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**VILLAGE OF NORTH HODGE
LOUISIANA**

**FINANCIAL STATEMENTS
SEPTEMBER 30, 1999**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 19 2000 #

VILLAGE OF NORTH HODGE, LOUISIANA
FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

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DON M. McGEHEE
(A Professional Accounting Corporation)
P.O. Box 1344
806 North Trenton
Ruston, Louisiana 71273-1344

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying general purpose financial statements of the Village of North Hodge, Louisiana, as of and for the year ended September 30, 1999, as listed in the table of contents. *These general purpose financial statements are the responsibility of the Village of North Hodge's management.* My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

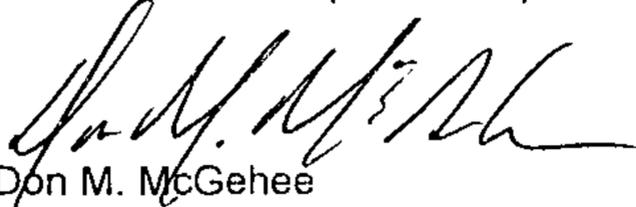
In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of North Hodge, Louisiana, as of September 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated February 23, 2000, on my consideration of the Village of North Hodge, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The supporting schedule of expenditures is presented for purposes of additional analysis. These schedules are not a required part of the general purpose financial statements of the Village of North Hodge, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

PAGE TWO

The required supplementary information in Note 17 on the Year 2000 Issue is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.



Don M. McGehee
Certified Public Accountant
February 23, 2000

GENERAL PURPOSE FINANCIAL STATEMENTS

VILLAGE OF NORTH HODGE, LOUISIANA
COMBINED BALANCE SHEET--ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 1999

	Governmental Fund Type	Proprietary Fund Type	Account Group	Totals
	General Fund	Enterprise Fund	General Fixed Assets	(Memoran- dum Only)
ASSETS				
Cash and Cash Equivalents	\$ 6,500	\$ 40,945	\$ 0	\$ 47,445
Accounts Receivable	0	6,433	0	6,433
Taxes Receivable	1,774	0	0	1,774
Intergovernmental Receivable	2,567	43,295	0	45,862
Due from General Fund	0	1,440	0	1,440
Restricted Assets-Cash	0	8,857	0	8,857
Land	0	18,627	2,275	20,902
Buildings	0	1,955	15,370	17,325
Equipment	0	22,892	20,149	43,041
Water Distribution System	0	916,580	0	916,580
Sewer Collection System	0	173,319	0	173,319
Accumulated Depreciation	0	(383,004)	0	(383,004)
Construction in Progress	0	757,596	0	757,596
TOTAL ASSETS	<u>\$ 10,841</u>	<u>\$ 1,608,935</u>	<u>\$ 37,794</u>	<u>\$ 1,657,570</u>
LIABILITIES AND EQUITY				
LIABILITIES:				
Accounts Payable	\$ 820	\$ 45,072	\$ 0	\$ 45,892
Accrued Payroll	0	473	0	473
Accrued Expenses	155	498	0	653
Due to Utility Fund	1,440	0	0	1,440
Unearned Revenue	0	1,173	0	1,173
Payable from Restricted Assets:				
Customer Deposits	0	8,857	0	8,857
TOTAL LIABILITIES	<u>2,415</u>	<u>56,073</u>	<u>0</u>	<u>58,488</u>
EQUITY:				
Contributed Capital	0	1,628,685	0	1,628,685
Investments in General Fixed Assets	0	0	37,794	37,794
Accumulated Deficit-- Unreserved	0	(75,823)	0	(75,823)
Fund Balances--Unreserved and Undesignated	8,426	0	0	8,426
TOTAL EQUITY	<u>8,426</u>	<u>1,552,862</u>	<u>37,794</u>	<u>1,599,082</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 10,841</u>	<u>\$ 1,608,935</u>	<u>\$ 37,794</u>	<u>\$ 1,657,570</u>

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, 1999

REVENUES

Taxes:	
Sales	\$ 10,444
Franchise	5,282
Ad Valorem	4,144
Licenses and Permits	12,246
Intergovernmental	2,579
On-Behalf Revenue	3,600
Fines and Forfeitures	848
Charges for Services	125
Miscellaneous	<u>260</u>
TOTAL REVENUE	<u>39,528</u>

EXPENDITURES

General Government	26,164
Police	13,858
Highways and Streets	6,104
Sanitation	<u>395</u>
TOTAL EXPENDITURES	<u>46,521</u>

**DEFICIENCY OF REVENUES
UNDER EXPENDITURES**

(6,993)

OTHER FINANCING SOURCES

Operating Transfer In--Utility Fund	<u>10,931</u>
TOTAL OTHER FINANCING SOURCES	<u>10,931</u>

**EXCESS OF REVENUES AND OTHER
SOURCES OVER EXPENDITURES**

3,938

FUND BALANCE-BEGINNING

4,488

FUND BALANCE-ENDING

\$ 8,426

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, 1999

	GENERAL FUND		
	Budget	Actual	Variance-- Favorable (Unfavorable)
REVENUES			
Taxes:			
Sales	\$ 7,000	\$ 10,444	\$ 3,444
Franchise	6,000	5,282	(718)
Ad Valorem	4,000	4,144	144
Licenses and Permits	5,000	12,246	7,246
Intergovernmental	2,500	2,579	79
On-Behalf Revenue	3,600	3,600	0
Fines and Forfeitures	2,000	848	(1,152)
Charges for Services	200	125	(75)
Miscellaneous	150	260	110
TOTAL REVENUE	<u>30,450</u>	<u>39,528</u>	<u>9,078</u>
 EXPENDITURES			
General Government	27,745	26,164	1,581
Police	13,770	13,858	(88)
Highways and Streets	5,900	6,104	(204)
Sanitation	200	395	(195)
TOTAL EXPENDITURES	<u>47,615</u>	<u>46,521</u>	<u>1,094</u>
 DEFICIENCY OF REVENUES UNDER EXPENDITURES	(17,165)	(6,993)	10,172
 OTHER FINANCING SOURCES			
Operating Transfer In--Utility Fund	18,000	10,931	(7,069)
TOTAL OTHER FINANCING SOURCES	<u>18,000</u>	<u>10,931</u>	<u>(7,069)</u>
 EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	835	3,938	3,103
 FUND BALANCE-BEGINNING	<u>5,600</u>	<u>4,488</u>	<u>(1,112)</u>
 FUND BALANCE-ENDING	<u>\$ 6,435</u>	<u>\$ 8,426</u>	<u>\$ 1,991</u>

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, 1999

OPERATING REVENUES

Water Sales	\$ 45,077
Sewer Sales	19,110
Delinquent Fees	1,676
Connecting and Reconnecting Fees	1,550
Miscellaneous	<u>27</u>

TOTAL OPERATING REVENUES

67,440

OPERATING EXPENSES

Bad Debt Expense	514
Depreciation	20,367
Dues	175
Equipment Maintenance and Repairs	1,801
Equipment Operating Expense	452
Insurance	1,823
Legal and Accounting	2,200
Miscellaneous	160
Office Supplies	821
Outside Services	11,420
Salaries	18,911
System Repair and Maintenance	11,960
System Supplies and Expense	1,140
Taxes-Payroll	1,410
Theft	445
Telephone and Utilities	8,170
Workmen's Compensation	<u>1,880</u>

TOTAL OPERATING EXPENSES

83,649

OPERATING LOSS

(16,209)

NON-OPERATING REVENUES

Interest Income	<u>482</u>
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LOSS BEFORE OPERATING TRANSFERS

(15,727)

OPERATING TRANSFERS TO OTHER FUNDS

Transfer Out to General Fund	<u>(10,931)</u>
------------------------------	-----------------

TOTAL OPERATING TRANSFERS TO OTHER FUNDS

(10,931)

NET LOSS

(26,658)

ACCUMULATED DEFICIT - BEGINNING

(49,165)

ACCUMULATED DEFICIT - ENDING

\$ (75,823)

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, 1999

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers and Users	\$ 67,232
Cash Payments for Goods and Services	(49,536)
Cash Payments for Salaries and Wages	<u>(18,438)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(742)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating Transfers to General Fund	<u>(10,931)</u>
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>(10,931)</u>
 CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Proceeds from Louisiana Block Grant	540,695
Purchase of Land	(3,479)
Purchase of Fixed Assets	(323)
Construction Costs	<u>(564,223)</u>
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	<u>(27,330)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>686</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>686</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (38,317)
 CASH AT BEGINNING OF YEAR	 <u>88,119</u>
 CASH AT END OF YEAR	 <u>\$ 49,802</u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (16,209)
Adjustments to Reconcile Operating Loss to Net Cash	
Used by Operating Activities--	
Depreciation	20,367
(Increase) Decrease in Accounts Receivable	(200)
(Increase) Decrease in Intergovernmental Receivable	(43,295)
(Increase) Decrease in Due from General Fund	(1,440)
Increase (Decrease) in Accounts Payable	38,096
Increase (Decrease) in Accrued Payroll	473
Increase (Decrease) in Accrued Expenses	33
Increase (Decrease) in Unearned Revenue	1,173
Increase (Decrease) in Customers' Deposits	<u>260</u>
Total Adjustments	<u>15,467</u>
NET CASH USED BY OPERATING ACTIVITIES	\$ <u>(742)</u>

See accompanying notes to financial statements.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

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.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

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.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

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, 1999, 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.

K. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

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:

<i>Water Utility</i>	
Wells	20 years
Storage Tanks	50 years
Lines and Meters	50 years
<i>Sewerage Utility</i>	
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.

L. 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, 1999, the bank balance was \$49,619 and the carrying amount was \$48,400 on non-interest bearing accounts, which all was covered by FDIC insurance.

Interest bearing accounts at September 30, 1999, had a bank balance of \$7,702 and a carrying amount of \$7,702, which was covered by FDIC insurance.

Besides demand deposits, the only other cash the Village has is \$200 of petty cash. Deposits are carried at cost which approximates market value.

NOTE 3 - INTERFUND RECEIVABLE/PAYABLE

	Interfund Receivable	Interfund Payable
General Fund	\$ 0	\$ 1,440
Utility Fund	1,440	0
Totals	<u>\$ 1,440</u>	<u>\$ 1,440</u>

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

NOTE 4 - 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 1998 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 July, 1998. This millage is the maximum millage that can be assessed without the approval of voters.

For the year ended September 30, 1999, taxes of \$4,177 were levied on property. There were \$0 taxes receivable at September 30, 1999.

NOTE 5 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of the following at September 30, 1999:

General Fund:		
Sales Tax Due from the Jackson Parish Sales Tax Collection Agency		\$ 1,922
Tobacco Taxes Due from the State of Louisiana		<u>645</u>
Total		<u>\$ 2,567</u>
Utility Fund:		
Louisiana Community Development Block Grant		<u>\$ 43,295</u>

NOTE 6 - RESTRICTED ASSETS--PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at September 30, 1999:

Customers' Deposits	<u>\$ 8,857</u>
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NOTE 7 - CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets is as follows at September 30, 1999:

	Beginning Balance <u>10/01/98</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>09/30/99</u>
Land	\$ 2,275	\$ 0	\$ 0	\$ 2,275
Buildings	15,370	0	0	15,370
Equipment	<u>20,149</u>	<u>0</u>	<u>0</u>	<u>20,149</u>
Total	<u>\$ 37,794</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 37,794</u>

**NOTE 8 - 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.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

NOTE 9 - CONSTRUCTION IN PROGRESS

During 1998, 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. The project is expected to be completed in 2000.

NOTE 10 - FUND DEFICIT

The retained earnings deficit in the proprietary fund of \$75,823 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 11 - COMPENSATION PAID THE ALDERMEN

The amount of compensation paid each board member for the year ended September 30, 1999, is as follows:

Henry Kimp	\$ 1,500
Iriecce Simpson	1,500
James Speicher	<u>1,500</u>
Total	<u>\$ 4,500</u>

NOTE 12 - 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 13 - COMMITMENTS

As of September 30, 1999 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, 1999:

The Village had a contract for \$517,896 with KENCO for Collection System Improvements. This contract will be funded by proceeds from the grant. At year end, \$415,061 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. At year end, \$27,000 had been paid on this contract by the Village.

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, \$85,020 had been paid on this contract with grant proceeds.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

NOTE 14 - CONTRIBUTED CAPITAL

The changes in the government's contributed capital accounts for its proprietary fund for the year ended September 30, 1999 were as follows:

Beginning Balance, Contributed Capital	\$ 1,087,991
Contributing Source-Louisiana Community Development Block Grant for Construction of Sewer Improvements	<u>540,694</u>
Ending Balance, Contributed Capital	<u>\$ 1,628,685</u>

NOTE 15 - PRIOR PERIOD ADJUSTMENT

During the current year, it was determined that certain amounts included in the determination of the prior year customers' meter deposits were not deposits being held, but had been refunded to the customers in previous years. The effect of the restatement on the 1998 utility fund net loss was a decrease of \$2,250. The balance in the utility fund accumulated deficit account was restated at October 1, 1998, with a \$2,250 decrease from the amount previously reported.

NOTE 16 - CONTINGENT LIABILITY

The Village of North Hodge has been notified of a pending claim related to their payment of a former contractor. The Village's attorney believes it is reasonably possible that this pending claim could result in an unfavorable outcome for the Village, and the loss cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION:

NOTE 17 - 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, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT			
Alderman Fees	\$ 4,500	\$ 4,500	\$ 0
Association Dues	150	155	(5)
Building Repair and Maintenance	500	454	46
Election	800	23	777
Equipment Repairs and Maintenance	300	416	(116)
Fire Department-Supplies	200	0	200
Insurance	1,500	1,815	(315)
Legal and Accounting Fees	4,000	3,573	427
Mayor's Salary	3,000	3,000	0
Miscellaneous	100	273	(173)
Office Supplies	1,500	1,291	209
Outside Services	1,400	916	484
Publication	600	366	234
Salaries-Office	6,000	6,014	(14)
Tax Roll Expense	395	400	(5)
Taxes - Payroll	700	690	10
Telephone and Utilities	2,000	2,063	(63)
Travel	0	215	(215)
Workmen's Compensation	100	0	100
TOTAL GENERAL GOVERNMENT	<u>\$ 27,745</u>	<u>\$ 26,164</u>	<u>\$ 1,581</u>
POLICE			
Auto Maintenance and Repairs	\$ 400	\$ 1,256	\$ (856)
Auto Operating Expense	4,200	2,868	1,332
Criminal Investigation	500	0	500
Fees on Traffic Tickets	500	246	254
Feeding and Caring for Prisoners	1,000	15	985
Insurance	1,500	2,010	(510)
Miscellaneous	100	20	80
On-Behalf Salary Expense	3,600	3,600	0
Salaries	1,380	3,130	(1,750)
Supplies	200	198	2
Taxes-Payroll	390	515	(125)
TOTAL POLICE	<u>\$ 13,770</u>	<u>\$ 13,858</u>	<u>\$ (88)</u>
HIGHWAY AND STREETS			
Equipment Expense	\$ 200	\$ 578	\$ (378)
Insurance	200	0	200
Lighting of Highway and Streets	5,200	5,457	(257)
Supplies	300	69	231
TOTAL HIGHWAY AND STREETS	<u>\$ 5,900</u>	<u>\$ 6,104</u>	<u>\$ (204)</u>

VILLAGE OF NORTH HODGE, LOUISIANA
GENERAL FUND
SUPPORTING SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
SANITATION			
Mowing and Refuse	\$ 200	\$ 395	\$ (195)
TOTAL SANITATION	<u>\$ 200</u>	<u>\$ 395</u>	<u>\$ (195)</u>
CAPITAL OUTLAY			

VILLAGE OF NORTH HODGE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 1999

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Passed-through program for State of Louisiana - Division of Administration FY 1996 Louisiana Community Development Block Grant	14.228	#107700154	\$ <u>540,694</u>

See accompanying notes to schedule of expenditures of federal awards.

VILLAGE OF NORTH HODGE, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 1999

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Village of North Hodge and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

OTHER REPORTS

DON M. McGEHEE
(A Professional Accounting Corporation)
P.O. Box 1344
806 North Trenton
Ruston, Louisiana 71273-1344

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

I have audited the general purpose financial statements of the Village of North Hodge, Louisiana, as of and for the year ended September 30, 1999, and have issued my report thereon dated February 23, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

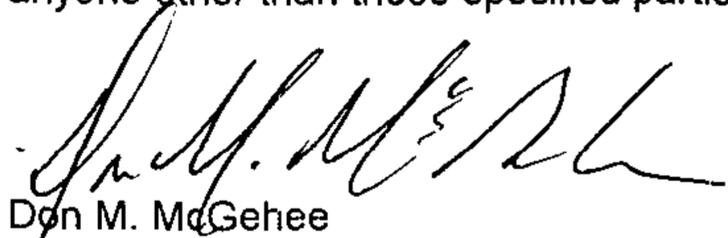
As part of obtaining reasonable assurance about whether the Village of North Hodge's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village of North Hodge's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the Village of North Hodge's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. This reportable condition is described in the accompanying schedule of findings and questioned costs as item #1999-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider the reportable condition described above to be a material weakness.

This report is intended solely for the information of the Legislative Auditor of Louisiana, management, others within the organization, Board of Aldermen, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Don M. McGehee
Certified Public Accountant
February 23, 2000

DON M. McGEHEE
(A Professional Accounting Corporation)
P.O. Box 1344
806 North Trenton
Ruston, Louisiana 71273-1344

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

I have audited the compliance of the Village of North Hodge, Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 1999. The Village of North Hodge's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Village of North Hodge's management. My responsibility is to express an opinion on the Village of North Hodge's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of North Hodge's compliance with those requirements and performing such other procedures as I consider necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Village of North Hodge's compliance with those requirements.

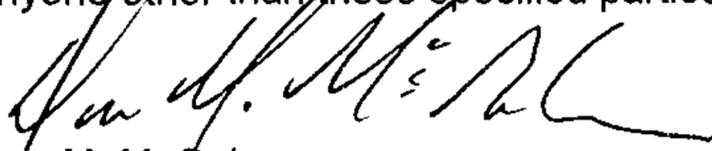
In my opinion, the Village of North Hodge, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 1999.

Internal Control Over Compliance

The management of the Village of North Hodge, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Village of North Hodge's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Louisiana Legislative Auditor, management, others within the organization, Board of Aldermen, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Don M. McGehee
Certified Public Accountant
February 23, 2000

VILLAGE OF NORTH HODGE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 1999

I have audited the financial statements of the Village of North Hodge as of and for the year ended September 30, 1999, and have issued my report thereon dated February 23, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of September 30, 1999 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Type of Opinion on Compliance
For Major Programs

Unqualified
Disclaimer

Qualified
Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)? Yes No

c. Identification of Major Programs:

CFDA Number
14.228

Name of Federal Program
Community Development Block Grant

Dollar Threshold used to distinguish between Type A and Type B Programs: \$300,000

Is the auditee a "low risk" auditee, as defined by OMB Circular A-133? Yes No

Section II Financial Statement Findings

1999-1. The Village of North Hodge Office has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Section III Federal Award Findings and Questioned Costs

No findings or questioned costs.

VILLAGE OF NORTH HODGE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 1999

SECTION I COMPLIANCE WITH CERTAIN LAWS AND REGULATIONS

FINDINGS	MANAGEMENT'S RESPONSES
1998-1 Payments to employees shortly before the pay period was ended.	Resolved - Management took corrective action.
1998-2 Actual revenues failed to meet budgeted revenues by more than 5%.	Resolved - Management took corrective action.
1998-3 Bank balance at September 30, 1998 was uncollateralized by \$83,052.	Resolved - Management took corrective action.

SECTION II MANAGEMENT LETTER

FINDINGS	MANAGEMENT'S RESPONSES
No findings.	

**VILLAGE OF NORTH HODGE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

FINDINGS

MANAGEMENT'S RESPONSES

1999-1 Too few employees involved in the accounting system to have adequate separation of duties for internal control.

It would not be cost-effective to hire additional personnel to provide adequate separation of duties for internal control with such a small workload.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

FINDINGS

MANAGEMENT'S RESPONSES

No findings or questioned costs.

SECTION III MANAGEMENT LETTER

FINDINGS

MANAGEMENT'S RESPONSES

No findings.