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**VILLAGE OF NORTH HODGE
LOUISIANA**

**FINANCIAL STATEMENTS
SEPTEMBER 30, 1998**

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 APR 4 1999

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

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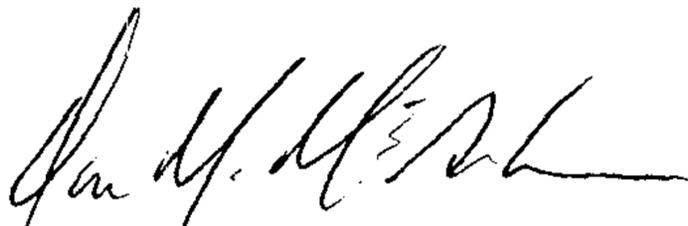
DON M. McGEHEE
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P.O. Box 1344
806 North Trenton
Ruston, Louisiana 71273-1344

ACCOUNTANT'S COMPILATION REPORT

The Honorable Travis Hall, Mayor
and Board of Aldermen
Village of North Hodge
P.O. Box 520
Hodge, Louisiana 71247

I have compiled the accompanying general purpose financial statements of the Village of North Hodge, Louisiana as of September 30, 1998 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
February 12, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

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

	Governmental Fund Type	Proprietary Fund Type	Account Group	Totals
	General Fund	Enterprise Fund	General Fixed Assets	(Memoran- dum Only)
ASSETS				
Cash and Cash Equivalents	\$ 2,231	\$ 77,272	\$ 0	\$ 79,503
Accounts Receivable	0	6,233	0	6,233
Taxes Receivable	1,799	0	0	1,799
Intergovernmental Receivable	1,806	0	0	1,806
Interest Receivable	0	204	0	204
Restricted Assets-Cash	0	10,847	0	10,847
Land	0	15,148	2,275	17,423
Buildings	0	1,955	15,370	17,325
Equipment	0	22,569	20,149	42,718
Water Distribution System	0	916,579	0	916,579
Sewer Collection System	0	173,319	0	173,319
Accumulated Depreciation	0	(362,636)	0	(362,636)
Construction in Progress	0	193,373	0	193,373
TOTAL ASSETS	<u>\$ 5,836</u>	<u>\$ 1,054,863</u>	<u>\$ 37,794</u>	<u>\$ 1,098,493</u>
LIABILITIES AND EQUITY				
LIABILITIES:				
Accounts Payable	\$ 1,041	\$ 6,975	\$ 0	\$ 8,016
Accrued Expenses	307	465	0	772
Payable from Restricted Assets:				
Customer Deposits	0	10,847	0	10,847
TOTAL LIABILITIES	<u>1,348</u>	<u>18,287</u>	<u>0</u>	<u>19,635</u>
EQUITY:				
Contributed Capital	0	1,087,991	0	1,087,991
Investments in General Fixed Assets	0	0	37,794	37,794
Accumulated Deficit-- Unreserved	0	(51,415)	0	(51,415)
Fund Balances--Unreserved and Undesignated	4,488	0	0	4,488
TOTAL EQUITY	<u>4,488</u>	<u>1,036,576</u>	<u>37,794</u>	<u>1,078,858</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 5,836</u>	<u>\$ 1,054,863</u>	<u>\$ 37,794</u>	<u>\$ 1,098,493</u>

See accountant's 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, 1998

REVENUES

Taxes:		
Sales	\$	8,549
Franchise		5,659
Ad Valorem		4,437
Licenses and Permits		4,701
Intergovernmental		2,719
On-Behalf Revenue		3,600
Fines and Forfeitures		2,132
Charges for Services		135
Miscellaneous		<u>366</u>
TOTAL REVENUE		<u><u>32,298</u></u>

EXPENDITURES

General Government	24,674
Police	17,303
Highways and Streets	5,527
Sanitation	40
Capital Outlay	<u>1,145</u>
TOTAL EXPENDITURES	<u><u>48,689</u></u>

**DEFICIENCY OF REVENUES
UNDER EXPENDITURES**

(16,391)

OTHER FINANCING SOURCES

Operating Transfer In--Utility Fund	<u>13,671</u>
TOTAL OTHER FINANCING SOURCES	<u><u>13,671</u></u>

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

(2,720)

FUND BALANCE-BEGINNING

7,208

FUND BALANCE-ENDING

\$ 4,488

See accountant's 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, 1998

	<u>GENERAL FUND</u>		Variance-- Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
REVENUES			
Taxes:			
Sales	\$ 8,000	\$ 8,549	\$ 549
Franchise	6,000	5,659	(341)
Ad Valorem	4,050	4,437	387
Licenses and Permits	6,000	4,701	(1,299)
Intergovernmental	2,500	2,719	219
On-Behalf Revenue	3,336	3,600	264
Fines and Forfeitures	1,500	2,132	632
Charges for Services	500	135	(365)
Miscellaneous	100	366	266
TOTAL REVENUE	<u>31,986</u>	<u>32,298</u>	<u>312</u>
 EXPENDITURES			
General Government	25,695	24,674	1,021
Police	16,370	17,303	(933)
Highways and Streets	6,700	5,527	1,173
Sanitation	500	40	460
Capital Outlay	1,800	1,145	655
TOTAL EXPENDITURES	<u>51,065</u>	<u>48,689</u>	<u>2,376</u>
 DEFICIENCY OF REVENUES UNDER EXPENDITURES	(19,079)	(16,391)	2,688
 OTHER FINANCING SOURCES			
Operating Transfer In--Utility Fund	18,000	13,671	(4,329)
TOTAL OTHER FINANCING SOURCES	<u>18,000</u>	<u>13,671</u>	<u>(4,329)</u>
 DEFICIENCY OF REVENUES AND OTHER SOURCES UNDER EXPENDITURES	(1,079)	(2,720)	(1,641)
 FUND BALANCE-BEGINNING	<u>7,400</u>	<u>7,208</u>	<u>(192)</u>
 FUND BALANCE-ENDING	<u>\$ 6,321</u>	<u>\$ 4,488</u>	<u>\$ (1,833)</u>

See accountant's 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, 1998

OPERATING REVENUES

Water Sales	\$ 45,607
Sewer Sales	14,372
Delinquent Fees	1,503
Connecting and Reconnecting Fees	1,300
Miscellaneous	<u>25</u>
TOTAL OPERATING REVENUES	<u>62,807</u>

OPERATING EXPENSES

Bad Debt Expense	212
Depreciation	20,351
Dues	300
Equipment Maintenance and Repairs	591
Equipment Operating Expense	214
Insurance	1,543
Legal and Accounting	2,000
Miscellaneous	20
Office Supplies	605
Outside Services	19,885
Publication	200
Salaries	5,744
System Repair and Maintenance	11,173
System Supplies and Expense	618
Taxes-Payroll	439
Telephone and Utilities	4,681
Workmen's Compensation	<u>4,379</u>
TOTAL OPERATING EXPENSES	<u>72,955</u>

OPERATING LOSS (10,148)

NON-OPERATING REVENUES

Interest Income	<u>1,150</u>
-----------------	--------------

LOSS BEFORE OPERATING TRANSFERS (8,998)

OPERATING TRANSFERS TO OTHER FUNDS

Transfer Out to General Fund	<u>(13,671)</u>
------------------------------	-----------------

TOTAL OPERATING TRANSFERS TO OTHER FUNDS (13,671)

NET LOSS (22,669)

ACCUMULATED DEFICIT - BEGINNING (28,746)

ACCUMULATED DEFICIT - ENDING \$ (51,415)

See accountant's 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, 1998

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers and Users	\$ 63,841
Cash Payments for Goods and Services	(40,917)
Cash Payments for Salaries and Wages	<u>(5,744)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>17,180</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Operating Transfers to General Fund	<u>(13,671)</u>
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>(13,671)</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Proceeds from Louisiana Block Grant	205,468
Purchase of Land	(12,095)
Purchase of Fixed Assets	(714)
Construction Costs	<u>(193,373)</u>
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	<u>(714)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Received	<u>946</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>946</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

3,741

CASH AT BEGINNING OF YEAR

84,378

CASH AT END OF YEAR

\$ 88,119

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating Loss	\$ (10,148)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities--	
Depreciation	20,351
(Increase) Decrease in Accounts Receivable	364
Increase (Decrease) in Accounts Payable	6,043
Increase (Decrease) in Accrued Expenses	(100)
Increase (Decrease) in Customers' Deposits	<u>670</u>
Total Adjustments	<u>27,328</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 17,180</u>

See accountant's compilation report.
See accompanying notes to financial statements.

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 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 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.

See accountant's compilation report.

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

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 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
SEPTEMBER 30, 1998

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, 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 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 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 those estimates.

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.

See accountant's compilation report.

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

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	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, 1998, the bank balance was \$183,052 and the carrying amount was \$51,949 on non-interest bearing accounts, which \$100,000 was covered by FDIC insurance and \$83,052 uncollateralized.

Interest bearing accounts at September 30, 1998, had a bank balance of \$38,201 and a carrying amount of \$38,201, 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.

See accountant's compilation report.

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

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 1997 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, 1997. This millage is the maximum millage that can be assessed without the approval of voters.

For the year ended September 30, 1998, taxes of \$4,340 were levied on property. There were \$0 taxes receivable at September 30, 1998.

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of the following at September 30, 1998:

Sales Tax Due from the Jackson Parish Sales Tax Collection Agency	\$ 1,161
Tobacco Taxes Due from the State of Louisiana	<u>645</u>
Total	<u>\$ 1,806</u>

NOTE 5 - RESTRICTED ASSETS--PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at September 30, 1998:

Customers' Deposits	<u>\$ 10,847</u>
---------------------	------------------

NOTE 6 - CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets is as follows at September 30, 1998:

	Beginning Balance <u>10/01/97</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>09/30/98</u>
Land	\$ 2,275	\$ 0	\$ 0	\$ 2,275
Buildings	15,370	0	0	15,370
Equipment	<u>19,004</u>	<u>1,145</u>	<u>0</u>	<u>20,149</u>
Total	<u>\$ 36,649</u>	<u>\$ 1,145</u>	<u>\$ 0</u>	<u>\$ 37,794</u>

**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 - CONSTRUCTION IN PROGRESS

During the year the Village began a construction project to improve the sewer collection system and sewer treatment facilities. The total cost of the project is estimated at \$855,000 and is being funded by a Louisiana Community Development Block Grant, except for \$30,000 the Village is committed to fund for consulting services. The project is expected to be completed in 1999.

See accountant's compilation report.

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

NOTE 9 - FUND DEFICIT

The retained earnings deficit in the proprietary fund of \$51,415 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, 1998, is as follows:

Travis Hall	\$ 875
Henry Kimp	625
Iriece 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 \$3,600 from the State of Louisiana. There were no fringe benefits paid on this supplemental salary.

NOTE 12 - COMMITMENTS

As of September 30, 1998 the Village of North Hodge had construction in progress on a Sewer Project. The Village was approved for a Louisiana Community Development Block Grant to fund \$865,000 of the costs related to the project. The Village had made the following commitments related to this Sewer Project as of September 30, 1998:

The Village had a contract for \$517,896 with KENCO for Collection System Improvements. This contract will be funded by proceeds from the grant.

The Village had a contract for \$207,300 with TEC Enterprises for Sewer Treatment Facilities Improvements. This contract is being funded by proceeds from the grant. At year end, \$127,853 had been paid on this contract with grant proceeds.

The Village had a contract for \$30,000 with The CTA Company for consulting services to administer the grant program. This contract will be funded by the Village as the project reaches certain levels of completion.

The Village had a contract for \$100,000 with Denmon Engineering for engineering services related to the Sewer Project. This contract is being funded by proceeds from the grant. At year end, \$65,520 had been paid on this contract with grant proceeds.

NOTE 13 - CONTRIBUTED CAPITAL

The changes in the government's contributed capital accounts for its proprietary fund for the year ended September 30, 1998 were as follows:

Beginning Balance, Contributed Capital	\$ 882,523
Contributing Source-Louisiana Community Development Block Grant for Construction of Sewer Improvements	<u>205,468</u>
Ending Balance, Contributed Capital	<u>\$ 1,087,991</u>

See accountant's compilation report.

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

NOTE 14 - YEAR 2000 ISSUE

The Village of North Hodge is aware of the Year 2000 issue and that it could affect the operations of their computer. There has been no formalized plan or budget adopted to deal with the year 2000 issue at this time.

SUPPLEMENTARY INFORMATION

VILLAGE OF NORTH HODGE, LOUISIANA
GENERAL FUND
SUPPORTING SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT			
Alderman Fees	\$ 4,500	\$ 4,500	\$ 0
Association Dues	150	125	25
Building Repair and Maintenance	500	210	290
Election	800	0	800
Equipment Repairs and Maintenance	700	291	700
Fire Department-Supplies	200	0	200
Insurance	2,500	1,362	1,138
Legal and Accounting Fees	3,400	3,200	200
Mayor's Salary	3,000	2,750	250
Miscellaneous	100	0	100
Office Supplies	1,500	1,735	(235)
Outside Services	800	1,571	(771)
Publication	300	503	(771)
Salaries-Office	4,200	4,794	(594)
Tax Roll Expense	395	396	(1)
Taxes - Payroll	550	614	(64)
Telephone and Utilities	2,000	2,519	(519)
Workmen's Compensation	100	104	(4)
TOTAL GENERAL GOVERNMENT	<u>\$ 25,695</u>	<u>\$ 24,674</u>	<u>\$ 744</u>
POLICE			
Auto Maintenance and Repairs	\$ 400	\$ 933	\$ (533)
Auto Operating Expense	4,200	4,200	0
Criminal Investigation	500	977	(477)
Fees on Traffic Tickets	500	287	213
Feeding and Caring for Prisoners	2,700	3,854	(1,154)
Insurance	1,700	1,557	143
Miscellaneous	100	0	100
On-Behalf Salary Expense	3,600	3,600	0
Salaries	1,380	1,380	0
Supplies	200	134	66
Taxes-Payroll	390	381	9
Worker's Compensation	700	0	700
TOTAL POLICE	<u>\$ 16,370</u>	<u>\$ 17,303</u>	<u>\$ (933)</u>
HIGHWAY AND STREETS			
Equipment Expense	\$ 200	\$ 408	\$ (208)
Insurance	300	204	96
Lighting of Highway and Streets	6,000	4,915	1,085
Supplies	200	0	200
TOTAL HIGHWAY AND STREETS	<u>\$ 6,700</u>	<u>\$ 5,527</u>	<u>\$ 1,173</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

The Honorable Travis Hall, Mayor
and Board of Aldermen
Village of North Hodge
P.O. Box 520
Hodge, Louisiana 71247

I 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 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, 1998 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 \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$15,000. There was one expenditure made during the year for public works exceeding \$100,000. I examined documentation which indicated that this expenditure had been properly advertised and accepted in accordance with the provisions of LSA-RS 38:2211-2251.

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 42:1101-1124 (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 me with the required list including the noted information.

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

Management provided me with the required list.

4. Determine whether any of 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 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 20, 1997, June 4, 1998, and September 18, 1998, 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 failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budget amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenue and expenditures for the fiscal year did not exceed budgeted amounts by more than 5%, except that actual transfers from the utility fund failed to meet 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;

I examined supporting documentation for all six 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 LSA-RS 42:1 - 12 (the open meetings law).

The Village of North Hodge 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, I could find no evidence supporting such assertion other than an unmarked copy of the notices 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 bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

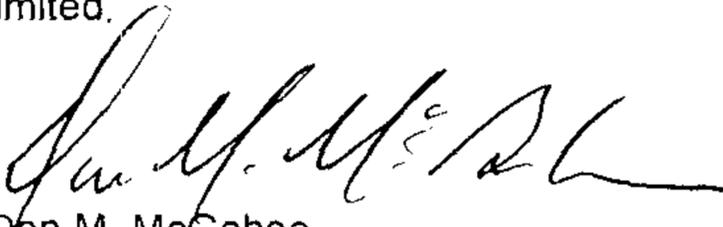
Advances and Bonuses

11. Examine payroll records 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. I also inspected payroll records for the year and noted some instances which would indicate payments to employees several days early, which would constitute an advance. This was found in the prior year report and client corrected this problem beginning in May, 1998, which was shortly after they were notified of the problem found in the prior year report. There was no indication of bonuses or gifts found.

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
February 12, 1999

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

3-4-99 (Date Transmitted)

Don M. McGehee
806 North Trenton
Ruston, La. 71273

(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 regulation 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 38:2212, 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 39:1301-14) or the budget requirements of LSA-RS 39:34.

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, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, 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 VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [] No []

Advances and Bonuses

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

Yes [] No []

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.

Leanne R. Crowell Secretary 2-4-99 Date

Treasurer _____ Date

Francis M. Hall President 3-4-99 Date

OTHER REPORTS

VILLAGE OF NORTH HODGE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 1998

SECTION I COMPLIANCE WITH CERTAIN LAWS AND REGULATIONS

FINDINGS

MANAGEMENT'S RESPONSES

1998-1 Payments to employees shortly before the pay period was ended. This problem was found during the application of prior year agreed-upon procedures and was corrected once client became aware of problem in current year.

The clerk no longer pays employees their wages until they have been earned.

1998-2 Actual revenues failed to meet budgeted revenues by more than 5%. Recommend monitoring transfers from the utility fund and amending the budget as needed.

Actual revenues only failed to meet budgeted revenues by more than 5% because transfers from the utility fund were less than anticipated. These transfers are only done as the general fund needs them. We will monitor transfers and make budget amendments as needed.

1998-3 Bank balance at September 30, 1998 was uncollateralized by \$83,052. Recommend monitoring bank balance and requesting pledged securities from the bank for the uncollateralized deposits.

Becky Crowell, the town clerk, will monitor bank balances to determine when deposits are uncollateralized. She will then notify the mayor, and he will request pledged securities from the bank to the Village to cover uncollateralized deposits.

VILLAGE OF NORTH HODGE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 1998

SECTION I COMPLIANCE WITH CERTAIN LAWS AND REGULATIONS

FINDINGS

MANAGEMENT'S RESPONSES

1997-1 Payments to employees shortly before the pay period was ended.

Resolved - Management took corrective action.