

Village of East Hodge
Hodge, Louisiana

Annual Financial Statements
and Accountant's Compilation Report

As of and For the Year Ended
June 30, 2020
with Supplemental Information Schedules

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Village of East Hodge
Annual Financial Statements

As of and for the year ended June 30, 2020
with Supplemental Information Schedules

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Accountant's Compilation Report

Village of East Hodge
Hodge, Louisiana

Management is responsible for the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of East Hodge, as of June 30, 2020, which collectively comprise the Village's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 30 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted the management discussion and analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Act 706 of the Louisiana 2014 Legislative Session requires a Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 33 to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Louisiana state law which considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information was not audited, reviewed, or compiled by us, and we do not express an opinion or provide any assurance on it.

Kenneth D. Folden & Co., CPAs

Jonesboro, Louisiana
March 26, 2021

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Village of East Hodge
Hodge, Louisiana

Statement of Net Position
As of June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equivalents	\$ 4,879	\$ 5,278	\$ 10,157
Accounts receivable	209	3,181	3,390
Capital assets (net of accumulated depreciation)	207,594	539,766	747,360
Total Assets	<u>212,682</u>	<u>548,225</u>	<u>760,907</u>
Liabilities			
Accounts payable	26	2,989	3,015
Customer meter deposits	-	7,159	7,159
Total Liabilities	<u>26</u>	<u>10,148</u>	<u>10,174</u>
Net Position			
Net investment in capital assets	207,594	539,766	747,360
Unrestricted	5,064	(1,689)	3,375
Total Net Position	<u>\$ 212,658</u>	<u>\$ 538,077</u>	<u>\$ 750,735</u>

See accompanying notes and independent accountant's review report.

Village of East Hodge
Hodge, Louisiana

Statement of Activities
For the Year Ended June 30, 2020

Expenses	Major Funds			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<u>Functions/Programs</u>						
Primary government						
Governmental activities						
General government	\$ 59,367	\$ -	\$ 5,407	\$ -	\$ -	\$ (53,960)
Total governmental activities	59,367	-	5,407	-	-	(53,960)
Business-type activities						
Water and sewer	57,441	35,773	794	3,500	-	(17,374)
Total primary government	\$ 116,808	\$ 35,773	\$ 6,201	\$ 3,500	(53,960)	(17,374)
<u>General Revenues</u>						
Taxes:						
Property taxes, levied for general purposes				3,891	-	3,891
Sales taxes				3,126	-	3,126
Franchise taxes				4,480	-	4,480
Licenses				3,339	-	3,339
Rental income				1,450	-	1,450
Other revenue				311	-	311
Operating transfers				2,000	(2,000)	-
Total general revenues and transfers				18,597	(2,000)	16,597
Change in net position				(35,363)	(19,374)	(54,737)
Net position - June 30, 2019				248,022	557,450	805,472
Net position - June 30, 2020				\$ 212,659	\$ 538,076	\$ 750,735

See accompanying notes and independent accountant's review report.

FUND FINANCIAL STATEMENTS

Village of East Hodge
Hodge, Louisiana

Balance Sheet - Governmental Funds
As of June 30, 2020

	Governmental Funds
Assets	
Cash and equivalents	\$ 4,879
Accounts receivable	209
Total Assets	\$ 5,088
Liabilities & Fund Balances	
Liabilities:	
Accounts payable	\$ 26
Total Liabilities	26
Fund balances:	
Unassigned	5,064
Total Fund Balances	5,064
Total Liabilities and Fund Balances	\$ 5,090

See accompanying notes and independent accountant's review report.

Village of East Hodge
Hodge, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2020

		Governmental Funds
Revenues		
Taxes:		
Ad valorem tax	\$	3,891
Franchise tax		4,480
Sales tax		3,126
Licenses and permits		3,339
Operating grant		5,407
Rent, royalty, and commission		1,450
Other revenue		311
Total revenues		22,004
Expenditures		
Current:		
General government		33,683
Capital outlay		-
Total expenditures		33,683
Excess (deficiency) of revenues over (under) expenditures		(11,679)
Other financing sources (uses)		
Operating transfers in (out)		2,000
Total other financing sources (uses)		2,000
Net changes in fund balances		(9,679)
Fund balances - June 30, 2019		14,743
Fund balances - June 30, 2020	\$	5,064

See accompanying notes and independent accountant's review report.

Village of East Hodge
Hodge, Louisiana

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Funds Balances to the Statement of Activities
For the Year Ended June 30, 2020

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	(9,679)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets capitalized over their estimated useful lives as depreciation expense. This is the amount by which capital outlay differs from depreciation for the period.

Depreciation		(25,684)
Capital outlay		-
Change in net position of governmental activities (Statement B)	\$	<u>(35,363)</u>

See accompanying notes and independent accountant's review report.

Village of East Hodge
Hodge, Louisiana

Statement of Net Position - Proprietary Fund
As of June 30, 2020

	Water & Sewer Fund
Assets	
Current Assets:	
Cash and equivalents	\$ 5,278
Accounts receivable	3,181
Total Current Assets	8,459
Noncurrent Assets:	
Capital assets (net of accumulated depreciation)	539,766
Total Noncurrent Assets	539,766
Total Assets	\$ 548,225
Liabilities	
Current Liabilities:	
Accounts payable	\$ 2,989
Total Current Liabilities	2,989
Current liabilities payable from restricted assets	
Customer meter deposits	7,159
Total Liabilities	10,148
Net Position	
Net investment in capital assets	539,766
Unrestricted	(1,689)
Total Net Position	\$ 538,077

See accompanying notes and independent accountant's review report.

Village of East Hodge
Hodge, Louisiana

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund
For the Year Ended June 30, 2020

	Water & Sewer Fund
Operating Revenues	
Water and sewer sales	\$ 35,773
Total operating revenues	<u>35,773</u>
Operating Expenses	
Personnel services	13,455
Supplies	3,829
Utilities	13,977
Repairs and maintenance	1,944
Contractual services	1,000
Depreciation	23,237
Total operating expenses	<u>57,442</u>
Operating Income (Loss)	(21,669)
Non-operating Revenues (Expenses)	
Capital grant	3,500
Operating grant	794
Total non-operating revenues (expenses)	<u>4,294</u>
Income (loss) before transfers	<u>(17,375)</u>
Transfers in (out)	(2,000)
Change in net position	(19,375)
Total Net Position - June 30, 2019	<u>557,450</u>
Total Net Position - June 30, 2020	<u>\$ 538,075</u>

See accompanying notes and independent accountant's review report.

Village of East Hodge
Hodge, Louisiana

Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2020

	Water & Sewer Fund
Cash flows from operating activities	
Cash received from customers	\$ 35,702
Cash payments to suppliers for goods and services	(17,827)
Cash payments to employees	(13,455)
Net cash provided by (used for) operating activities	4,420
Cash flows from non-capital financing	
Operating grant	794
Transfers from other funds	(2,000)
Net cash provided by (used for) non-capital financing activities	(1,206)
Cash flows from capital and related financing activities	
Capital grant	3,500
Acquisition of capital assets	(3,500)
Net cash provided by (used for) capital and related financing activities	-
Cash flows from investing activities	
Net increase (decrease) in cash and cash equivalents	3,214
Cash and cash equivalents - June 30, 2019	2,064
Cash and cash equivalents - June 30, 2020	\$ 5,278
Reconciliation of operating income to net provided by operating activities	
Operating income	\$ (21,668)
Adjustments	
Depreciation	23,237
Net changes in assets and liabilities	
Accounts receivable	(70)
Customers' security deposits	(32)
Accounts payable	2,954
Net cash provided for (used for) operating activities	\$ 4,421

See accompanying notes and independent accountant's review report.

**NOTES TO THE
FINANCIAL STATEMENTS**

Village of East Hodge
Hodge, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2020

INTRODUCTION

The Village of East Hodge, Louisiana (Village) is governed by the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Aldermen form of government with three aldermen. Services provided by the Village include police protection, fire protection, and street maintenance. The Village also operates a water distribution system and sewer system for the residents of the Village. The Village is located in Jackson Parish, Louisiana.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Village applies all relevant GASB pronouncements, and GAAP, as applicable to governmental entities. Also, the Village's financial statements are prepared in accordance with the requirements of Louisiana R.S. 24:513, the Louisiana Municipal Audit and Accounting Guide and to the industry guide, Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants.

B. Reporting Entity

GASB Statement No. 14, The Financial 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 is considered a primary government, since it is a general purpose local government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Village 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.

GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, establishes criteria for determining which, if any, component units should be considered part of the Village for financial reporting purposes. GASB Statement No. 61 provides additional criteria for classifying entities as component units. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
 - i. The ability of the government to impose its will on that organization and/or
 - ii. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

Village of East Hodge
Hodge, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2020

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the above criteria, no component units were identified for the Village of East Hodge.

C. Government-Wide Financial Statements

The Village's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements present summaries of the governmental activities and the business-type activities for the Village. Fiduciary activities of the Village are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village of East Hodge's governmental activities.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) derive directly from parties outside the Village's taxpayers or citizenry, including (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; program revenues reduce the cost of the function to be financed from the Village's general revenues.

Direct Expenses - The Village reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

Indirect Expenses - The Village reports all indirect expenses separately on the Statement of Activities (Statement B). Indirect expenses are those expenses that are not clearly identifiable with a function. Interest on long-term debt is considered an indirect expense.

General revenues are taxes and other items that are not properly included among program revenues. The effect of interfund activity has been removed from the government-wide financial statements.

Village of East Hodge
Hodge, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2020

D. Fund Financial Statements

The accounts of the Village of East Hodge are organized on the basis of funds, 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, expenditures or expenses, as appropriate, additions, and deductions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Funds of the Village are classified into two categories: governmental and proprietary.

Governmental Funds

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The Village has presented all major funds.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheets. Amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. Long-term debts are reported as an other financing source, and repayment of long-term debt is reported as an expenditure. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. Accordingly, revenues are recorded when received in cash and when collected within 60 days after year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due.

The Village of East Hodge reports the following major governmental funds:

General Fund - The primary operating fund of the Village, the General Fund accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Village policy.

Revenues

The governmental funds use the following practices in recording revenues:

Those revenues susceptible to accrual are property taxes, franchise taxes, and charges for services. Permit and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Village of East Hodge
Hodge, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2020

Entitlements and shared revenues are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred, all other grant requirements have been met, and the susceptible-to-accrual criteria have been met.

Interest earnings are recorded when the investments have matured and the interest is available.

Expenditures

The governmental funds use the following practices in recording expenditures:

Salaries are recorded as expenditures when earned by employees.

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees, or their heirs, are paid for accrued leave upon retirement or death.

Principal and interest on long-term debt are recognized when due.

Other Financing Sources (Uses)

The governmental funds use the following practices in recording other financing sources (uses):

Transfers between funds that are not expected to be repaid, sales of fixed assets, and long-term debt proceeds and payments, are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Proprietary Funds

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total position) is segregated into three components-investment in capital assets, restricted net position, and unrestricted net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total position. The proprietary funds use the accrual basis of accounting, where revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows.

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

Village of East Hodge
Hodge, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2020

The Enterprise Fund of the Village of East Hodge is the Water and Sewer Fund, which accounts for the operations of the waterworks and sewerage systems. The intent of the Village for these facilities is (a) that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) that 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.

Revenues and Expenses

Operating revenues in the proprietary fund are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

E. Equity Classifications

The Village of East Hodge has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

In the Government-Wide Financial Statements and the Proprietary Fund Financial Statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and reported in three components:

Net investment in capital assets: This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted net position: This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted net position: Any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

The Governmental Fund Financial Statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Village did not have any nonspendable funds for the year ended June 30, 2020.

Village of East Hodge
Hodge, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2020

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Village did not have any restricted funds for the year ended June 30, 2020.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen. These amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board typically establishes commitments through the adoption and amendment of the budget. The Village did not have any committed funds for the year ended June 30, 2020.

Assigned: This classification includes amounts that are constrained by the Village's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board delegating this responsibility to a body or official (Mayor) for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Village has no assigned funds for year ended June 30, 2020.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. All funds of the Village are designated as unassigned.

The Village would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

F. Budgets

The Mayor prepares a proposed budget and submits it to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. A summary of the proposed budget is available for public inspection. The budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted. The budget ordinance is structured such that revenues are budgeted by source and appropriations are budgeted by department and by principal object of expenditure. The Board of Aldermen may revise or amend the budget at its discretion during legally convened sessions. Management may amend the budget only below the department level. The Village utilizes formal budgetary integration as a management control device for all funds.

The Village of East Hodge adopted a 2019-2020 General Fund budget on June 11, 2019.

Village of East Hodge
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Notes to the Financial Statements
As of and for the year ended June 30, 2020

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village of East Hodge may deposit funds in demand deposits in stock-owned federally insured depository institutions organized under the laws of the state of Louisiana or of any other state of the United States, or under the laws of the United States. The Village may invest in certificates and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For the purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of 90 days or less when purchased.

Under state law, the Village may invest in United States bonds, treasury notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all other reported as investments.

The Village reports restricted assets on the Statement of Net Position (Statement A), which includes restricted cash (customer deposits) that is collected by the Water and Sewer Department.

H. Investments

The Village of East Hodge's investments comply with Louisiana Revised Statute 33:2955. Under state law, the Village may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Village may invest in United States bonds, treasury notes and bills, or government-backed agency securities or certificates, and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These deposits are classified as investments if their original maturities exceed 90 days. Investments are stated at fair value except for those which are permitted under GASB Statement No. 31 to use a different valuation measurement.

In accordance with paragraph 69 of GASB Statement No. 72, the Village reports at amortized cost money market investments and participating interest-bearing investment contracts that have a remaining maturity at the time of purchase of one year or less. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

I. Inventories

Inventories of supplies in the Proprietary Fund are not material and are charged to operations as purchased.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are recorded in the applicable governmental or business-type activities columns of the government-wide financial statements, but are not reported in the governmental fund financial statements. Acquisitions of property and equipment are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

Village of East Hodge
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Notes to the Financial Statements
As of and for the year ended June 30, 2020

Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the Statement of Activities.

Infrastructure-water and sewer system improvements	25 years
Buildings	40 years
Improvements other than buildings	20-25 years
Equipment	12-15 years

In accordance with GASB Statement No. 34, general infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets.

K. Deferred Outflows of Resources

The Village reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Village did not report any deferred outflows of resources, and no deferred outflows of resources affect the governmental funds financial statements.

L. Deferred Inflows of Resources

The Village reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Village will not recognize the related revenues until a future event occurs. The Village did not report any deferred inflows of resources in the government-wide and proprietary fund statements, and no deferred inflows of resources affect the governmental funds financial statements.

M. Interfund Transactions

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or enterprise funds are netted as part of the reconciliation to the government-wide financial statements.

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without the expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient fund and as an expenditure by the providing fund.

Activity between funds that is representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other funds" or "due to other funds" on the Fund Financial Statements Balance Sheet (Statement C), as well as all other outstanding balances between funds.

Village of East Hodge
Hodge, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2020

In the process of aggregating data for the Statement of Net Position (Statement A) and the Statement of Activities (Statement B), some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

N. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. Ad Valorem Tax

All ad valorem tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts through the establishment of an allowance account. Ad valorem 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 2019 ad valorem taxes, one rate of tax was levied on property within the corporate limits, as follows:

6.340 mills for the general maintenance of the Village

3. Sales Tax

The qualified electors of the Village of East Hodge, under the provisions of Louisiana Revised Statute 47:338.1, authorized a one percent sales and use tax levy to be dedicated and used for the purpose of providing funding for any lawful corporate purpose of the Village for an undefined period of time.

4. Cash, Cash Equivalents, and Investments

At June 30, 2020, the Village had cash and cash equivalents (book balances) totaling \$10,157. 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. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At June 30, 2020, the Village had \$10,157 in deposits (collected bank balances). These deposits are secured from risk by up to \$250,000 federal deposit insurance.

At June 30, 2020, the Village had no investments.

Village of East Hodge
Hodge, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2020

5. Receivables

The receivables of \$3,390 at June 30, 2020, are as follows:

	Fund		
	General	Enterprise	Total
Services	\$ -	\$ 3,181	\$ 3,181
Ad valorem	16	-	16
Occupational licenses	10	-	10
Sales taxes	48	-	48
Franchise fees	135	-	135
Total	<u>\$ 209</u>	<u>\$ 3,181</u>	<u>\$ 3,390</u>

6. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2020, is as follows:

A. Capital Assets - Governmental Funds

	Balance, July 01, 2019	Additions	Deletions	Balance, June 30, 2020
Capital assets not depreciated				
Land	\$ 8,565	\$ -	\$ -	\$ 8,565
Total capital assets not being depreciated	<u>8,565</u>	<u>-</u>	<u>-</u>	<u>8,565</u>
Capital assets being depreciated				
Buildings	133,312	-	-	133,312
Improvements other than buildings	536,938	-	-	536,938
Equipment	196,666	-	-	196,666
Total capital assets being depreciated	<u>866,917</u>	<u>-</u>	<u>-</u>	<u>866,916</u>
Less accumulated depreciation				
Buildings	68,923	3,388	-	72,312
Improvements other than buildings	387,337	21,046	-	408,383
Equipment	185,943	1,250	-	187,193
Total accumulated depreciation	<u>642,203</u>	<u>25,684</u>	<u>-</u>	<u>667,888</u>
Capital assets, net	<u>224,714</u>	<u>(25,684)</u>	<u>-</u>	<u>199,028</u>
Governmental capital assets - net	<u>\$ 233,279</u>	<u>\$ (25,684)</u>	<u>\$ -</u>	<u>\$ 207,593</u>

Village of East Hodge
Hodge, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2020

Functional Allocation of Depreciation Expense

General government	\$	3,576
Fire		9,705
Highways and streets		12,404
Total	\$	<u>25,684</u>

B. Capital Assets - Proprietary Funds

	Balance, July 01, 2019	Additions	Deletions	Balance, June 30, 2020
Capital assets not depreciated				
Construction in progress	\$ 192,638	\$ -	\$ 192,638	-
Total capital assets not being depreciated	<u>192,638</u>	<u>-</u>	<u>192,638</u>	<u>-</u>
Capital assets being depreciated				
Water System	249,927	196,138	-	446,065
Sewer System	751,314	-	-	751,314
Total capital assets being depreciated	<u>1,001,241</u>	<u>196,138</u>	<u>-</u>	<u>1,197,379</u>
Less accumulated depreciation				
Water System	133,826	10,219	-	144,045
Sewer System	500,550	13,018	-	513,568
Total accumulated depreciation	<u>634,376</u>	<u>23,237</u>	<u>-</u>	<u>657,613</u>
Capital assets, net	<u>366,865</u>	<u>172,901</u>	<u>-</u>	<u>539,766</u>
Business-type activities capital assets, net	<u>\$ 559,503</u>	<u>\$ 172,901</u>	<u>\$ 192,638</u>	<u>\$ 539,766</u>

7. Payables

The payables of \$3,015 at June 30, 2020, are as follows:

	Fund		
	General	Enterprise	Total
Accounts	\$ 26	\$ 2,989	\$ 3,015
Total	<u>\$ 26</u>	<u>\$ 2,989</u>	<u>\$ 3,015</u>

Village of East Hodge
Hodge, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2020

8. Grants

During the year ended June 30, 2020, the Village of East Hodge received an LCDBG grant for \$3,500 for the purpose of paying for professional services related to grant application, a grant from the Jackson Parish Police Jury for \$5,407 for operating purposes and an LGAP grant for \$794 for repairs on the water system.

9. Risk Management

The Village is exposed to various risk of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk of loss, the Village maintains commercial insurance policies covering automobile liability and uninsured motorist, surety bond coverage, flood insurance, and property insurance. In addition to the above policies, the Village maintains a general liability policy and an errors and omissions policy. No claims were paid on any of the policies during the past three years, which exceeded the policies' coverage amount.

10. Litigation and Claims

At June 30, 2020, the Village was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.

11. Deficit Net Position

At June 30, 2020, a net position deficit of \$1,689 exists in the Utility Fund (Enterprise Fund).

12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 26, 2021, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Village of East Hodge
Hodge, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2020

	Budget - Original	Actual	Variance - Favorable (Unfavorable)
Revenues			
Taxes:			
Ad valorem tax	\$ 4,000	\$ 3,891	\$ (109)
Franchise tax	5,000	4,480	(520)
Sales tax	2,300	3,126	826
Licenses and permits	2,000	3,339	1,339
Capital grant	7,500	-	(7,500)
Operating grant	-	5,407	5,407
Rent, royalty, and commission	1,000	1,450	450
Miscellaneous	3,000	311	(2,689)
Total revenues	<u>24,800</u>	<u>22,004</u>	<u>(2,796)</u>
Expenditures			
Current:			
General government	24,800	33,683	(8,883)
Capital outlay	-	-	-
Total expenditures	<u>24,800</u>	<u>33,683</u>	<u>(8,883)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(11,679)</u>	<u>(11,679)</u>
Other financing sources (uses)			
Operating transfers in (out)	-	2,000	2,000
Total other financing sources (uses)	<u>-</u>	<u>2,000</u>	<u>2,000</u>
Net changes in fund balances	-	(9,679)	(9,679)
Fund balances - June 30, 2019	<u>14,743</u>	<u>14,743</u>	<u>-</u>
Fund balances - June 30, 2020	<u>\$ 14,743</u>	<u>\$ 5,064</u>	<u>\$ (9,679)</u>

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

SUPPLEMENTAL INFORMATION

Village of East Hodge
Hodge, Louisiana

Schedule of Compensation Paid Aldermen
For the year ended June 30, 2020

	2020
Robert Bradley	\$ 450
Gloria Moore	450
Preston Traxler	450
	<hr/>
	\$ 1,350
	<hr/> <hr/>

Village of East Hodge
Hodge, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the year ended June 30, 2020

Hal M. Mims Mayor		
Salary	\$	1,350
	\$	<u>1,350</u>

Village of East Hodge
East Hodge, LouisianaSchedule of Net Position
LCDBG Water Systems Improvements (Contract 2000218104)
As of June 30, 2020

Assets	
Cash and equivalents	\$ 2,315
Total Assets	<u>2,315</u>
Liabilities	
Due to Utility Fund	-
Total Liabilities	<u>-</u>
Net Position	<u>\$ 2,315</u>

Village of East Hodge
East Hodge, Louisiana

Statement of Revenues, Expenses, and Changes in Net Position
LCDBG Water System Improvements (Contract 2000218104)
For the Year Ended June 30, 2020

Revenues

LCDBG Program Income	\$	3,500
Other revenue		-
Total revenues		<u>3,500</u>

Expenses

Administration		3,500
Acquisition		-
Engineering		-
Construction		-
Laboratory Services		-
Construction Inspection		-
Construction Contingencies		-
Total expenses		<u>3,500</u>

Excess (deficiency) of revenues over (under) expenses -

Other financing sources (uses)

Operating transfers in (out)		-
Total other financing sources (uses)		<u>-</u>

Excess revenues and other sources over (under) expenses and other uses -

Net Position - June 30, 2019		<u>2,315</u>
Net Position - June 30, 2020	\$	<u><u>2,315</u></u>

See accompanying notes and independent accountant's review report.



KENNETH D. FOLDEN & CO.

Certified Public Accountants

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Phone: (318) 259-7316 • Fax: (318) 259-7315

Alayna C. Huckaby, CPA
ahuckaby@foldencpa.com

March 26, 2021

Mayor Hal Mims
And Board of Aldermen
Village of East Hodge
Post Office Drawer 10
Hodge, Louisiana

RE: Management Letter
Compilation Report – For the Year Ended June 30, 2020

Dear Mayor Mims:

We have performed our compilation of the Village of East Hodge. As part of those procedures, we have the following information to report to you.

- 1) The Village of East Hodge did not amend the General Fund budget for the year ended June 30, 2020 when the actual revenues were less than budgeted revenues and actual expenditures were more than budgeted expenditures. Louisiana Revised Statute 39:1310 requires that the Village amend the budget when the actual revenues will be less than budgeted revenues by more than 5% and actual expenditures will exceed the budgeted expenditures by more than 5%.

Management's Response: The Village of East Hodge will monitor the budget-to-actual revenues and expenditures monthly and make amendments when the necessary.

Sincerely,

Kenneth D. Folden & Co., CPAs

Kenneth D. Folden & Co., CPAs