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VILLAGE OF TICKFAW

Louisiana

ANNUAL FINANCIAL REPORT

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 1-26-05

Village of Tickfaw, Louisiana
Annual Financial Report
As of June 30, 2004 and for the Year Then Ended

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor Anthony Lamonte and
Members of the Board of Aldermen
Village of Tickfaw
Tickfaw, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Village of Tickfaw, Louisiana (Village) as of and for the year ended June 30, 2004, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities and each major fund of the Village of Tickfaw, Louisiana, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 21, 2004, on my consideration of the Village of Tickfaw's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis on page 7 through 14 and the budgetary comparison schedules on pages 55 through 60 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Tickfaw's basic financial statements. The supplemental information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script, appearing to read "Lee Gray".

Certified Public Accountant

December 21, 2004

REQUIRED SUPPLEMENTAL INFORMATION

(PART I)

Village of Tickfaw, Louisiana

Management's Discussion and Analysis As of and for the Year Ended June 30, 2004

Introduction

The Village of Tickfaw, Louisiana (the Village) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and related standards. Although the Village was not required to implement GASB 34 until the fiscal year ending June 30, 2004, management elected early implementation in the fiscal year ending June 30, 2002, to provide financial statement users a more detailed and comprehensive analysis of the Village's financial performance. This is the third year of presentation under the new GASB 34 format.

The Village's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Village's financial activity, (c) identify changes in the Village's financial position, (d) identify any significant variations from the Village's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Village's financial statements on pages 16 through 27 of this report.

Financial Highlights

- At June 30, 2004, the Village's assets exceeded its liabilities by \$2,550,246 (net assets). Of this amount, \$167 (unrestricted net assets) may be used to meet the Village's ongoing obligations to its citizens.
- For the year ended June 30, 2004, the Village's total net assets decreased by \$105,398.
- At June 30, 2004, the Village's governmental funds reported combined ending fund balances of \$74,000, a decrease of \$27,097 for the year. Of the \$74,000, \$47,244 is available for spending at the Village's discretion (unreserved fund balances) and \$26,756 is reserved for debt service.
- At June 30, 2004, the Village's proprietary funds reported combined ending net assets of \$2,036,719, a decrease of \$84,380 for the year. The Village reported a deficit of \$58,787 in unrestricted net assets. The deficit in unrestricted net assets increased by \$37,069 over prior year.
- For the year ended June 30, 2004, the Village's total long-term debt decreased by \$25,645, or approximately 5%, due primarily to principal payments of 1995 Sales Tax Bonds, Sewer Revenue Bonds, and capital lease payments. For more details see *Footnote 11 - Long-Term Obligations*.

Village of Tickfaw, Louisiana

Management's Discussion and Analysis As of and for the Year Ended June 30, 2004

Overview of the Annual Financial Report

The financial statement focus is on both the Village as a whole and on the major individual funds. Both perspectives, *government-wide and major funds*, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Village's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the Village's basic financial statements, which consist of three components: (1) *government-wide financial statements*, (2) *fund financial statements*, and (3) *notes to the financial statements*. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances in a manner similar to a private-sector business. Governmental and business-type activities are presented in separate columns along with a total column for the primary government.

The Statement of Net Assets presents information on the Village's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases or decreases in net assets and changes in the components of net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities presents information showing how the Village's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the Village's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

In both of the government-wide financial statements, the Village's activities are divided into two types:

- Governmental activities - Most of the Village's basic services are reported here, including general government, public safety, highways and streets, and sanitation. These activities are financed primarily by property taxes, franchise taxes, sales taxes, occupational licenses, sanitation fees, and fines.
- Business-type activities - The Village charges a fee to customers to help it cover all of the cost of the services provided. The Village's water and sewer utility systems are reported in this section.

The government-wide financial statements include the Village of Tickfaw, Louisiana (primary government) only and can be found on pages 16 through 17 of this report.

Village of Tickfaw, Louisiana

Management's Discussion and Analysis As of and for the Year Ended June 30, 2004

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Village uses two categories of funds to account for financial transactions: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the Village's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

Proprietary funds account for water and sewer utility services provided by the Village to its customers. Proprietary fund statements provide the same type of information as the government-wide financial statements, but the fund presentation provides more detail. The basic proprietary fund financial statements can be found on pages 22 through 27 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Village's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliations can be found on pages 19 and 21 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 through 53 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Village's net assets for the current year as compared to the prior year. For more detailed information, see the Statement of Net Assets on page 16 of this report.

Village of Tickfaw, Louisiana

**Management's Discussion and Analysis
As of and for the Year Ended June 30, 2004**

**Net Assets
June 30, 2004 and 2003**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
	Assets:					
Current and Other Assets	\$ 165,567	\$ 151,467	\$ 73,769	\$ 101,799	\$ 239,336	\$ 253,266
Capital Assets	<u>611,795</u>	<u>599,575</u>	<u>2,383,296</u>	<u>2,442,236</u>	<u>2,995,091</u>	<u>3,041,811</u>
Total Assets	<u>777,362</u>	<u>751,042</u>	<u>2,457,065</u>	<u>2,544,035</u>	<u>3,234,427</u>	<u>3,295,077</u>
Liabilities:						
Long-Term Debt Outstanding	172,268	182,888	316,298	331,323	488,566	514,211
Other Liabilities	<u>91,567</u>	<u>50,370</u>	<u>104,048</u>	<u>91,613</u>	<u>195,615</u>	<u>141,983</u>
Total Liabilities	<u>263,835</u>	<u>233,258</u>	<u>420,346</u>	<u>422,936</u>	<u>684,181</u>	<u>656,194</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	439,527	416,687	2,066,998	2,127,799	2,506,525	2,544,486
Restricted	15,046	26,981	21,186	15,018	36,232	41,999
Restricted for Utility Customer Deposits	-	-	7,322	-	7,322	-
Unrestricted	<u>58,954</u>	<u>74,116</u>	<u>(58,787)</u>	<u>(21,718)</u>	<u>167</u>	<u>52,398</u>
Total Net Assets	<u>\$ 513,527</u>	<u>\$ 517,784</u>	<u>\$ 2,036,719</u>	<u>\$ 2,121,099</u>	<u>\$ 2,550,246</u>	<u>\$ 2,638,883</u>

Approximately 98% of the Village's net assets reflects its investment in capital assets (land, buildings, equipment, infrastructure, and improvements) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Slightly less than 2% of the Village's net assets represents resources that are subject to external restriction on how they may be used. The Village's restricted net assets consist of cash reserves required by revenue bond agreements and cash for customer deposits.

At the end of the current fiscal year, the Village was able to report positive balances in all three categories of net assets, for the Village as a whole, as well as for separate governmental activities. The business activities reported a deficit in unrestricted net assets. The same held true for the prior fiscal year.

The Village's activities decreased its total net assets by \$88,637, with governmental activities decreasing net assets by \$4,257 and business-type activities decreasing net assets by \$84,380.

In order to further understand what makes up the changes in net assets, the following table provides a summary of the results of the Village's activities for the current year as compared to the prior year.

Village of Tickfaw, Louisiana

Management's Discussion and Analysis As of and for the Year Ended June 30, 2004

An analysis of the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities on page 17 of this report.

Changes in Net Assets For the Years Ended June 30, 2004 and 2003

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program Revenues:						
Charges for Services	\$ 228,732	\$ 228,863	\$ 157,926	\$ 134,575	\$ 386,658	\$ 363,438
Operating Grants and Contributions	74,356	60,085	-	12,000	74,356	72,085
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Sales Taxes	99,122	78,428	-	-	99,122	78,428
Ad Valorem Taxes	21,666	21,276	-	-	21,666	21,276
Alcoholic Beverage Taxes	2,481	2,312	-	-	2,481	2,312
Franchise Taxes	11,896	10,944	-	-	11,896	10,944
Interest Income	450	492	423	-	873	492
Other Revenues	7,501	14,733	-	388	7,501	15,121
Loss on Sale of Fixed Assets	(2,512)	-	(732)	-	(3,244)	-
Total Revenues	<u>443,692</u>	<u>417,133</u>	<u>157,617</u>	<u>146,963</u>	<u>601,309</u>	<u>564,096</u>
Expenses:						
General and Administrative	106,592	116,334	-	-	106,592	116,334
Police Department	228,808	215,921	-	-	228,808	215,921
Streets and Sanitation	80,005	70,829	-	-	80,005	70,829
Fire Protection	5,770	7,478	-	-	5,770	7,478
Depreciation on Infrastructure	16,946	16,946	-	-	16,946	16,946
Interest on Sales Tax Bonds	9,828	11,019	-	-	9,828	11,019
Water and Sewer Utility	-	-	241,997	216,040	241,997	216,040
Total Expenses	<u>447,949</u>	<u>438,527</u>	<u>241,997</u>	<u>216,040</u>	<u>689,946</u>	<u>654,567</u>
Change in Net Assets	(4,257)	(21,394)	(84,380)	(69,077)	(88,637)	(90,471)
Net Assets, Beginning	<u>517,784</u>	<u>539,178</u>	<u>2,121,099</u>	<u>2,190,176</u>	<u>2,638,883</u>	<u>2,729,354</u>
Net Assets, Ending	<u>\$ 513,527</u>	<u>\$ 517,784</u>	<u>\$ 2,036,719</u>	<u>\$ 2,121,099</u>	<u>\$ 2,550,246</u>	<u>\$ 2,638,883</u>

Governmental Activities

The Village's governmental net assets decreased by \$4,257 or .82% of the prior year ending net assets, to \$513,527. The decrease in the "Change in Net Assets" is \$17,137 less than the prior year decrease. This difference being caused by a \$26,559 increase in revenues and a \$9,422 increase in expense respectively over prior year amounts.

Village of Tickfaw, Louisiana
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2004

Business-Type Activities

The Village's business-type net assets decreased by \$84,380, or 3.97% of the prior year ending net assets, to \$2,036,719. The decrease in the "Change in Net Assets" is \$15,303 more than the prior year, this difference being caused by a \$10,654 increase in revenues and a \$25,957 increase in expenses, respectively, over prior year amounts.

Fund Financial Analysis

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the year. The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

At the end of the current year, the Village's governmental funds reported combined ending fund balances of \$74,000. Of this amount, \$46,244 is unreserved and available for spending at the Village's discretion and \$26,756 is reserved for debt service. This represents a decrease of \$27,097, or 26.8% of the prior year's ending balances.

The general fund is the primary operating fund of the Village. At the end of the current year, the total fund balance for the general fund was \$11,701, all of which was unreserved. This represents a decrease of \$24,482, or 67.66% of the prior year's ending balance. As a measure of the general fund's liquidity, it may be useful to compare the fund balance to fund expenditures. Fund balance represents 6.72% of total general fund expenditures.

Proprietary Funds

The Village's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

For the general fund, actual revenues and other sources were \$5,986 less than final budgeted amounts. Actual expenditures and other uses were under the final budgeted amounts by \$3,204.

For the general fund, original budgeted revenues and other sources were \$377,700 and final budgeted revenues and other sources were \$354,200. Original budgeted expenditures and other uses were \$377,440 and final budgeted expenditures and other uses were \$375,900.

Village of Tickfaw, Louisiana

**Management's Discussion and Analysis
As of and for the Year Ended June 30, 2004**

Significant variations from the general fund's original and final amended budgets were as follows:

- Budgeted business licenses and permits increased by \$13,600.
- Budgeted other police grants decreased by \$10,600.
- Budgeted cops in-school expense decreased by \$28,000 and police salaries increased by \$30,500.

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2004 amounts to \$2,995,091 (net of depreciation). The total decrease in the Village's investment in capital assets for the current fiscal year was \$46,720 (net of depreciation).

Major capital asset additions during the current fiscal year included the following:

- Kubota tractor purchased for the water, sewer and street department at a cost of \$9,268.
- Metal building and improvements were acquired for the Fire Protection Fund at a cost of \$45,422.
- Several police and other vehicles were acquired for the General Government at a cost of \$9,403.
- A camera was purchased for the office at a cost of \$1,345.

The following table provides a summary of the Village's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 8 to the financial statements on pages 40 and 41 of this report.

**Capital Assets (Net of Depreciation)
June 30, 2004 and 2003**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 126,285	\$ 126,285	\$ 58,594	\$ 58,594	\$ 184,879	\$ 184,879
Buildings	231,671	186,249	2,121	2,121	233,792	188,370
Infrastructure	677,839	677,839	-	-	677,839	677,839
Vehicles and Equipment	119,324	121,502	40,020	30,118	159,344	151,620
Water Utility System	-	-	921,249	921,249	921,249	921,249
Sewer Utility System	-	-	2,104,887	2,104,887	2,104,887	2,104,887
Accumulated Depreciation	(543,324)	(512,300)	(743,575)	(674,733)	(1,286,899)	(1,187,033)
Capital Assets, Net	<u>\$ 611,795</u>	<u>\$ 599,575</u>	<u>\$ 2,383,296</u>	<u>\$ 2,442,236</u>	<u>\$ 2,995,091</u>	<u>\$ 3,041,811</u>

Village of Tickfaw, Louisiana

**Management's Discussion and Analysis
As of and for the Year Ended June 30, 2004**

Long-Term Debt

At June 30, 2004, the Village had total debt outstanding of \$488,566. Of this total, \$19,609 is due within one year and \$468,957 is due within greater than one year. The following table provides a summary of the Village's outstanding debt at the end of the current year as compared to the prior year. For more detailed information, see Note 11 to the financial statements on pages 42 and 43 of this report. Changes in long-term debt were due to the payment of principal due on the sales tax and sewer revenue bonds noted below.

**Outstanding Debt
June 30, 2004 and 2003**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Sales Tax Bonds, Series 1995	\$ 167,000	\$ 176,000	\$ -	\$ -	\$ 167,000	\$ 176,000
Sewer Revenue Bonds	-	-	310,244	331,323	310,244	331,323
Capital Lease - Copier	5,268	6,888	-	-	5,268	6,888
Capital Lease - Kubota Tractor	-	-	6,054	-	6,054	-
Total Outstanding Debt	\$ 172,268	\$ 182,888	\$ 316,298	\$ 331,323	\$ 488,566	\$ 514,211

Other Factors Affecting the Village

The Village of Tickfaw's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services for the Village based on existing revenues and to finance long-term projects only when absolutely necessary. The Village also attempts to keep utility rates at the minimum required to cover the costs of utility system operation.

Contacting the Village's Financial Management

This financial report is designed to provide the Village's citizens, taxpayers, creditors, and investors with a general overview of the Village's finances and show the Village's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Honorable Anthony Lamonte, Mayor, Post Office Box 249, Tickfaw, Louisiana 70466, telephone (985) 542-9249.

BASIC FINANCIAL STATEMENTS

Village of Tickfaw, Louisiana

Statement A

Statement of Net Assets
June 30, 2004

	Governmental Activities	Business - Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 11,835	\$ 7,946	\$ 19,781
Taxes Receivable	25,152	-	25,152
Accounts Receivable, Net	3,513	15,215	18,728
Internal Balances	102,438	15,673	118,111
Due From Other Governments	6,953	-	6,953
Other Receivables	480	-	480
Utility Deposit	150	-	150
Restricted Cash and Cash Equivalents	15,046	28,508	43,554
Unamortized Bond Issue Costs	-	6,427	6,427
Land	126,285	58,594	184,879
Capital Assets, Net	485,510	2,324,702	2,810,212
Total Assets	<u>777,362</u>	<u>2,457,065</u>	<u>3,234,427</u>
Liabilities			
Accounts Payable	20,570	6,267	26,837
Other Accrued Expenses	4,163	58	4,221
Accrued Salary Payable	1,254	433	1,687
Accrued Interest Payable	-	888	888
Internal Balances	56,988	61,123	118,111
Due To Other Governments	5,985	-	5,985
Deferred Revenue	2,607	14,154	16,761
Customer Deposits	-	21,125	21,125
Current Portion of Long-Term Debt	11,802	7,807	19,609
Non-Current Portion of Long-Term Debt	160,466	308,491	468,957
Total Liabilities	<u>263,835</u>	<u>420,346</u>	<u>684,181</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	439,527	2,066,998	2,506,525
Restricted for Debt Service	15,046	21,186	36,232
Restricted for Utility Customer Deposits	-	7,322	7,322
Unrestricted (Deficit)	58,954	(58,787)	167
Total Net Assets	<u>\$ 513,527</u>	<u>\$ 2,036,719</u>	<u>\$ 2,550,246</u>

See accompanying notes and accountant's report.

Village of Tickfaw, Louisiana

Statement B

Statement of Activities
For the Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
General and Administrative	\$ 106,592	\$ 47,802	\$ -	\$ (58,790)	\$ -	\$ (58,790)
Police Department	228,808	150,470	38,245	(40,093)	-	(40,093)
Streets and Sanitation	80,005	30,460	-	(49,545)	-	(49,545)
Fire Protection	5,770	-	36,111	30,341	-	30,341
Depreciation on Infrastructure	16,946	-	-	(16,946)	-	(16,946)
Interest on Sales Tax Bonds Series 1995	9,828	-	-	(9,828)	-	(9,828)
	<u>447,949</u>	<u>228,732</u>	<u>74,356</u>	<u>(144,861)</u>	<u>-</u>	<u>(144,861)</u>
Total Governmental Activities						
Business -Type Activities:						
	102,781	63,760	-	-	(39,021)	(39,021)
Water Utility	<u>139,216</u>	<u>94,166</u>	<u>-</u>	<u>-</u>	<u>(45,050)</u>	<u>(45,050)</u>
Sewer Utility	<u>241,997</u>	<u>157,926</u>	<u>-</u>	<u>-</u>	<u>(84,071)</u>	<u>(84,071)</u>
Total Business-Type Activities						
Total Primary Government	<u>\$ 689,946</u>	<u>\$ 386,658</u>	<u>\$ 74,356</u>	<u>(144,861)</u>	<u>(84,071)</u>	<u>(228,932)</u>
General Revenues:						
Taxes:						
Property Taxes				21,666	-	21,666
Franchise Taxes				11,896	-	11,896
Sales Taxes				99,122	-	99,122
Alcoholic Beverage Tax				2,481	-	2,481
Interest Income				450	423	873
Miscellaneous				7,501	-	7,501
Loss on Sale of Fixed Assets				(2,512)	(732)	(3,244)
Total General Revenues				<u>140,604</u>	<u>(309)</u>	<u>140,295</u>
Change in Net Assets				(4,257)	(84,380)	(88,637)
Net Assets, Beginning				524,125	2,127,459	2,651,584
Prior Period Adjustment (Note 25)				(6,341)	(6,360)	(12,701)
Net Assets, Beginning, Restated				<u>517,784</u>	<u>2,121,099</u>	<u>2,638,883</u>
Net Assets, Ending				<u>\$ 513,527</u>	<u>\$ 2,036,719</u>	<u>\$ 2,550,246</u>

See accompanying notes and accountant's report.

Village of Tickfaw, Louisiana

Statement C

**Balance Sheet
Governmental Funds
June 30, 2004**

	General Fund	1995 Sales Tax Fund	Fire Protection Fund	Sales Tax Bonds Series 1995	Total
Assets					
Cash & Cash Equivalents	\$ 11,321	\$ 305	\$ 209	\$ -	\$ 11,835
Taxes Receivable:					
Public Utility Franchise Taxes	2,701	-	-	-	2,701
Sales and Use Taxes	11,226	11,225	-	-	22,451
Customer receivables - Garbage	3,513	-	-	-	3,513
Due From Other Funds	59,413	17,421	13,894	11,710	102,438
Due From Other Governments:					
Louisiana Beer Tax Distribution	611	-	-	-	611
Rural Development Grant	-	-	6,342	-	6,342
Other Receivables	480	-	-	-	480
Utility Deposit	-	-	150	-	150
Restricted Assets - Cash	-	-	-	15,046	15,046
Total Assets	\$ 89,265	\$ 28,951	\$ 20,595	\$ 26,756	\$ 165,567
Liabilities and Fund Balance					
Liabilities:					
Accounts Payable	\$ 13,289	\$ 917	\$ 6,364	\$ -	\$ 20,570
Other Accrued Expenses	4,163	-	-	-	4,163
Accrued Salary	1,190	64	-	-	1,254
Due To Other Funds	56,315	296	377	-	56,988
Due To Other Governments	-	-	5,985	-	5,985
Deferred Revenue	2,607	-	-	-	2,607
Total Liabilities	77,564	1,277	12,726	-	91,567
Fund Balance:					
Unreserved	11,701	27,674	7,869	-	47,244
Reserved for Debt Service	-	-	-	26,756	26,756
Total Fund Balance	11,701	27,674	7,869	26,756	74,000
Total Liabilities and Fund Balance	\$ 89,265	\$ 28,951	\$ 20,595	\$ 26,756	\$ 165,567

See accompanying notes and accountant's report.

Village of Tickfaw, Louisiana

Statement D

Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Assets
June 30, 2004

Fund Balances, Governmental Funds, Statement C \$ 74,000

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. These assets consist of:

Capital assets, net of depreciation 611,795

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. These liabilities consist of:

Sales Tax Bonds, Series 1995 (172,268)

Net Assets, Governmental Activities, Statement A \$ 513,527

See accompanying notes and accountant's report.

Village of Tickfaw, Louisiana

Statement E

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

Revenues	General Fund	1995 Sales Tax Fund	Fire Protection Fund	Sales Tax Bonds Series 1995	Total
Taxes	\$ 70,519	\$ 49,562	\$ 12,603	\$ -	\$ 132,684
Licenses and Permits	47,802	-	-	-	47,802
Intergovernmental	2,481	-	-	-	2,481
Fines & Forfeitures	150,470	-	-	-	150,470
Sanitation Services	30,460	-	-	-	30,460
Supplemental Pay	13,650	-	-	-	13,650
Police Grants	24,595	-	-	-	24,595
Interest Income	190	94	6	160	450
Other Revenues	6,197	-	1,304	-	7,501
Other Grants	-	-	36,111	-	36,111
Total Revenues	346,364	49,656	50,024	160	446,204
Expenditures					
General and Administrative	98,820	-	-	1,015	99,835
Police Department	223,235	-	-	-	223,235
Streets and Sanitation	39,786	30,640	-	-	70,426
Fire Protection	-	-	4,744	-	4,744
Debt Service:					
Principal	1,620	-	-	9,000	10,620
Interest	660	-	-	9,828	10,488
Capital Outlay	8,575	2,173	45,422	-	56,170
Total Expenditures	372,696	32,813	50,166	19,843	475,518
Excess Revenues (Expenditures)	(26,332)	16,843	(142)	(19,683)	(29,314)
Other Financing Sources (Uses)					
Operating Transfers (Out) In	-	(19,458)	-	19,458	-
Sale of Capital Assets	1,850	367	-	-	2,217
Total Other Financing Sources (Uses)	1,850	(19,091)	-	19,458	2,217
Net Change in Fund Balances	(24,482)	(2,248)	(142)	(225)	(27,097)
Fund Balances, Beginning	38,790	29,922	11,161	26,981	106,854
Prior Period Adjustment (Note 25)	(2,607)	-	(3,150)	-	(5,757)
Fund Balances, Beginning Restated	36,183	29,922	8,011	26,981	101,097
Fund Balances, Ending	\$ 11,701	\$ 27,674	\$ 7,869	\$ 26,756	\$ 74,000

See accompanying notes and accountant's report.

Village of Tickfaw, Louisiana

Statement F

Reconciliation of the Change in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2004

Net Change in Fund Balances, Governmental Funds, Statement E \$ (27,097)

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

Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. These differences consist of:

Capital outlay	56,170
Depreciation expense	(39,221)
The net effect of sales of capital assets	(4,729)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. These differences consist of:

Bond Principal Repayments	10,620
---------------------------	--------

Change in Net Assets, Governmental Activities, Statement B \$ (4,257)

See accompanying notes and accountant's report.

Village of Tickfaw, Louisiana

Statement G

Statement of Net Assets
Proprietary Fund
June 30, 2004

Assets	Enterprise Fund
<i>Current Assets:</i>	
Cash & Cash Equivalents	\$ 7,946
Accounts Receivable, Net	15,215
Due From Other Funds	15,673
Total Current Assets	<u>38,834</u>
<i>Restricted Assets:</i>	
Sewer Bond Sinking Fund	5,297
Sewer Bond Reserve Fund	9,101
Sewer Bond Depreciation and Contingency Fund	6,788
Utility Customer Deposits	7,322
Total Restricted Assets	<u>28,508</u>
<i>Capital Assets</i>	
Land	58,594
Plant and Equipment, at Cost	3,068,275
Less: Accumulated Depreciation	<u>(743,573)</u>
Total Capital Assets	<u>2,383,296</u>
<i>Other Assets:</i>	
Bond Issue Costs	8,866
Less: Accumulated Amortization	<u>(2,439)</u>
Total Other Assets	<u>6,427</u>
Total Assets	<u>2,457,065</u>

(Continued)

See accompanying notes and accountant's report.

Village of Tickfaw, Louisiana

Statement G

Statement of Net Assets
Proprietary Fund
June 30, 2004

Liabilities	Enterprise Fund
Current Liabilities (Payable From Current Assets):	
Accounts Payable	6,267
Accrued Salary Payable	433
Accrued Interest Payable	888
Other Accrued Expenses	58
Due to Other Funds	61,123
Deferred Revenue	14,154
Capital Lease Payable	3,098
<i>Total Current Liabilities (Payable From Current Assets)</i>	<u>86,021</u>
Current Liabilities (Payable From Restricted Assets):	
Customer Deposits Payable	21,125
Revenue Bonds Payable	4,709
<i>Total Current Liabilities (Payable From Restricted Assets)</i>	<u>25,834</u>
Non-current Liabilities:	
Capital Lease Payable	2,956
Revenue Bonds Payable	305,535
<i>Total Non-current Liabilities</i>	<u>308,491</u>
<i>Total Liabilities</i>	<u>420,346</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	2,066,998
Restricted for Debt Service	21,186
Restricted for Utility Customer Deposits	7,322
Unrestricted (Deficit)	(58,787)
<i>Total Net Assets</i>	<u>\$ 2,036,719</u>

(Concluded)

See accompanying notes and accountant's report.

Village of Tickfaw, Louisiana

Statement H

Statement of Revenues, Expenses, and Changes in Net Assets
 Proprietary Fund
 For the Year Ended June 30, 2004

	Enterprise Fund
Operating Revenues	
Water Sales	\$ 56,581
Service Connections	2,412
Penalties	3,248
DHH Fee	1,104
Water Miscellaneous Income	415
Sewer Charges	92,341
Service Connections	1,825
Total Operating Revenues	<u>157,926</u>
Operating Expenses	
Accounting & Audit	14,238
Advertising	62
Amortization	222
Auto Fuel & Repairs	5,246
Chlorine	4,580
Depreciation	71,360
Dues	182
Internet	18
Insurance - Health	1,718
Insurance - Liability	5,428
Insurance - Property	2,081
Insurance - Workers Compensation	2,069
Legal	825
License	782
Miscellaneous	736
Office Expense	4,291
Official Journal	402
Outside Services	276
Payroll Taxes	3,295
Pest Control	180
Postage	138
Professional Fees	25

(Continued)

See accompanying notes and accountant's report.

Village of Tickfaw, Louisiana
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2004

Statement H

	<u>Enterprise Fund</u>
Repairs & Maintenance	29,846
Salaries	45,661
Safe Drinking Water Fees	990
Sewer Analysis	960
Supplies	3,863
Telephone	972
Utilities	24,666
Total Operating Expenses	<u>225,112</u>
Net Operating (Loss)	<u>(67,186)</u>
Non-operating Revenues (Expenses)	
Sale of Fixed Assets	(732)
Interest Income	423
Capital Lease Interest	(354)
Bond Interest Expense	(16,531)
Total Nonoperating Revenues (Expenses)	<u>(17,194)</u>
Change in Net Assets	(84,380)
Net Assets, Beginning, Restated	<u>2,121,099</u>
Net Assets, Ending	<u>\$ 2,036,719</u>

(Concluded)
 See accompanying notes and accountant's report.

Village of Tickfaw, Louisiana
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2004

Statement I

	<u>Enterprise Fund</u>
Cash Flows From Operating Activities	
Receipts From Customers	\$ 161,321
Receipts for Meter Deposit Fees	4,237
Payments for Operations	(128,453)
Payments to Employees	<u>(48,523)</u>
Net Cash (Used) by Operating Activities	<u>(11,418)</u>
 Cash Flows From Capital and Related Financing Activities	
Capital Contributions Received	12,000
Payment for Capital Acquisitions	(4,617)
Proceeds From Sale of Fixed Assets	732
Principal Payments, Capital Lease	(3,214)
Principal Repayments, Revenue Bonds Payable	(4,194)
Interest Payments, Capital Lease	(354)
Interest Payments, Revenue Bonds Payable	<u>(16,690)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(16,337)</u>
 Cash Flows From Investing Activities	
Interest Income	<u>423</u>
Net Cash Provided by Investing Activities	<u>423</u>
 Net Increase (Decrease) in Cash	 (27,332)
 Cash balance, Beginning of Year	 <u>63,786</u>
 Cash balance, End of Year	 \$ <u><u>36,454</u></u>
 Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets	
Cash and Cash Equivalents, Unrestricted	\$ 7,946
Cash and Cash Equivalents, Restricted	<u>28,508</u>
Total Cash and Cash Equivalents	<u>\$ <u>36,454</u></u>

(Continued)

See accompanying notes and accountant's report.

Village of Tickfaw, Louisiana
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2004

Statement I

	<u>Enterprise Fund</u>
Reconciliation of Net Operating (Loss) to Net Cash	
(Used) by Operating Activities	
Operating (Loss)	\$ (67,186)
Adjustments to Reconcile Operating (Loss) to Net Cash	
(Used) by Operating Activities:	
Depreciation	71,360
Amortization of Bond Issue Costs	222
Change in Accounts Receivable	3,395
Change in Interfund Receivable	(14,919)
Change in Accounts Payable	(18,129)
Change in Accrued Salary	433
Change in Accrued Expenses	(187)
Change in Customer Deposits	4,237
Change in Interfund Payable	9,356
Net Cash Provided (Used) by Operating Activities	\$ <u>(11,418)</u>

(Concluded)

See accompanying notes and accountant's report.

NOTES TO THE FINANCIAL STATEMENTS

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

INTRODUCTION

The Village of Tickfaw, Louisiana (the Village) was incorporated on April 15, 1957, under the provisions of the Lawrason Act. The Village operates under a Mayor/Board of Aldermen form of government. The Village provides the following services: public safety (police and fire), streets, drainage, sanitation, public improvements, and general and administrative functions. Other services include water and sewer utilities.

The accounting and reporting policies of the Village of Tickfaw, Louisiana conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 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*.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY AND REPORTING MODEL

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining the identification of a primary government unit for financial reporting purposes. The GASB has set forth criteria to be considered in determining which governmental entities are primary governments. An entity is a primary government if it satisfies all of the following criteria:

- The entity has a separate governing body elected by the citizenry in a general, popular election.
- The entity is legally separate from other entities.
- The entity is fiscally independent of other state and local governmental entities.

Based on the above criteria the town has determined that the Village of Tickfaw, Louisiana, is a primary government and financial reporting entity in accordance with GASB Statement No. 14. The Village has also determined that there are no component units that should be considered part of the Village for financial reporting purposes.

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual financial reports easier to understand and more useful to the people who use governmental financial information to make decisions.

Management's Discussion and Analysis - GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

Government-Wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable), but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Assets - The Statement of Net Assets is designed to display the financial position of the primary government (government and business-type activities). Governments will report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt;, 2) restricted; and 3) unrestricted.

Statement of Activities - The new government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial process of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the new reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. 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.

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

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

Separate financial statements are provided for governmental funds and proprietary funds. The focus of governmental and proprietary fund financial statements is on "major" funds. Fund statements present in separate columns the General Fund followed by major funds. The new model (GASB Statement 34) sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. In addition, to the funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users may reported as a major fund.

**C. 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 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.

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 Village 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 Village reports the following major governmental funds:

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

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities. The 1995 Sales Tax Fund and the Fire Protection Fund are considered major funds for reporting purposes.

The *Debt Service Fund* is used to account for financial resources set aside to pay interest and principal on long-term debt. The Sales Tax Bonds, Series 1995 Fund is considered a major fund for reporting purposes.

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

The Village reports the following major proprietary funds:

The *Enterprise Fund* accounts for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or 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 that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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 Village 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, if applicable, are payments-in-lieu of taxes and other charges between the government's 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 of the proprietary funds are user charges for the services provided by the enterprise fund. Operating expenses for enterprise funds and internal service 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.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

D. DEPOSITS AND INVESTMENTS

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Village's investment policy allow the Village to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool and mutual funds consisting solely of government-backed securities.

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

E. RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Fire Protection	10.00	10.00
General Corporate Purposes	6.91	6.91
Total	<u>16.91</u>	<u>16.91</u>

The Village assesses a 2% sales and use tax. Proceeds are dedicated to the following purposes:

The 1984 1% sales tax is to be used for the purpose of providing funds for the General Fund of the Village and for additional purpose of providing funds for other lawful purposes of the Village. This tax is accounted for in the General Fund.

The 1995 1% sales tax is to be levied through December 31, 2017, for the purpose of constructing, improving, and maintaining streets and drainage facilities, including the overlaying of streets and to fund bonds used for street overlay construction. The proceeds from this 1% sales tax have been irrevocably pledged and dedicated to secure the payment of \$225,000 of sales tax bonds, series 1995, dated December 1, 1995.

The sales tax is collected by the Tangipahoa Parish School Board and remitted to the Village in the month following the receipt by the School Board. The School Board receives the sales tax approximately one month after collection by vendors. Sales taxes collected by the School Board in June and July (which represent sales for May and June) and received by the Village in July and August have been accrued and are included under the caption "Taxes Receivable."

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

F. INVENTORIES AND PREPAID ITEMS

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The Village did not have inventory or prepaid items as of June 30, 2004.

G. RESTRICTED ASSETS

For the special revenue fund, Sales Tax Bonds Series 1995, restricted assets consists of cash resources set aside for repayment of revenue bonds and interest in accordance with applicable bond covenants.

For the proprietary fund, restricted assets consist of cash resources set aside for repayment of customer deposits and revenue bonds and interest in accordance with applicable bond covenants.

H. DEFERRED REVENUE

Deferred revenue represents the amount of advanced utility billings for water, sewer, and garbage services. The billing that takes place at the end of June is for July services.

I. CAPITAL ASSETS

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line basis over the following useful lives:

Buildings	20 - 40 Years
Improvements	20 - 40 Years
Vehicles and Equipment	5 - 15 Years
Infrastructure	20 - 40 Years
Water Utility System	20 - 50 Years
Sewer Utility System	20 - 50 Years

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

J. COMPENSATED ABSENCES

The Village is currently following the policy relating to vacation and sick leave as shown below:

Vacation

Employees shall earn vacation by the following schedule:

- One (1) year of continuous service earns 5 days (40 hours)
- Three (3) years of continuous service earns 10 days (80 hours)
- Five (5) years of continuous service earns 15 days (120 hours)

Sick Leave

The policy for sick leave allows each employee four (4) hours per month. No policy has been adopted to-date on the number of sick leave hours that can be accumulated.

This policy does not agree with Ordinance 107 adopted on January 11, 1996. The Village is in the process of reconciling the policy and ordinance to agree.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental fund when leave is taken.

In accordance with GASB-16, Accounting for Compensated Absences, no liability has been accrued for unused employee sick leave.

K. LONG-TERM OBLIGATIONS

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

M. COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

N. EXTRAORDINARY AND SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Village, which are either unusual in nature or infrequent in occurrence. The Village had no extraordinary or special items for the year ended June 30, 2004.

O. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount 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 reported period. Actual results could differ from those estimates.

**P. RECONCILIATIONS OF GOVERNMENT-WIDE
AND FUND FINANCIAL STATEMENTS**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget Information - The Village uses the following budget practices:

1. The Village Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. The proposed budget was submitted to the Board of Aldermen on May 12, 2003.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. The proposed budget for the year ended June 30, 2004, was published in the official journal on May 15, 2003.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. A public hearing on the proposed budget for the year ended June 30, 2004, was held on June 9, 2003.

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance. The proposed budget for the year ended June 30, 2004, was adopted by ordinance on June 9, 2003.
5. Budgetary control is exercised at the fund level for each fund.
6. The operating budgets for the general fund and all special revenue funds were amended once during the fiscal year with amendment taking place on June 29, 2004.
7. All budgetary appropriations lapse at the end of each fiscal year.
8. Budgets for the general fund, special revenue funds, and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

The following fund had actual expenditures and other uses over budgeted expenditures and other uses for the fiscal year ended June 30, 2004:

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
Fire Protection Fund	\$ 13,460	\$ 16,900	\$ 50,166	\$ (33,266)

The Louisiana Municipal Budget Law requires a local government to amend its operating budget when the total actual expenditures and other uses exceed the total budgeted expenditures and other uses by 5% or more. The Village failed to amend the budgets by an adequate amount for the fire protection fund for the fiscal year ended June 30, 2004.

The excess expenditures of the Fire Protection fund was funded by available fund balance.

3. CASH AND CASH EQUIVALENTS

At June 30, 2004, the Village has cash and cash equivalents (book balances) totaling \$63,335 as follows:

Cash on Hand	\$ 200
Interest-Bearing Demand Deposits	63,135
	<u>\$ 63,335</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

At June 30, 2004, the Village has \$97,566 in interest-bearing demand deposits (collected bank balances). These deposits are secured from risk by \$97,566 of federal deposit insurance and \$306,938 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent has failed to pay deposited funds upon demand.

4. INVESTMENTS

At June 30, 2004, the Village did not have any investments.

5. RECEIVABLES

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging of accounts receivable. Major receivables balances for the governmental activities include sales taxes, franchise taxes, and grants. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise taxes, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available. Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

The Governmental Fund receivables at June 30, 2004 consist of the following:

Taxes:	
Public Utility Franchise	\$ 2,701
Sales and Use	22,451
Accounts - garbage	3,513
Intergovernmental:	
State of Louisiana, Beer Tax Distribution	611
Rural Development Grant	6,342
Other Receivables	480
	<u>\$ 36,098</u>

An allowance account for taxes receivable is not considered necessary.

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

The Enterprise Fund accounts receivable at June 30, 2004 consist of the following:

Current	\$ 14,931
31 - 60 Days	3,386
61 - 90 Days	1,265
Over 90 Days	<u>1,146</u>
Subtotal	20,728
Less: Contra Garbage Receivable	(3,513)
Less: Allowance for Uncollectibles	<u>(2,000)</u>
Accounts Receivables, Net	<u>\$ 15,215</u>

6. INTERFUND RECEIVABLES/PAYABLES

The following is a detailed list of interfund balances reported in the fund financial statements on June 30, 2004:

	Interfund <u>Receivables</u>	Interfund <u>Payables</u>
General Fund	\$ 59,413	\$ 56,315
1995 Sales Tax Fund	17,421	296
Fire Protection Fund	13,894	377
Sales Tax Bonds Series 1995	11,710	-
Enterprise Fund	<u>15,673</u>	<u>61,123</u>
	<u>\$ 118,111</u>	<u>\$ 118,111</u>

The purposes for the interfund receivables/payables balances are as follows:

The reason for the interfund receivable in the general fund is payroll and other expenses are paid in the general fund for the enterprise fund. At June 30, 2004, payroll and other expenses not reimbursed from the enterprise fund totaled \$47,736. This balance is not expected to be paid back within one year from the date of the financial statements.

Also, the enterprise fund collects sanitation fees for the general fund and remits them to the general fund. At June 30, 2004, sanitation fees not remitted to the general fund were \$1,676. This balance is expected to be repaid within one year from the date of the financial statements.

The reason for the interfund receivable in the 1995 Sales Tax Fund is due primarily because the 1% 1995 sales tax was deposited in the general fund for the months February 2004 through May 2004. This balance is expected to be repaid within one year from the date of the financial statements.

The reason for the interfund receivable in the Fire Protection Fund is due primarily because the 10 mill ad valorem taxes for fire protection were deposited in the general fund. This balance is expected to be repaid within one year from the date of the financial statements.

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

The reason for the interfund receivable in the Sales Tax Bonds Series 1995 is due primarily because the general fund borrowed \$10,000 from the sales tax reserve account. This balance is expected to be repaid within one year from the date of the financial statements.

The reason for the interfund receivable in the Enterprise Fund is due primarily because the general fund borrowed \$10,000 from the water escrow account and \$5,000 from the sewer reserve account.

7. RESTRICTED ASSETS

Restricted assets applicable to the Sales Tax Bonds Series 1995 at June 30, 2004, consist of cash reserved for payment of debt service of \$15,046.

Restricted assets applicable to the Enterprise Fund at June 30, 2004, consisted of cash reserved for bond requirements of \$21,186 and for customer deposits of \$7,322. The customer deposits are underfunded by \$13,803 as the liability for customer deposits is \$21,125 at June 30, 2004.

8. CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2004:

Governmental Activities:	Balance 6/30/03	Increases	Decreases	Balance 6/30/04
Capital Assets Not Being Depreciated:				
Land	\$ 126,285	\$ -	\$ -	\$ 126,285
Other Capital Assets:				
Buildings and Improvements	186,249	45,422	-	231,671
Vehicles and Equipment	121,502	10,748	12,926	119,324
Infrastructure	677,839	-	-	677,839
Total Other Capital Assets	<u>985,590</u>	<u>56,170</u>	<u>12,926</u>	<u>1,028,834</u>
Less: Accumulated Depreciation				
Buildings	55,817	6,007	-	61,824
Vehicles and Equipment	66,726	16,268	8,197	74,797
Infrastructure	389,757	16,946	-	406,703
Total Accumulated Depreciation	<u>512,300</u>	<u>39,221</u>	<u>8,197</u>	<u>543,324</u>
Other Capital Assets, Net	<u>473,290</u>	<u>16,949</u>	<u>4,729</u>	<u>485,510</u>
 Total Governmental Activities Capital Assets, Net	 <u>\$ 599,575</u>	 <u>\$ 16,949</u>	 <u>\$ 4,729</u>	 <u>\$ 485,510</u>

Depreciation was charged to governmental functions as follows:

General Administration	\$ 6,097
Police Protection	5,573
Street Department	9,579
Fire Protection	1,026
Infrastructure	16,946
	<u>\$ 39,221</u>

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

The following is a summary of changes in capital assets for the business-type activity for the fiscal year ended June 30, 2004:

Business-type activity:	Balance 6/30/03	Increases	Decreases	Balance 6/30/04
Capital Assets Not Depreciated:				
Land	\$ 58,594	\$ -	\$ -	\$ 58,594
Other Capital Assets:				
Buildings	2,121	-	-	2,121
Vehicles and Equipment	30,118	13,885	3,983	40,020
Water Utility System	921,249	-	-	921,249
Sewer Utility System	2,104,887	-	-	2,104,887
Total Other Capital	3,058,375	13,885	3,983	3,068,277
Less: Accumulated Depreciation:				
Buildings	141	71	-	212
Vehicles and Equipment	14,076	6,946	2,518	18,504
Water Utility System	304,692	22,062	-	326,754
Sewer Utility System	355,824	42,281	-	398,105
Total Accumulated Depreciation	674,733	71,360	2,518	743,575
Other Capital Assets, Net	2,383,642	(57,475)	1,465	2,324,702
Total Business-Type Activities Capital Assets, Net	\$ 2,442,236	\$ (57,475)	\$ 1,465	\$ 2,383,296

Depreciation in the amount of \$71,360 was charged to the Enterprise Fund.

9. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$33,633 at June 30, 2004 are as follows:

	General Fund	1995 Sales Tax Fund	Fire Protection Fund	Proprietary Fund	Total
Accounts	\$ 13,289	\$ 917	\$ 6,364	\$ 6,267	\$ 26,837
Salaries	1,190	64	-	433	1,687
Withholdings	4,163	-	-	-	4,163
Sales Tax	-	-	-	58	58
Accrued Interest	-	-	-	888	888
	<u>\$ 18,642</u>	<u>\$ 981</u>	<u>\$ 6,364</u>	<u>\$ 7,646</u>	<u>\$ 33,633</u>

10. SHORT-TERM DEBT

The Village had no short-term debt outstanding at June 30, 2004, other than current maturities of bonds disclosed in Footnote 11 - Long Term Obligations.

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

11. LONG-TERM OBLIGATIONS

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

	Governmental Activities	Business- Type Activities	Total
Long-term obligations at Beginning of Year	\$ 182,888	\$ 331,323	\$ 514,211
Additions	-	9,267	9,267
Deductions	(10,620)	(24,292)	(34,912)
Long-term obligations at End of Year	<u>\$ 172,268</u>	<u>\$ 316,298</u>	<u>\$ 488,566</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations:

	Governmental Activities	Business- Type Activities	Total
Current Portion	\$ 11,802	\$ 7,807	\$ 19,609
Long-Term Portion	160,466	308,491	468,957
	<u>\$ 172,268</u>	<u>\$ 316,298</u>	<u>\$ 488,566</u>

Long-term debt obligations at June 30, 2004, comprise the following:

<u>Governmental Activities</u>	<u>Principal Outstanding</u>
Sales tax bonds, Series 1995, to construct and improve public streets within the Village, due in annual installments of \$6,000 to \$19,000 through December 1, 2015, with interest at 5.10 to 10.00 percent. Payable semi-annually June 1 and December 1 each year. (Payable solely from and secured by an irrevocable pledge and dedication of a special 1% sales and use tax authorized at an election held on July 15, 1995.)	\$ 167,000

The Village of Tickfaw entered into a capital lease purchase agreement with Southeast Business Systems effective February 4, 2002 to lease purchase a Panasonic 25 PPM digital copier/printer. The lease is payable in 60 monthly payments of \$190. The Village has the option to purchase the copier on the date the last rental payment is scheduled for the purchase price of \$1. The cost of the equipment and accumulated depreciation was \$8,796 and \$4,252 respectively at June 30, 2004.

5,268

Total Long-term debt obligations - Governmental Activities

\$ 172,268

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

Business-Type Activities

\$346,000 Series 1992 Sewer Revenue Bonds due in monthly installments of \$1,740 through April 4, 2033; Interest Rate is 5.25%. (Payable solely by a lien on and pledge of the net revenues of the Sewer System. The Sewer Revenue Bonds are collateralized by the revenue of the Sewer System and the various special funds established by the bonding authorizing resolution.) \$ 310,244

The Village of Tickfaw entered into a capital lease purchase agreement with Kubota Credit Corporation effective May 15, 2003 to lease purchase a Kubota tractor. The lease is payable in 36 monthly payments of \$274.40 at an annual interest rate of 4.19%. The Village has the option of purchasing the equipment provided that it gives written notice to the Lessor of its intention to exercise the option at least 30 days prior to expiration of this agreement. Should the Village exercise the option to purchase the equipment a 100% portion of each payment applied to the principal will be applied to the purchase of the equipment. The cost of the equipment and accumulated depreciation was \$9,268 and \$1,699 respectively at June 30, 2004. 6,054

Total Long-term debt obligations - Business-Type Activities 316,298

Total Long-term debt obligations \$ 488,566

The annual requirements to amortize all debt outstanding at June 30, 2004, including interest payments of \$359,881 are as follows:

Year Ending Date June 30	Capital Lease Copier	Capital Lease Tractor	Sewer Revenue Bonds	Sales Tax Bonds	Total
2005	\$ 2,280	\$ 3,293	\$ 20,884	\$ 19,246	\$ 45,703
2006	2,280	3,018	20,884	18,731	44,913
2007	1,520	-	20,884	19,180	41,584
2008	-	-	20,884	19,564	40,448
2009	-	-	20,884	18,910	39,794
2010 - 2014	-	-	104,424	97,730	202,154
2015 - 2019	-	-	104,424	39,250	143,674
2020 - 2024	-	-	104,424	-	104,424
2025 - 2029	-	-	104,424	-	104,424
2030 - 2033	-	-	81,329	-	81,329
	<u>6,080</u>	<u>6,311</u>	<u>603,445</u>	<u>232,611</u>	<u>848,447</u>
Interest Portion	<u>(812)</u>	<u>(257)</u>	<u>(293,201)</u>	<u>(65,611)</u>	<u>(359,881)</u>
	<u>\$ 5,268</u>	<u>\$ 6,054</u>	<u>\$ 310,244</u>	<u>\$ 167,000</u>	<u>\$ 488,566</u>

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

12. INTERFUND TRANSFERS

The following is a detailed list of interfund transfers reported in the fund financial statements on June 30, 2004:

	Transfers From <u>Other Funds</u>	Transfers To Other Funds
Sales Tax Bonds Series 1995 Fund	\$ 19,458	\$ -
1995 Sales Tax Fund	<u>-</u>	<u>19,458</u>
	<u>\$ 19,458</u>	<u>\$ 19,458</u>

Monthly transfers are made from the 1995 Sales Tax Fund to the Sales Tax Bonds Series 1995 fund to pay debt service payments on Sales Tax Bonds.

13. DEDICATION OF PROCEEDS OF FLOW OF FUNDS - SALES AND USE TAX

The Village assesses a 2% sales and use tax. Proceeds are dedicated to the following purpose:

- A. The 1984 1% sales tax is to be used for the purpose of providing funds for the General Fund of the Village and for the additional purpose of providing funds for any other lawful purposes of the Village. This tax is accounted for in the General Fund.
- B. The 1995 1% sales tax is to be levied through December 31, 2017, for the purpose of constructing, improving, and maintaining streets and drainage facilities, including the overlaying of streets and to fund bonds used for street overlay construction. The proceeds from this 1% sales tax have been irrevocably pledged and dedicated to secure the payment of \$225,000 of sales tax bonds, Series 1995, dated December 1, 1995.

14. FLOW OF FUNDS AND RESTRICTIONS ON USE - SEWER REVENUES

The Village, through its governing authority, adopted a resolution on September 14, 1992, authorizing the issuance of Sewer Revenue Bonds, Series 1992, in an amount not to exceed \$346,000 for acquiring and construction of extensions to its sewer system. The resolution also authorized the sale and delivery of said bonds to the United States Department of Agriculture, Farmers Home Administration; prescribing the form, fixing the details and providing for the payment of principal and interest on such bonds and entering into certain covenants and agreements in connection with the security and payment of said bonds. In that resolution, the revenues of the Sewer System are irrevocably and irrevocably pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes. In that resolution, certain funds were required to be established to account for the receipt and disbursement of Sewer System revenues. An analysis of these accounts is provided as follows:

Sewer Revenue Fund - The bond resolution requires that all revenues of the Sewer System shall be deposited daily in a separate identifiable account to be established with the Village's fiscal agent bank and designated as the "Sewer Revenue Fund". The revenues deposited into the Sewer Revenue Fund shall be expended in the following priority:

From the Sewer Revenue Fund, the Village shall first pay all reasonable and necessary costs and expenses of operating and maintaining the System.

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

Sewer Revenue Bond and Interest Sinking Fund - After the payment of all reasonable and necessary costs and expenses of maintaining the System, monies from the Sewer Revenue Fund shall be transferred to a separately identifiable account to be established with the Village's fiscal agent bank and designated as the "Sewer Revenue Bond and Interest Sinking Fund" in amounts sufficient to pay promptly and fully the principal of and interest on the bonds.

Monies from the Revenue Fund shall be transferred into the Sewer Revenue Bond and Interest Sinking Fund monthly in advance on or before the twentieth (20th) day of each month of each year a sum equal to one-twelfth (1/12) the interest falling due on the next interest payment date during the first year the Bond is outstanding and thereafter, a sum equal to the total amount of principal and interest falling due on the next principal and interest payment date.

The payments will continue monthly until April 2033, unless the bonds are called in advance of their maturity dates, in which event it is possible to reduce the required payments into the sinking fund.

During the fiscal year ending June 30, 2004, the Village of Tickfaw made the required monthly debt installments on the Sewer Revenue bonds, Series 1995. For the first eight months of the fiscal year, the appropriate transfers were made into the sewer sinking fund before the twentieth day of the month and payments were made from this fund. However, for the last four months of the fiscal year, payments were made from the sewer revenue and waterworks operating checking accounts.

Sewer Revenue Bond Reserve Fund - From the Sewer Revenue Fund, there shall be transferred monthly in advance on or before the twentieth (20th) day of each month of each year commencing with the month following completion of and acceptance of the improvements and extensions financed with the proceeds of the bonds, to a separately identifiable account to be established with the Village's fiscal agent bank and designated as the "Sewer Revenue Bond Reserve Fund" a sum at least equal to 5% of the amount required to be paid into the Sewer Revenue Bond and Interest Sinking Fund for such month until such fund accumulates an amount equal to the highest combined principal and interest requirements in any succeeding bond year.

Money in the Reserve Fund is to be retained solely for the purpose of payment of the principal and interest on all obligations payable from the Sinking Fund for which sufficient funds are not on deposit in the Sinking Fund and as to which there would otherwise be default.

For the fiscal year ending June 30, 2004, the Village of Tickfaw made the required deposits to the Sewer Revenue Bond Reserve Fund, although the Reserve Fund was underfunded at fiscal year end as follows:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
6/30/03	Sewer Bond Reserve Account Balance - Beginning Balance	\$ 10,224
6/30/04	Required Deposits	1,044
6/30/04	Required Reserve Account Balance - Fiscal Year End	11,268
6/30/04	Less Actual Reserve Account Balance	(9,101)
6/30/04	Amount Underfunded	<u>\$ (2,167)</u>

The Sewer Revenue Bond Reserve Fund was underfunded at June 30, 2004, because of an October 2003 transfer of \$5,000 to the General Fund of the Village of Tickfaw. The Village was unable to provide documentation for the approval of this transfer from USDA.

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

Sewer Depreciation and Contingency- From the Sewer Revenue Fund, there shall be transferred monthly on or before the twentieth (20th) day of each month of each year commencing with the month following completion of and acceptance of the improvements and extensions financed with the proceeds of the bonds to a separately identifiable account to be established with the Village's fiscal agent bank and designated as the "Sewer Depreciation and Contingency Fund" the sum of \$97. All monies in the Sewer Depreciation and Contingency Fund may be used for the purpose of paying the cost of any unusual and extraordinary maintenance and any repairs, replacements, extensions and improvements to the Sewer System. Money accumulated in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payment in the Sewer Revenue Bond and Interest Sinking Fund or the Sewer Revenue Bond Reserve Fund.

At June 30, 2004, the Sewer Depreciation and Contingency Fund was adequately funded, with a balance maintained of \$6,788. The required balance for this account at June 30, 2004, was \$6,769.

All monies remaining in the Revenue Fund after required deposits into the bond funds described herein shall be considered surplus and may be used for the purpose of retiring bonds in advance of their maturity or for any other lawful purpose.

15. COMPLIANCE WITH SEWER REVENUE BOND COVENANTS

The Village through its governing authority, adopted a resolution on September 14, 1992, authorizing the issuance of Sewer Revenue Bonds, Series 1992, in an amount not to exceed \$346,000 for construction of extensions to its sewage system. That bond resolution contained certain covenants and agreements in connection with the security and payment of the bonds. The major covenants contained in the bond resolution and agreement and the manner in which the Village has complied with these covenants is described as follows:

Rate Covenant - In the bond resolution, the Village covenants to fix, establish, maintain and collect such rates, fees, rents and other charges of the services and facilities of the Sewer System and to revise the rate whenever necessary as will always provide revenues in each fiscal year sufficient to pay the reasonable and necessary expenses of operating the System in each year, the principal and interest maturing on the bond in each year, and all reserves or sinking funds or other payments required for such year required by the bond resolution. The resolution further states that revenues must be provided in each year, after paying all reasonable and necessary expenses of operating and maintaining the system in such year, at least equal to 120% of the largest amount of principal and interest maturing on the bond in any future fiscal year and on any pari passu additional bonds hereinafter issued. In connection therewith, the Village adopted Ordinance No. 97 on September 14, 1993, which established sewer user classifications, set specific sewer rates, and provided a detailed procedure for annual review and adjustment of sewer rates.

For the fiscal year ended June 30, 2004, the Village of Tickfaw was not in compliance with the above bond covenant since the ratio of excess revenues (after paying the required expenses of operation and maintenance and complying to debt covenants) to annual principal and interest installments was 47.09% as compared to the required ratio of 120%.

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

In connection with the rate covenant, the bond resolution also contained specific procedures with regards to delinquent sewer customers. The Village agreed that the failure of any person to pay the charges for any service rendered by the Sewer System within thirty (30) days of the date on which it is due shall cause such charge to become delinquent and a delinquent charge of ten percent (10%) of the delinquent amount shall be assessed. If a delinquent account is not paid within thirty (30) days of the date of delinquency, the Village will shut off water and sewer services to the affected premises. All delinquent accounts shall bear interest at the rate of six percent (6%) per annum.

At June 30, 2004, the Village was in non-compliance with the delinquent utility customers section of the bond resolution. The Village was not adhering to the thirty (30) day cut-off. At June 30, 2004, there were approximately 67 accounts that were 30 days past due.

For the fiscal year ended June 30, 2004, the Village of Tickfaw assessed a flat rate of \$6.00 to all delinquent accounts. This is sufficient to meet the 10% requirement.

The Village does not charge interest at 6% per annum on delinquent accounts. However, this is because the Village's computerized billing system does not provide for the calculation of interest.

Records and Accounts and Audit Requirements - In the bond resolution the Village is required to maintain and keep accurate records and accounts for the Sewer System separate and distinct from its other records and accounts. These Sewer System records shall be maintained in accordance with generally accepted government accounting standards and shall be audited annually no later than (3) months after the close of each fiscal year by an independent certified public accountant.

As of the date of this report, the Village was not in compliance with this covenant. The audit was not completed by September 30, 2004, as required by this covenant.

Insurance and Fidelity Bonds - In the bond resolution the Village is required to maintain full coverage of insurance on the system. The Village is also required to obtain fidelity bonds on all employees in a position of authority or in possession of money derived from the operation of the system.

As of June 30, 2004, the Village was in compliance with this bond covenant as all persons responsible for collection of receipts from customers were adequately bonded.

Other Requirements - The bond resolution contains additional covenants regarding utilization of funds, maintenance of the system and other miscellaneous provisions.

Due to the lack of documentation, the Village is unable to determine if they were in compliance with these other bond covenants in all material respects.

16. SALES TAX BONDS, SERIES 1995 - FLOW OF FUNDS

The Village through its governing authority, adopted a resolution on November 13, 1995, authorizing the issuance of Sales Tax Bonds, Series 1995 for the purpose of constructing and improving streets within the Village including overlaying such streets. Pursuant to a special election held on July 15, 1995, the proceeds of a special 1% sales and use tax have been irrevocably pledged and dedicated to secure the payments of Sales Tax Bonds, Series 1995. In that resolution, certain funds were required to be established for the receipt and disbursement of the proceeds of the 1% sales and use tax.

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

Sales Tax Account - The bond resolution requires that proceeds of the 1% sales and use tax be deposited daily in a separate and special bank account designated as the "1% Street and Drainage Sales Tax Account" (*Sales Tax Account*). *The Village accounts for this bank account in the 1995 Sales Tax Fund* which is a special revenue fund. However, the bank account is incorrectly titled "1995 Sales Tax Reserve Fund". The proceeds of the tax deposited into the Sales Tax Account shall be expended in the following priority.

From the Sales Tax Account, the Village shall first pay all reasonable and necessary expenses of collection and administration of tax.

Sales Tax Bond Sinking Fund (Sinking Fund) - After payment of all reasonable and necessary expenses of collection and administration of tax, monies from the Sales Tax Account shall be transferred to a special account held by the designated fiscal agent of the Village sufficient in amount to pay promptly and fully the principal of and interest on the bonds as they severally become due and payable.

Monies from the Sales Tax Account shall be transferred into the Sinking Fund monthly in advance on or before the Twentieth (20th) day of each month of each year a sum equal to one-sixth (1/6) of the interest due on the next interest payment date and on-twelfth (1/12) of the principal falling due on the next principal payment date.

The "Monthly Payment Schedule" for the 1995 Sales Tax Bonds specifies a monthly sinking fund deposit of \$1,625.08 for the period of December 20, 2003 to November 20, 2004. Deposit of the required monthly sinking fund installments would result in a minimum Sinking Fund account balance of \$6,625 at June 30, 2004. The required deposit of \$6,625 compares to an actual balance of \$3,255, resulting in the Sinking Fund account being underfunded by \$3,370 at June 30, 2004.

Sales Tax Bond Reserve Fund (Reserve Fund) - From the Sales Tax Account, there shall be transferred to the Sales Tax Bond Reserve Fund upon delivery of bonds from the proceeds thereof, a sum of \$13,000, and monthly in advance on or before the twentieth (20th) day of each month of each year, beginning December 1995, a sum of \$225 per month until a sum equal to \$20,602.50 is accumulated; reduced to a Reserve Fund requirement of \$20,240 in 1998; then to \$20,220 in year 2013; and reduced to \$20,140 in year 2014. The money in the Reserve Fund is to be retained solely for the purpose of paying the principal of and the interest on the Bonds payable from the aforesaid Sinking Fund as to which there would otherwise be default.

At June 30, 2004, the actual Sales Tax Bond Reserve Fund totaled \$11,790, as compared to the required balance of \$20,240, resulting in the Reserve Fund account being underfunded by \$8,450. The Reserve Fund account was underfunded because of a \$10,000 transfer to the Village of Tickfaw General Fund.

All monies remaining in the Sales Tax Account on the twentieth (20th) day of each month in excess of all reasonable and necessary expenses of collection and administration of the tax and after making required payments to the Sinking Fund and to the Reserve Fund, shall be considered surplus. Such surplus may be used for any purpose authorized by the tax or for the purpose of retiring bonds in advance of their maturities.

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

17. SALES TAX BONDS, SERIES 1995 - RESOLUTION COVENANTS

The Village, through its governing authority, adopted a resolution on November 13, 1995, authorizing the issuance of \$225,000 Sales Tax Bonds, Series 1995, for street improvements and construction. The following describe the covenants made in the bond resolutions and how the Village complied with them.

Legal Right to Levy and Collect Tax - In providing for the issuance of bonds, the Village does hereby covenant that it has the legal right to levy and collect 1% sales and use tax and to pledge the tax revenues for payment of bonds.

As of June 30, 2004, the Village was in compliance with this covenant.

Records and Accounts - As long as bonds are outstanding and unpaid, the Village shall maintain and keep proper books of records and accounts, separate from all other records and accounts in which shall be made full and correct entries of all transactions relating to the collection and expenditure of the tax. These records shall be audited annually no later than three months after the close of each fiscal year by an independent certified public accountant.

As of the date of this report, the Village was not in compliance with this covenant. The audit was not completed by September 30, 2004, as required by this covenant.

Fidelity Bonds - The Village is required to obtain a blanket fidelity and faithful performance bond, or independent fidelity bonds written by a responsible indemnity company in amounts adequate to protect the Village from loss.

As of June 30, 2004, the Village had a public employees position schedule bond for the period of February 16, 2004, to February 16, 2005. Therefore the Village was in compliance.

18. PENSION PLAN

Some of the police department employees of the Village of Tickfaw are members of the Municipal Police Employees' Retirement System of Louisiana (System). This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Municipal Police Employees' Retirement System of Louisiana

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Village of Tickfaw is required to contribute at an actuarially determined rate. The current rate is 15.25% of annual covered payroll. The contribution requirements of plan members and the Village are established and may be amended by state statute. As provided by Louisiana R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Village's contributions to the System for the years ending June 30, 2004, 2003, and 2002, were \$7,829, \$6,109, and \$3,611 respectively, equal to the required contributions for each year.

19. RETIREMENT SYSTEM

Employees of the Village are members of the social security system. In addition to employee payroll deductions, Village funds are remitted to match the employee contributions. Aggregate contributions to the social security system for the year ended June 30, 2004, were \$28,559 of which \$14,279 was contributed by the Village.

20. RESERVED AND DESIGNATED RETAINED EARNINGS AND FUND BALANCES

At June 30, 2004, the Sales Tax Bonds, Series 1995 Fund balance was reserved for debt service in the amount of \$26,756.

At June 30, 2004, the proprietary fund had restricted net assets of \$7,383, representing the Village's funds restricted by revenue bond debt covenants and contracts with customers for meter deposits, net of the related liability.

21. RISK MANAGEMENT

The Village is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Village purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Village's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

22. ON-BEHALF PAYMENTS BY THE STATE OF LOUISIANA

For the year ended June 30, 2004, the State of Louisiana made on behalf payments in the form of supplemental pay to the Village's policemen. In accordance with GASB 24, the Village has recorded \$13,650 of on behalf payments as revenue and as expense in the General Fund.

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

23. LITIGATION

The following legal action is currently pending against the Village of Tickfaw:

1. Suit # 2003-001919-D, Parish Disposal, Inc. vs. Village of Tickfaw, on the docket of the Twenty-first Judicial District Court Parish of Tangipahoa, The matter seeks injunctive relief and was tried on June 2, 2003, at which time the Village of Tickfaw prevailed. However, the plaintiff, Parish Disposal, Inc. has filed a Motion for Suspensive Appeal to the First Circuit Court of Appeal. This matter is still pending.

Claims and litigation cost of \$1,000 were paid in the current year and recorded as a current-year expenditure in the General Fund.

24. COMPENSATION PAID MAYOR, CHIEF OF POLICE, AND BOARD OF ALDERMEN

Amounts paid to the Mayor, Chief of Police, and Board of Aldermen of the Village of Tickfaw for compensation are as follows:

<u>Board Member</u>	<u>Term Expires</u>	<u>Compensation Received</u>
Anthony "Tony" Lamonte, Mayor 14304 Nuccio Road, Tickfaw, LA 70466 (985) 345-8796	12/31/06	\$ 7,830
Frank Monistere, Councilman Post Office Box 100, Tickfaw, LA 70466 (985) 345-5028	12/31/06	2,460
Margaret Muscarello, Councilwoman Post Office Box 203, Tickfaw, LA 70466 (985) 345-1240	12/31/06	2,460
Samuel (Sammy) Sparacello, Councilman Post Office Box 176, Tickfaw, LA 70466 (985) 345-5028	12/31/06	2,460
Jimmy Lee Sparacello, Chief of Police Post Office Box 131, Tickfaw, LA 70466 (985) 542-1716	12/31/06	24,254
		\$ <u>39,464</u>

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

25. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments of (\$2,607), (\$3,150), \$8,796, (\$2,492), and (\$6,888) were made to correct the beginning Governmental Activities Net Assets. The adjustments were required for the following:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
6/30/03	Net Assets Balance, Before Prior Period Adjustment	\$ 524,125
	Prior Period Adjustment:	
6/30/03	- Record deferred revenue for sanitation services	(2,607)
6/30/03	- Correct amount due to Fire District No. 2	(3,150)
6/30/03	- Record the purchase of copier/printer	8,796
6/30/03	- Record accumulated depreciation on copier/printer	(2,492)
6/30/03	- Record balance due on capital lease for copier/printer	(6,888)
		<u> </u>
6/30/03	Net Assets Balance, After Prior Period Adjustment	<u>\$ 517,784</u>

Prior period adjustments of \$7,794 and (\$14,154) were made to correct the beginning Business-Type Activities Net Assets. The adjustments were required for the following::

<u>Date</u>	<u>Description</u>	<u>Amount</u>
6/30/03	Net Assets Balance, Before Prior Period Adjustment	\$ 2,127,459
	Prior Period Adjustment:	
6/30/03	- Correct beginning accounts receivable	7,794
6/30/03	- Correct beginning deferred revenues	\$ (14,154)
		<u> </u>
6/30/03	Net Assets Balance, After Prior Period Adjustment	<u>\$ 2,121,099</u>

26. INTERGOVERNMENTAL AGREEMENT

On June 30, 2002, the Village of Tickfaw entered into an intergovernmental agreement with the Tangipahoa Parish Rural Fire Protection District No. 2. The Village agreed to pay the Fire District the full sum and amount of twenty thousand four hundred and seventy-five dollars (\$20,475) for the services of the Fire District during the term of this agreement. The sum agreed to herein shall be paid in fifteen (15) installments of one thousand three hundred and sixty-five dollars (\$1,365) per quarter beginning on June 30, 2002, and ending December 31, 2005. One thousand and fifty dollars (\$1,050) of the one thousand three hundred and sixty-five dollars (\$1,365) will be for the regular quarterly payment for fire protection and three hundred and fifteen dollars (\$315) will be applied toward a past due balance of \$4,725. During the fiscal year ending June 30, 2004, the Village of Tickfaw made one payment of \$1,365 to the Fire District. At June 30, 2004, the balance past due was \$5,985. There is a difference of opinion between Tangipahoa Parish Rural Fire Protection District No. 2 and the Village as to the amount owed.

Village of Tickfaw, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

27. SUBSEQUENT EVENTS

The Village entered a second intergovernmental agreement with Tangipahoa Parish Rural Fire Protection District No. 2. The agreement notes that the State of Louisiana had awarded a grant of \$29,769 to the Tangipahoa Parish Rural Fire Protection District No. 2, and that funding was used for the construction of a fire station located within the Village of Tickfaw. The agreement further describes the relationship between the Fire District and the Village of Tickfaw, noting that the Fire District has and will continue to contract with the Natalbany Volunteer Fire Department to man the fire stations and provide fire protection services to the Natalbany/Tickfaw area. The relationship defined between the parties specifies that the Fire District and the Village will have access to the fire station, but that the Village of Tickfaw will supply all utilities to the structure and will assume responsibility for the maintenance, repair and upkeep of the fire station. The agreement states that the public purpose to be derived from this cooperative endeavor agreement is as follows: "The Village of Tickfaw already passed a millage tax for fire protection within its municipality and pursuant to a cooperative endeavor agreement pays the bulk of the proceeds of this tax to the Tangipahoa Parish Rural Fire Protection District Number Two, which utilizes these and other funds to contract for fire protection services in the Tickfaw/Natalbany area to be provided by the Natalbany Volunteer Fire Department, Inc."

Required Supplemental Information

(Part II)

Village of Tickfaw, Louisiana

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2004

Revenues	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts: GAAP Basis	Final Budget: Favorable (Unfavorable)
Taxes:				
Sales and Use Taxes	\$ 46,000	\$ 46,300	\$ 49,560	\$ 3,260
Ad Valorem Taxes	15,000	9,300	9,063	(237)
Public Utility Franchise Taxes	12,000	11,000	11,896	896
Licenses and Permits:				
Business Licenses and Permits	33,000	46,600	46,361	(239)
Permits	2,000	1,500	1,441	(59)
Intergovernmental:				
Louisiana Beer Tax Distribution	5,000	2,400	2,481	81
State Supplemental Pay	14,400	14,400	13,650	(750)
Fines and Forfeits:				
Fines	157,200	151,000	150,470	(530)
State Grants:				
Motion Grant	2,000	1,300	1,225	(75)
COPS In-School Grant	28,000	27,700	20,802	(6,898)
Other Police Grants	13,000	3,100	2,568	(532)
Sanitation Fees:				
Sanitation Fees	36,000	30,500	30,460	(40)
Other Revenues:				
Inspection Fees	1,000	800	765	(35)
Copies/Fax	1,000	100	71	(29)
Interest Income	100	200	190	(10)
Refunds	4,000	5,000	4,538	(462)
Other	8,000	900	823	(77)
Total Revenues	<u>377,700</u>	<u>352,100</u>	<u>346,364</u>	<u>(5,736)</u>

(Continued)
See accountant's report.

Village of Tickfaw, Louisiana

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund

For the Year Ended June 30, 2004

Expenditures	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts: GAAP Basis	Final Budget: Favorable (Unfavorable)
General and Administrative:				
Accounting & Auditing	\$ 12,000	\$ 8,100	\$ 7,119	\$ 981
Assessor	400	500	444	56
Animal Shelter	1,700	-	-	-
Bank Charges	-	200	225	(25)
Beautification	500	100	94	6
Capital Outlay	2,000	1,800	1,345	455
Conventions & Travel	1,000	3,800	3,496	304
Coroner	100	-	-	-
Capital Lease Principal	1,400	2,500	1,620	880
Capital Lease Interest	600	700	660	40
Dues, bonds & licenses	500	900	923	(23)
Electrical Inspector	-	800	695	105
Health Insurance	2,000	2,100	2,260	(160)
Insurance - Property	1,000	4,300	716	3,584
Insurance - Liability	3,000	5,000	5,984	(984)
Insurance - Workers Compensation	6,000	2,400	2,745	(345)
Internet	-	100	55	45
Janitorial Services	-	1,800	1,820	(20)
Legal	6,000	13,400	11,294	2,106
Magistrate	2,400	2,400	2,400	-
Miscellaneous	300	2,800	1,796	1,004
Office Expense	3,000	5,000	5,251	(251)
Official Journal	1,000	1,900	1,091	809
Outside Services	2,000	1,300	1,713	(413)
Park Improvements	100	200	212	(12)
Payroll Taxes	6,000	2,700	2,641	59
Pest Control	-	700	450	250
Postage	1,500	1,300	1,433	(133)
Professional Fees	-	-	25	(25)
Public Relations	500	-	-	-
Repairs & Maintenance City Hall	1,000	1,100	1,061	39
Repairs & Maintenance - Office Equip	500	-	-	-
Salaries, Clerk	26,000	20,000	19,106	894
Salaries, Mayor and Council	15,000	15,500	15,410	90
Telephone	3,000	2,500	2,885	(385)
Unemployment	-	200	367	(167)
Utilities	6,000	5,500	5,109	391
Total General and Administrative	106,500	111,600	102,445	9,155

(Continued) See accountant's report.

Village of Tickfaw, Louisiana

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 General Fund
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance with Final Budget: Favorable (Unfavorable)
	Original	Final		
Police Department:				
Accounting & Auditing	\$ -	\$ 8,100	\$ 7,119	\$ 981
Advertising	2,000	600	532	68
Auto Fuel and Repairs	9,500	13,800	14,589	(789)
Capital Outlay	8,400	13,100	7,230	5,870
Conventions & Travel	600	500	439	61
Cops In-School Expense	28,000	-	-	-
Dues	-	100	100	-
Insurance - Health Insurance	12,000	2,600	2,424	176
Insurance - Liability	15,400	17,500	18,339	(839)
Insurance - Property	-	-	903	(903)
Insurance - Workers Compensation	8,000	5,800	5,334	466
Internet	-	400	343	57
Law Enforcement Fees	4,000	5,700	5,349	351
Legal	100	-	-	-
Miscellaneous	500	1,500	1,341	159
Motion Grant	2,000	-	-	-
Payroll Taxes	16,500	7,100	8,390	(1,290)
Police Grant Expense	4,000	-	703	(703)
Police Retirement	6,000	8,000	7,829	171
Postage	200	100	110	(10)
Prisoner Feeding	600	700	669	31
Prisoner Housing	1,400	1,500	1,667	(167)
Public Relations	800	-	21	(21)
Repairs & Maintenance Police Station	1,000	-	-	-
Repairs & Maintenance Radios	8,000	1,800	1,679	121
Salaries	82,500	113,000	113,489	(489)
Salaries - Supplemental Pay	14,400	14,400	13,650	750
Supplies	1,400	1,300	8,758	(7,458)
Telephone	3,500	5,700	5,459	241
Training	2,200	300	244	56
Uniforms	600	1,000	886	114
Utilities	2,500	2,900	2,869	31
Total Police Department	<u>236,100</u>	<u>227,500</u>	<u>230,465</u>	<u>(2,965)</u>

(Continued)
 See accountant's report.

Village of Tickfaw, Louisiana

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 General Fund
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance with Final Budget: Favorable (Unfavorable)
	Original	Final		
Street Department:				
Electricity	\$ 8,000	\$ 11,100	\$ 11,138	\$ (38)
Sanitation Collection Fee	27,840	25,700	28,648	(2,948)
Total Street Department	35,840	36,800	39,786	(2,986)
Total Expenditures	378,440	375,900	372,696	3,204
Excess Revenues (Expenditures)	(740)	(23,800)	(26,332)	(2,532)
Other Financing Sources (Uses)				
Sale of Capital Asset	-	2,100	1,850	(250)
Total Other Financing Sources (Uses)	-	2,100	1,850	(250)
Net Change in Fund Balance	(740)	(21,700)	(24,482)	(2,782)
Fund Balance, Beginning of Year	38,790	38,790	36,183	(2,607)
Fund Balance, End of Year	\$ 38,050	\$ 17,090	\$ 11,701	\$ (5,389)

(Concluded)
 See accountant's report.

Village of Tickfaw, Louisiana

Schedule 2

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

1995 Sales Tax Fund

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance with Final Budget: Favorable (Unfavorable)
	Original	Final		
Revenues:				
Sales and Use Taxes	\$ 51,000	\$ 46,300	\$ 49,562	\$ 3,262
Interest Income	500	100	94	(6)
Total Revenues	<u>51,500</u>	<u>46,400</u>	<u>49,656</u>	<u>3,256</u>
Expenditures:				
Accounting & Auditing	-	8,100	7,119	981
Auto Fuel and Repairs	4,000	2,400	2,387	13
Capital Outlay	1,200	600	2,173	(1,573)
Collection Fees	300	-	-	-
Contract Labor	100	-	250	(250)
Equipment Lease	-	900	-	900
Insurance - Health	740	600	859	(259)
Insurance - Liability	1,000	2,600	1,447	1,153
Insurance - Property	-	-	65	(65)
Insurance - Workers Compensation	700	800	726	74
Miscellaneous	300	300	190	110
Office Expense	1,000	3,500	1,023	2,477
Official Journal	-	-	114	(114)
Payroll Taxes	700	750	674	76
Repairs & Maintenance	4,000	2,300	3,000	(700)
Salaries	7,000	9,800	9,941	(141)
Street Repairs	7,500	1,500	1,370	130
Street Signs	100	-	-	-
Supplies	100	400	972	(572)
Utilities	-	500	503	(3)
Total Expenditures	<u>28,740</u>	<u>35,050</u>	<u>32,813</u>	<u>2,237</u>
Excess Revenues (Expenditures)	<u>22,760</u>	<u>11,350</u>	<u>16,843</u>	<u>5,493</u>
Other Financing Sources (Uses)				
Operating Transfers (Out)	(19,200)	(19,400)	(19,458)	(58)
Sale of Fixed Assets	-	400	367	(33)
Total Other Financing Sources (Uses)	<u>(19,200)</u>	<u>(19,000)</u>	<u>(19,091)</u>	<u>(91)</u>
Net Change in Fund Balance	3,560	(7,650)	(2,248)	5,402
Fund Balance, Beginning of Year	<u>29,922</u>	<u>29,922</u>	<u>29,922</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 33,482</u>	<u>\$ 22,272</u>	<u>\$ 27,674</u>	<u>\$ 5,402</u>

See accountant's report.

Village of Tickfaw, Louisiana

Schedule 3

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Fire Protection Fund

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance with Final Budget: Favorable (Unfavorable)
	Original	Final		
Revenues:				
Ad Valorem Taxes	\$ 13,000	\$ 12,600	\$ 12,603	\$ 3
Grant Revenue	-	-	36,111	36,111
Interest Income	200	5	6	1
Miscellaneous	-	1,500	1,304	(196)
Total Revenues	<u>13,200</u>	<u>14,105</u>	<u>50,024</u>	<u>35,919</u>
Expenditures:				
Buildings & Improvements	5,500	9,800	45,422	(35,622)
Fire Protection	5,460	6,700	4,200	2,500
Miscellaneous	500	300	415	(115)
Utilities	2,000	100	129	(29)
Total Expenditures	<u>13,460</u>	<u>16,900</u>	<u>50,166</u>	<u>(33,266)</u>
Net Change in Fund Balance	<u>(260)</u>	<u>(2,795)</u>	<u>(142)</u>	<u>2,653</u>
Fund Balance, Beginning of Year	11,161	11,161	11,161	-
Prior Period Adjustment (Note 25)	-	(3,150)	(3,150)	-
Fund Balance, Beginning of Year Restated	<u>11,161</u>	<u>8,011</u>	<u>8,011</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 10,901</u>	<u>\$ 5,216</u>	<u>\$ 7,869</u>	<u>\$ 2,653</u>

See accountant's report.

Other Supplemental Information

Village of Tickfaw, Louisiana

Schedule 4

Comparative Schedule of Net Assets
Proprietary Fund Type
June 30, 2004 and 2003

Assets	Enterprise Fund	
	2004	Restated 2003
Current Assets:		
Cash & Cash Equivalents	\$ 7,946	\$ 27,056
Accounts Receivable, Net	15,215	18,610
Federal Grants Receivable	-	12,000
Due From Other Funds	15,673	754
Total Current Assets	<u>38,834</u>	<u>58,420</u>
Restricted Assets:		
Sewer Bond Sinking Fund	5,297	1,928
Sewer Bond Reserve Fund	9,101	13,015
Sewer Bond Depreciation and Contingency Fund	6,788	5,605
Utility Customer Deposits	7,322	16,182
Total Restricted Assets	<u>28,508</u>	<u>36,730</u>
Property, Plant, and Equipment		
Land	58,594	58,594
Plant and Equipment, at Cost	3,068,275	3,058,376
Less: Accumulated Depreciation	(743,573)	(674,734)
Net Property, Plant, and Equipment	<u>2,383,296</u>	<u>2,442,236</u>
Other Assets:		
Bond Issue Costs	8,866	8,866
Less: Accumulated Amortization	(2,439)	(2,217)
Total Other Assets	<u>6,427</u>	<u>6,649</u>
Total Assets	<u>\$ 2,457,065</u>	<u>\$ 2,544,035</u>

(Continued)
See accountant's report.

Village of Tickfaw, Louisiana

Schedule 4

Comparative Schedule of Net Assets
Proprietary Fund Type
June 30, 2004 and 2003

	Enterprise Fund	
	2004	2003
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	\$ 6,267	\$ 24,397
Accrued Salary Payable	433	-
Accrued Interest Payable	888	1,047
Other Accrued Expenses	58	248
Due to Other Funds	61,123	51,767
Deferred Revenue	14,154	14,154
Capital Lease Payable	3,098	-
Revenue Bonds Payable	4,709	4,255
Total Current Liabilities (Payable From Current Assets)	<u>90,730</u>	<u>95,868</u>
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits Payable	21,125	16,886
Total Current Liabilities (Payable From Restricted Assets)	<u>21,125</u>	<u>16,886</u>
Long-Term Liabilities:		
Capital Lease Payable	2,956	-
Revenue Bonds Payable	305,535	310,182
Total Long-Term Liabilities	<u>308,491</u>	<u>310,182</u>
Total Liabilities	<u>420,346</u>	<u>422,936</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	2,066,998	2,127,799
Restricted for Debt Service	7,383	19,844
Unrestricted	(37,662)	(26,544)
Total Net Assets	<u>\$ 2,036,719</u>	<u>\$ 2,121,099</u>

(Concluded)
See accountant's report.

Village of Tickfaw, Louisiana

Schedule 5

Comparative Schedule of Revenues, Expenses, and Changes in Net Assets
 Proprietary Fund Type
 For the Years Ended June 30, 2004 and 2003

	Enterprise Fund	
	2004	2003
Operating Revenues		
Water Sales	\$ 56,581	\$ 53,081
Service Connections	2,412	2,573
Penalties	3,248	2,860
DHH Fee	1,104	-
Water Miscellaneous Income	415	3,384
Sewer Charges	92,341	86,076
Service Connections	1,825	750
Sewer Miscellaneous Income	-	5
Total Operating Revenues	<u>157,926</u>	<u>148,729</u>
Operating Expenses		
Accounting & Audit	14,238	4,400
Advertising	62	-
Amortization	222	222
Auto Fuel & Repairs	5,246	3,290
Chlorine	4,580	-
Depreciation	71,360	68,765
Dues	182	-
Equipment Lease Payments	-	3,541
Internet	18	-
Insurance - Health	1,718	-
Insurance - Liability	5,428	3,592
Insurance - Property	2,081	1,704
Insurance - Workers Compensation	2,069	1,845
Legal	825	-
Licenses	782	768
Miscellaneous	736	1,950
Office Expense	4,291	4,485
Official Journal	402	-
Outside Services	276	1,862
Payroll Taxes	3,295	2,383
Pest Control	180	-
Postage	138	-
Professional Fees	25	400

(Continued)
 See accountant's report.

Village of Tickfaw, Louisiana

Schedule 5

Comparative Schedule of Revenues, Expenses, and Changes in Net Assets
 Proprietary Fund Type
 For the Years Ended June 30, 2004 and 2003

	Enterprise Fund	
	2004	2003
Repairs & Maintenance	\$ 29,846	\$ 26,614
Salaries	45,661	39,270
Safe Drinking Water Fees	990	804
Sewer Analysis	960	880
Supplies	3,863	10,259
Telephone	972	-
Utilities	24,666	22,371
Total Operating Expenses	<u>225,112</u>	<u>199,405</u>
Operating Income (Loss)	<u>(67,186)</u>	<u>(50,676)</u>
Nonoperating Revenues (Expenses)		
Sale of Fixed Assets	(732)	-
Interest Revenue	423	388
Capital Lease Interest	(354)	-
Bond Interest Expense	(16,531)	(16,635)
Total Nonoperating Revenues (Expenses)	<u>(17,194)</u>	<u>(16,247)</u>
Income (Loss) Before Contributions and Transfers	<u>(84,380)</u>	<u>(66,923)</u>
Contributions and Transfers		
Capital Contributions	-	12,000
Total Contributions and Transfers	<u>-</u>	<u>12,000</u>
Change in Net Assets	(84,380)	(54,923)
Net Assets, Beginning of Year	<u>2,121,099</u>	<u>2,176,022</u>
Net Assets, Ending	<u>\$ 2,036,719</u>	<u>\$ 2,121,099</u>

(Concluded)
 See accountant's report.

Village of Tickfaw, Louisiana

Schedule 6

Comparative Schedule of Cash Flows
Proprietary Fund Type
For the Years Ended June 30, 2004 and 2003

	Enterprise Fund	
	2004	2003
Cash Flows From Operating Activities		
Received From Customers	\$ 161,321	\$ 148,729
Received for Meter Deposit Fees	4,237	1,508
Payments for Operations	(128,453)	(69,390)
Payments to Employees	(48,523)	(41,653)
Net Cash Provided (Used) by Operating Activities	(11,418)	39,194
Cash Flows From Noncapital Financing Activities		
Receipts for Interfund Services	-	1,711
Net Cash Provided by Noncapital Financing Activities	-	1,711
Cash Flows From Capital and Related Financing Activities		
Capital Contributions Received	12,000	-
Paid for Capital Acquisitions	(4,617)	(15,286)
Proceeds From Sale of Fixed Assets	732	-
Principal Payments, Capital Lease	(3,214)	-
Principal Repayments, Revenue Bonds Payable	(4,194)	(4,249)
Interest Payments, Capital Lease	(354)	-
Interest Payments, Revenue Bonds Payable	(16,690)	(16,635)
Net Cash Used by Capital and Related Financing Activities	(16,337)	(36,170)
Cash Flows From Investing Activities		
Receipt of Interest	423	388
Net Cash Provided (Used) by Investing Activities	423	388
Net Increase (Decrease) in Cash	(27,332)	5,123
Cash, Beginning of Year	63,786	58,663
Cash, End of Year	\$ 36,454	\$ 63,786
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets		
Cash and Cash Equivalents, Unrestricted	\$ 7,946	\$ 27,056
Cash and Cash Equivalents, Restricted	28,508	36,730
Total Cash and Cash Equivalents	\$ 36,454	\$ 63,786

(Continued)
See accountant's report.

Village of Tickfaw, Louisiana

Schedule 6

Comparative Schedule of Cash Flows
Proprietary Fund Type
For the Years Ended June 30, 2004 and 2003

	Enterprise Fund	
	2004	2003
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (67,186)	\$ (50,676)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	71,360	68,765
Amortization of Bond Issue Costs	222	222
Change in Accounts Receivable	3,395	-
Change in Interfund Receivable	(14,919)	-
Change in Accounts Payable	(18,129)	19,375
Change in Accrued Salary	433	-
Change in Accrued Expenses	(187)	(126)
Change in Customer Deposits	4,237	1,634
Change in Interfund Payable	9,356	-
Net Cash Provided (Used) by Operating Activities	\$ <u>(11,418)</u>	\$ <u>39,194</u>

(Concluded)
See accountant's report.

Village of Tickfaw, Louisiana

Schedule 7

Combining Schedule of Revenues, Expenses, and Changes in Net Assets
 Proprietary Fund Type - Utility Funds
 For the Year Ended June 30, 2004

	Water Utility System	Sewer Utility System	Total
Operating Revenues			
Water Sales	\$ 56,581	\$ -	\$ 56,581
Service Connections	2,412	-	2,412
Penalties	3,248	-	3,248
DHH Fee	1,104	-	1,104
Water Miscellaneous Income	415	-	415
Sewer Charges	-	92,341	92,341
Service Connections	-	1,825	1,825
Penalties	-	-	-
Sewer Miscellaneous Income	-	-	-
Total Operating Revenues	63,760	94,166	157,926
Operating Expenses			
Accounting & Audit	7,119	7,119	14,238
Advertising	31	31	62
Amortization	-	222	222
Auto Fuel & Repairs	2,383	2,863	5,246
Chlorine	3,486	1,094	4,580
Depreciation	25,395	45,965	71,360
Dues	120	62	182
Internet	9	9	18
Insurance - Health	859	859	1,718
Insurance - Liability	2,714	2,714	5,428
Insurance - Property	863	1,218	2,081
Insurance - Workers Compensation	1,122	947	2,069
Legal	825	-	825
Licenses	70	712	782
Miscellaneous	657	79	736
Office Expense	2,690	1,601	4,291
Official Journal	229	173	402
Outside Services	216	60	276
Payroll Taxes	1,810	1,485	3,295
Pest Control	90	90	180
Postage	36	102	138
Professional Fees	-	25	25

(Continued)
 See accountant's report.

Village of Tickfaw, Louisiana

Schedule 7

Combining Schedule of Revenues, Expenses, and Changes in Net Assets
 Proprietary Fund Type - Utility Funds
 For the Year Ended June 30, 2004

	Water Utility System	Sewer Utility System	Total
Repairs & Maintenance	\$ 15,611	\$ 14,235	\$ 29,846
Salaries	25,443	20,218	45,661
Safe Drinking Water Fees	990	-	990
Sewer Analysis	-	960	960
Supplies	2,101	1,762	3,863
Telephone	690	282	972
Utilities	7,045	17,621	24,666
Total Operating Expenses	<u>102,604</u>	<u>122,508</u>	<u>225,112</u>
Operating Income (Loss)	<u>(38,844)</u>	<u>(28,342)</u>	<u>(67,186)</u>
Nonoperating Revenues (Expenses)			
Sale of Fixed Assets	(366)	(366)	(732)
Interest Income	269	154	423
Capital Lease Interest	(177)	(177)	(354)
Bond Interest Expense	-	(16,531)	(16,531)
Total Nonoperating Revenues (Expenses)	<u>(274)</u>	<u>(16,920)</u>	<u>(17,194)</u>
Change in Net Assets	<u>(39,118)</u>	<u>(45,262)</u>	<u>(84,380)</u>
Net Assets, Beginning of Year	609,448	1,518,011	2,127,459
Prior Period Adjustment (Note 25)	<u>(1,883)</u>	<u>(4,477)</u>	<u>(6,360)</u>
Net Assets, Beginning of Year, Restated	<u>607,565</u>	<u>1,513,534</u>	<u>2,121,099</u>
Net Assets, End of Year	<u>\$ 568,447</u>	<u>\$ 1,468,272</u>	<u>\$ 2,036,719</u>

(Concluded)
 See accountant's report.

Village of Tickfaw, Louisiana

Schedule 8

Schedule of Utility Fund Customers and Rate Schedules
Year Ended June 30, 2004
(Unaudited)

At June 30, 2004, the Village of Tickfaw had the following customers:

Water Customers	<u>301</u>
Sewer Customers	<u>248</u>

The total for sewer customers includes 23 commercial and multi-family services, including one school.

At June 30, 2004, the Village of Tickfaw charged flat rates for water and sewer service as follows:

<u>Category of Service</u>	<u>Rate/mo.</u>
Water Service - Inside Village	\$12.00
Water Service - Outside Village	\$17.00
Sewer Service - Inside Village	\$22.00
Sewer Service - Outside	\$25.00
Commercial & Multi-Family	Various

Village of Tickfaw, Louisiana

Schedule 9

Schedule of Insurance
Year Ended June 30, 2004
(Unaudited)

Insurance Company	Coverage	Amount	Period
LA Risk Management Agency Policy # LML-141	Commercial General Liability: Premises/Operations Products & Completed Work Medical Payments: Per Person Per Occurrence Fire Legal Liab-Per Occurrence	\$500,000 500,000 5,000 10,000 50,000	05/01/03 -* 05/01/04
LA Risk Management Agency Policy # LML-141	Law Enforcement Liability Total Limit Each Wrongful Act	\$500,000	05/01/03 -* 05/01/04
LA Risk Management Agency Policy # LML-141	Business Auto: Liability Limit	\$500,000	05/01/03 -* 05/01/04
Employer's Mutual Casualty Insurance Company Policy Number 2A3-99-16-04	Commercial Property: City Hall City Hall Contents Lift Station-14268 Oak Street Lift Station-49310 Fedele Street Water Tower-14377 Hwy 442 Wat Wells/Chlor.-14375 Hwy 442 Pumps & Bldg-49256 Hwy 51 S. Police Maint Bldg-50059 Hwy 51 Lift Station-14366 Bosco Lane Lift Stat., Panels-49256 Hwy 51 S. Lift Station-14511 Second Street Lift Station-15048 Hwy 442 E. Maintenance on Buildings	\$134,436 50,000 22,956 22,956 34,434 171,127 125,215 55,080 22,956 57,109 22,956 22,596 50,000	11/14/03 - 11/14/04
Foremost Insurance Company Policy # 444-0018921502-01	Police Mobile Home Office: Building Contents Adj. Structures	\$24,000 12,000 2,500	08/12/03 - 08/12/04
LA Risk Management Agency Policy Number WC-170	Workers' Compensation & Employer's Liability: Single Combined Limit-Each Line of Coverage	\$500,000	01/01/04 - 01/01/05
LA Risk Management Agency Policy # LML-141	Public Officials Errors & Omissions	\$500,000	05/01/03 -* 05/01/04
Employer's Mutual Policy # 22456305	Public Employees Position Schedule Bond	\$150,000	02/16/04 - 02/16/05

*Has been renewed to May 1, 2005.

**Other Independent Auditor's Report
and Findings**



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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

The Honorable Mayor Anthony Lamonte and
Members of the Board of Aldermen
Village of Tickfaw
Tickfaw, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Village of Tickfaw, Louisiana (Village) as of and for the year ended June 30, 2004, which collectively comprise the Village's basic financial statements, and have issued my report thereon dated December 21, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 Tickfaw, Louisiana's 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 test disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-2, 2004-3, 2004-4, 2004-5, 2004-6, 2004-7, 2004-8, 2004-9, and 2004-10.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered the Village of Tickfaw, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the 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 reportable conditions. 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 judgment, could adversely affect the Village of Tickfaw, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2004-1, 2004-8, and 2004-11.

Village of Tickfaw
Independent Auditor's Report on Compliance
and on Internal Control - Concluded

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 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, of the reportable conditions described above, I consider items 2004-1 and 2004-11 to be material weaknesses.

This report is intended for the information and use of the governing council, management, the Legislative Auditor, and the 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. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

December 21, 2004

Village of Tickfaw

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2004

SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
2003-1 Failure to Comply with Local Government Budget Act	Unresolved, see current year finding 2004-02
2003-2 Sewer Rate Covenant	Unresolved, see current year finding 2004-03
2003-3 Review of "Extension Fees"	Resolved
2003-4 Utility Fund Accounts Receivable Reconciliation	Unresolved, see current year finding 2004-11
2003-5 Recording Payment of Traffic Tickets	Resolved

Village of Tickfaw

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS

Year Ended June 30, 2004

SECTION I - SUMMARY OF AUDITOR'S RESULTS

I have audited the financial statements of the Village of Tickfaw as of and for the year ended June 30, 2004, and have issued my report thereon dated December 21, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 June 30, 2004, resulted in an unqualified opinion.

Financial Statements

Type of auditor's report issued:	unqualified
Internal control over financial reporting:	
Material weaknesses identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Reportable conditions identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

SECTION II - FINANCIAL STATEMENT FINDINGS

This section is used to identify the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements required to be reported under *Government Auditing Standards*.

Finding

2004- 1 Lack of Segregation of Duties

The Village clerk is the sole employee involved in the recording, processing, summarizing, and reporting the Village's financial data.

An adequate system of internal control requires an appropriate segregation of duties consistent with control objectives. This deficiency could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with management's objectives.

The limited size of the Village precludes an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial. No change is recommended.

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS (continued)

2004- 2 Local Government Budget Act Violations
(Repeated from Prior Year)

The original operating budgets of the Village for the fiscal year ended June 30, 2004, did not present an adequate budget message signed by the budget preparer nor the estimated fund balances of the governmental funds for the beginning and the end of the fiscal year presented in the budget.

In accordance with Louisiana R. S. 39:1305 (C) (1) and (2)(a) in preparing the budget instrument a municipality should have a budget message signed by the budget preparer which includes a summary description of the proposed financial plan, policies and objectives, assumptions, budgetary basis, and a discussion of the most important features. Also, the estimated fund balances at the beginning and end of the fiscal year are to be presented.

At June 30, 2004, the following funds had actual expenditures and other uses in excess of budgeted expenditures and uses:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
Fire Protection Fund	\$16,900	\$50,166	\$33,266	196.84%

Louisiana R.S. 39:1310-13 requires the Village to amend its budget when the total expenditures and other uses exceed the total budgeted expenditures and other uses by 5% or more.

At June 30, 2003, the General Fund's actual beginning fund balance was \$36,183 as compared to \$38,790 as shown in the amended budget which was improperly adopted. The \$2,607 difference in funds available resulted in an unfavorable variance of 6.72%. The Village used the beginning fund balance to help fund current year expenditures in its amended budget.

Louisiana R.S. 39:1310-13 requires the Village to amend its budget when actual beginning fund balance, within a fund, fails to meet estimated fund balance by 5% or more and fund balance is being used to fund current year expenditures.

The Village should comply with state law in preparing the budget instrument, compare its financial statements to the budget at least quarterly, and amend the budget as needed.

2004- 3 Enterprise Fund Deficit

At June 30, 2004, the Enterprise Fund had a deficit of \$58,787. The Mayor and Board of Aldermen should take steps to eliminate this deficit as soon as possible.

2004- 4 Minutes Appear to be Incomplete

Minutes of the village council meetings appear to be incomplete. For example, the minutes are not being signed by the Mayor, the roll call vote is not being provided, no proof of public hearing nor sign in sheets of attendees, outcome of vote not indicated, and details on important business (bids, fines, fee increases) not provided.

The village clerk should make sure that the transcription of the minutes provides a complete recording of business discussed and action taken at the meetings.

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS (continued)

2004- 5 Enactment of Operating Budget Ordinance

The Board of Aldermen adopted Ordinance 149 to serve as the original operating budget for the fiscal year ended June 30, 2004, of the Village on June 11, 2003. This Ordinance was properly introduced, published, and passed.

On June 29, 2004, the Village amended the operating budget for the fiscal year ended June 30, 2004. However, this amendment was not in accordance with state law. The Ordinance to amend the budget was not in proper form and was not published in the official journal.

Louisiana R. S. 33:406, states that all proposed Ordinances shall be published once in the official journal of the municipality.

2004- 6 Compliance with Bond Resolutions and Loan Covenants

The Village has Sales Tax Bonds, Series 1995 and Sewer Revenue Bonds, Series 1992. The Village failed to comply with several of the covenants for each of the Bonds referred to above. See Note 14 through 17 to the financial statements for the details of these deficiencies.

The Board of Aldermen, Mayor, and Clerk need to read the bond resolutions and loan covenants to gain a more complete understanding of what is required of the Village and take the necessary steps to comply.

2004- 7 Customer Deposits/Trust Fund

The Village transferred \$10,000 out of the Water Escrow (water customer deposits) checking account to the General Fund. The use of customer deposits/trust fund for General Fund expenditures maybe a violation of state law.

The Village should seek an Attorney General's opinion as to the legality of this transfer and should immediately take steps to replenish the \$10,000 to the Water Escrow checking account.

2004- 8 Lack of Accounting Records

As a result of my examination, I noted that the Village had insufficient documentation to support certain expenditures and revenues. In addition, certain documentation for the Sewer Revenue Bonds, Series 1992 could not be located.

Louisiana R. S. 24:514, 24:515, and/or 33:463 requires a municipality to maintain accounting records in such a manner as to provide evidence of legal compliance and for the preparation of annual financial statements.

The Mayor should instruct his staff to maintain all documentation to support all expenditures and revenues. The Mayor should instruct the Clerk to request duplicate documentation for the Sewer Revenue Bonds, Series 1992 from United States Department of Agriculture, Farmers Home Administration.

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS (continued)

2004- 9 Payroll Reporting

During my audit, the following items regarding payroll reporting were noted:

1. Since the Chief of Police has been elected since before 1986, he is exempt from medicare taxes. The Village has been withholding medicare tax on all of the chief's compensation and the Village is overpaying their portion of medicare taxes by this same amount.
2. For the 1st and 2nd quarters of 2004, the Village treated health insurance premiums withheld from employees as being for a cafeteria plan. Under a cafeteria plan the salary is reduced by the amount of health insurance premiums withheld from the employee for the purpose of computing federal income tax, social security, medicare, and state income taxes. The Village does not appear to have a cafeteria plan. The Village is paying a portion of the employee's individual health insurance premiums with the employee being responsible for the difference.
3. Police Supplemental Pay was under-reported on Form 941 for the 1st quarter of 2004 by \$2,434. The correct amount that should have been included on the Form 941 was \$3,600. Only \$1,166 was reported.
4. There does not appear to be a reconciliation being prepared to agree payroll amounts in the general ledger to the payroll tax returns.

It is recommended that the Village get a determination as to the requirement to withhold medicare tax on the chief of police, amend the Form 941's for the 1st and 2nd quarters of 2004 to correct the above mentioned errors, and begin reconciling the payroll amounts in the general ledger to the payroll tax returns on a quarterly basis.

2004-10 Employee Policy Manual

Based on my review of the current policies and procedures manual adopted by Ordinance 107 on January 11, 1996, it appears that the manual is lacking guidance in connection with:

1. Vacation days - the manual is silent as to whether these days accrue or not.
2. Sick days - the manual only addresses sick leave. There is no mention of the method for earning or accruing sick days.
3. Compensatory time - the manual does not address compensatory time.
4. There may be other matters lacking in the current manual.

During the current year a former employee was paid for unused benefits, but I was not provided with the necessary information to determine if the payment was proper.

It is recommended that the Mayor and Board of Aldermen review and make the necessary revisions to the employee policy manual. I understand that the revisions are currently in the works.

Village of Tickfaw

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS (concluded)

2004-11 Utility Fund Accounts Receivable
(Repeated from Prior Year)

After December 31, 2003, the Village had numerous municipal clerks. As a result of the lack of training on how to use the utility billing software, the proper procedures were not followed. Because these procedures were not followed, the Village does not have copies of the trial balance, billing register, penalty report, adjustments register, and the daily payments register for the months January 2004 through April 2004.

In addition to the required reports not being generated, I became aware of billing errors that have taken place on a regular basis with the clerk or water clerk making adjustments to customer accounts without proper approval and there is no documentation to back up the adjustments.

For the last 4 months of the fiscal year, the Village used estimates to record revenues and accounts receivable into the general ledger. However, the actual information was available for the months of May and June 2004 but was not used by your staff in the preparation of these financial statements. This appears to be satisfactory since the customer base and fees have not changed significantly from prior years.

To arrive at utility customer accounts receivable as of June 30, 2004, the Village manually prepared an aged trial balance based on manually kept customer cards and the current computer billing software.

At present, the current utility clerk believes the manually kept cards are more correct than the computer records. However, the Village has not taken steps to correct the account balances in the computer. The problem continues as of December 2004.

The Mayor should require his accountants to immediately learn how to use the utility billing software correctly and apply it.

Village of Tickfaw

MANAGEMENT'S CORRECTIVE ACTION PLAN
For Current Year Audit Findings for the Year Ended June 30, 2004

SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
Finding Reference No.	Management's Corrective Action Plan
2004 -1 Lack of Segregation of Duties	*
2004-2 Local Government Budget Act Violations	*
2004-3 Enterprise Fund Deficit	*
2004-4 Minutes Appear to be Incomplete	*
2004-5 Enactment of Operating Budget Ordinance	*
2004-6 Compliance with Bond Resolutions and Loan Covenants	*
2004-7 Customer Deposits/Trust Fund	*
2004-8 Lack of Accounting Records	*
2004-9 Payroll Reporting	*
2004-10 Employee Policy Manual	*
2004-11 Utility Fund Accounts Receivable	*

* Management will submit their corrective action plan directly to the Legislative Auditor in the near future.

Date Submitted: 1-7-05

Auditee: Anthony Lomant

Village of Tickfaw

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05 JAN 12 AM 11:03

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Januray 10, 2005

Lee Gray
Certified Public Accountant
P.O. Box 368
Amite, LA 70422

Fax: (985)748-4370

In connection with the audit performed by Lee Gray CPA, of the Village of Tickfaw's financial statements for the fiscal year ended June 30, 2004, I have enclosed with this letter, management's responses which represent the Mayor's corrective action plan, in connection with Mr. Gray's current year's findings.

I trust that this manner of responding to your request for management corrective action is satisfactory.

Respectfully,



Anthony Lamonte
Mayor of Tickfaw

MAYOR
Anthony Lamonte
MAYOR PRO-TEM
Frank Monistere Jr.

ATTORNEY
Maurice Trippi

COUNCIL MEMBERS
Frank Monistere Jr.
Samuel Sparacello
Margaret Muscarello

MUNICIPAL CLERKS
Michele Firmin
Roxanne Miller

CHIEF OF POLICE
Jimmy Sparacello

Village of Tickfaw
Management Responses

2004-1 Lack of Segregation of Duties

Management's Response:

There is a lack of segregation of duties since we have few employees. We will once again review the collection and deposit of funds and the disbursement of funds and attempt to segregate duties to the extent possible.

2004-2 Local Government Budget Act Violations

Finding:

The original operating budgets of the Village for the fiscal year ended June 30, 2004, did not present an adequate budget message signed by the budget preparer nor the estimated fund balances of the governmental funds for the beginning and the end of the fiscal year presented in the budget.

Management's Response:

Management discovered this error while preparing the proposed budget for the fiscal year ending June 30, 2005 and a budget message and the estimated fund balances of the governmental funds for the beginning of the year were presented in the budget. A budget message and the estimated fund balances will be presented in future budgets.

Finding:

At June 30, 2004, the following funds had actual expenditures and other uses in excess of budgeted expenditures and uses:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Fire Protection Fund	\$16,900	\$50,166	\$33,266

Management's Response:

The Fire Protection Fund received two grants that were not included in the financial statements at the time the budget was amended. One grant was received from Tangipahoa Parish Fire District #2 in the amount of \$29,769. Expenditures for the construction of a fire house were submitted to Tangipahoa Parish Fire District #2 by the Village of Tickfaw. A second grant was received from the Governor's Office of Rural Development in the amount of \$6,341.79. Expenditures incurred under this grant were accrued at June 30, 2004 and a corresponding receivable was recorded. In the future, budgets will be amended as required.

Finding:

At June 30, 2003, the General Fund's actual beginning fund balance was \$36,183 as compared to \$38,790 as shown in the amended budget which was improperly adopted. The \$2,607 difference in funds available resulted in an unfavorable variance of 6.72%. The Village used the beginning fund balance to help current year expenditures in its amended budget.

Management's Response:

At the time the budget was amended, the General Funds's actual fund balance was \$38,790. The fund balance was changed due to a prior period adjustment by the auditor. We will review this matter and will review the budget periodically to determine the fund balance is correctly stated.

2004-3 Enterprise Fund Deficit

Finding:

At June 30, 2004, the Enterprise Fund had a deficit of \$58,787. The Mayor and Board of Aldermen should take immediate steps to eliminate the deficit.

Management's Response:

We will review the results of the final audit and will reduce expenses and/or propose rate increases to the board of aldermen as required to reduce the deficit.

2004-4 Minutes Appear to be incomplete

Finding:

Minutes of the village council meetings appear to be incomplete.

Management's Response:

The Mayor will begin signing the minutes of the meetings immediately. The roll call vote will be provided in the minutes and attendees will be asked to sign an attendance sheet at every meeting. The outcome of each vote will be indicated in the minutes and details of important business such as bids, fines, fee increases will be provided in the future minutes.

2004-5 Enactment of Operating Budget Ordinance

Finding:

On June 29, 2004, the Village amended the operating budget for the fiscal year ended June 30, 2004. However, this amendment was not in accordance with state law. The Ordinance to amend the budget was not proper form and was not published in the official journal.

Management's Response:

Management prepared an ordinance adopting an operating budget of revenues and expenditures for the fiscal year beginning July 1, 2004 and ending June 30, 2005 and amending the operating budget of revenues and expenditures for the year ended June 30, 2004 following the Proposed Budget Resolution Exhibit 3-14 as listed on the Legislative Auditor's web site. Management did not list the ordinance number on the ordinance. In the future management will list the ordinance number on the ordinance. The fact that the budget was not published in the official journal was an oversight by management. The present Village clerk was employed less than one month at the time the budget was amended and did not know to publish the budget in the official journal. All future budgets will be published in the official journal in accordance with legal time schedules.

2004-6 Compliance with Bond Resolutions and Loan Covenants

The Village has Sales Tax Bonds, Series 1995 and Sewer Revenue Bonds, Series 1992. The Village failed to comply with several of the covenants for each of the Bonds referred to above. See Note 13 through 16 to the financial report for the details of these deficiencies.

Finding:

Sewer Bond Reserve Fund

The Sewer Bond Reserve Fund was underfunded at June 30, 2004, because of an October 2003 transfer of \$5,000 to the General Fund.

Management's Response

In October 2003, the Village transferred \$5,000 from the Sewer Bond Reserve Fund to the General Fund for operating expenses. Management has implemented a new accounting system in 2004 that has allowed management to monitor expenses more closely in the General Fund. Management has not borrowed any additional money from the reserve account since the new accounting system has been implemented. Management intends to reimburse the Sewer Bond Reserve Fund for the \$5,000 by the end of the fiscal year ending June 30, 2005.

Finding:

Rate Covenant

For the fiscal year ended June 30, 2004, the Village of Tickfaw was not in compliance with the above bond covenant since the ratio of excess revenues (after paying the required expenses of operation and maintenance and complying to debt covenants) to annual principal and interest installments was 47.09% as compared to the required ratio of 120%.

Management's Response

Management has implemented a new accounting system in 2004 that has allowed management to monitor expenses in the Utility Fund. Management has continued to cut cost in the utility fund and reviews the financial statements on a monthly basis. The Village has also had a slight increase in the number of customers. As noted in response to a separate finding, management will monitor the level of expenses and consider rate increases as required.

Finding:

At June 30, 2004, the Village was in non-compliance with the delinquent utility customers section of the bond resolution. The Village was not adhering to the thirty (30) day cut-off.

Management's Response

The Village is implementing a new utility billing software that will allow management to monitor accounts that are more than thirty days past due. The new utility billing system should be operational in February 2005, and the Village will increase its efforts to disconnect non-paying clients in accordance with applicable bond restrictions.

2004-7 Customer Deposits/Trust Fund

The Village transferred \$10,000 out of the Water Escrow checking account to the General Fund.

Management's Response

In 2004 management has implemented a new accounting system that has allowed management to monitor General Fund expenditures more closely. Management has not borrowed any additional money from the Water Escrow account since the new accounting system has been implemented and intends to reimburse the funds by June 30, 2005.

2004-8 Lack of Accounting Records**Management's Response**

During the fiscal year ending June 30, 2004 the Village had four different municipal clerks. Some of the invoices were misplaced. Beginning in June 2004, the Village implemented a new filing system in which the invoices are kept in folders by vendor. As of this date, the Town has implemented a new general accounting system and also a new utility billing system to improve record-keeping and the reporting of financial data. We will continue our efforts to improve financial reporting.

2004-9 Payroll Reporting**Management's Response**

The Village stopped withholding medicare from the Chief's compensation in January 2005. The Village will amend payroll reports for 2004 to correct the withholding and recoup any excess medicare tax paid by the Village. At the time of this response the Village has not issued W-2 Forms.

The Village stopped treating health insurance premiums withheld as being for a cafeteria plan in January 2005. Again payroll reports 2004 will be amended and the wages will be reported correctly on the W-2s.

The police supplemental pay was under-reported on Form 941 for the 1st quarter of 2004 because the village clerk was not properly informed of all police officers receiving supplemental pay. This problem has been rectified. Payroll reports will be amended for 2004 and wages will be properly reported on Form W-2.

Payroll amounts will be reconciled the general ledger on a monthly basis effective immediately.

2004-10 Employee Policy Manual

Management's Response

The Mayor and Board of Aldermen will review the employee policy manual and make the necessary revisions immediately.

2004-11 Utility Fund Accounts Receivable

The Village has implemented a new utility billing system. This system includes standard reporting for billings and trial balances showing the customer account balances. We will standardize the operation of the utility billing system and ensure that required reports are printed and filed each month. If more training is required for our staff to correctly operate the utility billing software, we will arrange for more training. However, until we are completely satisfied with the operation of the utility billing software, we will continue to maintain manual records as backup for customer account balances. In addition, written approvals will be maintained on file for all adjustment of utility fund accounts.