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VILLAGE OF POWHATAN, LOUISIANA  
ANNUAL FINANCIAL REPORT  
JUNE 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 3-26-97

Village of Powhatan, Louisiana

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Village of Powhatan, Louisiana

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Johnny B. Taylor, Mayor  
and Village Aldermen  
Village of Powhatan, Louisiana

We have audited the general purpose financial statements of the Village of Powhatan, Louisiana, as of and for the years ended June 30, 1996 and 1995, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in Government Auditing Standards, issued by the U.S. General Accounting Office, the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments", and the Louisiana Governmental Audit Guide. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Powhatan, Louisiana, as of June 30, 1996 and 1995, and the results of its operations and the cash flows of its proprietary fund for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as "Schedules" in the table of contents is presented for the purpose of additional analysis, and is not a required part of the financial statements of the Village of Powhatan, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the Village of Powhatan, Louisiana.

*Johnson, Thomas & Cunningham*  
Johnson, Thomas & Cunningham, CPA's

December 12, 1996  
Natchitoches, Louisiana

GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)

Account Groups		Totals	
General Fixed Assets	General Long-Term Debt	(Memorandum Only)	
		6-30-96	6-30-95
\$ 0	\$ 0	\$ 23,091	\$ 31,187
0	0	15,290	5,349
0	0	7,055	6,922
0	0	2,428	2,491
0	0	4,288	5,688
0	0	5,176	5,176
0	0	1,888,792	1,572,389
0	0	(214,703)	(177,669)
61,128	0	61,128	47,869
0	2,574	2,574	0
\$61,128	\$2,574	\$1,795,119	\$1,499,402
\$ 0	\$ 0	\$ 8,129	\$ 2,568
0	0	3,000	3,000
0	0	7,350	7,400
0	0	36,000	39,000
0	2,574	2,574	0
\$ 0	\$2,574	\$ 57,053	\$ 51,968
\$ 0	\$ 0	\$1,799,147	\$1,482,745
61,128	0	61,128	47,869
0	0	11,893	13,355
0	0	(141,201)	(109,852)
0	0	596	12,024
0	0	6,503	1,293
\$61,128	\$ 0	\$1,738,066	\$1,447,434
\$61,128	\$2,574	\$1,795,119	\$1,499,402

Village of Powhatan, Louisiana

Statement of Revenues, Expenditures and Changes in Fund Balances-  
All Governmental Fund Types  
Year Ended June 30, 1996

	Governmental Fund Types		Totals	
	General Fund	Capital Projects Fund	(Memorandum Only) 6-30-96	6-30-95
<b>Revenues:</b>				
Taxes	\$ 4,891	\$ 0	\$ 4,891	\$ 4,248
Licenses & Permits	2,255	0	2,255	2,208
Intergovernmental	18,335	316,403	334,738	16,536
Charges for Services	28	0	28	56
Fines & Forfeits	14,455	0	14,455	190
Miscellaneous	788	0	788	57
Total Revenues	<u>\$40,752</u>	<u>\$316,403</u>	<u>\$357,155</u>	<u>\$23,295</u>
<b>Expenditures:</b>				
Current-0				
General Government	\$42,541	\$ 14,618	\$ 57,159	\$11,362
Public Safety	3,637	0	3,637	70
Public Works	940	301,785	302,725	494
Debt Service	1,078	0	1,078	0
Total Expenditures	<u>\$48,196</u>	<u>\$316,403</u>	<u>\$364,599</u>	<u>\$11,926</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$(7,444)</u>	<u>\$ 0</u>	<u>\$(7,444)</u>	<u>\$11,369</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	\$ 3,355	\$ 0	\$ 3,355	\$ 1,130
Operating Transfers Out	(2,129)	0	(2,129)	0
Total Other Financing	<u>\$ 1,226</u>	<u>\$ 0</u>	<u>\$ 1,226</u>	<u>\$ 1,130</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	<u>\$(6,218)</u>	<u>\$ 0</u>	<u>\$(6,218)</u>	<u>\$12,499</u>
Fund Balance-Beginning of Year	<u>13,317</u>	<u>0</u>	<u>13,317</u>	<u>818</u>
Fund Balance-End of Year	<u>\$ 7,099</u>	<u>\$ 0</u>	<u>\$ 7,099</u>	<u>\$13,317</u>

See notes to financial statements.



Village of Powhatan, Louisiana  
Statement of Revenues, Expenditures and Changes in Fund Balance-  
Budget (GAAP Basis) and Actual  
General and Capital Projects Fund Types  
Year Ended June 30, 1996

	General Fund			Capital Projects Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>REVENUES:</b>						
Taxes	\$ 4,500	\$ 4,891	\$ 391	\$ 0	\$ 0	\$ 0
Licenses & Permits	2,500	2,255	(245)	0	0	0
Intergovernmental	21,000	18,335	(2,665)	397,170	316,403	(80,769)
Charges for Services	50	28	(22)	0	0	0
Fines & Forfeits	12,250	14,455	2,205	0	0	0
Miscellaneous	750	788	38	0	0	0
Total Revenues	\$41,050	\$40,752	\$ (298)	\$397,170	\$316,403	\$(80,767)
<b>Expenditures:</b>						
Current-						
General Government	\$44,000	\$42,541	\$1,459	\$ 35,000	\$ 14,618	\$ 20,382
Public Safety	3,500	3,637	(137)	0	0	0
Public Works	1,000	940	60	362,170	301,785	60,385
Debt Services	1,500	1,078	422	0	0	0
Total Expenditures	\$50,000	\$48,196	\$ 1,804	\$397,170	\$316,403	\$ 80,767
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,950)	\$ (7,444)	\$ 1,506	\$ 0	\$ 0	\$ 0
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating Transfers In	\$ 3,000	\$ 3,355	\$ 355	\$ 0	\$ 0	\$ 0
Operating Transfers Out	(2,000)	(2,129)	(129)	0	0	0
Total Other Financing	\$ 1,000	\$ 1,226	\$ 226	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	\$ (7,950)	\$ (6,218)	\$ 1,732	\$ 0	\$ 0	\$ 0
Fund Balance-Beginning of Year	13,317	13,317	0	0	0	0
Fund Balance-End of Year	\$ 5,367	\$ 7,099	\$ 1,732	\$ 0	\$ 0	\$ 0

See notes to financial statements.

Village of Powhatan, Louisiana

Comparative Statement of Revenues, Expenses and Changes in Retained Earnings  
Proprietary Fund Type  
Enterprise Fund  
Years Ended June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
OPERATING REVENUES:		
Water & Sewer Sales	\$ 58,436	\$ 54,084
Installation & Connection Fees	1,710	1,650
Miscellaneous	<u>454</u>	<u>25</u>
Total Operating Revenues	<u>\$ 60,600</u>	<u>\$ 55,759</u>
OPERATING EXPENSES:		
Depreciation	\$ 37,034	\$ 30,705
Personnel Cost	21,503	12,872
Utilities	11,136	15,592
Repairs & Maintenance	10,594	4,119
Insurance	1,869	1,710
Supplies	2,808	2,633
Taxes	2,890	3,077
Office Expenses	1,120	558
Dues & Miscellaneous	1,236	1,604
Legal & Accounting	<u>0</u>	<u>1,000</u>
Total Operating Expenses	<u>\$ 90,190</u>	<u>\$ 73,870</u>
Operating Income (Loss)	<u>\$ (29,590)</u>	<u>\$(18,111)</u>
NON-OPERATING REVENUES AND EXPENSES:		
Operating Transfer In (Out)	\$ (1,226)	\$ (1,130)
Interest on Bonds	<u>(1,995)</u>	<u>(2,090)</u>
Total Non-Operating Revenues and Expenses	<u>\$ (3,221)</u>	<u>\$ (3,220)</u>
Net Income (Loss)	\$ (32,811)	\$(21,331)
Retained Earnings (Deficit)- Beginning of Year	<u>(96,497)</u>	<u>(75,166)</u>
Retained Earnings (Deficit)- End of Year	\$(129,308)	\$(96,497)

See notes to financial statements.

Village of Powhatan, Louisiana  
 Proprietary Fund Types  
 Enterprise Fund  
 Statement of Cash Flows  
 Years Ended June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Cash Flows from Operating Activities:		
Net Income (Loss) for the Year	\$(32,811)	\$(21,332)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	37,034	30,705
(Increase) in Accounts Receivables	(442)	243
(Increase) in Restricted Assets	1,330	(2,109)
Increase in Accounts Payable	(299)	(427)
Increase in Customer's Deposits	(50)	1,202
Net Cash Provided by (Used by) Operating Activities	<u>\$ 4,762</u>	<u>\$ 8,282</u>
Cash Flows Used by Investing Activities:		
Construction of Plant & Equipment	<u>\$ 0</u>	<u>\$ 0</u>
Cash Flows from Financing Activities:		
Repayment of Long-Term Debt	\$ (3,000)	\$ (2,000)
Total Cash Flows from Financing Activities	<u>\$ (3,000)</u>	<u>\$ (2,000)</u>
Net Increase (Decrease) in Cash	\$ 1,762	\$ 6,282
Cash at Beginning of Year	<u>17,482</u>	<u>11,200</u>
Cash at End of Year	<u>\$ 19,244</u>	<u>\$ 17,482</u>

See notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Village of Powhatan, Louisiana  
Notes to Financial Statements  
June 30, 1996

1. The Reporting Entity:

The Village of Powhatan, Louisiana, is incorporated under the Lawrason Act with a Mayor-Board of Aldermen form of government. The executive branch of government is headed by the Mayor and a Legislative branch consisting of three Aldermen.

This report includes all funds and account groups which are controlled or dependent on the Village of Powhatan's executive and legislative branches (the Mayor and Aldermen). Control by or dependence on the Village of Powhatan was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of government body, and other general oversight responsibility.

The Village's operations include police, streets and drainage, and general and administrative services. In addition, the Village operates a Utility System which provides water, sewer and gas services.

2. Summary of Significant Accounting Policies:

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

The following is a summary of certain significant accounting policies and practices:

Fund Accounting The accounts of the Village of Powhatan are organized on the basis of funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic funds types and two broad fund categories as follows:

Governmental Funds-

General Fund-The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Funds-Capital projects funds are used to account for the acquisition or construction of major capital facilities.

Village of Powhatan, Louisiana  
Notes to Financial Statements  
June 30, 1996

Proprietary Fund-

Enterprise Fund-The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (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 the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fixed Assets-The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed Assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, and are recorded as expenditures in the governmental fund types when purchased. Assets are valued at historical cost. The Village has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

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

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity are included on the balance sheet.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against the operations. Depreciation has been provided over the estimated useful lives using the straight-line method.

Water System-1969	50 years
Water System-1988	50 years
Sewer System-1992	50 years
Water System-1995	50 years
Equipment	10 years



Village of Powhatan, Louisiana  
Notes to Financial Statements  
June 30, 1996

Basis of Accounting

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Purchase of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

Budgets and Budgetary Accounting

The Village utilizes the following procedures in establishing the budgetary data reflected in the financial statements.

1. The Clerk prepares the budget which is to be submitted to the Board of Aldermen at the May meeting of the Board. The budget is to be voted on at the June meeting.
2. The budget can be amended after adoption, by the Clerk submitting an amended budget to the Board, and adoption by the Board.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. Budgets for the General and Capital Projects funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Inventories

Water system supplies used in the proprietary fund are expensed when purchased since the amount on hand, if any, is not material in amount.

Retirement Commitments

The employees of the Village of Powhatan are not covered by any pension system, other than the social security system.

Unpaid Accumulated Vacation and Sick Pay

At June 30, 1996 there was no unpaid accumulated vacation or sick pay.

Village of Powhatan, Louisiana  
Notes to Financial Statements  
June 30, 1996

Encumbrance Accounting

The Village of Powhatan does not employ the use of "encumbrance" accounting methods.

Bad Debts

Uncollectible amounts due for customer's utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable.

Total Columns on Combined Statements - Overview

Total columns on the combined statements-overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. Restricted Assets - Proprietary Fund Type:

The following is a schedule of changes in assets restricted for revenue bond debt service for the year ended June 30, 1996:

	<u>Amortization</u>	Depreciation and <u>Contingency</u>	<u>Reserve</u>	<u>Total</u>
Cash, 7-1-95	\$ 2,491	\$ 5,688	\$5,176	\$13,355
Transfers from Operating Accounts	4,932	600	0	5,532
Disbursements-				
Bond Interest	(1,995)	0	0	(1,995)
Bond Principal	(3,000)	0	0	(3,000)
Maintenance & Repairs	<u>0</u>	<u>(2,000)</u>	<u>0</u>	<u>(2,000)</u>
Cash, 6-30-96	\$ 2,428	\$ 4,288	\$5,176	\$11,892



Village of Powhatan, Louisiana  
Notes to Financial Statements  
June 30, 1996

4. Changes in General Fixed Assets:

A summary of changes in general fixed assets follows:

Balance at July 1, 1995	\$47,869
Additions for year ended 6-30-96	13,509
Deletions for year ended 6-30-96	<u>(250)</u>
Balance at June 30, 1996	\$61,128

5. Certificate of Indebtedness:

During the year ended June 30, 1996, the Village incurred debt on certificates of indebtedness issued for payment of insurance on 9-15-95 totaling \$1,850, and for the purchase of a patrol car on 5-16-96 totaling \$1,525. Transactions related to these certificates of indebtedness for 1996 are as follows:

Debt incurred during 1996	\$3,375
Payments made during year	<u>(801)</u>
Balance, 6-30-96	\$2,574

6. Changes in Long-Term Debt:

Revenue Bonds

The following is a summary of revenue bond transactions for the Village for the year ended June 30, 1996:

Revenue Bonds Payable 7-1-95	\$42,000
Less, Bonds retired for fiscal year ended 6-30-96	<u>3,000</u>
Bonds Payable 6-30-96	\$39,000

Bonds payable at June 30, 1996, are comprised of the following individual issue:

	<u>Issue Date</u>	<u>Maturity</u>	<u>Rate</u>	<u>Total</u>
1969 FIA Water Revenue Bonds	6-69	2009	4.75%	\$54,000

Village of Powhatan, Louisiana  
Notes to Financial Statements  
June 30, 1996

The annual requirements to amortize these bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1997	\$ 3,000	\$ 1,853	\$ 4,853
1998	3,000	1,710	4,710
1999	3,000	1,567	4,567
2000	3,000	1,425	4,425
2001-2009	<u>27,000</u>	<u>6,413</u>	<u>33,413</u>
Total	\$39,000	\$12,968	\$51,968

7. Flow of Funds, Restriction on Use - Utilities Revenues:

Under the terms of the bond indenture on outstanding Waterworks Revenue Bonds dated June 1, 1969, all income and revenues of every nature, earned or derived from operation of the Waterworks system are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

- A. From "Waterworks System Fund", there must be paid all reasonable and necessary expenses of administration, operation, and maintenance of the said waterworks utility system.
- B. Each month there will be set aside into a fund called the "Amortization Fund", on or before the 20th day of the month, an amount constituting 1/12 of the total amount of principal and interest falling due in the ensuing year, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due.
- C. There shall also be set aside into a "Reserve Fund" on or before the 20th day of each month at the rate of \$50 each month commencing with the calendar year 1971. Money in this fund must be used to care for depreciation, extensions, additions, improvements, and replacements necessary to operate properly the said waterworks utility system.
- D. Funds will also be set aside into a "Depreciation and Contingencies Fund" on or before the 20th day of each month at the rate of \$50 each month commencing with the calendar year 1971. Money in this fund must be used to care for depreciation, extensions, additions, improvements, and replacements necessary to operate properly the said waterworks utility system.

Subject to the foregoing, which are cumulative, any surplus remaining in the said System Fund may be used by the Borrower for the purpose of calling/and or purchase of the bonds herein authorized or for such other purposes as the governing authority of the Borrower may determine; provided, however, that such surplus may not be used for such other purpose as the governing authority may determine until there shall be on deposit in the reserve fund not less than the sum of \$5,040.

Village of Powhatan, Louisiana  
Notes to Financial Statements  
June 30, 1996

8. Litigation:

At June 30, 1996, there was no pending civil suits against the Village.

9. Cash and Investments:

The Village's cash is held in separate cash accounts, and accounted for separately in each of the Village's funds. At June 30, 1996, the Village's cash totaled \$39,551. All of this cash is held by banks, and \$39,551 is covered by FDIC insurance.

The Village's cash is categorized below to give an indication of the level of risk assumed by the Village at June 30, 1996. Category 1 includes cash held by the Village which is insured and held in the Village's name. Category 2 would include cash and investments held in the Village's name which is uninsured or unregistered. Category 3 would include the Village's cash held by a trustee or other third party not in the Village's name and uninsured and unregistered.

	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>	Carrying <u>Value</u>
Total Cash & Cash Equivalents	\$39,551	\$0	\$0	\$39,551
FDIC Insurance	<u>39,551</u>	<u>0</u>	<u>0</u>	<u>39,551</u>
Balance Uninsured	\$ . . . . 0	\$0	\$0	\$ . . . . 0

10. Plant & Equipment:

A summary of proprietary fund property, plant and equipment at June 30, 1996, follows:

	Useful <u>Life</u>	<u>Cost</u>	Accumulated <u>Depreciation</u>	<u>Net</u>	Depreciation <u>This Year</u>
Water System-1969	50	\$ 85,500	\$ 46,247	\$ 39,253	\$ 1,710
Water System-1988	50	765,045	100,369	664,676	15,008
Equipment	10	700	455	245	70
Sewer Plant-1992	50	667,229	30,026	637,203	13,345
Land	--	25,291	0	25,291	0
Water System-1995	50	<u>345,027</u>	<u>37,606</u>	<u>307,421</u>	<u>6,901</u>
Total		\$1,888,792	\$214,703	\$1,674,089	\$37,034

Village of Powhatan, Louisiana  
Notes to Financial Statements  
June 30, 1996

11. Village Officials:

The following is a summary of payments to Village officials during the year.

<u>Name</u>	<u>Position</u>	<u>Payments</u>
Betty Jo Colvin	Mayor	\$3,250
Patrick Sweet	Alderman	420
O. V. Hall	Alderman	420
Alida Blake	Alderman	<u>420</u>
Total		\$4,510

INTERNAL CONTROL AND COMPLIANCE

*Johnson, Thomas & Cunningham*

*Certified Public Accountants*

Exhibit F-1

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INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL  
STRUCTURE IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Village Council of  
Powhatan, Louisiana

We have audited the general purpose financial statements of the Village of Powhatan, Louisiana, as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated December 12, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments", and the Louisiana Governmental Audit Guide. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements covered by our report are free of material misstatement.

The management of the Village of Powhatan, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Village of Powhatan, Louisiana, as of and for the years ended June 30, 1996 and 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.



We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose, combining, individual fund and account group financial statements.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following reportable conditions that we believe to be material weaknesses.

Separation of Duties:

The accounting department of the Village consists of one employee. This leaves very little opportunity to have a proper separation of duties. This lack of separation of accounting duties constitutes a material weakness in the control system used to administer financial assistance programs.

Recommendation:

Since the cost of an internal control system should not outweigh the benefits derived from it, we have no recommendation to make in this area.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the 1996 and 1995 financial statements and in our examination and review of the Village's compliance with those laws and regulations for which we believe noncompliance could have a material effect on the allowability of program expenditures for federal financial assistance programs. This report does not affect our reports on the June 30, 1996 and 1995, financial statements and on the Village's compliance with laws and regulations dated December 12, 1996.

This report is intended solely for the use of management, and all applicable grantor agencies, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Village of Powhatan, Louisiana, is a matter of public record.

  
Johnson, Thomas & Cunningham, CPA's

December 12, 1996  
Natchitoches, Louisiana

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Exhibit F-2  
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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL  
CONTROL STRUCTURE USED IN ADMINISTERING  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Village Council of  
Powhatan, Louisiana

We have audited the general purpose financial statements of the Village of Powhatan, Louisiana, as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated December 12, 1996. We have also audited the Village of Powhatan, Louisiana's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated December 12, 1996.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments", and the Louisiana Governmental Audit Guide. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Village of Powhatan, Louisiana, complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the years ended June 30, 1996 and 1995, we considered the Village's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the Village's financial statements and on its compliance with requirements applicable to major programs and not to provide assurance on the internal control structure. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed policies and procedures relevant of our audit of the financial statements in a separate report dated December 12, 1996.

The management of the Village of Powhatan, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors,



irregularities or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

General requirements:

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Administrative requirements

Specific requirements:

- Types of services
- Reporting
- Special requirements

Claims for advances and reimbursements

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been place in operation, and we assessed control risk.

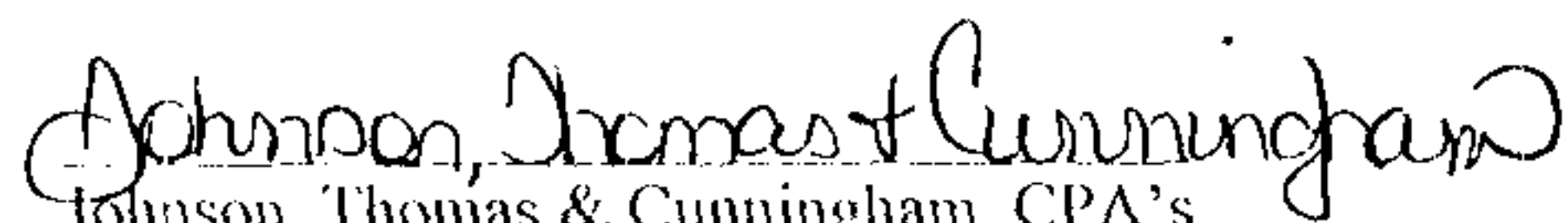
During the year ended June 30, 1995, the Village of Powhatan, Louisiana, expended no federal financial assistance which would fall under major federal financial assistance programs.

During the year ended June 30, 1996, the Village of Powhatan, Louisiana, expended 97.70 percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements that are applicable to the Village's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of management, all applicable federal agencies, and those other governmental agencies from which financial assistance was received and should not be used for any other purpose. However, upon delivery to the Village of Powhatan, Louisiana, this report is a matter of public record and its distribution is not limited.

  
Johnson, Thomas & Cunningham, CPA's

December 12, 1996  
Natchitoches, Louisiana

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Exhibit F-3

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INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE BASED ON AN AUDIT OF THE  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

To the Village Council of  
Powhatan, Louisiana

We have audited the general purpose financial statements of the Village of Powhatan, Louisiana, as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated December 12, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the provision of Office of Management and Budget Circular A-128, "Audits of State and Local Governments", and the Louisiana Governmental Audit Guide. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements being audited are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Village of Powhatan, Louisiana, is the responsibility of the Village's management. As part of obtaining reasonable assurance about whether the aforementioned financial statements are free of material misstatement, we performed tests of the Village's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of management. This restriction is not intended to limit the distribution of this report, which, upon delivery to the Village of Powhatan, Louisiana, is a matter of public record.

*Johnson, Thomas & Cunningham*  
Johnson, Thomas & Cunningham, CPA's

December 12, 1996  
Natchitoches, Louisiana

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Exhibit F-4  
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH THE GENERAL REQUIREMENTS APPLICABLE  
TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Village Council of  
Powhatan, Louisiana

We have audited the general purpose financial statements of the Village of Powhatan, Louisiana, as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated December 12, 1996.

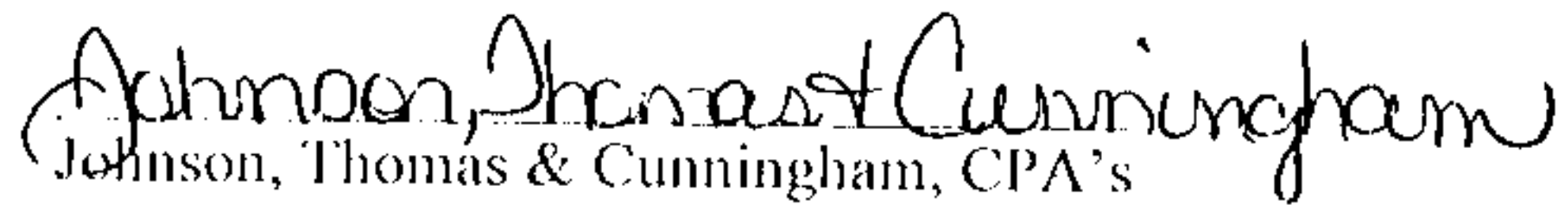
We have applied procedures to test the Village of Powhatan, Louisiana, compliance with the following requirements applicable to its federal financial assistance programs, the major programs of which are identified in the schedule of federal financial assistance, for the year ended June 30, 1996:

Political activity  
Civil rights  
Cash management  
Federal financial reports  
Allowable costs/cost principles  
Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Village of Powhatan, Louisiana, compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Village of Powhatan, Louisiana had not complied, in all material respects, with those requirements.

This report is intended for the information of management, applicable Federal agencies, and other governmental agencies from which federal financial assistance was received. This restriction is not intended to limit the distribution of this report, which upon delivery to the Village of Powhatan, Louisiana, is a matter of public record.

  
Johnson, Thomas & Cunningham, CPA's

December 12, 1996  
Natchitoches, Louisiana

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Exhibit F-5

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
SPECIFIC REQUIREMENTS APPLICABLE TO  
MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Village Council of  
Powhatan, Louisiana

We have audited the general purpose financial statements of the Village of Powhatan, Louisiana, as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated December 12, 1996.

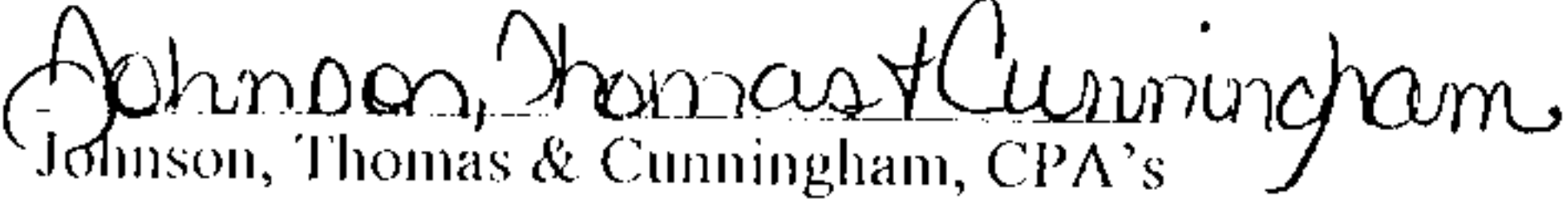
We have also audited the Village of Powhatan, Louisiana, compliance with the requirements governing types of services allowed or unallowed; matching; reporting; any special tests; and claims for reimbursements that are applicable to its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the year ended June 30, 1996. The management of the Village of Powhatan, Louisiana, is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Village of Powhatan, Louisiana, compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Village of Powhatan, Louisiana, complied, in all material respects, with the requirements governing types of services allowed or unallowed; matching; reporting; any special tests; and claims for reimbursements that are applicable to its major federal financial assistance programs for the year ended June 30, 1996.



This report is intended for the information of management, applicable Federal agencies, and other governmental agencies from which federal financial assistance was received. This restriction is not intended to limit the distribution of this report, which upon delivery to the Village of Powhatan, Louisiana, is a matter of public record.

  
Johnson, Thomas & Cunningham, CPA's

December 12, 1996  
Natchitoches, Louisiana

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Exhibit F-6

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR  
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

To the Village Council of  
Powhatan, Louisiana

We have audited the general purpose financial statements of the Village of Powhatan, Louisiana, as of and for the years ended June 30, 1996 and 1995, and have issued our report hereon dated December 12, 1996.

In connection with our audit of the 1996 and 1995 general purpose financial statements of the Village of Powhatan, Louisiana, and with our study and evaluation of the Village of Powhatan, Louisiana, internal control systems used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments", we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the years ended June 30, 1996 and 1995. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed, and claims for reimbursements that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Village of Powhatan, Louisiana, compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Village of Powhatan, Louisiana, had not complied, in all material respects, with those requirements.

This report is intended for the information of management, applicable Federal agencies, and other governmental agencies from whom federal financial assistance was received. This restriction is not intended to limit the distribution of this report, which, upon delivery to Village of Powhatan, Louisiana, is a matter of public record.

*Johnson, Thomas & Cunningham*  
Johnson, Thomas & Cunningham, CPA's

December 12, 1996  
Natchitoches, Louisiana



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Exhibit F-7  
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INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF  
FEDERAL FINANCIAL ASSISTANCE

To the Village Council of  
Powhatan, Louisiana

We have audited the general purpose financial statements of the Village of Powhatan, Louisiana, as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated December 12, 1996. These general purpose financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments", and the Louisiana Governmental Audit Guide. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Village of Powhatan, Louisiana, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*Johnson, Thomas & Cunningham*  
Johnson, Thomas & Cunningham, CPA's

December 12, 1996  
Natchitoches, Louisiana

SCHEDULE

Village of Powhatan, Louisiana  
Schedule of Federal Financial Assistance  
Year Ended June 30, 1996

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Award Amount</u>	<u>Current Year Revenues</u>	<u>Current Year Expenditures</u>	<u>Total Program Expenditures to June 30, 1996</u>
U. S. Department of Housing and Urban Development passed through to- Louisiana Division of Administration-						
LCDBG Grant	14.219	101-5080	\$397,170	\$316,403	\$316,403	\$397,170
U. S. Department of Justice COPS Fast	95-CF-WX-1648		<u>10,450</u>	<u>10,450</u>	<u>10,074</u>	<u>10,074</u>
Totals			\$407,620	\$326,853	\$326,477	\$407,244