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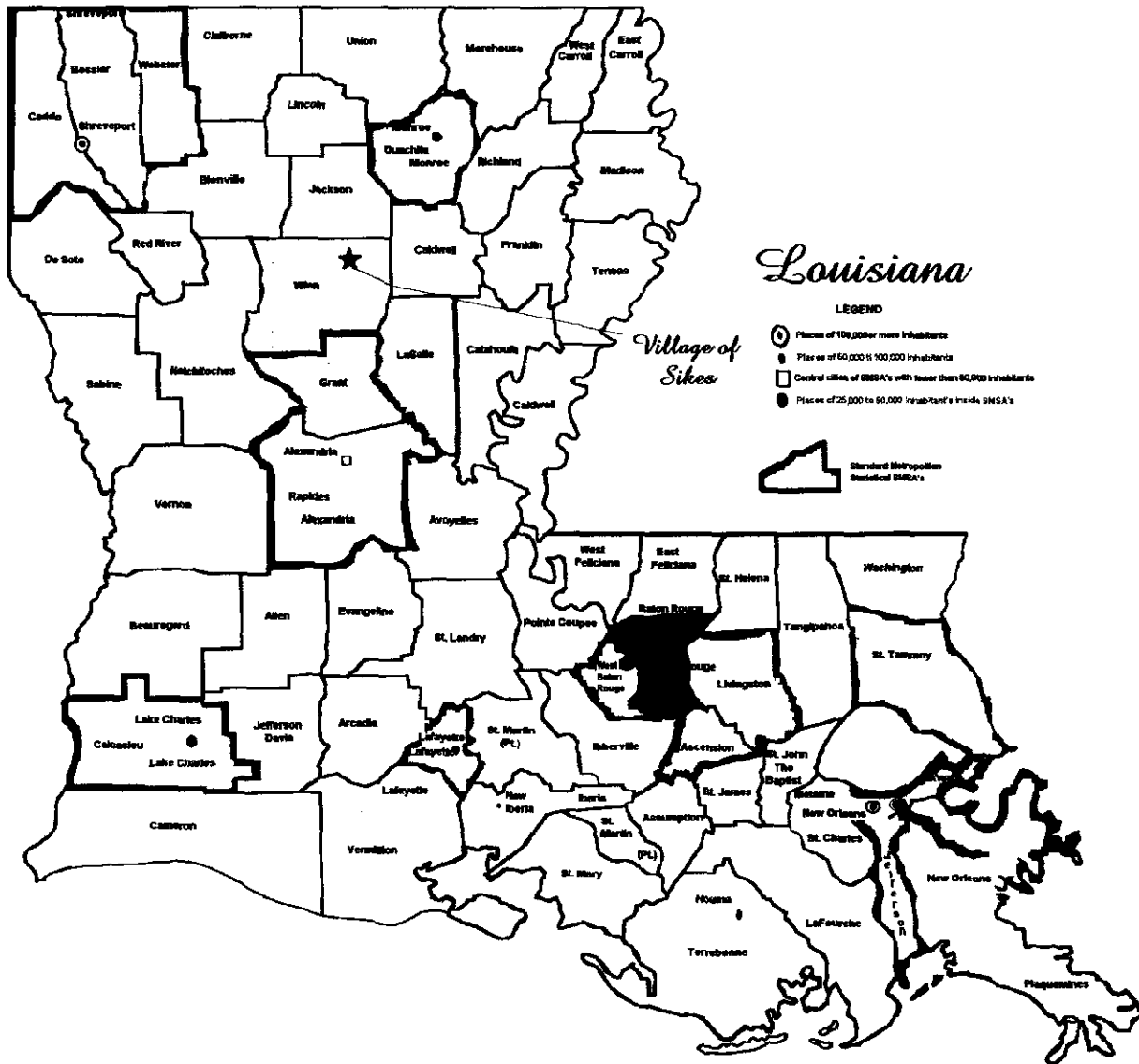
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VILLAGE OF SIKES
LOUISIANA
Annual Financial Statements
JUNE 30, 2004

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 12-1-04

VILLAGE OF SIKES
SIKES, LOUISIANA



✓ The Village of Sikes was incorporated under the Lawrason Act and the Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), utilities (water and sewer services) and general administrative functions, including coordination of related services with Parish, State and Federal governing bodies.

Village of Sikes, Louisiana
Table of Contents
June 30, 2004

	Schedule No.	Page No.
Management's Discussion and Analysis		1
Accountant's Compilation Report on Basic Financial Statements		2
Independent Accountant's Report on Applying Agreed-Upon Procedures		3-5
Basic Financial Statements		
Statement of Net Assets – June 30, 2004	A	7
Statement of Activities – For the Year Ended June 30, 2004	B	8-9
Balance Sheet, Governmental Funds - June 30, 2004	C	10
Reconciliation of The Government Funds Balance Sheet to the Government-Wide <i>Financial Statement of Net Assets</i> – June 30, 2004	D	11
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds – For the Year Ended June 30, 2004	E	12
Reconciliation of The Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities – for the Year Ended June 30, 2004	F	13
Statement of Net Assets, Proprietary Funds – June 30, 2004	G	14
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds – June 30, 2004	H	15
Statement of Cash Flows – Proprietary Funds – June 30, 2004	I	16
Notes to Financial Statements		18-25
Required Supplemental Information		
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund For the Year Ended June 30, 2004	1	27
Other Reports		
Current Year Management Letter Comments		29
Management's Summary of Prior Year Findings		30

Village of Sikes
PO Box 116
Sikes, Louisiana 71473-0116
Tel: (318) 628-2634
Fax: (318) 628-7128

MANAGEMENT'S DISCUSSION AND ANALYSIS

USING THIS ANNUAL REPORT

The annual report consists of series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements start on the next page. For governmental activities these statements tell how the services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Village's operation in more detail than the government-wide statements by providing information about the Village's most significant funds.

FINANCIAL HIGHLIGHTS:

- Net assets decreased in governmental activities by \$16,686 and net assets decreased by \$9,219 in business-type activities, which include sewer and water funds. The decrease in net assets of the business-type activities was a result of depreciation taken on the fixed assets that were financed with grants.
- The Village had overall expenses from governmental activities of \$25,733 and expenses from business-type activities of \$44,115 for a total expense for the year of \$69,848.
- The general fund operated with excess revenues over expenditures of \$870 and ended the year with a net change in fund balance of \$870.
- In the business-type activities – enterprise funds, the water/sewer fund had operating loss of \$6,970. The water/sewer fund had a cash flow from operating activities of negative \$9,271.
- The Village amended its budget during the year and the final budget shows that there were excess expenditures over appropriations of \$133. The general fund had an unfavorable expense budget variance of \$130 or .5% and an unfavorable revenue variance of \$3.
- The Village had no capital outlay or new debt during the year.
- A comparative analysis will be provided in future years when prior year information is available.

CONTACTING THE AUTHORITY'S FINANCIAL MANGEMENT:

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show that the Village's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Kenneth Womack at the Town Hall, phone number (318)628-2634.

JOHN R. VERCHER PC

Certified Public Accountant

P.O. Box 1608

Jena, Louisiana 71342

Tel: (318) 20002-6348

Fax: (318) 20002-4374

ACCOUNTANT'S COMPILATION REPORT ON
BASIC FINANCIAL STATEMENTS

The Honorable Kenneth Womack, Mayor
and Members of the Board of Aldermen
Sikes, Louisiana

I have compiled the basic financial statements and required supplemental information of the Village of Sikes, Louisiana, as of and for the year ended June 30, 2004, as listed in the table of contents, in accordance with Statements of Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

In accordance with the Louisiana Government Audit Guide and the provisions of state law, I have issued a report, dated October 4, 2004, on the results of our agreed-upon procedures.

John R. Vercher

October 4, 2004
Jena, Louisiana

JOHN R. VERCHER PC
Certified Public Accountant

P.O. Box 1608
Jena, Louisiana 71342
Tel: (318) 20002-6348
Fax: (318) 20002-4374

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

The Honorable Kenneth Womack, Mayor
and Members of the Board of Aldermen
Sikes, Louisiana

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Village of Sikes, Louisiana, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Sikes, Louisiana's compliance with certain laws and regulations during the year ended June 30, 2004, included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

* I found no such expenditures.

Ethics

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

* Management provided me with the required list including the noted information.

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

* Management provided me with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

* None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

* The Village provided a copy of the budget for its general fund for the fiscal year ended June 30, 2004. The budget was not amended during the year.

6. Trace the budget adoption and amendments to the minute book.

* I traced the budget adaptation to the minute book.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

* I compared the revenues and expenditures of the budget to actual revenues and expenditures and found that actual amounts did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

* I examined supporting documentation for each of the six selected disbursements and found that each payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account;

* All of the payments were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

* Inspection of documentation supporting each of the six selected disbursements indicated approvals from the mayor and one council member.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

* The Village meets on the third Monday of each month.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

* I inspected copies of all bank deposit entries in the books for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

* I inspected disbursement records and read the minutes for the year and noted no instances that would indicate payments to employees which would constitute bonuses, advances or gifts.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I did not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Village of Sikes, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

John R. Vercher

Jena, Louisiana
October 4, 2004

BASIC FINANCIAL STATEMENTS

Village of Sikes, Louisiana
Statement of Net Assets
June 30, 2004

	PRIMARY GOVERNEMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
ASSETS			
Cash and cash equivalents	\$ 8,965	\$ 6,792	\$ 15,757
Investments	-0-	8,217	8,217
Receivables (net of allowances for uncollectable)	104	5,046	5,150
Due from other funds	-0-	-0-	-0-
Restricted assets	-0-	14,016	14,016
Capital assets	515,916	573,792	1,089,708
TOTAL ASSETS	\$ 524,985	\$ 607,863	\$ 1,132,848
LIABILITIES			
Accounts, salaries, and other payables	\$ -0-	\$ 613	\$ 613
Other liabilities	-0-	3,909	3,909
Bonds and notes payable	-0-	46,585	46,585
TOTAL LIABILITIES	\$ -0-	\$ 51,107	\$ 51,107
NET ASSETS			
Invested in capital assets, net of related debt	\$ 515,916	\$ 527,350	\$ 1,043,266
Restricted for:			
Repairs	-0-	3,286	3,286
Debt service	-0-	2,930	2,930
Unrestricted	9,069	23,190	32,259
TOTAL NET ASSETS	\$ 524,985	\$ 556,756	\$ 1,081,741

See accountant's report.
The accompanying notes are an integral part of this statement.

Village of Sikes, Louisiana
Statement of Activities
For the Year Ended June 30, 2004

	PROGRAM REVENUES		
Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities			
General government	\$ 43,288	\$ 10,300	\$ 15,000
Business-type Activities			
Water and Sewer	\$ 44,115	\$ 34,896	\$ -0-
Total Primary Government	\$ 87,403	\$ 45,196	\$ 15,000

General Revenues:

Taxes

Fines

Total general revenues

Change in Net Assets

Net assets – beginning

Net assets - ending

See accountant's report.
The accompanying notes are an integral part of this statement.

Net (Expenses) Revenue	Net (Expenses) Revenues and Changes of Primary Government	
	Governmental Activities	Business-type Activities
\$ (17,989)	\$ (17,989)	\$ -0-
\$ (9,219)	\$ -0-	\$ (9,219)
<u>\$ 27,208</u>	<u>\$ (17,989)</u>	<u>\$ (9,219)</u>
	1040	-0-
	263	-0-
	<u>1,303</u>	<u>-0-</u>
	(16,686)	(9,219)
	541,671	(188,046)
	<u>\$ 524,985</u>	<u>\$ (197,265)</u>

Village of Sikes, Louisiana
Balance Sheet, Governmental Funds
June 30, 2004

		<u>General Fund</u>
ASSETS		
Cash and cash equivalents	\$	8,965
Investments		-0-
Receivables (net of allowances for uncollectibles)		<u>104</u>
TOTAL ASSETS	\$	<u>9,069</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts, salaries, and other payables	\$	<u>-0-</u>
TOTAL LIABILITIES	\$	<u>-0-</u>
Fund balances:		
Reserved for debt service		-0-
Unreserved, reported in:		
General Fund	\$	<u>9,069</u>
TOTAL LIABILITIES AND FUND BALANCES	\$	<u>9,069</u>

See accountant's report.
The accompanying notes are an integral part of this statement.

Village of Sikes, Louisiana

**Reconciliation of The Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets
June 30, 2004**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balance, Total Governmental Funds (Statement C)	\$	9,069
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		515,916
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Other		-----0-
Net Assets of Governmental Activities (Statement A)	\$	<u>524,985</u>

See accountant's report.
The accompanying notes are an integral part of this statement.

Village of Sikes, Louisiana
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004

		<u>General</u>
Revenues:		
Fees and charges	\$	10,300
Taxes		1,040
Fines		263
Grants		15,000

Total Revenues	\$	26,603

Expenditures:		
Personnel Expense	\$	5,910
Grant Expense		15,000
Other Administrative		1,137
Utilities		1,368
Professional Fees		1,200
Other Repairs & Maintenance		1,118

Total Expenditures	\$	25,733

Excess (Deficiency) of Revenues Over Under Expenditures	\$	870

Other Financing Sources (Uses):		
Transfers In/(Out)	\$	-0-

Total Other Financing Sources and Uses	\$	-0-

Net Change in Fund Balance	\$	870

Fund balances--beginning		8,199

Fund balances--ending	\$	9,069

See accountant's report.
The accompanying notes are an integral part of this statement.

Village of Sikes, Louisiana

**Reconciliation of The Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2004**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total governmental Funds, Statement E	\$	870
Governmental funds report capital outlays as expenditure. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		-0-
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		-0-
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(17,555)
Changes in Net Assets of Governmental Activities, statement B	\$	<u>(16,685)</u>

See accountant's report.
The accompanying notes are an integral part of this statement.

Village of Sikes, Louisiana
Statement of Net Assets, Proprietary Funds
June 30, 2004

		<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS (Major Enterprise Funds) Water and Sewer Fund</u>
ASSETS		
Cash and cash equivalents	\$	6,792
Investments		8,217
Receivables (net of allowances for uncollectibles)		5,046
Due from other funds		-0-
TOTAL CURRENT ASSETS	\$	<u>20,055</u>
Non-Current Assets		
Restricted assets	\$	14,016
Capital assets (net of accumulated depreciation)		573,792
Total Non-Current Assets	\$	<u>587,808</u>
TOTAL ASSETS	\$	<u>607,863</u>
LIABILITIES		
Liabilities		
Accounts, salaries, and other payables	\$	613
Due to other funds		-0-
Matured bonds and interest payable		-0-
Total Current Liabilities	\$	<u>613</u>
Accrued Interest	\$	1,909
Water Revenue Bonds Payable		2,000
Current Liabilities Payable from Restricted Assets	\$	<u>3,909</u>
Non Current Liabilities		
Utility deposit liability	\$	4,052
Water revenue bonds payable		42,533
Total Non Current Liabilities	\$	<u>46,585</u>
NET ASSETS		
Invested in capital assets net of related debt	\$	527,350
Restricted for repairs		3,286
Restricted for debt service		2,930
Unrestricted		23,190
TOTAL NET ASSETS	\$	<u>556,756</u>

See accountant's report.
The accompanying notes are an integral part of this statement.

Village of Sikes, Louisiana
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
June 30, 2004

		BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS (Major Enterprise Funds)
		Water and Sewer Fund
Operating Revenues		
Charges for services:		
Water sales	\$	24,404
Sewer charges		9,516
Other		976

Total Operating Revenues	\$	34,896

Operating Expenses		
Sewer Expenses:		
Outside Labor	\$	2,496
Office Supplies		1,310
<i>Repairs and Maintenance</i>		4,029
Diagnostic		2,110
Utilities		5,386
Legal/Professional Fees		1,200
Insurance Exp		956
Depreciation Exp Sewer		13,420
Dues & Subscriptions		526
Total Sewer Expense	\$	31,433

Water Expenses:		
Office Expense	\$	71
Maintenance & Repair		6,020
Depreciation Exp Water		3,521
<i>Other Operating</i>		510
Utilities		311
Total Water Expense	\$	10,433

Total Operating Expenses	\$	41,866

Operating Income/(Loss)	\$	(6,970)

Nonoperating Revenue (Expenses)		
Interest expense	\$	(2,249)

Total Nonoperating Revenue (Expenses)	\$	(2,249)

Income/(Loss) Before Contributions and Transfers	\$	(9,219)

Change in Net Assets	\$	(9,219)

Total Net Assets - Beginning	\$	(188,046)

Total Net Assets - Ending	\$	(197,265)

See accountant's report.
The accompanying notes are an integral part of this statement.

Village of Sikes, Louisiana
Statement of Cash Flows
Proprietary Funds
June 30, 2004

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS (Major Enterprise Funds) Water and Sewer Fund
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 32,222
Payments to suppliers	(24,312)
Payments to employees	-0-
Payments for interfund services used	-0-
Net Cash Provided by Operating Activities	\$ 7,910
Cash Flows From NonCapital Financing Activities	
Transfers to other funds	-0-
Advances from other funds	-0-
Net Cash Provided (used) by NonCapital Financing Activities	-0-
Cash Flows From Capital and Related Financing Activities	
Principal on capital debt	\$ (3,117)
Interest paid on capital debt	(2,383)
Capital Outlay	(1,199)
Net Cash Provided (used) by Capital and Related Financing Activities	\$ (6,699)
Cash Flows From Investing Activities	
Proceeds from sales and maturities of investments	\$ -0-
Purchase of investments & restricted funds	(10,482)
Net Cash Provided (used) by Investing Activities	\$ (10,482)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (9,271)
Cash and Cash Equivalents, Beginning of Year	\$ 16,063
Cash and Cash Equivalents, End of Year	\$ 6,792
Reconciliation of Operating Income/(Loss) to Net Cash Provided (used) by Operating Activities	
Operating income/(loss)	\$ (6,970)
Depreciation expense	16,941
(Increase) decrease in accounts receivable	(3,159)
(Increase) decrease in prepaid items	-0-
Increase (decrease) in accounts payables	613
Increase (decrease) customer deposits	485
Total Adjustments	\$ 14,880
Net Cash Provided by Operating Activities	\$ 7,910

See accountant's report.
The accompanying notes are an integral part of this statement.

*Notes
To
Financial Statements*

Village of Sikes, Louisiana
Notes to Financial Statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Sikes was incorporated under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

The Village applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The accounting and reporting policies of the Village of Sikes conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Village of Sikes, Louisiana
Notes to Financial Statements
(Continued)

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

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

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund

The municipality reports the following major proprietary fund:

- Enterprise Fund-Water and Sewer

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Village of Sikes, Louisiana
Notes to Financial Statements
(Continued)

C. FIXED ASSETS

For the year ended June 30, 2004, no interest costs were capitalized for construction of fixed assets.

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	Life In Years
Water System	40
Sewer System	40
Equipment	5-10

D. BUDGETS AND BUDGETARY ACCOUNTING

The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

- (1) The Village clerk prepares a proposed budget based on departmental group budget requests, and submits the same to the Mayor and Board of Aldermen for approval.
- (2) The Village does not utilize the budget in comparison form in financial statement presentation during the year.
- (3) All budgetary appropriations lapse at the end of the fiscal year.
- (4) The Village does not utilize encumbrance accounting.
- (5) The budget was amended during the year.

E. CASH AND INVESTMENTS

All cash and investments (CD's over 90 days) are reported at cost and are on deposit as following federally insured banks:

It is the Village's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Village's deposits are categorized to give an indication of the level of risk assumed by the Village at fiscal year-end. The categories are described as follows:

- *Category 1* – Insured or collateralized with securities held by the School or by its agent in the Village's name.
- *Category 2* – Collateralized with securities held by the pledging financial institution's trust department or agent in the Village's name.
- *Category 3* – Uncollateralized.

Bank	Bank Balance 6-30-2004
Southern Heritage Bank	\$ <u>38,859</u>

Amounts on deposit at the bank are secured by the following:

Description	Market Value
FDIC (<i>Category 1</i>)	\$ <u>38,859</u>

**VILLAGE OF SIKES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)**

F. INVENTORIES

Immaterial amounts of inventory are maintained for general fund and enterprise fund operations and, accordingly, these supplies are expensed as purchased.

G. ACCOUNTS RECEIVABLE AND BAD DEBTS - GENERAL FUND AND ALLOWANCE FOR BAD DEBTS - ENTERPRISE FUND

At June 30, 2004 no reserve for bad debts was required since the estimated uncollectable receivables outstanding were considered immaterial.

	Enterprise Fund		Governmental Fund
	Water Fund	Sewer Fund	General Fund
Tax	\$ -0-	\$ -0-	\$ 104
Customer	4,260	787	-0-
Allowance for Bad Debts	-0-	-0-	-0-
Total	\$ 4,260	\$ 787	\$ 104

H. COMPENSATED ABSENCES

The Village has no compensated absence policy.

I. RESERVES

The Village records reserves to indicate that a portion of its retained earnings/fund balances (net assets) are legally restricted for a specific future use. The following is a list of such reserves and a description of each:

Reserved for System Maintenance

This amount represents monies reserved for repairs and replacement of the water system.

Reserved - Revenue Bonds

This amount represents monies reserved as required by the revenue bond indentures.

Reserved for Debt Service

Certain assets have been reserved in the Debt Service Fund for future payment of long-term liabilities of the governmental funds.

**VILLAGE OF SIKES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)**

(2) AD VALOREM TAXES

The Village levies taxes on real and business personal property located within its boundaries. The Village utilizes the services of the Winn Parish Tax Assessor to assess the property values and prepare the Village's property tax roll. The Village bills and collects its own property taxes.

<u>Property Tax Calendar</u>	
Assessment Date	January 1
Levy Date	No Later Than June 1
Tax Bills Mailed	On or About October 15
Total Taxes Are Due	December 31
Penalties and Interest are Added	January 1
Lien Date	January 1

For the year ended December 31, 2003, taxes of 5.92 mills were levied against property having a valuation of some \$ 188,910, which produced some \$1,118 in revenue.

Ad Valorem Taxes are broken down as follows:

	<u>Mills</u>
General Alimony	<u>5.92</u>

(3) RESTRICTED ASSETS - PROPRIETARY FUND TYPES

At June 30, 2004, restricted assets of the Enterprise Funds were invested in either interest bearing checking accounts or time deposits and were restricted for the following purposes:

	<u>Water</u>	<u>Sewer</u>
Tax Bond Sinking	4,884	-0-
Meter Deposit	3,891	-0-
Bond Reserve	1,955	-0-
Depreciation & Contingencies	<u>3,286</u>	<u>-0-</u>
Total	\$ <u>14,016</u>	\$ <u>-0-</u>

**VILLAGE OF SIKES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)**

(4) FIXED ASSETS

PROPERTY ENTERPRISE FUND: PLANT AND EQUIPMENT

A summary of enterprise fund property, plant and equipment at June 30, 2004, is as follows:

	Balance 6-30-2003	Additions (Deletions)	Balance 6-30-2004
Water			
Distribution System	\$ 193,830	\$ -0-	\$ 193,830
Accumulated Depreciation	124,341	3,521	127,862
Net	<u>69,489</u>	<u>3,521</u>	<u>65,968</u>
Sewer			
Plant	\$ 671,020	\$ -0-	\$ 671,020
Accumulated Depreciation	150,976	13,420	164,396
Net	<u>520,044</u>	<u>13,420</u>	<u>506,624</u>

Enterprise fund assets are depreciated on the straight-line basis using the following useful lives:

Sewer Plant	40 Years
Water Plant	40 Years
Equipment	5-10 Years

Governmental Fund:

A summary of governmental fund depreciable assets at June 30, 2004, is as follows:

	Balance 6-30-03	Additions (Deletions)	Balance 6-30-04
Fixed Assets	\$ 556,477	\$ -0-	\$ 556,477
Accumulated Depreciation	\$ 23,006	\$ 17,555	\$ 40,561
Net	<u>\$ 533,471</u>	<u>\$ 17,555</u>	<u>\$ 515,916</u>

Government fund assets are depreciated on the straight-line basis using the following useful lives:

Equipment	5-10 Years
Fire Improvements	40 Years

**VILLAGE OF SIKES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)**

(5) CHANGES IN LONG-TERM DEBT

The following is a summary of bond payable transactions of Village of Sikes for the year ended June 30, 2004.

	Balance 6-30-2003	Additions	Payments	Balance 6-30-2004
Water Revenue Bonds	47,650	-0-	3,117	44,533

Bond and installment notes payable at June 30, 2004 are comprised of the following issues:

Revenue Bonds (Enterprise Fund)

\$ 91,100 Water Revenue Bonds dated December 1, 1981, due in various annual installments from \$1,000 to \$5,000 through July 1, 2019; interest at 5%.

\$ 44,533

The annual requirements to amortize all debt outstanding as of June 30, 2004, including interest payments of \$30,217 are as follows:

Year Ending June 30,	Water Revenue Bonds
2005	\$ 4,800
2006	4,700
2007	4,600
2008	4,500
2009	4,400
2010-2014	20,500
2015-2019	42,717
Total	<u>\$ 86,217</u>

Under the terms of the bond indenture on outstanding Water Revenue Bonds dated 1981, earnings of the sewer system are to be maintained separately and used for the following purposes:

- (a) Payment of all reasonable and necessary expenses of operating and maintaining the system.
- (b) Each month there will be set aside into a fund called the "Water Revenue Bond and Interest Sinking Fund" an amount constituting 1/12 of the next principal and interest payment.
- (c) Each month, there will be set aside into a "Water Reserve Fund" 5% of the amount paid into the Sinking Fund. These funds may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not available in the Sinking Fund.
- (d) There will also be set aside into a "Water Depreciation and Contingency Fund" 5% of the amount paid into the sinking fund. These funds will be used to care for depreciation, extensions, additions, improvements and replacements necessary to operate the system properly, and to pay interest and principal on bonds when there is not sufficient money in the Sinking or Reserve Fund.
- (e) All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful purpose.

VILLAGE OF SIKES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

(6) LITIGATION

The Village of Sikes is involved in no litigation at June 30, 2004, which is not covered by the Village's applicable insurance policies or is considered to be significant to the Village's financial statements.

(7) ELECTED OFFICIAL'S SALARIES

<u>Name</u>	<u>Title</u>	<u>Salary</u>
Kenneth Womack	Mayor	\$ 2,400
Karla Wroten	Alderman	300
Lynda G. Parker	Alderman	300
Bob Emmons	Alderman	360
Cranford Jordan	Police Chief	-0-

(8) 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.

(9) RETIREMENT PLANS

The Village does not offer its employees a retirement plan. All employees are in the social security system.

REQUIRED SUPPLEMENTAL INFORMATION

Village of Sikes, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2004

	Budget Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (Under)
	Original	Final		
Revenues				
Fees and charges	\$ 10,300	\$ 10,300	\$ 10,300	\$ -0-
Taxes	1,000	1,000	1,040	40
Fines	300	300	263	(37)
Grants	15,000	15,000	15,000	-0-
Total Revenues	<u>\$ 26,600</u>	<u>\$ 26,600</u>	<u>\$ 26,603</u>	<u>\$ 3</u>
Expenditures				
Personnel Expense	\$ 5,923	\$ 5,923	\$ 5,910	\$ 13
Grant Expense	15,000	15,000	15,000	-0-
Other Administrative	925	925	1,137	(212)
Professional Fees	1,340	1,340	1,368	(28)
Utilities	1,200	1,200	1,200	-0-
Other Repairs & Maintenance	1,475	1,475	1,118	357
Total Expenditures	<u>\$ 25,863</u>	<u>\$ 25,863</u>	<u>\$ 25,733</u>	<u>\$ 130</u>
Excess of Revenues Over Expenditures	737	737	870	133
Other Financing Sources (uses)				
Transfers In/(Out)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Other Financing Sources (uses)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Net Change in Fund Balance	737	737	870	133
Fund Balance (Deficit) at Beginning of Year	<u>8,199</u>	<u>8,199</u>	<u>8,199</u>	<u>-0-</u>
Fund Balance (Deficit) at End of Year	<u>\$ 8,936</u>	<u>\$ 8,936</u>	<u>\$ 9,069</u>	<u>\$ 133</u>

See accountant's report.
The accompanying notes are an integral part of this statement.

Other Reports

**VILLAGE OF SIKES, LOUISIANA
MANAGEMENT LETTER COMMENTS**

During the course of my compilation, I observed conditions and circumstances that may be improved. Below are situations noted for improvement, my recommendation for improvement and the Village's response.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

There were no current year management letter comments.

**VILLAGE OF SIKES
SIKES, LOUISIANA**

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Village of Sikes, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2003.

Prior Year Findings

2003-M-1 Excess Expenditures Over Appropriations in General Fund (Resolved)

Finding: The Village of Sikes overspent its budget in the General Fund by \$15,539 or 131% because the Village did not budget for a \$15,000 grant received during the year for capital improvements.

Village's Corrective Action: The Village began preparing budgets for the general fund and they document in the minutes the council's approval of the said budget.

LOUISIANA ATTESTATION QUESTIONNAIRE

October 4, 2004

JOHN R. VERCHER PC
Certified Public Accountant
P.O. Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

In connection with your compilation of our financial statements as of June 30, 2004 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of October 4, 2004 (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [x] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [x] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [x] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60.

Yes [x] No []

Advances and Bonuses

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

Yes [x] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Agnes Bartley Secretary _____ Date

Treasurer _____ Date

Ruth R. Wamack President _____ Date