

VILLAGE OF SALINE, LOUISIANA

Notes to Financial Statements
June 30, 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.

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 Peggy Choate, Mayor
and Members of the Board of Aldermen
Village of Saline, Louisiana

I have audited the financial statements of Village of Saline, Louisiana, as of and for the year ended June 30, 1996, and have issued my report thereon dated December 27, 1996.

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 Saline, Louisiana, is the responsibility of the management of Village of Saline, 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 on 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
December 27, 1996

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

The Honorable Peggy Choate, Mayor
and the Members of the Board of Aldermen of
Village of Saline, Louisiana

I have audited the general purpose financial statements of Village of Saline, Louisiana, as of and for the year ended June 30, 1996, and have issued my report thereon dated December 27, 1996. These general purpose financial statements are the responsibility of Village of Saline, 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-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 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 Saline, 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
December 27, 1996

VILLAGE OF SALINE, LOUISIANA

Schedule of Compensation Paid -
Mayor and Aldermen
For the Year Ended June 30, 1996

No compensation was paid to the Mayor or Aldermen for the year ended June 30, 1996.

VILLAGE OF SALINE, LOUISIANA

Notes to Financial Statements
June 30, 1996

7. CAPITAL PROJECTS FUND:

On July 14, 1993, the Village entered into an agreement with the Louisiana Division of Administration for improvements to the Village's sewerage collection and treatment facilities. The original approved grant amount was \$522,932. At June 30, 1996, the project was substantially complete.

8. GENERAL FIXED ASSETS:

General fixed assets consisted of the following at June 30, 1996:

	Balance <u>7/1/95</u>	<u>Additions</u>	Balance <u>6/30/96</u>
Buildings	\$ 805	\$ 8,700	\$ 9,505
Improvements	7,407	-	7,407
Equipment	4,399	7,500	11,899
Land	<u>4,500</u>	<u>-</u>	<u>4,500</u>
Totals	<u>\$ 17,111</u>	<u>\$ 16,200</u>	<u>\$ 33,311</u>

9. DEFICIT BALANCES:

The Proprietary Fund Type has a deficit in retained earnings of \$116,631. The Village, through construction of a sewer system anticipates eliminating this deficit over a period of time.

VILLAGE OF SALINE, LOUISIANA

Notes to Financial Statements
June 30, 1996

5. LONG-TERM DEBT:

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

Sewer Revenue Bonds:

Serial bonds issued December 14, 1995, payable over a twenty year period with the payment, which falls due on the first and second anniversary dates of the bond (December 14, 1995, and December 14, 1996), consisting of interest only. Commencing on January 14, 1997, and on the 14th day of each month thereafter, to and through December 14, 2014, the payments shall consist of fully amortized monthly installments of \$440, interest at 4.50%.

\$ 65,000

The annual requirements to amortize all debt outstanding as of June 30, 1996, including interest payments of \$32,830 are as follows:

<u>Year Ending June 30</u>	<u>Total</u>
1997	\$ 5,565
1998	5,565
1999	5,281
2000	5,281
2001	5,281
2002-2014	<u>70,857</u>
Total	<u>\$ 97,830</u>

6. ACCOUNTS RECEIVABLE - PROPRIETARY FUND TYPE:

Accounts receivable at June 30, 1996, consisted of the following:

Accounts receivable	\$ 2,307
Less: allowance for doubtful accounts	<u>(139)</u>
Total	<u>\$ 2,168</u>

(Continued)

VILLAGE OF SALINE, LOUISIANA

Notes to Financial Statements
June 30, 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 system	10-15 years
Equipment	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 June 30, 1996, the carrying amount of the Village's cash deposits \$81,010 and the bank balance was \$81,168. This difference is due to the outstanding checks at June 30, 1996. All deposits were fully collateralized by FDIC insurance.

3. AD VALOREM TAXES:

Ad valorem taxes attach as an enforceable 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. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Sabine Parish. For the year ended June 30, 1996, taxes of 8.91 mills were levied on property with assessed valuations totaling \$ 486,080. Total taxes levied for the year ended June 30, 1996, were \$4,331.

4. FIXED ASSETS:

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

Water system	\$ 133,762
Construction in Progress - sewer system	597,889
Equipment	<u>12,558</u>
Total	744,209
Less: accumulated depreciation	<u>138,259</u>
Net property, plant, and equipment	<u>\$ 605,950</u>

(Continued)

VILLAGE OF SALINE, LOUISIANA

Notes to Financial Statements
June 30, 1996

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. Uncollectible amounts due from utility customers are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

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 SALINE, LOUISIANA

Schedule of Federal Financial Assistance
Year Ended June 30, 1996

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Award Amount</u>	<u>Beginning Balance at July 1, 1995</u>	<u>Federal Grants Recognized</u>	<u>Disbursements/ Expenditures</u>	<u>Ending Balance June 30, 1996</u>
Department of Housing and Urban Development						
Louisiana Division of Administration: Community Development						
Block Grant	14.219	\$ 522,932	-	\$ 189,307	\$ 189,307	-

VILLAGE OF SALINE, LOUISIANA

Notes to Financial Statements
June 30, 1996

The Village of Saline, Louisiana, was incorporated on October 3, 1905, under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Village of Saline, Louisiana, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units.

The following is a summary of the more significant accounting policies:

Reporting Entity. These financial statements include all funds and account groups over which the Village exercises control, authority, management, influence or accountability. Control by or influence over by the Town was determined on the basis of budget, adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Fund Accounting. The accounts of the Village of Saline, Louisiana, are organized on the basis of 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 segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including acquisition or construction of general fixed-assets (capital project funds). The general fund is used to account for all activities of the general government not accounted for in some other fund. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

(Continued)

VILLAGE OF SALINE, LOUISIANAStatement of Cash Flows - Proprietary Fund Type
Year Ended June 30, 1996

Cash flows from operating activities:	
Cash received from customers	\$ 18,803
Cash payments to suppliers	<u>(15,534)</u>
Net cash provided by operating activities	<u>3,269</u>
Cash flows from non-capital financing activities:	
Operating transfers to other funds	<u>(44,895)</u>
Cash flows from capital and related financing activities:	
Property and equipment acquisitions	(229,203)
Contributions from federal grant and municipality	229,203
Interest paid on revenue bonds	<u>(2,965)</u>
Net cash provided by capital and related financing activities	<u>(2,965)</u>
Cash flows from investing activities:	
Interest received on interest bearing accounts	<u>3,301</u>
Net cash provided by investing activities	<u>3,301</u>
Net decrease in cash	(41,290)
Cash, June 30, 1995, (including \$44,793 in restricted accounts)	<u>94,089</u>
Cash, June 30, 1996, (including \$3,437 in restricted accounts)	<u>\$ 52,799</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$(4,570)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	7,592
Changes in assets and liabilities:	
Increase in accounts receivable	(168)
Increase in accounts payable	<u>415</u>
Net cash provided by operating activities	<u>\$ 3,269</u>

See accompanying notes to financial statements.

VILLAGE OF SALINE, LOUISIANA

Statement of Revenues, Expenses, and Changes in
Retained Earnings (Deficit) - Proprietary Fund Type
Year Ended June 30, 1996

Operating revenues:	
Charges for services	\$ 18,455
Miscellaneous revenues	<u> -</u>
Total operating revenues	18,455
Operating expenses:	
Cost of sales and services	14,987
Administrative	446
Depreciation	<u>7,592</u>
Total operating expenses	<u>23,025</u>
Operating loss	<u>(4,570)</u>
Non-operating revenues (expenses):	
Interest income	3,301
Interest expense	<u>(2,925)</u>
Total non-operating revenues (expenses)	<u>376</u>
Loss before other financing sources	(4,194)
Other financing sources:	
Transfers to other funds	<u>(44,895)</u>
Net loss	(49,089)
Retained earnings (deficit) - beginning of year	<u>(67,542)</u>
Retained earnings (deficit) - end of year	<u><u>\$ (116,631)</u></u>

See accompanying notes to financial statements.

VILLAGE OF SALINE, LOUISIANAStatement of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues:			
Taxes	\$ 8,522	8,522	-
Licenses and permits	2,948	2,938	(10)
Intergovernmental	1,771	24,272	22,501
Fines and penalties	3,436	3,034	(402)
Miscellaneous	277	394	117
Total revenues	<u>16,954</u>	<u>39,160</u>	<u>22,206</u>
Expenditures:			
Current:			
General government	18,572	18,023	549
Public safety	7,076	15,180	(8,104)
Total expenditures	<u>25,648</u>	<u>33,203</u>	<u>(7,555)</u>
Excess (deficiency) of revenues over expenditures before other financing sources	(8,694)	5,957	14,651
Other financing uses:			
Transfers from other funds	4,738	4,975	237
Excess of revenues over expenditures	(3,956)	10,932	14,888
Fund balance, beginning of year	<u>16,865</u>	<u>16,865</u>	<u>-</u>
Fund balance, end of year	<u>\$ 12,909</u>	<u>\$ 27,797</u>	<u>\$ 14,888</u>

See accompanying notes to financial statements.

VILLAGE OF SALINE, LOUISIANAStatement of Revenues, Expenditures, and Changes
in Fund Balance - All Governmental Fund Types
Year Ended June 30, 1996

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Revenues:			
Taxes	\$ 8,522	\$ -	\$ 8,522
Licenses and permits	2,938	-	2,938
Intergovernmental	24,272	189,307	213,579
Fines and penalties	3,034	-	3,034
Miscellaneous	394	-	394
Total revenues	<u>39,160</u>	<u>189,307</u>	<u>228,467</u>
Expenditures:			
Current:			
General government	18,023	-	18,023
Public safety	15,180	-	15,180
Capital projects	-	229,202	229,202
Total expenditures	<u>33,203</u>	<u>229,202</u>	<u>262,405</u>
Excess (deficiency) of revenue over expenditures	5,957	(39,895)	(33,938)
Other sources (uses):			
Transfers (to) from other funds	<u>4,975</u>	<u>39,920</u>	<u>44,895</u>
Excess of revenues over expenditures and other sources (uses)	10,932	25	10,957
Fund balance, beginning of year	<u>16,865</u>	<u>(25)</u>	<u>16,840</u>
Fund balance, end of year	<u>\$ 27,797</u>	<u>\$ -</u>	<u>\$ 27,797</u>

See accompanying notes to financial statements.

VILLAGE OF SALINE, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Group
June 30, 1996

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Type</u>		<u>Account Group</u>		<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>General Fixed Assets</u>	<u>General Fixed Assets</u>	<u>(Memorandum Only)</u>	
<u>Liabilities</u>							
Accounts payable	\$ 873	\$ -	\$ 969	\$ -	\$ -	\$ 1,842	
Due to other funds	-	-	91	-	-	91	
Revenue bonds payable	-	-	65,000	-	-	65,000	
Other	-	-	1,617	-	-	1,617	
<u>Total liabilities</u>	<u>873</u>	<u>-</u>	<u>67,677</u>	<u>-</u>	<u>-</u>	<u>68,550</u>	
<u>Fund Equity</u>							
Contributed capital	-	-	711,085	-	-	711,085	
Investment in general fixed assets	-	-	-	33,311	33,311	33,311	
Retained earnings:							
Reserved for sewer construction	-	-	3,437	-	-	3,437	
Unreserved (deficit)	-	-	(120,068)	-	-	(120,068)	
Fund balance:							
Undesignated (deficit)	<u>27,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,797</u>	
Total retained earnings (deficit)/fund balance	<u>27,797</u>	<u>-</u>	<u>(116,631)</u>	<u>-</u>	<u>-</u>	<u>(88,834)</u>	
Total fund equity	<u>27,797</u>	<u>-</u>	<u>594,454</u>	<u>33,311</u>	<u>33,311</u>	<u>655,562</u>	
Total liabilities and fund equity	<u>\$ 28,670</u>	<u>\$ -</u>	<u>\$ 662,131</u>	<u>\$ 33,311</u>	<u>\$ 33,311</u>	<u>\$ 724,112</u>	

See accompanying notes to financial statements.

VILLAGE OF SALINE, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Group
 June 30, 1996

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Type</u>	<u>Account Group</u>		<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>General</u>	<u>Fixed Assets</u>	<u>(Memorandum Only)</u>
<u>Assets</u>						
Cash	\$ 28,211	\$ -	\$ 49,362	\$ -	\$ -	\$ 77,573
Receivables, net of allowance for uncollectibles:						
Accounts	-	-	2,168	-	-	2,168
Due from other Governments	368	-	-	-	-	368
Due from other funds	91	-	-	-	-	91
Restricted assets:						
Cash	-	-	3,437	-	-	3,437
Buildings	-	-	-	9,505	-	9,505
Improvements other than buildings	-	-	-	7,407	-	7,407
Equipment	-	-	-	11,899	-	11,899
Land	-	-	-	4,500	-	4,500
Utility plant and equipment (net of accumulated depreciation)	-	-	605,950	-	-	605,950
Other assets	-	-	1,214	-	-	1,214
<u>Total assets</u>	<u>\$ 28,670</u>	<u>\$ -</u>	<u>\$ 662,131</u>	<u>\$ 33,311</u>	<u>\$ -</u>	<u>\$ 724,112</u>

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 Saline, 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.

MARSH V. MILLER

Certified Public Accountant
December 27, 1996

VILLAGE OF SALINE, LOUISIANA

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Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

The Honorable Peggy Choate, Mayor
and Members of the Board of Aldermen
Village of Saline, Louisiana

I have audited the accompanying general purpose financial statements of Village of Saline, Louisiana, as of June 30, 1996, and for the year then ended. These general purpose financial statements are the responsibility of Village of Saline, Louisiana management. My responsibility is to express an opinion on these 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-128, "Audits 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.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Village of Saline, Louisiana, as of June 30, 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 December 27, 1996, on my consideration of Village of Saline's internal control structure and a report dated December 27, 1996, on its compliance with laws and regulations.

VILLAGE OF SALINE, LOUISIANA

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June 30, 1996

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Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
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FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Honorable Peggy Choate, Mayor
and Members of the Board of Aldermen
Village of Saline, Louisiana

I have audited the general purpose financial statements of Village of Saline, Louisiana, as of and for the year ended June 30, 1996, and have issued my report thereon dated December 27, 1996.

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.

The management of Village of Saline, 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 Saline for the year ended June 30, 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 general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

VILLAGE OF SALINE, LOUISIANA

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FINANCIAL STATEMENTS

June 30, 1996

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date FEB 5 1997

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: We concur with the finding.

A material weaknesses 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 weaknesses. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in my audit of the financial statements of Village of Saline, Louisiana.

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.

Mauda D. Mullican

Certified Public Accountant
December 27, 1996

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

The Honorable Peggy Choate, Mayor
and Members of the Board of Aldermen
The Village of Saline, Louisiana

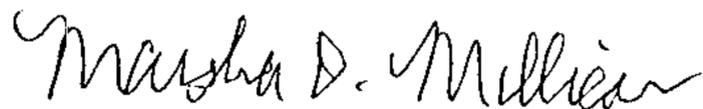
I have audited the general purpose financial statements of Village of Saline, Louisiana, as of and for the year ended June 30, 1996, and have issued my report thereon dated December 27, 1996.

In connection with my audit of the general purpose financial statements of Village of Saline, Louisiana, and with my consideration of Village of Saline'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," I selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996.

As required by OMB Circular A-128, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. My procedures were substantially less in scope than a audit, the objective of which is the expression of an opinion on Village of Saline's compliance with these 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 Saline, Louisiana, has 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
December 27, 1996

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

The Honorable Peggy Choate, Mayor
and Members of the Board of Aldermen
Village of Saline, Louisiana

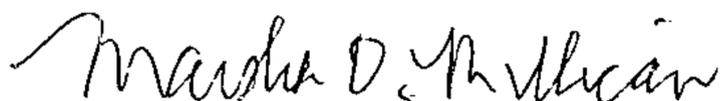
I have audited the general purpose financial statements of Village of Saline, Louisiana, as of and for the year ended June 30, 1996, and have issued my report thereon dated December 27, 1996.

I have applied procedures to test Village of Saline, 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 June 30, 1996: political activity, Davis-Bacon Act, civil rights, cash management, federal financial reports, allowable costs/cost 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 Saline, 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 Saline, Louisiana, had not complied, in all material respects, with those requirements.

This report is intended for the information of management, the Board of Alderman, and applicable federal and state cognizant agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Certified Public Accountant
December 27, 1996

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.

Marsha D. Melican

Certified Public Accountant
December 27, 1996

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 June 30, 1996, Village of Saline, Louisiana, had no major federal financial assistance programs and expended 100% 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 the Village of Saline's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

The Honorable Peggy Choate, Mayor
and Members of the Board of Aldermen
Village of Saline, Louisiana

I have audited the general purpose financial statements of Village of Saline, Louisiana, as of and for the year ended June 30, 1996, and have issued my report thereon dated December 27, 1996.

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." Those 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 June 30, 1996, I considered the internal control structure of Village of Saline, Louisiana, in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements of Village of Saline, 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 December 27, 1996.

The management of Village of Saline, 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.