

FINANCIAL SECTION

Independent Auditor's Report

Board of Aldermen
Village of Covense
P. O. Box 42
Covense, LA 71418

We have audited the accompanying general purpose financial statements of Village of Covense as of December 31, 1996, and for the year then ended, as listed in the table of contents. These general purpose financial statements and the supplemental financial information referred to below 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 and Government Auditing Standards issued by the Comptroller of the United States. Those standards 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 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 general purpose 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 Village of Covense as of December 31, 1996, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated May 15, 1997 on our consideration of Village of Covense's internal control structure and a report dated May 15, 1997 on its compliance with laws, rules and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements. The accompanying financial information listed as supplemental financial information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Village of Covense. 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 presented in all material respects in relation to the financial statements taken as a whole.

May 15, 1997


VanRheenen & Miller, Ltd.
Certified Public Accountants

GENERAL PURPOSE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL
POSITION - BALANCE SHEET

CONSOLIDATED FINANCIAL STATEMENTS - ALL FUND TYPES AND RELATED FUNDS
PERIODS ENDING 12/31/2008

	Departmental fund types		Proprietary fund types		Account Groups		
	General	Enterprise	Capital Assets	General Long-Term Debt	Non-Debt Funds	Total	
						2008	2007
ASSETS AND OTHER DEBITS							
Assets:							
Cash	\$ 26,202,242	\$ -	\$ -	\$ -	\$ -	\$ 26,202,242	\$ 26,202,242
Receivables:							
Taxes	3,400,214	-	-	-	-	3,400,214	3,400,214
Accounts	-	6,200,000	-	-	-	6,200,000	6,200,000
Other	10,000	-	-	-	-	10,000	10,000
Capital Assets	3,407,314	50,000	-	-	-	3,407,314	3,407,314
Other Assets:							
Cash	-	10,700,000	-	-	-	10,700,000	10,700,000
Fixed Assets	-	402,240,000	12,440,700	-	-	402,240,700	402,240,700
Accumulated Depreciation	-	(216,400,000)	-	-	-	(216,400,000)	(216,400,000)
Other Assets							
Net: to be provided for retirement of general long term debt	-	-	-	3,207,544	3,207,544	-	3,207,544
TOTAL ASSETS AND OTHER DEBITS	\$ 40,019,766	\$ 517,240,240	\$ 12,440,700	\$ 3,207,544	\$ 3,207,544	\$ 419,125,894	\$ 419,125,894
LIABILITIES, EQUITY, AND OTHER CREDITS							
Liabilities:							
Accounts payable							
Taxes	\$ 3,400,214	\$ 3,207,000	\$ -	\$ -	\$ -	\$ 6,607,214	\$ 6,607,214
Other Accounts	-	10,400,000	-	-	-	10,400,000	10,400,000
Fixed Assets Debt	-	10,000,000	-	3,207,544	-	13,207,544	13,207,544
TOTAL LIABILITIES	\$ 3,400,214	\$ 16,607,000	\$ -	\$ 3,207,544	\$ -	\$ 27,214,758	\$ 27,214,758
Equity and Other Credits:							
Investment in general fixed assets	\$ -	\$ -	\$ 12,440,700	\$ -	\$ -	\$ 12,440,700	\$ 12,440,700
Unassigned fund balances:							
General	-	10,000,000	-	-	-	10,000,000	10,000,000
Proprietary, self-insured	-	307,240,000	-	-	-	307,240,000	307,240,000
Fund balances:							
Restricted for capital fund	3,207,544	-	-	-	-	3,207,544	3,207,544
Reserved for general	3,207,544	-	-	-	-	6,415,088	6,415,088
For retirement obligations	30,000,000	-	-	-	-	30,000,000	30,000,000
Total Equity and Other Credits	\$ 37,614,758	\$ 350,240,240	\$ 12,440,700	\$ -	\$ -	\$ 319,215,088	\$ 319,215,088
NET (DEF) EQUITY AND OTHER CREDITS	\$ 34,214,544	\$ 333,633,240	\$ 12,440,700	\$ 3,207,544	\$ -	\$ 391,910,830	\$ 391,910,830

The accompanying notes are an integral part of the financial statements.

Village of Geneva
 Common Council

Revised Statement of Revenues, Expenditures, and Changes in Fund Balances
 All Governmental Fund Types
 Year Ended December 31, 2009

	Governmental Fund Types			
	2009		2008	
	Amount	Percent	Amount	Percent
Revenues:				
Taxes	\$ 14,888,800	8	\$ 14,888,800	8
Fees	10,000,000	50	10,000,000	50
Interest	700,000	3	700,000	3
Maintenance	100,000	0	100,000	0
Total Revenues	\$ 25,688,800	8	\$ 25,688,800	8
Expenditures:				
Current:				
General government	\$ 10,774,750	42	\$ 10,774,750	42
Public safety - police	10,407,000	40	10,407,000	40
Highway and streets	5,107,000	20	5,099,000	20
Capital outlay	5,487,000	21	5,487,000	21
Debt service:				
Principal	0	0	5,487,000	21
Interest	0	0	100,000	0
Total Expenditures	\$ 31,678,750	12	\$ 31,678,750	12
Other Financing Sources (Used):				
Operating transfers in	0	0	5,400,000	21
Operating transfers out	(5,400,000)	0	(5,400,000)	0
Total Other Financing Sources (Used)	\$ (5,400,000)	0	0	0
Change in Revenues and Sources over				
 Capital Expenditures and Debt	\$ 5,107,000	20	\$ 5,107,000	20
Fund Balances, beginning of period	10,400,000	40	10,400,000	40
Fund Balances, end of period	\$ 15,507,000	60	\$ 15,507,000	60

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF HUNTERDON
HUNTERDON, NEW JERSEY

FINANCIAL STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 1998

	Special Revenue Funds		
	Budget	Actual	Variance Percentage Difference
Revenues			
Taxes	\$ 48,000.00	\$ 55,000.00	\$ 7,000.00
Fees	11,700.00	10,000.00	(1,700.00)
Interest	700.00	700.00	(
Miscellaneous	700.00	500.00	(184.00)
Total Revenues	<u>\$ 61,100.00</u>	<u>\$ 66,200.00</u>	<u>\$ 5,100.00</u>
Expenditures			
Carried			
General government	\$ 30,000.00	\$ 30,750.00	\$ 750.00
Public safety - police	30,000.00	30,400.00	400.00
Highway and streets	5,100.00	5,071.00	29.00
Capital outlay	.00	5,421.00	(5,421.00)
Total Expenditures	<u>\$ 65,100.00</u>	<u>\$ 71,642.00</u>	<u>\$ 6,542.00</u>
Other Financing Sources (Uses)			
Operating transfers in	\$.00	.00	.00
Operating transfers out	.00	(5,000.00)	(5,000.00)
Total Other Financing Sources (Uses)	<u>\$.00</u>	<u>\$ (5,000.00)</u>	<u>\$ (5,000.00)</u>
Balance at beginning and ending year			
Initial - Budgeted and Prior Year	\$ 5,000.00	\$ 7,100.00	\$ 2,100.00
Fund Balance, beginning of period		<u>66,400.00</u>	
Fund Balance, end of period		<u>\$ 60,858.00</u>	

The accompanying notes are an integral part of the financial statements.

Village of Covington
Covington, Louisiana

Financial Statement of Revenues, Expenses, and Changes in Related Savings
and Proprietary Fund Types
Year Ended December 31, 1999

	1999	1998
Operating revenues:		
Sales taxes	\$ 25,249,028	\$ 25,196,000
General sales taxes	33,169,000	29,933,000
Total operating revenues	\$ 58,418,028	\$ 55,129,000
Operating expenses:		
Personnel and administrative expenses	\$ 25,149,000	\$ 21,976,000
Depreciation	20,253,000	21,550,000
Total operating expenses	\$ 45,402,000	\$ 43,526,000
Operating income (loss)	\$ 13,016,028	\$ 11,603,000
Nonoperating revenues (expenses):		
Interest revenue	\$ 495,000	\$ 500,000
Interest expense	(586,627)	(588,000)
Total nonoperating revenues (expenses)	\$ (91,627)	\$ (88,000)
Net income (loss)	\$ 12,924,401	\$ 11,515,000
Retained earnings, beginning of period	\$ 249,246,427	\$ 237,731,000
Retained earnings, end of period	\$ 262,148,828	\$ 249,246,427

The accompanying notes are an integral part of the financial statements.

Billings of Commerce
Corporation, Subsidiary

Financial Statements of Cash Flows
All Supplementary Funds
Year Ended December 31, 2000

Cash Flows	Statement	
	2000	1999
Cash Flows from Operating Activities		
Cash received from sales and other revenues	\$ 14,000.00	\$ 10,000.00
Cash paid to suppliers and employees	(41,000.00)	(40,000.00)
Net Cash Provided (Used) by Operating Activities	\$ (27,000.00)	\$ (30,000.00)
Cash Flows from Investing Activities		
Interest received	\$ 100.00	\$ 100.00
Equipment purchases	(4,000.00)	—
Net Cash Flows from Investing Activities	\$ (3,900.00)	\$ 100.00
Cash Flows from Financing Activities		
Interest paid	\$ (100.00)	\$ (100.00)
Debt retirement	(5,000.00)	(5,000.00)
Net Cash Flows from Financing Activities	\$ (5,100.00)	\$ (5,100.00)
Net Increase (Decrease) in Cash	\$ (36,000.00)	\$ (35,000.00)
Cash at beginning of year	20,000.00	20,000.00
Cash at end of year	\$ (16,000.00)	\$ (15,000.00)
Reconciliation of operating loss to net cash provided (used) by operating activities		
Operating loss	\$ (23,000.00)	\$ (20,000.00)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	\$ 10,000.00	\$ 10,000.00
Decreases in accounts receivable	100.00	(100.00)
Decreases in prepaid items	100.00	(100.00)
Decreases (increases) in accounts payable	2,000.00	—
Increases (decreases) in other assets	100.00	100.00
Total Adjustments	\$ 12,300.00	\$ 9,900.00
Net Cash Provided by Operating Activities	\$ (10,700.00)	\$ (10,100.00)

The accompanying notes are an integral part of the financial statements.

Village of Covense
Covense, Louisiana

Notes to the Financial Statements
December 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Organization.** The village of Covense was incorporated under the provisions of the Louisiana Act. The village operates under a Mayor - Board of Alderman form of government.
- B. Financial reporting.** The financial reporting policies of the Village of Covense conform to generally accepted accounting principles as applicable to government. Such policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guidelines set forth in the Louisiana Municipal Audit and Accounting Guide and the industry audit guide, *Audit of State and Local Government Units*.

Specific accounting policies. The following is a summary of significant accounting policies:

- Financial reporting entity.** The entity is a public corporation, legally separate and fiscally independent. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Village of Covense, a primary government. Those not to component units to be included herewith, but this report does include all funds, account groups, and programs which are controlled by the entity's governing body.
- Fund accounting.** The accounts of Village of Covense are organized on the basis of funds or account groups, each of which is considered to be a separate accounting unit. The operations of each fund are reported as a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and for individual funds based upon the purposes for which they are to be spent; the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two broad fund types (governmental and proprietary) and the following broad fund categories:

Governmental Fund Types

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.

Debt service fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

Special reporting treatment is also applied in governmental funds when prepaid items are pertinent to indicate that they do not represent "available spendable resources", even though they are a component of net current assets. Such amounts are offset by fund balance reserve accounts.

Proprietary Fund Types

Enterprise fund - Enterprise funds are used to account for operations of the Village's water and sewer system.

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

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. No depreciation has been provided on such assets.

Village of Covens
Covens, Louisiana

Notes to the Financial Statements (Continued)
December 31, 1995

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. The entity capitalizes any "infrastructure" assets (parks, courts, sidewalks, drainage systems, and similar assets that are immovable which are paid for by the entity. Subsequent to development, interest expenditures are not accrued but are recorded when paid.

Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group. Expenditures related to such debt are reflected in the Debt Service Fund.

The two above-named account groups are not "funds". They are accounted only with the measurement of financial position. They are not involved with the measurement of results of operations.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement basis, and all assets and all liabilities (whether current or non-current) associated with that activity are included on their balance sheets.

Depreciation of all consumable fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows: water and sewer utility - 40 years, water and sewer utility equipment - 5 years.

All fixed assets are valued at historical cost. Donated assets are valued at their estimated fair value on the date donated. The entity does capitalize any "infrastructure" assets (parks, courts, sidewalks, development, interest expenditures). Subsequent to development, interest expenditures are not accrued but are recorded when paid.

4. **Basis of accounting.** All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available to pay current assets. All significant revenue events are susceptible to accrual.

Expenditures in governmental fund types are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation and sick pay which are not accrued, and (2) principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using cash basis accounting. Concessions to facilitate public reporting on the accrual basis are made by work paper only adjustments. In the concession process, the only receivables recognized are collectible receivables. The implicit effect of this procedure is that uncollectible receivable balances are never given accounting recognition as income.

The Village does not utilize encumbrance accounting.

5. **Comparative data.** Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the entity's financial position and operations. However, comparative data by fund type have not been presented in each of the statements since inclusion of such data would make the statements unduly complex and difficult to read.
7. **Total revenues or combined statements.** Total revenues on the combined statements are captioned "Items 7(a) 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.

Village of Converse
Converse, Louisiana

Notes to the Financial Statements (Continued)
December 31, 1998

- C. **Budget:** The village follows these procedures in establishing the budgetary data reflected in the financial statements:
1. The City Clerk prepares a proposed annual budget on a modified accrual basis of accounting for all funds and submits the same to the Mayor and Board of Aldermen at approximately the beginning of each fiscal year.
 2. A summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, the public hearing is called.
 3. A public hearing is held on the proposed budget.
 4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted (prior to the beginning of the fiscal year for which the budget is being adopted) by the passage of an ordinance.
 5. Budgetary amendments require the approval of the Board of Aldermen. Expenditures may not legally exceed budgeted appropriations without approval of the Board of Aldermen. The budget was not amended at any time during the year.
 6. All budgetary appropriations lapse at the end of each fiscal year.
- D. **Cash and cash equivalents:** The entity defines cash to include certificates of deposit, money market funds, savings accounts, and demand deposits, and other short-term securities with maturities of three months or less. Consequently, the cost, carrying value, and market value are equivalent.

NOTE 2 - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at December 31, 1998. The categories are described as follows:

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

Cash Deposits, categorized by level of risk, are:

Total Bank Balances	Category		
	1	2	3
\$ 54,526.17	\$ 48,526.17	\$.00	\$.00

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Village of Converse Converse, Louisiana

Financial Statements and Supplemental Financial Information
Year Ended December 31, 1998
with
Reports of Certified Public Accountants
on Financial and Compliance Examination

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.

JUL 30 1999

Release Date.....

Verthebaan & Mills, LLC
Certified Public Accountants
1380 East Packer Avenue
Covington, Louisiana 70143

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Village of Covene
Covene, Louisiana

Notes to the Financial Statements (Continued)
December 31, 1996

NOTE 3 - AD VALOREM TAXES

Approved collection	\$ 788,040.00
Millage rate:	
General corporate	7.28 mills
Street bond	10.07 mills
Total taxes levied	\$ 17,284.48

NOTE 4 - FIXED ASSETS

Changes in general fixed assets are as follows:

	Beg. of Period	Additions	Deletions	End of Period
Land, land impvt.	\$ 3,739.80	\$.00	\$.00	\$ 3,739.80
Building	48,276.88	.00	.00	48,276.88
Equipment	93,976.84	7,427.75	.00	101,404.59
Total	<u>\$ 146,993.52</u>	<u>\$ 7,427.75</u>	<u>\$.00</u>	<u>\$ 154,421.27</u>

Changes in proprietary fixed assets are as follows:

	Beg. of Period	Additions	Deletions	End of Period
Water system	\$ 129,080.00	\$.00	\$.00	\$ 129,080.00
Equipment	8,280.27	4,082.11	.00	12,362.38
Sewer system				
(Includes land of				
\$13,080.00)	758,080.00	.00	.00	758,080.00
Accum. Depn.	(188,120.44)	(22,482.80)	.00	(210,603.24)
Total	<u>\$ 699,319.83</u>	<u>\$ (18,400.69)</u>	<u>\$.00</u>	<u>\$ 680,919.14</u>

NOTE 5 - FIXED LIABILITIES

The Village is indebted to the USDA Rural Economic and Community Development Agency on a mortgage against certain real estate owned by the Village and being used by the enterprise fund (municipal water system). Particulars of the mortgage are as follows:

Original mortgage note balance	\$ 77,000.00
Make date	June 2, 1988
Due date of final installment	June 2, 2008
Interest rate	3.75%
Monthly payment, including P & I	\$ 310.75
Current note balance, December 31, 1996	\$ 28,978.81
Total (P & I) debt service requirement to maturity	\$ 31,433.85

The Village was also indebted to Sabine State Bank and Trust Company. This note, dated April 4, 1984, was secured by equipment of the Village. The note carries an interest rate of 5.25% and was payable in monthly installments of \$780.25, including principal and interest, with a final maturity date of August 5, 1998.

Village of Covense
Covense, Louisiana

Notes to the Financial Statements (Continued)
December 31, 1996

Changes in fixed liabilities are as follows:

	<u>Auto Payable</u>	<u>Mortgage Payable</u>
Balance at January 1, 1996	\$ 5,487.40	\$ 28,932.54
Principal retirement	<u>(5,487.40)</u>	<u>(2,894.82)</u>
Balance at December 31, 1996	<u>\$.00</u>	<u>\$ 26,037.72</u>

Scheduled retirements of fixed liabilities are as follows:

	<u>HECO</u>	<u>Interest</u>	<u>Total</u>
Within one year	\$ 2,925.56	\$ 973.54	\$ 3,799.10
Within second year	2,933.34	895.66	3,799.00
Within third year	2,946.38	742.76	3,799.14
Within fourth year	3,181.45	627.55	3,799.00
Within fifth year	3,282.08	526.54	3,799.00
Thereafter	11,730.00	717.75	12,447.75

NOTE 3 - RESTRICTED ASSETS

Resources generated by the Village's enterprise fund are classified as restricted assets on the balance sheet because their use is limited by applicable covenants. The covenants require the Village to establish the following three funds: (1) Waterworks Operation and Maintenance Fund, (2) Waterworks Revenue Fund, and (3) Waterworks Depreciation Fund.

NOTE 4 - CONTINGENCIES

The entity is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to federal grantors under program beneficiaries.

SUPPLEMENTAL FINANCIAL INFORMATION

Village of Coahoma
Coahoma, Louisiana

Statement of Appropriation Used to Invest and Address
Year Ended December 31, 2000

Mayor G.M. Arroy	\$	1,000.00
Aldermen Troy Carroll		500.00
Aldermen Joe Goodier		500.00
Aldermen E.J. Heflinger		500.00
Aldermen Henry Wintersham		500.00
Total	\$	3,000.00

NONFINANCIAL SECTION

**Independent Auditors' Report on Compliance Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

Board of Aldermen
Village of Converse
P. O. Box 48
Converse, LA 71418

We have audited the general purpose financial statement of Village of Converse as of and for the year ended December 31, 1997, and have issued our report thereon dated May 15, 1997.

We conducted our 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 we 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 Village of Converse 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, we performed tests of the village's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements 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 the Board of Aldermen, management, and U. S. Department of Agriculture. However, this report is a matter of public record, and its distribution is not limited.

May 15, 1997


VanRheenen & Miller, Ltd.
Certified Public Accountants

**Independent Auditors' Report on the Internal Control Structure Based on an Audit of
General Purpose Financial Statements Performed in Accordance with Government Auditing Standards**

Board of Aldermen
Village of Coverson
P. O. Box 40
Coverson, LA 71418

We have audited the general purpose financial statement of Village of Coverson as it stood for the year ended December 31, 1995, and have issued our report thereon dated May 10, 1997.

We conducted our audit in accordance with generally accepted auditing standards and **Government Auditing Standards**, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of Village of Coverson 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 general purpose 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 statement of Village of Coverson for the year ended December 31, 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 general purpose financial statement 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 entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statement.

Our study of the village's internal control structure disclosed a reportable condition in internal controls relating to segregation of duties. Due to its limited size, the entity does not have the personnel to adequately separate the internal accounting control duties. The segregation of duties is a function that must be made by management on a job-by-job basis. Management must determine if the cost of implementing an adequate internal control system will outweigh the benefits derived from such a system. This reportable condition is inherent in all small entities, and should not be considered as a failure in proper management. We concur with management's opinion that the costs incurred to implement an adequate internal control system would exceed the benefits derived from such a system. Consequently, this should not be considered a corrected audit finding.

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 and irregularities in amounts that would be material in relation to the general purpose financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our examination 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 believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Board of Directors, management, and U. S. Department of Agriculture. However, this report is a matter of public record and its distribution is not limited.

May 18, 1997


Carl Hansen & Miller, LLP
Certified Public Accountants