

VILLAGE OF FOREST
Forest, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
As of and For the Year Ended December 31, 1996

COMPENSATION PAID ALDERMEN

The schedule of compensation paid aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 33:405, aldermen receive \$10.00 for each regular meeting and \$5.00 for each special meeting they attend. Compensation of aldermen is included in personal services and related benefits expenditures of the General Fund.

VILLAGE OF FOREST

Forest, Louisiana

Notes to the Financial Statements (Continued)

F. CASH AND CASH EQUIVALENTS

Under state law, the village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The village may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 1996, the village has cash (bank balances) totaling \$118,073, as follows:

Demand deposits	\$79,000
Time deposits	<u>31,073</u>
Total	<u>\$118,073</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. Deposit balances (bank balances) at December 31, 1996, total \$133,598 and are fully secured by federal deposit insurance.

For purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of three months or less when purchased.

G. VACATION AND SICK LEAVE

The Village of Forest has not adopted vacation and sick leave policies; therefore, there is no liability for compensated absences.

H. TOTAL COLUMN ON THE COMBINED STATEMENTS

Total columns on the combined statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position nor results of operations 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.

VILLAGE OF FURST
 Fouss, Louisiana
 Notes to the Financial Statements (Continued)

2. FIXED ASSETS

The following presents changes in general fixed assets for the year ended December 31, 1996:

	Land and		Total
	Buildings	Equipment	
Balance, January 1, 1996	\$6,438	\$2,108	\$8,546
Additions		2,000	2,000
Deletions		(1,100)	(1,100)
Balance, December 31, 1996	<u>\$6,438</u>	<u>\$3,008</u>	<u>\$9,446</u>

Included in fixed asset additions for the year ended December 31, 1996, is a used police car valued at \$2,000 received as a donation from the West Carroll Parish Sheriff.

A summary of proprietary fund type property, plant, and equipment at December 31, 1996, follows:

	Basic	Accumulated Depreciation	Net Book Value
Water system	\$697,568	(\$141,242)	\$496,346
Equipment	890	(420)	470
Total	<u>\$698,458</u>	<u>(\$142,722)</u>	<u>\$496,666</u>

3. PENSION PLAN

The employees of the village are members of the Social Security System. In addition to the employee contributions withheld at 7.65 per cent of gross salary, the village contributes an equal amount to the Social Security System. For the year ended December 31, 1996, employer contributions were \$2,339. Total salaries paid for 1996, were \$30,514. The village does not guarantee the benefits granted by the Social Security System.

VILLAGE OF FOREST

Forest, Louisiana

Note to the Financial Statements (Continued)

4. REVENUE BONDS PAYABLE

At December 31, 1996, the village has two outstanding issues of long-term revenue bonds. The purpose of the bonds was to provide financing for the construction of the water system and expansions and improvements to the system. The issue dated May 4, 1989 was for \$102,263. The issue bears interest at 9.0 per cent per annum and the principal is to be repaid in annual payments ranging from \$1,670 to \$13,110 through October 1, 2002.

In 1990 the village sold an additional revenue bond to the United States Department of Agriculture, Forest Home Administration. The issue dated November 14, 1990 was for \$130,200. The issue bears interest at 6.125 per cent per annum and the principal and interest is to be repaid in annual payments of \$8,846 through November 14, 2030. All long-term debt is to be repaid solely from the income and revenues derived from the operation of the water system.

The following is a summary of revenue bond payable transactions for the year ended December 31, 1996:

Revenue bonds payable at January 1, 1996	\$191,656
Additions	50268
Reductions	<u>(9,446)</u>
Long-term debt at December 31, 1996	<u>\$182,218</u>

The annual requirements to amortize the revenue bonds outstanding at December 31, 1996, including interest of \$190,331, are as follows:

Total	
1997	\$22,303
1998	22,303
1999	22,697
2000	22,695
2001	22,896
2002 - 2006	44,374
2007 - 2011	44,239
2012 - 2016	44,239
2017 - 2021	44,239
2022 - 2026	44,239
2027 - 2030	<u>37,161</u>
Total	<u>\$372,341</u>

VILLAGE OF FOREST

Forest, Louisiana

Notes to the Financial Statements (Continued)

- B. A "Water Reserve Fund". The village must transfer into this fund, each month, an amount equal to 5 per cent of the amount to be paid into the Water Revenue Bond and Interest Sinking Fund. Such amounts may be used only for the payment of matured bonds and interest when sufficient funds are not available in the Water Revenue Bond and Interest Sinking Fund.
- C. A "Water Depreciation and Contingency Fund". The village must transfer into this fund, each month, an amount equal to 5 per cent of the amount to be paid into the Water Revenue Bond and Interest Sinking Fund. The deposits in this fund may be used for annual or extraordinary maintenance, repairs, replacements, and extensions and for the cost of improvements to the system. Money in this fund may also be used to pay principal and interest on bonds falling due at any time there is not sufficient funds in the other reserve funds.

At December 31, 1996 the village has \$77,336 in restricted accounts to meet reserve requirements. The following is a summary of transactions in the bond reserve accounts for the year ended December 31, 1996:

Reserve for revenue bonds payable at January 1, 1996	\$64,200
Deposits	9,736
Interest earnings	<u>3,399</u>
Reserve for bonds payable at December 31, 1996	<u>\$77,336</u>

8. LITIGATION AND CLAIMS

The village is not involved in any lawsuits at December 31, 1996, nor is it aware of any asserted claims.

SUPPLEMENTAL INFORMATION SCHEDULE

VILLAGE OF FOREST
FOREST, Louisiana

Schedule of Water Rates
For the Year Ended December 31, 1996

<u>Classification</u>	<u>Tariff</u>	<u>Rate</u>
Residential	Monthly minimum for first 2,000 gallons	\$3.50
	Per 1,000 gallons for the next 4,000 gallons	2.10
	Per 1,000 gallons for the next 4,000 gallons	1.50
	Per 1,000 gallons for all over 10,000 gallons	1.00
Commercial	Monthly minimum for first 10,000 gallons	\$8.00
	Per 1,000 gallons for all over 10,000 gallons	1.70

VILLAGE OF FOREST
 FOREST, Louisiana
 PROPRIETARY FUND TYPE - INTERPRISE FUND

Proposed Operating Budget
 For the Year Ending December 31, 1997
 (Unaudited)

REVENUES	
Water	\$110,000
Other	2,000
Interest income	4,000
Total revenues	<u>116,000</u>
EXPENSES	
Insurance	8,000
Interest expense	12,000
Depreciation expense	17,400
Permits	400
Payroll taxes	2,500
Office	4,500
Sales tax	4,000
Repairs and maintenance	15,000
Salaries	21,000
Supplies	3,000
Truck expenses	2,000
Utilities and telephone	10,500
Total expenses	<u>114,000</u>
NET INCOME	<u>\$2,000</u>

VILLAGE OF FOREST
Forest, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 1986

REVENUES

Taxes:

Tobacco	\$1,422
Franchise	3,692
Occupational licenses	4,000
Use of money and property - interest earnings	389
Total revenues	<u>8,883</u>

EXPENDITURES

General government - current:

Personal services and related benefits	1,588
Operating services	3,588
Materials and supplies	434
Public safety	1,201
Public works	<u>10,900</u>
Total expenditures	<u>19,811</u>

**EXCESS (Deficiency) OF REVENUES
OVER EXPENDITURES**

(10,928)

OTHER FINANCING SOURCE

Sale of fixed assets

500**EXCESS (Deficiency) OF REVENUES AND
OTHER SOURCE OVER EXPENDITURES**

(10,428)

FUND BALANCE AT BEGINNING OF YEAR23,180**FUND BALANCE AT END OF YEAR**\$12,752

The accompanying notes are an integral part of this statement.

VILLAGE OF FOREST
Forest, LouisianaSchedule of Compensation Paid Aldermen
For the Year Ended December 31, 1996

Rick Giddens	\$20
Sam Giddens	150
Dorothy Keen	100
Mike Jones	<u>50</u>
Total	<u>\$320</u>

**Independent Auditor's Reports on Federal
Financial Assistance, Compliance With Laws,
Regulations, Contracts and Grants,
and Internal Control Structure**

The following independent auditor's reports on the schedule of federal financial assistance, compliance with laws, regulations, contracts, and grants and the internal control structure are prepared in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States; the Office of Management and Budget's Circular A-128, *Audits of State and Local Governments*; the Single Audit Act of 1984, the United States Department of Agriculture *Farmer Home Administration (FHA) Audit Program* (1989 edition); and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

LEWIS L. ANDRÉS
CERTIFIED PUBLIC ACCOUNTANT

125 COMANCHE TRAIL
WEST MONROE, LA 71291

(714) 396-3058

**Independent Auditor's Report on Supplementary
Schedule of Federal Financial Assistance**

**MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF FOREST**
Forest, Louisiana

I have audited the general purpose financial statements of the Village of Forest as of December 31, 1986, and for the year then ended, and have issued my report thereon dated March 17, 1987. These general purpose financial statements are the responsibility of the management of the Village of Forest. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-128, *Audit of State and Local Governments* and the United States Department of Agriculture Farmers Home Administration (FmHA) Audit Program (1989 advice). These standards, OMB Circular A-128 and the FmHA audit program require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the general purpose financial statements of the Village of Forest, 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

VILLAGE OF FOREST
FOREST, Louisiana

Schedule 2

Schedule of Insurance Coverage
As of December 31, 1996

Type of Coverage	Name of Insurer	Policy Number	Amount of Coverage	Expiration Date
Commercial General Liability	Louisiana Municipal Risk Management Agency	LML-124	Aggregate - \$500,000 Bath Occurrence - \$500,000 Medical Payments - \$1,000 per person - \$10,000 per accident Fire Legal Liability - \$50,000 per occurrence	5/1/97
Law Enforcement Officers Comprehensive Liability	Louisiana Municipal Risk Management Agency	LML-124	\$500,000	5/1/97
Public Officials Errors and Omissions Liability	Louisiana Municipal Risk Management Agency	LML-124	\$500,000	5/1/97
Workers' Compensation and Employers Liability	Louisiana Municipal Risk Management Agency	WC-0184	Statutory	1/1/98

VILLAGE OF FOREST
Forest, Louisiana
ALL FUND TYPES AND ACCOUNT GROUP

Combined Balance Sheet, December 31, 1996

	GOVERNMENTAL FUND TYPE - GENERAL FUND	PROPRIETARY FUND TYPE - WATER ENTERPRISE FUND	ACCOUNT GROUP - GENERAL FIXED ASSETS	TOTAL MEMORANDUM (09/5)
ASSETS				
Current assets:				
Cash	\$12,732	\$20,000		\$32,732
Accounts receivable		11,327		11,327
Total current assets	<u>12,732</u>	<u>31,327</u>	<u>NONE</u>	<u>44,059</u>
Restricted assets - cash and equivalents				
Water system plant and equipment (net of accumulated depreciation)		77,336		77,336
Land, buildings, and equipment		495,666	\$9,446	495,666
TOTAL ASSETS	<u>\$12,732</u>	<u>\$604,328</u>	<u>\$9,446</u>	<u>\$626,507</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current liabilities (payable from current assets) - customer water deposits				
		\$17,672		\$17,672
Current liabilities (payable from restricted assets) - accrued interest payable				
		2,269		2,269
Revenue bonds payable		180,210		180,210
Total Liabilities	<u>NONE</u>	<u>200,151</u>	<u>NONE</u>	<u>200,151</u>
Fund Equity:				
Investment in general fixed assets			\$9,446	9,446
Contributed capital (net of accumulated depreciation on fixed assets acquired with federal grant)		186,830		186,830
Retained earnings - reserved for debt service		34,538		34,538

(Continued)

RECEIVED
LOUISIANA AUDITOR
APR 29 AM 9:26

OFFICIAL
FILE COPY

DO NOT SEND OUT

When necessary
clips from this
copy and PLACE
BACK in FILE

VILLAGE OF FOREST
Forest, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1996
With Supplemental Information Schedules

STATE OF LOUISIANA
COUNTY OF ORLEANS
VILLAGE OF FOREST
OFFICE OF THE PARISH CLERK OF COURT
1000 PINE STREET
MONROE, LOUISIANA 70132
TELEPHONE (504) 235-1234
FACSIMILE (504) 235-1235
WWW.PARISHCLERKOFLOUISIANA.GOV

APR 02 1997

Reference Date _____

VILLAGE OF FOREST
Forest, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1996
With Supplemental Information Schedules

C O N T E N T S

	Statement	Page No.
Independent Auditor's Report		3
General Purpose Financial Statements:		
Combined Balance Sheet - All Fund Types and Account Groups	A	6
Governmental Fund Type - General Fund -		
Statement of Revenues, Expenditures, and Changes in Fund Balance	B	8
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Cash Basis) and Actual	C	9
Proprietary Fund Type - Water Enterprise Fund:		
Statement of Revenues, Expenses, and Changes in Retained Earnings	D	10
Statement of Cash Flows	E	11
Notes to the Financial Statements		12
Supplemental Information Schedules:	Schedule	Page No.
Schedule of Water Rates	1	13
Schedule of Insurance Coverage	2	14

C O N T E N T S (CONT'D.)

	Schedule	Page No.
Supplemental Information Schedules (Cont'd.):		
Proposed Operating Budget - For the Year Ending December 31, 1997 (Unaudited)	3	25
Schedule of Compensation Paid Aldermen	4	27
Independent Auditor's Reports Required by Government Auditing Standards, OMB Circular A-128, Audit of State and Local Governments, United States Department of Agriculture Farmers Home Administration (FmHA) Audit Program (1989 edition) and the Single Audit Act of 1984:		
Report on Schedule of Federal Financial Assistance		29
Schedule of Federal Financial Assistance - For the Year Ended December 31, 1996	5	31
Report on Compliance With Laws, Regulations, Contracts, and Grants		32
Report on Compliance With General Requirements Applicable to Federal Financial Assistance Programs		34
Report on Compliance With Specific Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions		36
Report on Internal Control Structure		38
Report on Internal Control Structure Used in Administering Federal Financial Assistance Programs		40

LOUIS L. ANERIES
CERTIFIED PUBLIC ACCOUNTANT

100 KEMMERER TRAIL
WEST MONROE, LA. 70091

(504) 784-7806

Independent Auditor's Report

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF FOREST
Forest, Louisiana

I have audited the general purpose financial statements of the Village of Forest as of December 31, 1996, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Village of Forest's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Village of Forest as of December 31, 1996, and the results of operations and cash flows of its proprietary fund for the year then ended, in conformity with generally accepted accounting principles.

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF FOREST
Forest, Louisiana
Independent Auditor's Report,
December 31, 1996

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the Village of Forest. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards and GMB Circular A-128, I have also issued reports dated March 17, 1997 on the Village of Forest's Schedule of Federal Financial Assistance; compliance with laws, regulations, contracts, and grants; and my consideration of the village's internal control structure.

Russell H. Dondos

West Monroe, Louisiana
March 17, 1997



VILLAGE OF FOREST
FOREST, Louisiana
PROPRIETARY FUND TYPE -
WATER ENTERPRISE FUND

Statement of Revenues, Expenses,
and Changes in Retained Earnings
For the Year Ended December 31, 1996

OPERATING REVENUES	
Water sales	<u>\$108,736</u>
OPERATING EXPENSES	
Salaries	50,514
Payroll taxes	2,935
Office	4,245
Sales tax	4,661
Utilities	11,624
Repairs and maintenance	13,722
Insurance	8,283
Materials and supplies	5,389
Permits	412
Truck expense	4,800
Office expenses	1,099
Depreciation	17,430
Total operating expenses	<u>173,864</u>
OPERATING INCOME	<u>4,352</u>
NON-OPERATING REVENUES (Expenses)	
Interest income	3,987
Interest expense	<u>(13,254)</u>
Total non-operating revenues (expenses)	<u>(9,267)</u>
NET INCOME (LOSS)	(4,915)
Adjustment for depreciation on fixed assets acquired with federal grant	5,400
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>214,848</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$213,408</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF FOREST
 Forest, Louisiana
 ALL FUND TYPES AND ACCOUNT GROUP
 Combined Balance Sheet, December 31, 1986

	GOVERNMENTAL FUND TYPE - GENERAL FUND	PROPERTY FUND TYPE - WATER ENTERPRISE FUND	ACCOUNT GROUP - GENERAL FUND ASSETS	TOTAL (MEMORANDUM ONLY)
Fund Equity (Cont.)				
Retained earnings - reserved for capital improvements		\$7,645		\$7,645
Retained earnings - unreserved - undesignated		175,333		175,333
Total retained earnings	NONE	215,408	NONE	215,408
Fund balance -				
unreserved-undesignated	\$12,732	NONE	NONE	12,732
Total Fund Equity	12,732	482,738	\$9,445	434,438
TOTAL LIABILITIES AND FUND EQUITY	12,732	\$684,729	\$9,445	\$636,907

(Continued)

The accompanying notes are an integral part of this statement.

VILLAGE OF FOREST
Forest, Louisiana
Notes to the Financial Statements (Continued)

Proprietary Fund Type - Water Enterprise Fund

The Water Enterprise Fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

E. BUDGET PRACTICES

A preliminary budget for the ensuing year is prepared for the General Fund by the mayor prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The budget is established and controlled by the board of aldermen at the functional level of expenditures. Encumbrance accounting is not used by the village. Appropriations lapse at year end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the board of aldermen.

For the year ended December 31, 1996, the village adopted a cash basis budget for the General Fund.

The budget comparison statement included in the accompanying financial statements includes the original budget and all subsequent amendments. The following reconciles the excess of revenues and other sources over expenditures as shown on budgetary comparison Statement C (Budget basis) to the same amount shown on Statement B (GAAP basis):

Excess (deficiency) of revenues and other sources over expenditures - (Budget basis)	(\$8,288)
Adjustments - receivables	<u>0,352</u>
Excess (deficiency) of revenues and other sources over expenditures - (GAAP basis)	<u>(\$7,936)</u>

VILLAGE OF FOREST
Forest, Louisiana
GOVERNMENTAL FUND TYPE -
CENTRAL FUND

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget
(Cash Basis) and Actual
For the Year Ended December 31, 1996

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE UNFAVORABLE</u>
REVENUES			
Taxes :			
Tobacco	\$1,480	\$1,425	\$55
Franchise	3,000	4,282	1,282
Occupational licenses	4,000	4,095	95
Use of money and property - interest earnings	300	300	0
Total revenues	<u>8,780</u>	<u>10,108</u>	<u>1,428</u>
EXPENDITURES			
General government - current:			
Personal services and related benefits	1,550	1,990	(440)
Operating services	8,000	5,589	2,411
Material and supplies	300	434	(134)
Public works	10,000	10,900	
Public safety	3,500	2,201	1,299
Total expenditures	<u>23,350</u>	<u>19,814</u>	<u>3,536</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(14,570)	(9,706)	4,864
OTHER FINANCING SOURCE:			
Sale of fixed assets	500	500	
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCE OVER EXPENDITURES	(14,100)	(9,206)	4,894
FUND BALANCE AT BEGINNING OF YEAR	<u>21,190</u>	<u>21,190</u>	
FUND BALANCE AT END OF YEAR	<u>\$9,090</u>	<u>\$13,984</u>	<u>\$4,894</u>

The accompanying notes are an integral part of this statement.

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF FOREST
Forest, Louisiana
Independent Auditor's Report
on Supplementary Schedules, etc.,
December 31, 1996

The auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



West Monroe, Louisiana
March 17, 1997

VILLAGE OF FOREST
FOREST, Louisiana
PROPRIETARY FUND-TYPE -
WATER ENTERPRISE FUND

Statement of Cash Flows
For the Year Ended December 31, 1996

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Income	<u>\$4,352</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	17,420
Increase in accounts receivable	(1,267)
Increase in customer meter deposits	800
Total adjustments	<u>16,953</u>
Net cash provided by operating activities	<u>21,315</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Decrease in bonds payable	(9,446)
Interest expense	<u>(13,750)</u>
Total cash flows from capital and related financing activities	<u>(23,196)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	<u>3,967</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	2,582
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>94,259</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$96,841</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF FOREST
Forest, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Forest was incorporated under the provisions of the Louisiana Act in 1966. The village operates under a Mayor-Board of Aldermen form of government. The mayor and aldermen serve four-year terms which expired on December 31, 1996.

A. REPORTING ENTITY

As the governing authority of the village, for reporting purposes, the Village of Forest is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the village), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village of Forest for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the village to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the village.
2. Organizations for which the village does not appoint a voting majority but are fiscally dependent on the village.

VILLAGE OF FOREST

Forest, Louisiana

Notes to the Financial Statements (Continued)

1. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the village has determined that there are no component units that are part of the reporting entity.

B. FUND ACCOUNTING

The village uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by aggregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fund assets and general long-term debt) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The village's current operations require the use of governmental and proprietary fund types described as follows:

Governmental Funds:

General Fund

The General Fund is the general operating fund of the village. It accounts for all financial resources, except those required to be accounted for in other funds.

Proprietary Fund Type - Water Enterprise Fund

The Water Enterprise Fund is used to account for the operations of the village's water system. The operations 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.

C. FIXED ASSETS AND LONG-TERM DEBT

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures (capital outlay) in governmental funds and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at actual cost where historical records are available. Approximately 20 per cent of the general fixed assets are valued at actual historical cost, while the remaining 80 per cent are valued at estimated cost, based on the actual cost of like items. No depreciation has been provided on general fixed assets. There are no general long-term obligations at December 31, 1996.

The cost of normal maintenance and repairs that do not add to the value of fixed assets or materially extend their useful lives are not capitalized but are only recognized as a normal current expenditure of the governmental funds. Public domain or infrastructure general fixed assets consisting of roads, sidewalks, bridges, parking lots, and drainage systems are not capitalized, as these assets are immovable and of value only to the village.

The fixed assets used in the proprietary fund type operations are included on the balance sheet of the fund. Depreciation of all exhaustible fixed assets used by the proprietary fund type operations is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Water system	40 years
Equipment	5 years

Long-term liabilities expected to be financed from enterprise fund operations are accounted for in the enterprise fund.

VILLAGE OF FOREST

Forest, Louisiana

Notes to the Financial Statements (Continued)

D. BASIS OF ACCOUNTING

The financial and reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The village uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

Franchise taxes and intergovernmental revenues are recorded when the village is entitled to the funds.

Interest income on bank deposits is recorded when the interest has been earned and the amount is determinable.

Substantially all other revenues are recorded when they are received by the village.

Based on the above criteria, franchise taxes and water sales revenues have been treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF FOREST
Forest, Louisiana
Independent Auditor's Report
on Internal Control Structure,
December 31, 1996

In planning and performing my audit of the general purpose financial statements of the Village of Forest for the year ended December 31, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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 errors and 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. I noted no matters involving the internal control structure and its operations that I considered to be material weaknesses as defined above.

This report is intended for the information of the mayor and board of aldermen of the Village of Forest, management of the village, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana
March 17, 1997

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF FOREST
Forest, Louisiana
Independent Auditor's Report on
Internal Control Structure, etc.,
December 31, 1986

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

During the year ended December 31, 1986, the Village of Forest had no major federal financial assistance programs and 100 per cent of the village's total federal financial assistance was under the Water and Waste Disposal System For Rural Communities nonmajor federal financial assistance program.

I performed tests of controls, as required by OMB Circular A-128 and the FWHIA audit program, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with general and specific requirements that are applicable to the aforementioned nonmajor program. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

My consideration of the internal control structure policies and procedures used in administering federal financial assistance programs 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 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 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. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF FOREST
Forest, Louisiana
Independent Auditor's Report on
Internal Control Structure, etc.,
December 31, 1996

This report is intended for the information of the board of aldermen of the Village of Forest, management of the village, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

Harold M. Anderson

West Monroe, Louisiana
March 17, 1997

LOUIS L. ANDRIES
CERTIFIED PUBLIC ACCOUNTANT

226 CEMANACHE TRAIL
WEST MONROE, LA. 70094

(504) 786-7626

**Independent Auditor's Report on Internal
Control Structure Used in Administering
Federal Financial Assistance Programs**

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF FOREST
Forest, Louisiana

I have audited the general purpose financial statements of the Village of Forest as of December 31, 1996, and for the year then ended, and have issued my report thereon dated March 17, 1997.

I conducted my 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, *Audit of State and Local Governments*; and the United States Department of Agriculture Forestry House Administration (FoMA) Audit Program, (AWP added). Those standards, OMB Circular A-128, and the FoMA audit program require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement and about whether the Village of Forest has complied with laws and regulations, noncompliance with which would be material to a federal financial assistance program.

In planning and performing my audit for the year ended December 31, 1996, I considered the internal control structure of the Village of Forest in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements of the Village of Forest and to report on the internal control structure in accordance with OMB Circular A-128 and the FoMA audit program. This report addresses my consideration of internal control structure policies and procedures relevant to compliance requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of the general purpose financial statements in a separate report dated March 17, 1997.

PLEASE PRINT OR TYPE IN CAPITAL LETTERS: NAME AND ADDRESS OF CLIENT

MIDWEST AMERICAN
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

(4)

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC
ACCOUNTANTS

VILLAGE OF FOREST
Forest, Louisiana

Schedule of Federal Financial Assistance
For the Year Ended December 31, 1996

<u>FEDERAL GRANTOR - PROGRAM NAME</u>	<u>CFDA NUMBER</u>	<u>LOAN BALANCE DECEMBER 31, 1996</u>
United States Department of Agriculture - Farmer's Home Administration Direct Program - Water and Waste Disposal Systems For Rural Communities	16.418	<u>\$125,740</u>

LOUIS L. ANDERS
CERTIFIED PUBLIC ACCOUNTANT

115 COMANCHE TRAIL
WEST MONROE, LA 71291

(504) 236-2626

**Independent Auditor's Report
on the Internal Control Structure**

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF FOREST
Forest, Louisiana

I have audited the general purpose financial statements of the Village of Forest as of December 31, 1996, and for the period then ended, and have issued my report thereon dated March 17, 1997.

I conducted my 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, *Audit of State and Local Governments*; and the United States Department of Agriculture Forests Home Administration (RMA) *Audit Program*, (1989 edition). Those standards, OMB Circular A-128, and the FIMHA audit program require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Village of Forest 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 component unit 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.

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF FOREST
Forest, Louisiana
Independent Auditor's Report on
Compliance With Specific
Requirements, etc.,
December 31, 1996

This report is intended for the information of members of the board of aldermen of the Village of Forest, management of the village, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

Harold M. Austin

West Monroe, Louisiana
March 17, 1997

LOUIS L. ANDRIS
CERTIFIED PUBLIC ACCOUNTANT

126 COMMANDER TRAIL
WEST MONROE, LA 70091

(504) 786-3006

**Independent Auditor's Report on Compliance With
Specific Requirements Applicable to Nonmajor
Federal Financial Assistance Program Transactions**

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF FOREST
Forest, Louisiana

I have audited the general purpose financial statements of the Village of Forest as of December 31, 1996 and for the year then ended, and have issued my report thereon dated March 17, 1997.

In connection with my audit of the component unit financial statements of the Village of Forest and with my consideration of the village's internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, *Audits of State and Local Governments* and the United States Department of Agriculture *Farmer Water Administration (FWFA) Audit Program*, (1999 edition), I selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1996. As required by OMB Circular A-128 and the FWFA audit program, I have performed auditing procedures to test compliance with the requirements governing reporting and special requirements - loan repayment and loan reserve requirements that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Village of Forest's compliance with those requirements. Accordingly, I 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 my attention that caused me to believe that the Village of Forest had not complied, in all material respects, with those requirements.

STATE'S LICENSE TO GOVERNMENTAL AUDITING AND ACCOUNTING

MEMBER ASSOCIATION
SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC
ACCOUNTANTS

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF FOREST
Forest, Louisiana
Independent Auditor's Report
on Compliance With General
Requirements, etc.,
December 31, 1996

This report is intended for the information of the board of aldermen of the Village of Forest, management of the village, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

Karin J. Anderson

West Monroe, Louisiana
March 17, 1997

LOUIS L. ANDRIEN
CERTIFIED PUBLIC ACCOUNTANT

100 COMANCHE TRAIL
WEST MONROE, LA. 70091

CRD 790-3036

**Independent Auditor's Report on Compliance
With General Requirements Applicable to
Federal Financial Assistance Programs**

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF FOREST
Forest, Louisiana

I have audited the general purpose financial statements of Village of Forest as of December 31, 1996 and for the year then ended, and have issued my report thereon dated March 17, 1997.

I have applied procedures to test the Village of Forest's compliance with the following requirements applicable to its federal financial assistance programs, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1996:

Civil rights
Federal financial reports

My 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*. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Village of Forest's compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that the Village of Forest had not complied, in all material respects, with those requirements.

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF FOREST
Forest, Louisiana
Independent Auditor's Report
on Compliance, etc.,
December 31, 1996

The audit report for the year ended December 31, 1995, contained a finding relating to the Local Government Budget Act. That finding has been resolved by the management of the village.

This report is intended for the information of the mayor and board of aldermen of the Village of Forest, management of the village, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

Abel H. Chastain

West Monroe, Louisiana
March 17, 1997

LOUIS L. ANDRIES
CERTIFIED PUBLIC ACCOUNTANT

120 STAMMARD TRAIL
WEST MONROE, LA. 70091

(504) 386-3638

**Independent Auditor's Report on Compliance
With Laws, Regulations, Contracts, and Grants**

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF FOREST
Forest, Louisiana

I have audited the general purpose financial statements of the Village of Forest as of December 31, 1996, and for the year then ended, and have issued my report thereon dated March 17, 1997.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States; the provisions of Office and Management and Budget Circular A-128, *Audit of State and Local Governments*; and the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

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

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

OFFICE LIMITED TO GOVERNMENTAL AUDITING AND ACCOUNTING

MEMBER AMERICAN
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

-32-

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC
ACCOUNTANTS

**MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF FOREST**

Forest, Louisiana

**Independent Auditor's Report on
Internal Control Structure, etc.,
December 31, 1986**

The management of the Village of Forest 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 component unit 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, I have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

- Accounting applications:
 - Revenues/credits
 - Expenditures/disbursements
- General Requirements:
 - Civil rights
 - Federal financial reports
- Specific Requirements:
 - Reporting
 - Special requirements - loan repayment and
loan reserve requirements