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VILLAGE OF NORTH HODGE
LOUISIANA

FINANCIAL STATEMENTS
SEPTEMBER 30, 1997

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 4.15.98

VILLAGE OF NORTH HODGE, LOUISIANA
FINANCIAL STATEMENTS
SEPTEMBER 30, 1997

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DON M. McGEHEE

(A Professional Accounting Corporation)

P.O. Box 1344

806 North Trenton

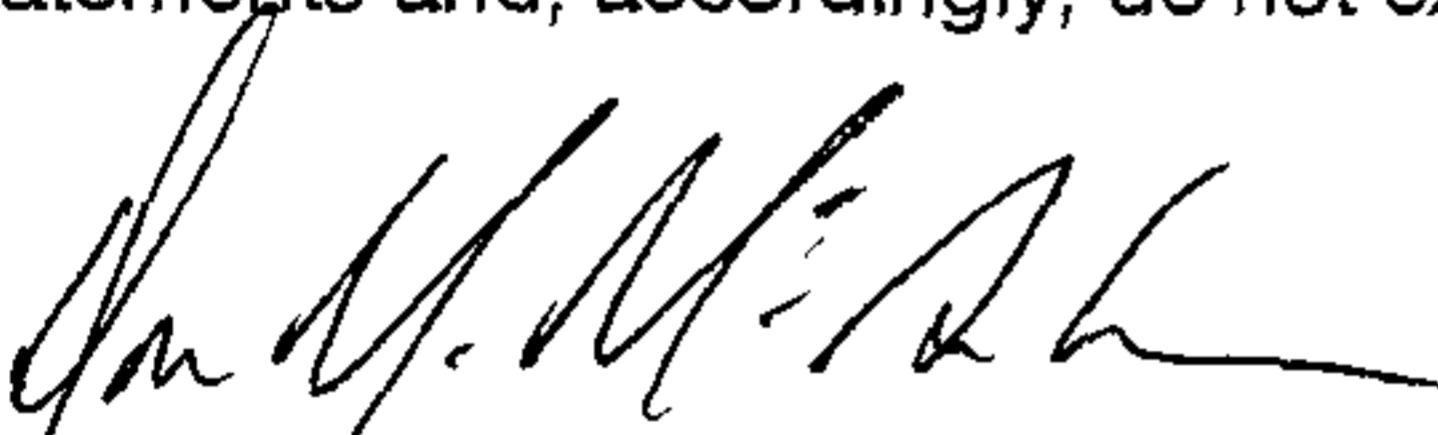
Ruston, Louisiana 71273-1344

ACCOUNTANT'S COMPILATION REPORT

The Honorable Charles Young, Mayor
and Board of Aldermen
Village of North Hodge
P.O. Box 520
Hodge, LA 71247

I have compiled the accompanying general purpose financial statements of the Village of North Hodge, Louisiana as of September 30, 1997 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
March 17, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS

VILLAGE OF NORTH HODGE, LOUISIANA
COMBINED BALANCE SHEET -- ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 1997

	GOVERNMENTAL FUND TYPE		PROPRIETARY FUND TYPE	ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
	GENERAL FUND	ENTERPRISE FUND	GENERAL FIXED ASSETS		
ASSETS					
Cash	\$ 3,128	\$ 74,201	\$ 0	\$ 0	77,329
Accounts Receivable	0	6,596	0	0	6,596
Taxes Receivable	1,950	0	0	0	1,950
Due from Other Governmental Units	3,255	0	0	0	3,255
Restricted Assets--Cash	0	10,177	0	0	10,177
Land	0	3,053	2,275	0	5,328
Buildings	0	1,955	15,370	0	17,325
Equipment	0	21,855	19,004	0	40,859
Water Distribution System	0	916,580	0	0	916,580
Sewer Collection System	0	173,319	0	0	173,319
Accumulated Depreciation	0	(342,285)	0	0	(342,285)
TOTAL ASSETS	\$ 8,333	\$ 865,451	\$ 36,649	\$ 0	910,433
LIABILITIES AND EQUITY					
LIABILITIES:					
Accounts Payable	\$ 677	\$ 932	\$ 0	\$ 0	1,609
Accrued Expenses	448	565	0	0	1,013
Payable from Restricted Assets					
Customer Deposits	0	10,177	0	0	10,177
TOTAL LIABILITIES	1,125	11,674	0	0	12,799
EQUITY:					
Contributed Capital	0	882,523	0	0	882,523
Investment in General Fixed Assets	0	0	36,649	0	36,649
Accumulated Deficit--					
Unreserved	0	(28,746)	0	0	(28,746)
Fund Balances--					
Unreserved and Undesignated	7,208	0	0	0	7,208
TOTAL EQUITY	7,208	853,777	36,649	0	897,634
TOTAL LIABILITIES AND EQUITY	\$ 8,333	\$ 865,451	\$ 36,649	\$ 0	910,433

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, 1997**

REVENUES:

Charges for Services	145
Fines and Forfeitures	1,431
Intergovernmental	2,579
Licenses and Permits	6,898
Miscellaneous	97
On – Behalf Revenue	3,402
Taxes	
Sales	16,825
Franchise	6,148
Ad Valorem	4,277
TOTAL REVENUES	<u>41,802</u>

EXPENDITURES:

General Government	30,705
Police	12,977
Highways and Streets	6,871
Sanitation	100
Capital Outlay	9,007
TOTAL EXPENDITURES	<u>59,660</u>

DEFICIENCY OF REVENUES

UNDER EXPENDITURES (17,858)

OTHER FINANCING SOURCES:

Operating Transfer In – – Utility Fund	5,503
TOTAL OTHER FINANCING SOURCES	<u>5,503</u>

**DEFICIENCY OF REVENUES AND OTHER
SOURCES UNDER EXPENDITURES**

(12,355)

FUND BALANCE – BEGINNING

19,563

FUND BALANCE – ENDING

\$ 7,208

See accountant's compilation report.

The accompanying notes are an integral part of these 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, 1997

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE-- FAVORABLE (UNFAVORABLE)
REVENUES:			
Charges for Services	500	145	(355)
Fines and Forfeitures	100	1,431	1,331
Intergovernmental	2,500	2,579	79
Licenses and Permits	4,500	6,898	2,398
Miscellaneous	100	97	(3)
On-Behalf Revenue	3,336	3,402	66
Taxes			
Sales	18,000	16,825	(1,175)
Franchise	6,000	6,148	148
Ad Valorem	4,050	4,277	227
TOTAL REVENUES	<u>39,086</u>	<u>41,802</u>	<u>2,716</u>
EXPENDITURES:			
General Government	29,060	30,705	(1,645)
Fire	200	0	200
Police	13,166	12,977	189
Highways and Streets	6,700	6,871	(171)
Sanitation	800	100	700
Capital Outlay	10,000	9,007	993
TOTAL EXPENDITURES	<u>59,926</u>	<u>59,660</u>	<u>266</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(20,840)	(17,858)	2,982
OTHER FINANCING SOURCES:			
Operating Transfer In--Utility Fund	9,500	5,503	(3,997)
TOTAL OTHER FINANCING SOURCES	<u>9,500</u>	<u>5,503</u>	<u>(3,997)</u>
DEFICINCY OF REVENUES AND OTHER SOURCES UNDER EXPENDITURES	(11,340)	(12,355)	(1,015)
FUND BALANCE--BEGINNING	<u>21,000</u>	<u>19,563</u>	<u>(1,437)</u>
FUND BALANCE--ENDING	<u>\$ 9,660</u>	<u>\$ 7,208</u>	<u>(2,452)</u>

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 REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS— PROPRIETARY FUND TYPE
FOR THE YEAR ENDED SEPTEMBER 30, 1997

OPERATING REVENUES:

Water Sales	\$	49,258
Sewer Sales		13,301
Delinquent Fees		1,952
Connecting and Reconnecting Fees		300
Miscellaneous		56

TOTAL OPERATING REVENUES		64,867
---------------------------------	--	---------------

OPERATING EXPENSES:

Depreciation		20,481
Dues		150
Equipment Cost		831
Insurance		1,586
Legal and Accounting		3,208
Miscellaneous		22
Office Supplies		1,589
Outside Services		20,489
System Repair and Maintenance		12,680
System Supplies and Expense		947
Travel		283
Telephone and Utilities		5,390
Workmen's Compensation		1,053

TOTAL OPERATING EXPENSES		68,709
---------------------------------	--	---------------

OPERATING LOSS		(3,842)
-----------------------	--	----------------

NON-OPERATING REVENUES

Interest Income		213
-----------------	--	-----

LOSS BEFORE OPERATING TRANSFERS		(3,629)
--	--	----------------

OPERATING TRANSFERS TO OTHER FUNDS

Transfer Out To General Fund		(5,503)
------------------------------	--	---------

TOTAL OPERATING TRANSFERS TO OTHER FUNDS		(5,503)
---	--	----------------

NET LOSS		(9,132)
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ACCUMULATED DEFICIT – BEGINNING		(19,614)
--	--	-----------------

ACCUMULATED DEFICIT – ENDING	\$	(28,746)
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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, 1997

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers and Users	\$ 63,452
Cash Payments for Goods and Services	(48,197)
Net Cash Provided by Operating Activities	<u>15,255</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating Transfers to General Fund	(5,503)
Net Cash Used by Noncapital Financing Activities	<u>(5,503)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Received	213
Net Cash Provided by Investing Activities	<u>213</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,965
CASH AT BEGINNING OF YEAR	<u>74,413</u>
CASH AT END OF YEAR	<u>\$ 84,378</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	\$ (3,842)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities –	
Depreciation	20,481
Changes in Assets and Liabilities Which Required or Provided Cash:	
(Increase) Decrease in Accounts Receivable	(1,455)
Increase (Decrease) in Accounts Payable	(129)
Increase (Decrease) in Accrued Expenses	160
Increase (Decrease) in Customers' Deposits	40
Total Adjustments	<u>19,097</u>
Net Cash Provided by Operating Activities	<u>\$ 15,255</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
SEPTEMBER 30, 1997

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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, 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 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

See accountant's compilation report.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 1997

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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 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.

See accountant's compilation report.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 1997

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 1997, 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 expenditures. 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 re–appropriated for the following year to be expended.

F. Cash and Cash Equivalents

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, 1997, 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.

I. Use of Estimates

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

See accountant's compilation report.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 1997

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. 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:

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	10 years

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

K. 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

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 \$100,000 for all time deposits (time deposits are defined as any interest bearing account.) At September 30, 1997, the bank balance was \$80,888 and the carrying amount was \$80,050 on non-interest bearing accounts, which was all covered by FDIC insurance.

See accountant's compilation report.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 1997

NOTE 2 – CASH (continued)

Interest bearing accounts at September 30, 1997, had a bank balance of \$7,256 and a carrying amount of \$7,256, which was covered by FDIC insurance.

Besides demand deposits, the only other cash the Village has is \$200 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 1996 Ad Valorem Taxes, one rate of tax was levied on property within the corporate limits, as follows:

7.73 mills was approved by the Village Aldermen in August, 1996. This millage is the maximum millage that can be assessed without the approval of voters.

For the year ended September 30, 1997, taxes of \$4,277 were levied on property. There were no taxes receivable at September 30, 1997.

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of the following:

Sales Tax Due from the Jackson Parish Sales Tax Collection Agency	\$ 2,610
Tobacco Taxes Due from the State of Louisiana	645
Total	<u>\$ 3,255</u>

NOTE 5 – RESTRICTED ASSETS – PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at September 30:

Customers' Deposits	<u>\$ 10,177</u>
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NOTE 6 – CHANGES IN FIXED ASSETS

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

	Beginning Balance 10/01/96	Additions	Deletions	Ending Balance 09/30/97
Land	\$2,275	\$ 0	0	\$2,275
Buildings	15,370	0	0	15,370
Equipment	9,997	9,007	0	19,004
Total	<u>\$27,642</u>	<u>\$9,007</u>	<u>\$0</u>	<u>\$36,649</u>

See accountant's compilation report.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 1997

**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, 1981, the qualified electors of the Village of North Hodge authorized a one cent sales and use tax levy, as defined in Louisiana R.S. 47:301 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, 1981, whereby this tax was levied from and after October 1, 1981.

NOTE 8 – FUND DEFICIT

The total retained earnings deficit in the proprietary fund of \$28,746 arose due to the Village's continued water and sewer service revenue not covering depreciation expense. 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, 1997, is as follows:

Travis Hall	\$ 1,500
Iriece Simpson	625
James Speicher	1,500
Charles Young	875
Total	<u>\$ 4,500</u>

NOTE 10 – ON-BEHALF PAYMENTS

The police chief of the Village of North Hodge received a supplemental salary of \$3,402 from the State of Louisiana. There were no fringe benefits paid on this supplemental salary.

NOTE 11 – SUBSEQUENT EVENTS

In December, 1997, the Village of North Hodge accepted a bid of \$629,459 from Kenco for Collection Systems Improvements and a bid of \$207,300 for Sewer Treatment Facilities Improvements to be funded by a FY 1996 Louisiana Community Development Block Grant Program of \$865,000 awarded March, 1997.

See accountant's compilation report.

SUPPLEMENTARY INFORMATION

VILLAGE OF NORTH HODGE, LOUISIANA
GENERAL FUND
SUPPORTING SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 1997

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE-- FAVORABLE (UNFAVORABLE)</u>
GENERAL GOVERNMENT			
Alderman's Fees	\$ 4,500	\$ 4,500	\$ 0
Building Repairs and Maintenance	1,500	150	1,350
Dues	125	150	(25)
Election	1,500	1,658	(158)
Equipment Repairs and Maintenance	200	291	(91)
Insurance	1,500	1,395	105
Legal and Accounting Fees	3,300	2,617	683
Mayor's Salary	3,000	3,000	0
Miscellaneous	100	43	57
Office Supplies	1,500	2,857	(1,357)
Outside Services	800	960	(160)
Publication	300	357	(57)
Salaries--Office	7,440	9,233	(1,793)
Tax Roll Expense	395	393	2
Taxes--Payroll	800	892	(92)
Telephone and Utilities	2,000	2,150	(150)
Travel	0	0	0
Workmen's Compensation	100	59	41
TOTAL GENERAL GOVERNMENT	<u>29,060</u>	<u>30,705</u>	<u>(1,645)</u>
FIRE DEPARTMENT			
Supplies	<u>200</u>	<u>0</u>	<u>200</u>
POLICE DEPARTMENT			
Auto Maintenance and Repairs	700	603	97
Auto Operating Expense	4,200	4,200	0
Criminal Investigation	500	373	127
Fees on Traffic Tickets	0	344	(344)
Insurance	1,700	1,575	125
Miscellaneous	100	0	100
On--Behalf Salary Expense	3,336	3,402	(66)
Salaries	1,380	1,380	0
Supplies	200	95	105
Taxes--Payroll	350	362	(12)
Workmen's Compensation	700	643	57
TOTAL POLICE DEPARTMENT	<u>\$ 13,166</u>	<u>\$ 12,977</u>	<u>\$ 189</u>

See accountant's compilation report.

VILLAGE OF NORTH HODGE, LOUISIANA
GENERAL FUND
SUPPORTING SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 1997

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE-- FAVORABLE (UNFAVORABLE)</u>
STREET DEPARTMENT			
Equipment Expense	\$ 200	\$ 175	\$ 25
Insurance	300	206	94
Lighting of Highway and Streets	6,000	6,254	(254)
Street Repair and Maintenance	0	215	(215)
Supplies	200	21	179
TOTAL STREET DEPARTMENT	<u>6,700</u>	<u>6,871</u>	<u>(171)</u>
SANITATION DEPARTMENT			
Mowing and Refuse	800	100	700
TOTAL SANITATION DEPARTMENT	<u>800</u>	<u>100</u>	<u>700</u>
CAPITAL OUTLAY			
General Government Department	5,500	4,774	726
Street Department	4,500	4,233	267
TOTAL CAPITAL OUTLAY	<u>\$ 10,000</u>	<u>\$ 9,007</u>	<u>\$ 993</u>

See accountant's compilation report.

AGREED-UPON PROCEDURES

DON M. McGEHEE

(A Professional Accounting Corporation)

P.O. Box 1344

806 North Trenton

Ruston, Louisiana 71273-1344

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

Honorable Charles Young, Mayor
and Board of Aldermen
Village of North Hodge
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 Hodge and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of North Hodge's compliance with certain laws and regulations during the year ended September 30, 1997 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 - 2251 (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.

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 in agreed-upon procedure (3) appeared on the list provided by management in agreed-upon procedure (2).

5. Obtained 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 and budget amendments to the minutes of a meeting held on September 5, 1996 and July 3, 1997, respectively, which indicated that the budget and budget amendments had been adopted by the mayor and board of aldermen of the Village of North Hodge.

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 four of the six selected disbursements and found that payment was for the proper amount and made to the correct payee. The other two disbursements selected were each for an alderman's monthly per diem payment. The minutes recorded the attendance of each of the two aldermen at the monthly meeting held the month of payment which supports 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.

- (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 began preparing agendas for meetings February 6, 1997 in response to the finding for the prior year that agendas were not being prepared. The Village is only required to post a notice of each meeting and the accompanying agenda on the door of the Town Hall. Although management has asserted that such documents were properly posted, I could find no evidence supporting such assertion other than an unmarked copy of the notice of meetings and agendas.

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.

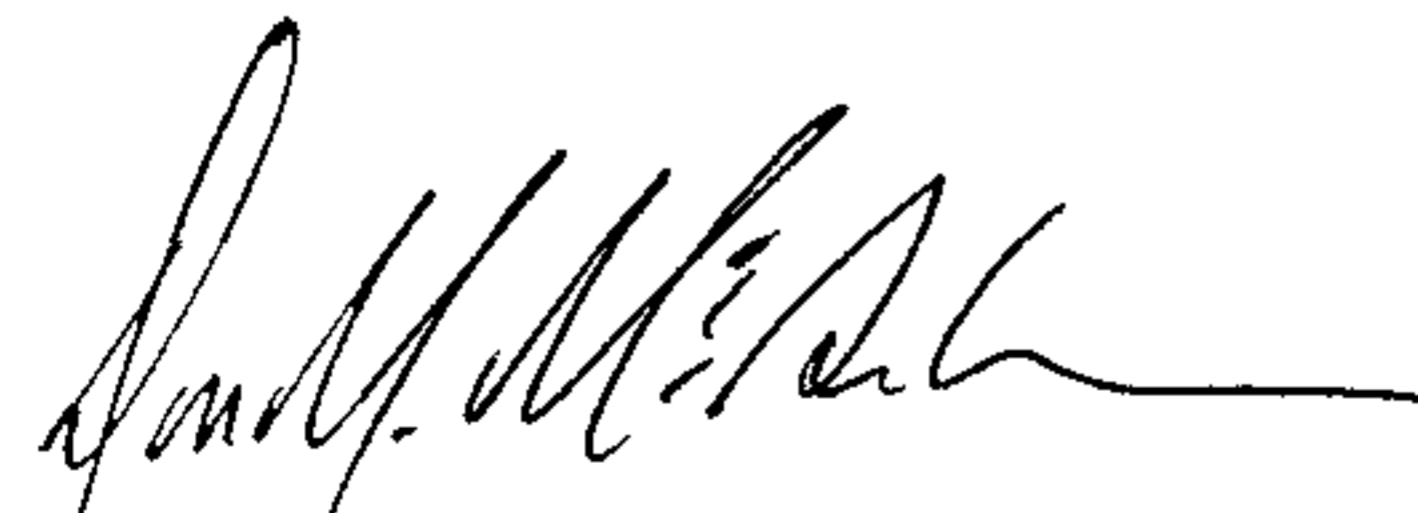
Advances and Bonuses

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.

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, except that the clerk was paid for the month of October, 1997 at the end of September, 1997.

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. McGehee
Certified Public Accountant
March 17, 1998