

VILLAGE OF LILLIE, LOUISIANA

Financial Statements

June 30, 2004

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Release Date 1-26-05

Marsha O. Millican
Certified Public Accountant
Shreveport, Louisiana

VILLAGE OF LILLIE, LOUISIANA

Financial Statements
June 30, 2004

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Marsha O. Millican
CERTIFIED PUBLIC ACCOUNTANT

The Honorable David Washam, Mayor
Members of the Board of Aldermen
Village of Lillie, Louisiana

I have compiled the accompanying general purpose financial statements of Village of Lillie, Louisiana, as of June 30, 2004, and for the year then ended, and the accompanying supplementary information contained in Schedule of Compensation - Mayor and Aldermen, which is presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

In accordance with the Louisiana Audit Guide and the provisions of state law, I have issued a report, dated December 31, 2004, on the results of my agreed-upon procedures.

Village of Lillie, Louisiana did not adopt the provisions of Governmental Accounting Standards Board Statement No. 34 for the year ended June 30, 2004. The effects of this departure from generally accepted accounting principles has not been determined.

Marsha O. Millican

Certified Public Accountant
December 31, 2004

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VILLAGE OF LILLIE, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Group

June 30, 2004

<u>Assets</u>	<u>Governmental Fund Type General Fund</u>	<u>Account Group General Fixed Assets</u>	<u>Totals (Memorandum Only)</u>
Cash	\$ 30,718	\$ -	\$ 30,718
General fixed assets	<u>-</u>	<u>508,785</u>	<u>508,785</u>
Total Assets	<u>\$ 30,718</u>	<u>\$ 508,785</u>	<u>\$ 539,503</u>
 <u>Liabilities and Fund Equity</u>			
Liabilities			
Payroll taxes payable	\$ 1,860	\$ -	\$ 1,860
Fund Equity:			
Investments in general fixed Assets	-	508,785	508,785
Fund balance - unreserved	<u>28,858</u>	<u>-</u>	<u>28,858</u>
Total liabilities and fund equity	<u>\$ 30,718</u>	<u>\$ 508,785</u>	<u>\$ 539,503</u>

See accountant's compilation report.

VILLAGE OF LILLIE, LOUISIANA

Statement of Revenues, Expenditures, and Changes
in Fund Balance - All Governmental Fund Types
Year Ended June 30, 2004

	<u>General Fund</u>
Revenues:	
Licenses and permits	\$ 9,526
Fines and penalties	56,351
Miscellaneous	<u>260</u>
Total revenues	<u>66,137</u>
Expenditures:	
Current:	
General government	13,505
Public safety	<u>67,772</u>
Total expenditures	<u>81,277</u>
Excess (deficiency) of revenue over expenditures before other financing sources	(15,140)
Other Financing Sources:	
Rural development grant	<u>15,000</u>
Excess (deficiency) of revenue over expenses	(140)
Fund balance at beginning of year	<u>28,998</u>
Fund balance at end of year	<u>\$ 28,858</u>

See accountant's compilation report.

EXHIBIT C

VILLAGE OF LILLIE, LOUISIANA

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (GAAP Basis) and Actual - General Fund
Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
License and permits	\$ 10,275	\$ 9,526	\$(749)
Fines and Penalties	87,500	56,351	(31,149)
Miscellaneous	<u>-</u>	<u>260</u>	<u>260</u>
Total Revenues	<u>97,775</u>	<u>66,137</u>	<u>(31,638)</u>
Expenditures:			
Current:			
General government	10,275	13,505	(3,230)
Public safety	<u>87,500</u>	<u>67,772</u>	<u>19,728</u>
Total Expenditures	<u>97,775</u>	<u>81,277</u>	<u>16,498</u>
Excess (deficiency) of revenue over expenditures before other financing sources	-	(15,140)	(15,140)
Other financing sources:			
Rural development grant	<u>-</u>	<u>15,000</u>	<u>15,000</u>
Excess (deficiency) of revenue over expenditures	-	(140)	(140)
Fund Balance, Beginning of Year	<u>28,998</u>	<u>28,698</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 28,998</u>	<u>\$ 28,858</u>	<u>\$ (140)</u>

VILLAGE OF LILLIE, LOUISIANA

Notes to Financial Statements
June 30, 2004

The Village of Lillie, Louisiana was incorporated under the provisions of the Larson Act. The Village operates under a Mayor-Board of Aldermen form of government.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Village of Lillie, Louisiana, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units.

The following is a summary of the more significant accounting policies:

Reporting Entity. These financial statements include all funds and account groups over which the Village exercises control, authority, management, influence or accountability. Control by or influence over by the Town was determined on the basis of budget, adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Fund Accounting. The accounts of the Village of Lillie, Louisiana, are organized on the basis of funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including acquisition or construction of general fixed-assets (capital project funds).

(Continued)

VILLAGE OF LILLIE, LOUISIANA

Notes to Financial Statements
June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The general fund is used to account for all activities of the general government not accounted for in some other fund. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or service from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

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 government considers property taxes available if they are collected within sixty days after year-end. A one-year availability period is used for revenue recognition for all other related fund liability is incurred. Those revenues susceptible to accrual are property taxes, franchise taxes, interest revenue and charges for services. Fines, permits, and licenses revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Budgets and Budgetary Accounting. The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

Prior to July 1, the Mayor submits to the Board of Aldermen a proposed budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the means of financing them.

(Continued)

VILLAGE OF LILLIE, LOUISIANA

Notes to Financial Statements
June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The budget is legally enacted through passage of a resolution.

Budgetary amendments involving the transfer of funds from one department, program or function to another or amendments involving increases in expenditures require the approval of the Board of Aldermen.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Budgeted amounts presented in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

Property, Plant, and Equipment. The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included in their balancer sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Property, plant and equipment used in governmental fund type organizations (general fixed assets) are accounted for in the General fixed assets account group, and are recorded as expenditures int eh governmental fund types when purchased. Public domain "infrastructure" general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general assets. No depreciation has been provided on general fixed assets.

All property, plant, and equipment are stated at historical cost, or estimated cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

(Continued)

VILLAGE OF LILLIE, LOUISIANA

Notes to Financial Statements
December 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant, and Equipment (Continued):

The account group is not a fund. It is concerned only with the measurement of financial position and is not involved with the measurement of results of operations.

Total Columns on Combined Statements - Overview. Total columns on the combined statements - overview 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 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.

2. FIXED ASSETS:

A summary of general fixed assets follows:

Buildings	\$ 50,000
Equipment	7,864
Vehicles	226,088
Water Tower	223,833
Land	<u>1,000</u>
Total fixed assets	<u>\$ 508,785</u>

3. COMPENSATION PAID - MAYOR AND BOARD OF ALDERMEN:

Compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2004 is as follows:

Mary Farrar, Mayor	\$ 1,800
David Washam, Mayor	600
Gwendolyn Lee	1,200
David Washam	900
Jacqueline Washam	300
Damon Lee	<u>1,200</u>
Total	<u>\$ 6,000</u>

VILLAGE OF LILLIE, LOUISIANA

Corrective Action Taken on Prior Year Findings

For the Year Ended June 30, 2004

FINDING # 1:

The Village did not file its annual financial statements with the Legislative Auditor within the time frame required by State Law.

Status:

Resolved.

FINDING #2

Condition: The segregation of duties is inadequate to provide effective internal control. This is a repeat finding.

Status:

Unresolved.



Marsha O. Millican
CERTIFIED PUBLIC ACCOUNTANT

Independent Accountant's Report
on Applying Agreed-Upon Procedures

The Honorable David Washam, Mayor
Member of the Board of Aldermen
Village of Lillie, 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 Lillie and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Lillie'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. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000 and determine whether such purchases were made in accordance with LSA-RS 38:221-2251.

No expenditure was made during the year for materials and supplies exceeding \$15,000 nor any expenditure was made for public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

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

Management provided the required list including the noted information.

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

Management provided the required list including the noted information.

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

None of the employees provided by management in (3) appeared on the list provided by management in (2).

Budgeting

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

Managements provided a copy of the original budget. The budget was not amended.

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

Due to a change in administration, the Village inadvertently did not formally adopt the budget.

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

I compared the revenues and expenditures of the budget to the actual revenues and expenditures. Budgeted revenues exceeded actual revenues by 5% or more. Actual expenditures did not exceed budgeted amounts by 5% or more.

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 six selected disbursements and found that payments were for the proper amount and made to the correct payee.

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

The six selected disbursements were properly coded to the correct fund and general ledger account.

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

The six selected disbursements were traced to the Village's minute book where they were approved by the aldermen.

Determine that financial statements were audited or compiled in accordance with LSA-RS 24:513.

The financial statements of the Village were compiled in accordance with LSA-RS 24:513.

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 Village of Lillie is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's office building. Management has informed me that these documents were properly posted.

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 slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds or like indebtedness.

Advances and Bonuses

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

A reading of the minutes of the Village for the year indicated no approval for the payments noted. I also inspected payroll records for the year and noted no instances which 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 do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Village of Lillie's management, 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.

Marsha D. Millican

Certified Public Accountant
December 31, 2004

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

12/31/2004 (Date Transmitted)

Marsha O. Millican
810 Wilkinson
Shreveport, Louisiana
_____ (Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations 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 December 31, 2004.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..
Yes No

Code of Ethics for Public Officials and Public Employees

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

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

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.
Yes No

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.
Yes No

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.
Yes No

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.
Yes No

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.
Yes No

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VI, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1874 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.
Yes No

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:136, and AG opinion 79-728.
Yes No

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

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



Mayor 12-31-04 Date

VILLAGE OF LILLIE, LOUISIANA

Schedule of Findings

For the Year Ended June 30, 2004

Finding # 1:

Condition:

The segregation of duties is inadequate to provide effective internal control.

Cause:

The condition is due to space and economic limitations.

Recommendation:

No action is recommended.

Management's Response and Corrective Action Plan:

We agree with the finding. We will make every effort to segregate duties as allowed by space and economic limitations.

Finding # 2:

Budgeted revenues exceeded actual revenues by 5% or more. The Village did not amend the budget as required by law. The Village did not formally adopt the budget.

Cause:

Due to a change in administration, the budget was inadvertently not formally adopted or amended by the Village.

Recommendation:

The Village should comply with the state budget law.

Management's Response and Corrective Action Plan:

We will comply with the state budget law in the future.