINANCIAL STATEMENTS**

**VILLAGE OF NORTH HODGE, LOUISIANA**  
**COMBINED BALANCE SHEET -- ALL FUND TYPES AND ACCOUNT GROUPS**  
**SEPTEMBER 30, 1998**

|                                     | GOVERNMENTAL        | PROPRIETARY        | ACCOUNT                    | TOTALS<br>(MEMORAN-<br>DUM ONLY) |
|-------------------------------------|---------------------|--------------------|----------------------------|----------------------------------|
|                                     | FUND TYPE           | FUND TYPE          | GROUP                      |                                  |
|                                     | GENERAL<br>FUND     | ENTERPRISE<br>FUND | GENERAL<br>FIXED<br>ASSETS |                                  |
| <b>ASSETS</b>                       |                     |                    |                            |                                  |
| Cash                                | \$ 17,207 \$        | 84,208 \$          | 0 \$                       | 101,415                          |
| Accounts Receivable                 | 0                   | 5,142              | 0                          | 5,142                            |
| Taxes Receivable                    | 1,849               | 0                  | 0                          | 1,849                            |
| Due from Other Governmental Units   | 3,523               | 0                  | 0                          | 3,523                            |
| Restricted Assets--Cash             | 0                   | 15,137             | 0                          | 15,137                           |
| Land                                | 0                   | 3,593              | 2,375                      | 5,968                            |
| Buildings                           | 0                   | 1,898              | 15,370                     | 17,268                           |
| Equipment                           | 0                   | 21,888             | 9,868                      | 31,756                           |
| Water Distribution System           | 0                   | 816,580            | 0                          | 816,580                          |
| Sewer Collection System             | 0                   | 173,249            | 0                          | 173,249                          |
| Accumulated Depreciation            | 0                   | (321,892)          | 0                          | (321,892)                        |
| <b>TOTAL ASSETS</b>                 | <b>\$ 22,811 \$</b> | <b>874,512 \$</b>  | <b>27,643 \$</b>           | <b>924,966</b>                   |
| <b>LIABILITIES AND EQUITY</b>       |                     |                    |                            |                                  |
| <b>LIABILITIES:</b>                 |                     |                    |                            |                                  |
| Accounts Payable                    | \$ 2,770 \$         | 1,201 \$           | 0 \$                       | 3,971                            |
| Accrued Expenses                    | 398                 | 405                | 0                          | 803                              |
| Payable from Restricted Assets      |                     |                    |                            |                                  |
| Customer Deposits                   | 0                   | 10,137             | 0                          | 10,137                           |
| <b>TOTAL LIABILITIES</b>            | <b>3,068</b>        | <b>11,643</b>      | <b>0</b>                   | <b>14,711</b>                    |
| <b>EQUITY:</b>                      |                     |                    |                            |                                  |
| Contributed Capital                 | 0                   | 582,529            | 0                          | 582,529                          |
| Investment in General Fixed Assets  | 0                   | 0                  | 27,643                     | 27,643                           |
| Retained Earnings--                 |                     |                    |                            |                                  |
| Unreserved                          | 0                   | (19,514)           | 0                          | (19,514)                         |
| Fund Balances--                     |                     |                    |                            |                                  |
| Unreserved and Undesignated         | 19,563              | 0                  | 0                          | 19,563                           |
| <b>TOTAL EQUITY</b>                 | <b>19,563</b>       | <b>563,015</b>     | <b>27,643</b>              | <b>809,115</b>                   |
| <b>TOTAL LIABILITIES AND EQUITY</b> | <b>\$ 22,811 \$</b> | <b>874,512 \$</b>  | <b>27,643 \$</b>           | <b>924,966</b>                   |

See accountant's compilation report.

The accompanying notes are an integral part of these financial statements.

VILLAGE OF NORTH HODGE, LOUISIANA  
 GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPE  
 FOR THE YEAR ENDED SEPTEMBER 30, 1996

|   |                  |
|---|------------------|
| <b>REVENUES:</b>  |                  |
| Federal Grant   | \$ 25,000        |
| Taxes   |                  |
| Sales   | 25,480           |
| Franchise   | 6,150            |
| Ad Valorem  | 4,171            |
| Licenses and Permits  | 6,181            |
| On-Default Revenue  | 2,174            |
| Intergovernmental   | 2,580            |
| Fines and Forfeitures   | 252              |
| Charges for Services  | 340              |
| Insurance Settlement  | 4,520            |
| Miscellaneous   | 500              |
| <b>TOTAL REVENUES</b>   | <u>70,687</u>    |
| <b>EXPENDITURES:</b>  |                  |
| General Government  | 37,014           |
| Fire  | 133              |
| Police  | 14,157           |
| Highways and Streets  | 25,048           |
| Sanitation  | 252              |
| Capital Outlay  | 3,899            |
| <b>TOTAL EXPENDITURES</b>   | <u>85,103</u>    |
| <b>DEFICIENCY OF REVENUES<br/>UNDER EXPENDITURES</b>              | <b>(14,416)</b>  |
| <b>OTHER FINANCING SOURCES (USES):</b>                            |                  |
| Operating Transfer In--Utility Fund                               | 15,129           |
| Operating Transfer Out--Utility Fund                              | <u>(2,877)</u>   |
| <b>TOTAL OTHER FINANCING SOURCES</b>                              | <u>12,252</u>    |
| <b>EXCESS OF REVENUES AND OTHER<br/>SOURCES OVER EXPENDITURES</b> | <b>244</b>       |
| <b>FUND BALANCE--BEGINNING</b>                                    | <u>19,219</u>    |
| <b>FUND BALANCE--ENDING</b>                                       | <b>\$ 19,463</b> |

See accountant's compilation report.  
 The accompanying notes are an integral part of these financial statements.

VILLAGE OF NORTH HOOGSE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (continued)  
SEPTEMBER 30, 1998

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

**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.

**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 of end. Expenditures are recorded when the related fund liability is incurred. Purchases of various operating supplies are regarded as expenditures at the time purchased.

Those revenues susceptible to accrual are 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.

See accountant's compilation report.

**VILLAGE OF NORTH HOOGEE, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**-- BUDGET AND ACTUAL -- GOVERNMENTAL FUND TYPE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 1998**

|  | GENERAL FUND    |                  | VARIANCE--<br>FAVORABLE<br>(UNFAVORABLE) |
|--|-----------------|------------------|--|
|  | BUDGET          | ACTUAL           |  |
| <b>REVENUES:</b>   |                 |                  |  |
| Federal Grant  | \$ 20,000       | \$ 20,000        | \$ 0                                     |
| Taxes:   |                 |                  |  |
| Sales  | 18,400          | 20,400           | 4,000                                    |
| Franchise  | 8,000           | 8,150            | 650                                      |
| Ad Valorem   | 4,000           | 4,171            | 171                                      |
| Licenses and Permits   | 4,000           | 5,101            | 1,101                                    |
| On-Behalf Revenue  | 3,120           | 3,174            | 54                                       |
| Intergovernmental  | 2,200           | 2,200            | 0  |
| Fees and Forfeitures   | 150             | 352              | 202                                      |
| Charges for Services   | 400             | 740              | 340                                      |
| Insurance Settlement   | 4,000           | 4,000            | 0  |
| Miscellaneous  | 50              | 500              | 450                                      |
| <b>TOTAL REVENUES</b>  | <b>62,070</b>   | <b>70,867</b>    | <b>8,797</b>                             |
| <b>EXPENDITURES:</b>   |                 |                  |  |
| General Government   | 37,670          | 37,213           | 457                                      |
| Fire   | 200             | 100              | 100                                      |
| Police   | 10,000          | 14,157           | (207)                                    |
| Highways and Streets   | 20,660          | 28,548           | 1,202                                    |
| Sanitation   | 1,200           | 202              | 998                                      |
| Capital Outlay   | 3,000           | 3,800            | (177)                                    |
| <b>TOTAL EXPENDITURES</b>  | <b>66,730</b>   | <b>64,101</b>    | <b>2,629</b>                             |
| <b>DEFICIENCY OF REVENUES<br/>UNDER EXPENDITURES</b>                                   | <b>(24,000)</b> | <b>(13,214)</b>  | <b>10,786</b>                            |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                 |                  |  |
| Operating Transfer In--Utility Fund  | 10,000          | 18,109           | 2,109                                    |
| Operating Transfer Out--Utility Fund   | (4,000)         | (3,871)          | 1,209                                    |
| <b>TOTAL OTHER FINANCING SOURCES</b>   | <b>6,000</b>    | <b>14,238</b>    | <b>4,408</b>                             |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br/>SOURCES OVER (UNDER) EXPENDITURES</b> | <b>(18,000)</b> | <b>244</b>       | <b>15,244</b>                            |
| <b>FUND BALANCE--BEGINNING</b>   | <b>19,000</b>   | <b>19,219</b>    | <b>219</b>                               |
| <b>FUND BALANCE--ENDING</b>  | <b>\$ 1,000</b> | <b>\$ 19,563</b> | <b>15,563</b>                            |

See accountant's compilation report.  
The accompanying notes are an integral part of these financial statements.

VILLAGE OF NORTH HODGE, LOUISIANA  
 ENTERPRISE FUND — UTILITY FUND  
 STATEMENT OF CASH FLOWS— PROPRIETY FUND TYPE  
 FOR YEAR ENDED SEPTEMBER 30, 1995

|  |                          |
|--|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                          |
| Cash Received from Customers and Users   | \$ 81,400                |
| Cash Payments for Goods and Services   | (32,218)                 |
| Net Cash Provided by Operating Activities  | <u>49,182</u>            |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>                                  |                          |
| Operating Transfers to General Fund  | (13,458)                 |
| Net Cash Used by Noncapital Financing Activities   | <u>(13,458)</u>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                          |
| Interest Received  | 208                      |
| Net Cash Provided by Investing Activities  | <u>208</u>               |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>   | <b>35,932</b>            |
| <b>CASH AT BEGINNING OF YEAR</b>   | <b><u>68,982</u></b>     |
| <b>CASH AT END OF YEAR</b>   | <b>\$ <u>104,914</u></b> |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>  |                          |
| Operating Income   | \$ 10,145                |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities — |                          |
| Depreciation   | 20,681                   |
| Changes in Assets and Liabilities Which Required or Provided Cash:                       |                          |
| (Increase) Decrease in Accounts Receivable   | 588                      |
| Increase (Decrease) in Accounts Payable  | 736                      |
| Increase (Decrease) in Accrued Expenses  | (32)                     |
| Increase (Decrease) in Customers' Deposits   | .1                       |
| Total Adjustments  | <u>21,008</u>            |
| Net Cash Provided by Operating Activities  | <u>\$ 31,881</u>         |

See accountant's compilation report.  
 The accompanying notes are an integral part of these financial statements.