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VILLAGE OF EAST HEDGE
East Hedge, Louisiana

Annual Financial Statements

As of and for the Year Ended
June 30, 2004

Under provisions of state law, this report is a
document. A copy of the report has been filed with
the entity and other appropriate public officials. This
report is available for public inspection at the Legislative
Finance Office of the Legislative Auditor and, where
appropriate, at the office of the parish clerk of court.

Release Date 10-20-04

M. Carolyn Dumas
CERTIFIED PUBLIC ACCOUNTANT

VILLAGE OF EAST HODGE
East Hodge, Louisiana

Annual Financial Statements

As of and for the Year Ended June 30, 2004

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VILLAGE OF EAST HODGE
East Hodge, Louisiana
Annual Financial Statements
As of and for the Year Ended June 30, 2004

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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Accountant's Compilation Report

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

I have compiled the accompanying basic financial statements and supplemental information schedules, as listed in the foregoing table of contents, of the Village of East Hodge as of June 30, 2004, and for the year then ended, in accordance with standards established by *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

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

As described in Note 1 to the basic financial statements, the Village of East Hodge adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of June 30, 2004. This results in a change in the format and content of the basic financial statements for the year ended June 30, 2004.

I am not independent with respect to the Village of East Hodge for the year ended June 30, 2004.

Carleen Dumas

Calhoun, Louisiana
September 30, 2004

VILLAGE OF EAST HODGE
East Hodge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2004

Our discussion and analysis of the Village of East Hodge's (hereafter referred to as the Village) financial performance provides an overview of the Village's financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the Village's financial statements that begin on page 8.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 8 and 9 provide information about the activities of the Village as a whole. Fund financial statements begin on page 10. For governmental activities, these statements provide information on how the general activities of the Village are financed in the short term as well as what remains for future spending. Fund financial statements report the Village's operations in more detail than the government-wide statements.

**Reporting the Village as a Whole - The Statement of Net Assets
and the Statement of Activities**

Our analysis of the Village as a whole begins on page 8 with the Statement of Net Assets and on page 9 with the Statement of Activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Village's net assets and the changes in them. Net assets - the difference between assets (what the Village owns) and liabilities (what the Village owes) is a way to measure the financial position of the Village. Over time, increases or decreases in the Village's net assets are an indicator of whether the Village's financial position is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, the Village is divided into two kinds of activities:

Governmental activities - all of the Village's governmental services are reported here including the police department and general administration.

Business-type activities - the Village's water and sewer system is reported here.

Reporting the Village's Funds - Fund Financial Statements

Our analysis of the Village's funds begins on page 10. The fund financial statements provide more detailed information about the Village's funds. The Village's two kinds of funds - governmental and business-type funds use different accounting methods.

VILLAGE OF EAST HODGE
East Hodge, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2004

Governmental funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. Governmental funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Village's operations. Governmental fund information helps to determine whether there are more or fewer financial resources that are available to be spent in the near future. The differences between governmental activities reported in the Statement of Net Assets and the Statement of Activities and governmental funds are reported in a reconciliation at the bottom of the fund financial statements.

Business-type activities funds are reported in the same way that the activities are reported in the Statement of Net Assets and the Statement of Activities.

**COMPARATIVE ANALYSIS OF
FINANCIAL DATA**

Government-Wide Financial Statements

The current year is the first period that the Village has applied Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Therefore, prior year information derived from government-wide financial statements is not available. In future years, when prior-year information is available, a comparative analysis of government-wide data will be presented.

Governmental Funds

The revenue from governmental activities remained fairly constant from prior year amount. The expenses of the governmental activities increased \$2,956 from the prior year amount.

Business-Type Activities

The village's revenue from business-type activities increased \$11,028 due to an increase in water and sewer rates. The expenses of the business-type activities increased \$2,833.

OVERALL FINANCIAL POSITION

The Village's net assets decreased \$49,942 as a result of this year's operations. The majority of this decrease resulted from depreciation expense in the General Fund and Water and Sewer Enterprise Fund. Unrestricted net assets (those assets available to finance the daily operations of the Village) was a deficit of \$1,132 at year end. The amount invested in capital assets was \$302,648 at year end.

VILLAGE OF EAST HOOGE
East Hodge, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2004

VILLAGE'S FUNDS

At the end of the year, the Village's General Fund reported an unreserved fund balance of \$311. The decrease in unreserved fund balance for 2004 was \$2,943. The decrease in net assets was a result of an increase in personal and operating services expenditures. The Water and Sewer Enterprise Fund reported net assets of \$26,736 at year end. The decrease in net assets was \$10,929 for 2004. The decrease in net assets was a result of depreciation expense in the Water and Sewer Enterprise Fund of \$13,603.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village amended the General Fund budget one time during the year. At year end, actual revenues were \$2,464 more than budgeted revenues and actual expenditures were \$8,733 less than budgeted expenditures. The Village prepares its General Fund budget on the modified accrual basis of accounting.

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the Village had capital assets (net of accumulated depreciation) totaling \$734,648. Capital assets include the water and sewer systems and improvements, land, buildings, improvements other than buildings, and equipment costing \$500 or more. There were no additions to fixed assets during the year. Additional information about the Village's capital assets is presented in Note 5 to the financial statements.

Debt

At year end the Village had \$52,000 in revenue bonds payable. Additional information about the Village's debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village expects its 2005 General Fund revenues and expenditures to remain fairly constant next year. The Village expects the revenues and expenses of the Water and Sewer Enterprise Fund to remain fairly constant for 2005.

BASIC FINANCIAL STATEMENTS

VILLAGE OF EAST HODGE
East Hodge, Louisiana

STATEMENT OF NET ASSETS
June 30, 2004

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	55	\$4,213	\$4,268
Investments		1,675	1,675
Receivables	858	1,944	2,802
Capital assets (net)	674,469	85,179	759,648
TOTAL ASSETS	675,377	88,031	763,408
LIABILITIES			
Accounts payable	593	1,263	1,856
Customer deposits		8,032	8,032
Bonds payable		52,000	52,000
TOTAL LIABILITIES	593	61,295	61,888
NET ASSETS			
Invested in capital assets, net of related debt	674,469	28,179	702,648
Unrestricted	311	(1,843)	(1,532)
TOTAL NET ASSETS	\$674,780	\$26,336	\$701,116

See accompanying notes and accountant's compilation report.

VILLAGE OF EAST BOSSCOE
East Bogalou, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2004

	Expenses	Program Revenues - Changes for Services	Net (Expense) Revenue and Changes in Net Assets	
			Governmental Activities	Business Type Activities
GOVERNMENTAL ACTIVITIES:	\$53,977	\$1,093	(\$52,884)	(\$52,884)
General government	45,298	15,551		(10,157)
BUSINESS-TYPE ACTIVITIES:	\$50,845	\$74,643	(\$52,885)	(\$52,885)
Water and sewer service				
Total government				
GENERAL REVENUES:				
Property taxes			2,666	2,666
Sales taxes			2,018	2,018
Franchise taxes			3,576	3,576
Occupational licenses			2,759	2,759
Interest income				28
Other general revenues			2,065	2,065
TRANSFERS				
Total general revenues and transfers			685	685
			13,872	13,872
CHANGE IN NET ASSETS			(39,013)	(39,013)
NET ASSETS - BEGINNING			911,783	911,783
NET ASSETS - ENDING			\$878,770	\$878,770

See accompanying notes and accountant's compilation report.

VILLAGE OF EAST HODGE
East Hodge, Louisiana

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2004

	<u>General Fund</u>
ASSETS	
Cash	\$6
Receivables	<u>898</u>
TOTAL ASSETS	<u>904</u>
LIABILITIES AND FUND BALANCES	
Liabilities - accounts payable	\$590
Fund balance - unreserved	<u>311</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>904</u>
 Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets:	
Fund balances - unreserved - Governmental Funds	\$311
Amount reported for net assets of governmental activities in the Statement of Net Assets (Statement A) is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund	<u>\$74,499</u>
Net assets of governmental activities (Statement A)	<u>\$74,188</u>

See accompanying notes and accountant's compilation report.

VILLAGE OF EAST HODGE
East Hodge, Louisiana

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2004

	<u>General Fund</u>
REVENUES	
Taxes:	
Property	\$1,899
Sales	2,018
Franchise	3,579
Occupational licenses	1,729
Fees	152
Rent	949
Other revenues	1,065
Total revenues	<u>14,364</u>
EXPENDITURES	
General government:	
Personal services	7,323
Operating services	9,832
Materials and supplies	729
Total expenditures	<u>17,884</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(3,540)</u>
OTHER FINANCING SOURCE - transfer in	<u>600</u>
NET CHANGE IN FUND BALANCE	<u>(2,940)</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>3,241</u>
FUND BALANCE AT END OF YEAR	<u>\$311</u>

(Continued)

See accompanying notes and accountant's compilation report.

VILLAGE OF EAST HOUGE

East Houge, Louisiana

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

For the Year Ended June 30, 2004

	General Fund
	<hr/>

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to
the Statement of Activities:**

Net change in fund balance - General Fund

(52,540)

Amount reported for governmental activities in the

Statement of Activities (Statement B) are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of these

assets is allocated over their estimated useful lives as

depreciation expense. This is the amount by which

depreciation expense exceeded capital outlay in the current period.

Change in net assets of governmental activities (Statement B)

<u>(16,072)</u>
<u>(369,012)</u>

(Continued)

See accompanying notes and accountant's compilation report.

VILLAGE OF EAST HODGE
East Hodge, Louisiana

STATEMENT OF NET ASSETS - BUSINESS-TYPE ACTIVITIES

June 30, 2004

	Water and Sewer Enterprise Fund
ASSETS	
Current assets:	
Cash	\$4,230
Investments	1,873
Accounts receivable	1,944
Total current assets	<u>7,853</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation)	<u>80,179</u>
Total assets	<u>88,032</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$1,263
Customer deposits	8,032
Total current liabilities	<u>9,295</u>
Noncurrent liabilities:	
Long-term debt - revenue bonds payable	<u>52,000</u>
Total liabilities	<u>61,295</u>
NET ASSETS	
Invested in capital assets, net of related debt	28,179
Unrestricted	<u>(1,443)</u>
Total net assets	<u>\$26,736</u>

See accompanying notes and accountant's compilation report.

VILLAGE OF EAST HODGE
East Hodge, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS - BUSINESS-TYPE ACTIVITIES
For the Year Ended June 30, 2004

	Water and Sewer <u>Enterprise</u>
OPERATING REVENUES	
Water and sewer fees	<u>333,381</u>
OPERATING EXPENSES	
Office supplies	308
Repairs and maintenance	6,330
Utilities	7,768
Telephone	131
Supplies	1,286
Insurance	439
Salaries	2,129
Accounting	1,500
Labor	2,096
Fees and dues	2,747
Advertising	693
Bank charges	489
Depreciation	13,681
Other operating expenses	952
Total operating expenses	<u>48,438</u>
OPERATING INCOME (Loss)	<u>(15,057)</u>
NON-OPERATING REVENUES (Expenses)	
Interest earned on deposits	28
Transfer out	(600)
Interest expense	(3,230)
Total non-operating revenues (expenses)	<u>(3,802)</u>
CHANGE IN NET ASSETS	(18,859)
NET ASSETS - BEGINNING	<u>37,663</u>
NET ASSETS - ENDING	<u>18,804</u>

See accompanying notes and accountant's compilation report.

VILLAGE OF EAST HEDGE
East Hedge, Louisiana

STATEMENT OF CASH FLOWS - BUSINESS-TYPE ACTIVITIES
For the Year Ended June 30, 2004

	Water and Sewer Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$13,872
Payments to suppliers	(25,871)
Payments to employees	(2,128)
Net cash provided by operating activities	<u>3,773</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer to General Fund	<u>(600)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt	(3,000)
Interest paid on capital debt	(8,275)
Net cash used by capital and related financing activities	<u>(11,275)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	28
Decrease in investments	<u>4,456</u>
Net cash provided from investing activities	<u>4,484</u>
NET INCREASE IN CASH	1,382
CASH AT BEGINNING OF YEAR	1,851
CASH AT END OF YEAR	<u>\$3,233</u>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	<u>(17,087)</u>
Adjustments:	
Depreciation	13,602
Decrease in accounts receivable	531
Decrease in accounts payable	(1,314)
Increase in customer water deposits	40
Total adjustments	<u>12,859</u>
Net cash provided by operating activities	<u>\$3,773</u>

See accountant's compilation report and accompanying notes.

VILLAGE OF EAST HODGE
East Hodge, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

INTRODUCTION

The Village of East Hodge is governed by the mayor-board of aldermen form of government. The mayor and aldermen serve four-year terms. The village provides public safety and general government services to its residents. The village has an elected Chief of Police and a part-time clerk.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village of East Hodge is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The village has no component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the Village of East Hodge. Governmental activities, which normally are supported by property, sales and franchise taxes and other general revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

See accountant's compilation report.

VILLAGE OF EAST HODGE
Notes to the Financial Statements

Separate financial statements are provided for governmental funds and business-type activities funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and
Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the business-type fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Franchise and sales taxes, occupational licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the village.

The Village of East Hodge reports the following governmental fund:

General Fund

The General fund is the general operating fund of the village and accounts for all financial resources of the general government.

The Village of East Hodge reports the following business-type activity fund:

See accountant's compilation report.

Water and Sewer Enterprise Fund

The Water and Sewer Enterprise fund accounts for the operations of the village's water and sewer systems.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and business-type activities fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The village has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity is eliminated from the government-wide financial statements.

Amounts reported as program revenues include charges to customers for goods, services, or privileges provided. General revenues include all taxes, occupational licenses, and miscellaneous revenues.

Business-type activities funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's ongoing operations. The Water and Sewer Enterprise Fund's operating revenues consist of water and sewer fees. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

C. Deposits and Investments

Cash includes amounts in non-interest bearing demand deposits. State law allows the village to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. As June 30, 2004, the village's investments consist of a nonnegotiable certificate of deposit with an original maturity that exceeds 90 days that is reported in the accompanying financial statements at cost.

VILLAGE OF EAST HEDGE
Notes to the Financial Statements

B. Receivables

All receivables are generally shown net of an allowance for uncollectible amounts. These statements contain no provision for uncollectible accounts. The village is of the opinion that such an allowance would be immaterial in relation to the financial statements taken as a whole.

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

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

II. Capital Assets

Capital assets, which include the water and sewer system and improvements, land, buildings, improvements other than buildings and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost. Approximately 98 percent of the village's capital assets have been capitalized at cost and the remaining 2 percent have been capitalized at estimated cost based on the historical cost of similar assets. The Village of East Hedge maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

All capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Infrastructure - water and sewer system and improvements	25 years
Buildings	40 years
Improvements other than buildings	20-25 years
Equipment	12-15 years

See accountant's compilation report.

VILLAGE OF EAST HODGE
Notes to the Financial Statements

F. Long-term Obligations

In the government-wide financial statements and the business-type activities fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net assets.

G. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. At June 30, 2004, the village's governmental fund balances were unreserved and undesignated.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. STEWARDSHIP, COMPLIANCE, AND
ACCOUNTABILITY**

Budget Information

The Village of East Hodge uses the following budget practices:

A General Fund budget prepared on the modified accrual basis of accounting was adopted by the village for the year ended June 30, 2004. The budget is legally adopted by the board of aldermen and amended during the year as necessary. Budgets are established and controlled by the board at the object level of expenditures. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. There was one budget amendment during the year ended June 30, 2004.

3. DEPOSITS IN FINANCIAL INSTITUTIONS

At June 30, 2004, the village has cash and investments (book balances) as follows:
See accountant's compilation report.

VILLAGE OF EAST HEDGE
Notes to the Financial Statements

Checking accounts	\$4,239
Investments - certificates of deposit	<u>1,679</u>
Total	<u>\$5,914</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At June 30, 2004, the Village of East Hedge has \$6,278 in deposits (collected bank balances). These deposits are secured from risk by \$6,278 of federal deposit insurance.

4. RECEIVABLES

The following is a summary of receivables at June 30, 2004:

	General Fund	Water and Sewer Enterprise Fund
Franchise taxes	<u>\$812</u>	
Sales taxes	803	
Accounts		\$1,944
Allowance for doubtful accounts	<u>NONE</u>	<u>NONE</u>
Total	<u>\$898</u>	<u>\$1,944</u>

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2004, is as follows:

	Balance at July 1, 2003	Increases	Decreases	Balance at June 30, 2004
Governmental activities:				
Capital assets not being depreciated:				
Land	<u>\$8,565</u>	<u>NONE</u>	<u>NONE</u>	<u>\$8,565</u>
Capital assets being depreciated:				
Buildings	\$129,600			\$129,600
Improvements other than buildings	500,185			500,185

See accountant's compilation report.

VILLAGE OF EAST WOODGE
Notes to the Financial Statements

	Balance at July 1, 2003	Increases	Decreases	Balance at June 30, 2004
Equipment	<u>\$178,090</u>			<u>\$178,090</u>
Total capital assets being depreciated	<u>827,757</u>	NONE	NONE	<u>827,757</u>
Less accumulated depreciation for:				
Buildings	16,835	3,248		20,083
Improvements other than buildings	48,629	20,854		69,483
Equipment	<u>38,386</u>	<u>11,879</u>		<u>50,265</u>
Total accumulated depreciation	<u>123,790</u>	<u>36,071</u>	NONE	<u>160,861</u>
Total assets being depreciated, net	<u>\$703,967</u>	<u>(\$36,071)</u>	NONE	<u>\$667,896</u>
Business-type activities:				
Capital assets being depreciated:				
Water systems and improvements	\$125,210			\$125,210
Sewer systems and improvements	<u>423,884</u>			<u>423,884</u>
Total capital assets being depreciated	<u>551,094</u>	NONE	NONE	<u>551,094</u>
Less accumulated depreciation for:				
Water systems and improvements	\$123,836			\$123,836
Sewer systems and improvements	<u>333,437</u>	<u>13,602</u>		<u>347,039</u>
Total accumulated depreciation	<u>457,273</u>	<u>13,602</u>	NONE	<u>470,875</u>
Total assets being depreciated, net	<u>\$93,821</u>	<u>(\$13,602)</u>	NONE	<u>\$80,219</u>

Depreciation expense of \$36,073 for the year ended June 30, 2004 was charged to the general government function.

See accountant's compilation report.

VILLAGE OF EAST BODGE
Notes to the Financial Statements

6. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt transactions for the year ended June 30, 2004:

	Revenues Bonds <u>Payable</u>
Long-term obligations payable at July 1, 2003	\$57,000
Additions	NONE
Reductions	<u>15,000</u>
Long-term obligations payable at June 30, 2004	<u>\$52,000</u>

All outstanding debt at June 30, 2004, in the amount of \$52,000 is the balance on Water and Sewer System Revenue Bonds issued in 1971 in the amount of \$128,000. The bonds bear interest at 6 per cent annually. Interest payments are due March 1 and September 1 and principal payments are due September 1 through September 1, 2011 and are made solely from revenues derived from operation of the water and sewer system.

7. RISK MANAGEMENT

The village purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

See accountant's compilation report.

REQUIRED SUPPLEMENTAL INFORMATION

See accountant's compilation report.

VILLAGE OF EAST HODGE
East Hodge, Louisiana

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended June 30, 2004

	BudgetedAmounts.....		Actual Amounts (Budgetary Basis - GAAP)	Variance with Final Budget Positive Negative
	Original	Final		
REVENUES				
Taxes:				
Property	\$1,500	\$1,500	\$2,860	\$1,360
Sales	1,500	1,500	2,018	518
Franchise	4,000	4,000	3,570	(430)
Occupational licenses	3,800	3,800	2,729	(1,071)
Fees	100	100	152	52
Fine	500	500	940	440
Other revenue	500	500	2,062	1,562
Total revenue	<u>11,800</u>	<u>11,800</u>	<u>14,864</u>	<u>2,864</u>
EXPENDITURES				
General government:				
Personal services	3,900	4,800	7,523	(3,623)
Operating services	7,650	21,187	9,822	11,365
Materials and supplies	650	650	759	(109)
Total expenditures	<u>12,200</u>	<u>26,637</u>	<u>17,904</u>	<u>8,733</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(300)	(14,737)	(3,040)	11,197
OTHER FINANCING SOURCE - transfer in	NONE	NONE	600	600
NET CHANGE IN FUND BALANCE	(300)	(14,737)	(2,440)	11,797
FUND BALANCE AT BEGINNING OF YEAR	2,800	2,800	3,251	451
FUND BALANCE AT END OF YEAR	<u>\$2,500</u>	<u>\$(11,937)</u>	<u>\$811</u>	<u>\$12,248</u>

See accountant's compilation report.

OTHER SUPPLEMENTAL INFORMATION SCHEDULES

See accountant's compilation report.

VILLAGE OF EAST WIDGE
East Widge, Louisiana

OTHER SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended June 30, 2004

COMPENSATION PAID ALDERMEN

The schedule of compensation paid aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 33:403, aldermen receive \$50 for each meeting they attend. Compensation of aldermen is included in personal services and related benefits expenditures of the General Fund.

STATUS OF PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in Schedule 3.

**CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN**

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

See accountant's compilation report.

VILLAGE OF EAST HODGE
East Hodge, LouisianaSchedule of Compensation Paid Aldermen
For the Year Ended June 30, 2014

Fred Ford	\$150
Johnny Matthews	600
W.C. Wilson	<u>350</u>
Total	<u>\$1,400</u>

See accountant's compilation report.

VILLAGE OF EAST HODGE
East Hodge, Louisiana

Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2004

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Additional Explanation</u>
Procedure 6	2002	General Fund Budget Adopted After July 1, 2002.	Yes	N/A
Procedure 7	2002	General Fund Budget Not Amended As Required	Yes	See current year findings.
Procedure 8(a)	1999	Disbursements Not Properly Supported	No	See current year findings.
Procedure 8(b)	2003	Disbursements Not Properly Posted	Yes	N/A
Procedure 8(c)	2003	Disbursements Not Properly Approved	Yes	N/A
Procedure 9	2003	Notice of Meetings Not Posted or Advertised	Yes	N/A
2003-1	1997	Need to Maintain Bond Reserve Accounts	No	See current year findings.
2003-2	1998	Need to Reconcile Bank Accounts	Yes	N/A
2003-3	2003	Need to Maintain Accounting Records	Yes	N/A
2003-4	2003	Need to Improve Controls Over Cash Receipts	Yes	N/A

See accountant's compilation report.

VILLAGE OF EAST HODGE
East Hodge, Louisiana

Corrective Action Plan
For Current Year Findings
For the Year Ended June 30, 2004

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
	The village's budgeted expenditures exceeded budgeted revenues plus budgeted beginning fund balance.	The village's budgeted expenditures for the year ending June 30, 2005 do not exceed budgeted revenues plus budgeted beginning fund balance.	Harry Mims, Mayor	N/A
	One out of six selected disbursements were not properly supported.	All future disbursements will be properly supported by original invoice or other documentation.	Harry Mims, Mayor	June 2005
	The village did not maintain bond reserve accounts as required by the bond resolution.	The village will fund bond reserve accounts when sufficient funds are available.	Harry Mims, Mayor	N/A

See accountant's compilation report.