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VILLAGE OF ATHENS, LOUISIANA

FINANCIAL STATEMENTS

December 31, 1994

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Release Date 01/19/95

Barbara O. Williams
Certified Public Accountant
Shreveport, Louisiana

VILLAGE OF ABERNETHY, LOUISIANA

FINANCIAL STATEMENTS

December 31, 1996

Myranda D. Millican
Certified Public Accountant
Shreveport, Louisiana

VILLAGE OF ATHENS, LOUISIANA

Financial Statements
December 31, 1996

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VILLAGE OF ABERNATHY, LOUISIANA

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Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

The Honorable *Robbie S. Powell*, Mayor
and Members of the Board of Aldermen
Village of Athens, Louisiana

I have audited the accompanying general purpose financial statements of Village of Athens, Louisiana, as of December 31, 1996, and for the year then ended. Those general purpose financial statements are the responsibility of Village of Athens, Louisiana, management. My responsibility is to express an opinion on those financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audit of State and Local Governments." Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Because of the inadequacy of accounting records for the general fixed assets account group, I was unable to form an opinion regarding the amounts at which general fixed assets are recorded in the accompanying balance sheet as of December 31, 1996 (stated as \$83,917).

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the accounting records for general fixed assets been adequate, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Village of Athens, Louisiana, as of December 31, 1996, and the results of its operations and the 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, I have also issued a report dated June 28, 1997, on my consideration of Village of Athens's internal control structure and a report dated June 28, 1997, on its compliance with laws and regulations.

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

Miranda D. Millison

Certified Public Accountant
June 28, 1997

Liabilities

Accounts payable	\$ 1,517	\$ -	\$ 1,559	\$ -	\$ 3,076
Lease payable	2,881	-	-	-	2,881
Payable from restricted assets:					
customers deposits	-	-	6,468	-	6,468
Revenue bonds payable	-	-	18,833	-	18,833
Total liabilities	4,408	-	26,860	-	39,258

Fund Equity

Contributed capital	-	-	918,221	-	918,221
Investment in general fixed assets	-	-	-	81,813	81,813
Retained earnings:					
Reserved for asset construction	-	1	-	-	1
Unreserved	-	-	22,782	-	22,782
Fund balance: undesignated	15,161	-	-	-	15,161

Total retained earnings (deficit)/fund balance

	15,161	1	22,782	-	48,224
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Total fund equity

	15,161	1	231,871	81,813	428,256
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Total liabilities and fund equity

	\$ 19,182	\$ 1	\$ 278,292	\$ 81,813	\$ 479,292
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See accompanying notes to financial statements.

VILLAGE OF ADEISS, LOUISIANA

Combined Statement of Revenues, Expenditures, and Charges
in Fund Balance - All Governmental Fund Types
Year Ended December 31, 1988

	Governmental Fund Types		Totals (Memorandum Only)
	General	Capital Projects	
Revenues:			
Taxes	\$ 14,508	\$ -	\$ 14,508
Licenses and permits	8,081	-	8,081
Intergovernmental	3,802	112,109	115,911
Use of money and property	1,882	-	1,882
Total revenues	28,273	112,109	140,382
Expenditures:			
Current:			
General government	18,493	-	18,493
Capital projects	-	112,109	112,109
Total expenditures	18,493	112,109	130,602
Excess of revenues over expenditures	8,021	-	8,021
Fund balance at beginning of year	7,180	1	7,181
Fund balance at end of year	\$ 15,181	\$ 1	\$ 15,182

See accompanying notes to financial statements.

VILLAGE OF ATHENS, LOUISIANA

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
General Fund
Year Ended December 31, 1999

	General Fund		Variance - Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes	\$ 8,033	\$ 14,588	\$ 6,555
Licenses and permits	8,000	9,053	1,053
Intergovernmental	3,500	3,500	0
Use of money and property	3,400	3,432	32
Total revenues	19,933	28,573	8,640
Expenditures:			
Current:			
General government	17,450	18,423	1,003
Total expenditures	17,450	18,423	1,003
Excess of revenues over expenditures	2,483	9,651	7,168
Fund balance, beginning of year	7,140	7,140	-
Fund balance, end of year	\$ 9,623	\$ 16,791	\$ 7,168

See accompanying notes to financial statements.

VILLAGE OF STEROME, LOUISIANA

Statement of Revenues, Expenses, and
Changes in Retained Earnings - Proprietary Fund type
Year Ended December 31, 1998

Operating revenues:	
Charges for services:	
Meter sales	\$ 31,210
Sewer revenue	19,451
Miscellaneous revenue	100
total operating revenues	50,761
Operating expenses:	
Cost of sales and services	36,540
General and administrative expenses	1,465
Depreciation	14,888
Total operating expenses	52,893
Operating loss	(2,097)
Non-operating revenues (expenses):	
Interest income	1,100
Interest expense	(887)
Total non-operating revenues (expenses):	213
Net loss	(1,779)
Retained earnings at beginning of year	35,531
Retained earnings at end of year	\$ 33,282

See accompanying notes to financial statements.

VILLAGE OF ATRENO, LOUISIANA

Statement of Cash Flows - Proprietary Fund Type
Year Ended December 31, 1996

Cash flows from operating activities:	
Cash received from customers	\$ 87,928
Cash payments to suppliers and employees	(36,128)
Other operating income	132
Net cash provided by operating activities	51,932
Cash flows from capital and related financing activities:	
Principal paid on revenue bonds	(4,408)
Interest paid on revenue bonds	(801)
Sewer system acquisitions	(518,232)
Capital Contributions from Federal Funds	518,232
Net cash provided by capital and related financing activities	(3,209)
Cash flows from investing activities:	
Interest received on investments	1,118
Net cash provided by investing activities	1,118
Net increase in cash	7,451
Cash, January 1, 1996 (including \$4,071 in restricted accounts)	31,000
Cash, December 31, 1996 (including \$6,075 in restricted accounts)	\$ 38,451
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (2,007)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	14,800
Changes in assets and liabilities:	
Increase in accounts receivable	(3,116)
Increase in customer deposits	148
Decrease in other assets	875
Increase in accounts payable	1,280
Net cash provided by operating activities	\$ 11,932

See accompanying notes to financial statements.

VILLAGE OF ATHENS, LOUISIANA

Notes to Financial Statements
December 31, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Accounting. The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes available if they are collected within sixty days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Those revenues susceptible to accrual are property taxes, franchise taxes, interest revenue and charges for services. Fines, permits, and licenses revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by the proprietary fund type. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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

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

Public hearings are conducted at Town Hall to obtain taxpayer comments.

The budget is legally enacted through passage of a resolution.

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

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

The budget is employed as a management control device during the year for the General Fund.

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

All budget appropriations lapse at year end.

(Continued)

VILLAGE OF ATHENS, LOUISIANA

NOTES TO Financial Statements
December 31, 1994

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Cash and Cash Equivalents. The Village considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Bad Debts. Accounts and taxes receivable are considered to be fully collectible.

Property, Plant, and Equipment. The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included in their 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 spendable resources" during a period.

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

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

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.

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

(Continued)

VILLAGE OF ABERNATHY, LOUISIANA

Notes to Financial Statements
December 31, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Depreciation is provided in the Enterprise Fund in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight line basis. The estimated service lives by asset type are as follows:

Water and Sewer Systems Equipment	40 years 5 years
--------------------------------------	---------------------

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.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS:

At December 31, 1996, the carrying amount of the Village's cash deposits \$32,474 and the bank balance was \$30,039. This difference is due to outstanding deposits and checks at December 31, 1996. All deposits were fully collateralized by FDIC insurance.

3. AD VALOREM TAXES:

Ad valorem taxes attach as an assessable lien on property as of January 1, each year. Taxes are levied by the Village and billed to the taxpayers in September, and become delinquent on January 1, of the following year. Revenues from Ad Valorem taxes are budgeted in the year billed. For the year ended December 31, 1996, taxes of 7.41 mills were levied on property with assessed valuations totaling \$ 428,880. Total taxes levied for the year ended December 31, 1996 were \$ 4,489.

4. FIXED ASSETS:

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

Water System	\$ 320,736
Sewer System	518,221
Equipment	827
Land	<u>808</u>
Total	840,592
Less: accumulated depreciation	<u>314,612</u>
Net property, plant, and equipment	<u>\$ 525,980</u>

(Continued)

VILLAGE OF ATHENS, LOUISIANA

Notes to Financial Statements
December 31, 1984

5. LONG-TERM DEBT:

The following is a summary of changes in long-term debt for the year ended December 31, 1984:

	Capital Lease	Revenue Bonds	Total
Balance, January 1, 1984	\$ 2,128	\$ 20,800	\$ 22,928
Additions	1,519	-	1,519
Retirements	(1,122)	(4,800)	(5,977)
Balance, December 31, 1984	\$ 2,525	\$ 16,000	\$ 18,525

Long-term debt consisted of the following at December 31, 1984:

General Fund:

Kerox - Capital leases for copier and fax machine, dated January 31, 1985, payable in thirty six monthly installments of \$ 137, collateralized by equipment \$ 2,525

Proprietary Fund Type:

1964 Waterworks Improvement Revenue Bonds, bond issue dated May 28, 1984, due in annual installments of \$2,000 to \$4,100 through January 1, 2001; interest at 5.85 per cent \$ 16,000

The annual requirements to amortize all debt outstanding as of December 31, 1984, including interest payments of \$1,582 are as follows:

Year Ending June 30	Total
1987	\$ 1,204
1988	5,611
1989	5,407
1990	5,154
1991	4,852
Total	\$ 22,228

(Continued)

VILLAGE OF ATHENS, LOUISIANA

Notes to Financial Statements
December 31, 1996

a. CAPITAL PROJECTS FUND:

On August 18, 1993, the Village entered into an agreement with the Louisiana Division of Administration for construction of a wastewater treatment plant and sewerage collection facilities. The original approved grant amount was \$731,339. Revenues and expenditures under this grant for the year ended December 31, 1996 were \$ 113,108. The project was complete as December 31, 1996.

b. GENERAL FIXED ASSETS:

General fixed assets consisted of the following at December 31, 1996:

	Balance	Additions	Balance
	<u>273,028</u>		<u>273,028</u>
Buildings	\$ 58,699	\$ -	\$ 58,699
Equipment	<u>21,798</u>	<u>1,530</u>	<u>23,328</u>
Totals	<u>\$ 80,497</u>	<u>\$ 1,530</u>	<u>\$ 82,027</u>

VILLAGE OF ATHENS, LOUISIANA

Schedule of Compensation Paid
Mayor and Aldermen

For the Year Ended December 31, 1956

Scott Fossell	\$	600
Clayton Spaulock		900
Halvar Stassen		<u>900</u>
Total	\$	<u>2,400</u>

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

The Reubin M. Powell, Mayor
and the Members of the Board of Aldermen of
Village of Athens, Louisiana

I have audited the general purpose financial statements of Village of Athens, Louisiana, as of and for the year ended December 31, 1997, and have issued my report thereon dated June 29, 1997. These general purpose financial statements are the responsibility of Village of Athens, Louisiana, 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, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of State and Local Governments." These standards and OMB Circular A-133 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 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 conducted for the purpose of forming an opinion on the general purpose financial statements of Village of Athens, Louisiana, taken as a whole. The accompanying schedule of federal financial assistance is presented for the purpose 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 my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Marsha O. Millican

Certified Public Accountant
June 29, 1997

VILLAGE OF WESTBURY, LOUISIANA

Schedule of Federal Financial Assistance

For the year ended December 31, 1995

Federal Agency/ Pass-through Agency/ Source Title	Federal CFDA Number	Program Title	Beginning Balance at 12/31/94	Receipts/ Revenue Recognized	Subsequent/ Amendments	Ending Balance at 12/31/95
L.S. Department of Health						
Community Development Block Grant						
Passed through Louisiana Division of Administration Housing Collection Festivals			4,819	4,200,128	4,200,128	4,200,128

Marsha O. Millican

CIVIL SERVICE ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Honorable E. Powell, Mayor
and Members of the Board of Aldermen
Village of Athens, Louisiana

I have audited the general purpose financial statements of Village of Athens, Louisiana, as of and for the year ended December 31, 1988, and have issued my report thereon dated June 28, 1989.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of office of Management and Budget circular A-128, "Audits of state and local governments." These standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Village of Athens, 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 my audit of the general purpose financial statements of Village of Athens for the year ended December 31, 1988, 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 general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted a certain matter involving the internal control structure and its operation that I consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. A reportable condition involves matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my 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 financial statements.

Finding:	The segregation of duties is inadequate to provide effective internal control.
Cause:	The condition is due to economic and space limitations.
Recommendation:	No action is recommended.
Management's Response:	No censure with the finding.

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 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.

My 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, I believe that the reportable condition described above is a material weakness. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in my audit of the general purpose financial statements of Village of Abbeville, Louisiana.

This report is intended for the information of management, the Board of Abbeville, and applicable federal and state cognizant agencies. However, this report is a matter of public record and its distribution is not limited.

Miranda D. Sullivan

Certified Public Accountant
June 29, 1997

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED
ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Honorable E. Rowell, Mayor
and Members of the Board of Aldermen
Village of Athens, Louisiana

I have audited the general purpose financial statements of Village of Athens, Louisiana, as of and for the year ended December 31, 1993, and have issued my report thereon dated June 29, 1997.

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

Compliance with laws, regulations, contracts, and grants applicable to Village of Athens, Louisiana, is the responsibility of the management of Village of Athens, Louisiana. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Village's compliance with certain provisions of laws, regulations, contracts, and grants. However, my objective 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.

This report is intended for the information of management, the Board of Aldermen, and applicable Federal and state cognizant agencies. However, this report is a matter of public record and its distribution is not limited.

Marsha O. Millican

Certified Public Accountant
June 29, 1997

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

The Honorable Bobbie E. Powell, Mayor
and Members of the Board of Aldermen
Village of Athens, Louisiana

I have audited the general purpose financial statements of Village of Athens, Louisiana, as of and for the year ended December 31, 1996, and have issued my report thereon dated June 29, 1997.

I conducted my 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 (OMB) circular A-128, "Audits of State and Local Governments." These standards and OMB circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing my audit for the year ended December 31, 1996, I considered the internal control structure of Village of Athens, Louisiana, in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements of Village of Athens, Louisiana, and to report on the internal control structure in accordance with OMB circular A-128. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with 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 June 29, 1997.

The management of Village of Athens, 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 general purpose 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:

Cash Receipts
Cash Disbursements

For all of the internal control structure categories listed above, 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.

During the year ended December 31, 1998, Village of Athens, Louisiana, had no major federal financial assistance programs and expended 18% of its total federal financial assistance under its nonmajor federal financial assistance program.

I 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 I considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching 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.

I noted a certain matter involving the internal control structure and its operation that I consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect Village of Athens ability to administer federal financial assistance program in accordance with applicable laws and regulations.

Finding:	The segregation of duties is inadequate to provide effective internal control.
Cause:	The condition is due to economic and space limitations.
Recommendation:	No action is recommended.
Response:	We concur with the finding.

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.

My 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 be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe the reportable condition described above is not a material weakness.

This report is intended for the information of management, the Board of Aldermen, and applicable federal and state cognizant agencies. However, this report is a matter of public record and its distribution is not limited.

Maudie O. Sullivan

Certified Public Accountant
June 29, 1997

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO HOUSING FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

The Honorable Bobbie S. Powell, Mayor
and Members of the Board of Aldermen
Village of Athens, Louisiana

I have audited the general purpose financial statements of Village of Athens, Louisiana, as of and for the year ended December 31, 1996, and have issued my report thereon dated June 29, 1997.

In connection with my audit of the general purpose financial statements of Village of Athens, Louisiana, and with my consideration of Village of Athens internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget circular A-133, "Audits of State and Local Governments," I selected certain transactions applicable to certain major federal financial assistance programs for the year ended December 31, 1996.

As required by OMB Circular A-133, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to these transactions. My procedures were substantially less in scope than a audit, the objective of which is the expression of an opinion on Village of Athens 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 Village of Athens, Louisiana, has not complied, in all material respects, with these requirements.

This report is intended for the information of management, the Board of Aldermen, and applicable federal and state recipient agencies. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant
June 29, 1997

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Debbie E. Powell, Mayor
and Members of the Board of Aldermen
Village of Athens, Louisiana

I have audited the general purpose financial statements of Village of Athens, Louisiana, as of and for the year ended December 31, 1996, and have issued my report thereon dated June 29, 1997.

I have applied procedures to test Village of Athens, Louisiana's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended December 31, 1996: political activity, Davis-Bacon Act, civil rights, cash management, federal financial reports, allowable costs/test principles, and administrative requirements.

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 Village of Athens, Louisiana'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 those 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 Village of Athens, Louisiana, had not complied, in all material respects, with those requirements.

This report is intended for the information of management, the Board of Aldermen, and applicable federal and state cognizant agencies. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant
June 29, 1997