

The Honorable Mayor and  
and Members of the Town Council of  
Chesapeake, Louisiana

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Additional Matters

Missing Invoices.

This year there were extremely few missing invoices. I wish to commend the Clerks for their diligence in maintaining a good filing system.

Signatures in the Minute Book

Last year I noted that on a couple of instances where the minutes of a given council meeting were not signed by the Clerk and responsible Town Official. This year, I noted all minutes of the Council meetings were signed by the Clerk and the Mayor.

Police Fines and Court Booklet

It would facilitate the audit if the tickets were in the same order as the Court Booklet and only one copy of the ticket were included in the envelope with the final printout of the Booklet.

I wish to take this opportunity to thank the Mayor, your newly appointed Town Clerk, and the other town employees who tried to help in the location of the town's records.

This report is intended solely for the information and use of the Town of Chesapeake, Louisiana's management, and others within the administration.



Roy E. Beckman, Jr.  
Certified Public Accountant

December 31, 1997

# Roy K. Derbonne, Jr.

Certified Public Accountant  
1703-A Baton Avenue  
Alexandria, Louisiana 71301-6878

Member  
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318-443-8718

The Honorable Mayor and Members  
of the Town Council  
Town of Cheneyville, Louisiana

In planning and performing my audit of the general purpose financial statements and the combining and individual fund and account group financial statements of the Town of Cheneyville, Louisiana, for the year ended June 30, 1997, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and the combining and individual fund and account group financial statements and not to provide assurance on the internal control structure. However, I noted one matter involving 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 judgement, could adversely affect the Town of Cheneyville, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements and the combining and individual fund and account group financial statements.

As was reported last year, there is not a sufficient segregation of duties in the receipting of money and the recording of transactions in the accounting records. However, I also realize that due to the size of the Town's operations, it may not be cost effective to employ the necessary controls to effect a sufficient segregation of duties.

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 the amounts that would be material in relation to the general purpose financial statements and the combining and individual fund and account group 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.

TOWN OF CHENEYVILLE, LOUISIANA

STATEMENT OF GENERAL LONG-TERM DEBT  
 YEAR ENDED JUNE 30, 1987  
 WITH COMPARATIVE TOTALS FOR JUNE 30, 1986

	CAPITAL LEASE 1987	CAPITAL LEASE 1986
	-----	-----
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE PAYMENT OF GENERAL LONG- TERM DEBT		
AMOUNT TO BE PROVIDED FOR THE RETIREMENT OF DEBT FROM:		
General Fund Revenues	\$ 9,881	\$ 17,000
	-----	-----
GENERAL LONG-TERM DEBT PAYABLE		
AMOUNT DUE ON CAPITAL LEASE OF:		
Police Car	\$ 9,881	\$ 17,000
	-----	-----

The accompanying notes are an integral part of this statement.

GENERAL LONG-TERM DEBT

To account for unmatured principal amounts on General long-Term debt expected to be financed from Governmental Type Funds (except Special Assessment Funds). Payment of maturing obligations, including interest, are accounted for in the Debt Service Funds.

<u>VEHICLES</u>	<u>EQUIPMENT</u>	<u>OFFICE EQUIPMENT</u>	<u>TOTALS</u>
\$ 88,241	\$ 118,387	\$ 31,355	\$ 338,284
0	150	0	1,505
0	0	0	0
<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
\$ 88,241	\$ 118,537	\$ 31,355	\$ 338,033
<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>

Integral part of this statement.

## TOWN OF CHEMIVILLE, LOUISIANA

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS  
YEAR ENDED JUNE 30, 1997

	<u>LAND</u>	<u>BUILDINGS</u>
GENERAL FIXED ASSETS, Beginning of Year	\$ 17,850	\$ 132,631
ADDITIONS	0	7,445
DEDUCTIONS	<u>0</u>	<u>0</u>
GENERAL FIXED ASSETS, End of Year	\$ 17,850 <u>*****</u>	\$ 140,076 <u>*****</u>

The accompanying notes are an

TOWN OF CHRISTVILLE, LOUISIANA  
 COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS  
 JUNE 30, 1993 AND 1992

	1997	1996
GENERAL FIXED ASSETS		
Land	\$ 17,000	\$ 17,000
Buildings	149,076	132,433
Vehicles	84,341	84,341
Equipment	119,517	119,387
Office Equipment	31,365	31,365
TOTAL GENERAL FIXED ASSETS	\$ 391,309	\$ 376,526
INVESTMENT IN GENERAL FIXED ASSETS		
General Fund Revenues	\$ 241,884	\$ 234,288
Federal and State Grants	143,955	141,955
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	\$ 385,839	\$ 376,243

The accompanying notes are an integral part of this statement.

GENERAL FUND ASSET ACCOUNT GROUP

To account for fixed assets not used in Proprietary Fund operations.

## TOWN OF CHENEVILLE, LOUISIANA

ENTERPRISE FUND  
SEWER SYSTEM FUND  
COMPARATIVE STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE  
YEARS ENDED JUNE 30, 1997 AND 1996  
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS  
(CONTINUED)

	1997	1996
	-----	-----
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Revenues	\$ (33,347)	\$ (34,529)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	59,110	59,582
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(99)	(87)
(Increase) Decrease in pay from Other Funds	(3,953)	(1,411)
(Increase) Decrease in prepaid expenses	0	1,323
Increase (Decrease) in Accounts Payable	(272)	(100)
Increase (Decrease) in Accrued Expenses	0	(1,817)
Total Adjustments	----- 54,798	----- 56,581
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 21,449	\$ 32,052
	-----	-----

The accompanying notes are an integral part of this statement.

## TOWN OF CHERRYVILLE, LOUISIANA

INTERMEDIATE FUND  
SEWER SYSTEM FUND  
COMPARATIVE STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE  
YEARS ENDED JUNE 30, 1987 AND 1986  
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	1987	1986
	-----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 72,865	\$ 74,624
Cash Payments to Suppliers for Goods and Services	(28,477)	(24,292)
Cash Payments to Employees for Services	(22,039)	(28,650)
	-----	-----
Net Cash Provided by Operating Activities	22,349	21,682
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Operating Transfers Out to Other Funds	0	0
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from Grants	33,251	0
Acquisition and Construction of Capital Assets	(25,088)	0
Principal Paid on Revenue Bond Securities	(35,088)	(25,880)
Interest Paid on Revenue Bonds	(7,618)	(8,330)
	-----	-----
Net Cash Used for Capital and Related Financing Activities	(34,533)	(23,370)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on Investments	1,954	948
	-----	-----
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(11,873)	0,648
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	63,480	63,648
	-----	-----
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	\$ 51,607	\$ 63,498
	-----	-----

The accompanying notes are an integral part of this statement.

(Continued)

## TOWN OF GREENTVILLE, LOUISIANA

ENTERPRISE FUND  
SEWER SYSTEM FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS - PROPRIETARY FUND TYPE  
YEARS ENDED JUNE 30, 1997 AND 1996  
(CONTINUED)

	1997	1996
(CONTINUED FROM THE PREVIOUS PAGE)		
INCOME BEFORE OPERATING TRANSFERS	\$ (39,457)	\$ (31,579)
OTHER FINANCING SOURCES (USES)		
Operating Transfers Out	0	0
NET INCOME (LOSS)	(39,457)	(31,579)
DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS, AND SHARED REVENUES EXTERNALLY RESTRICTED FOR CAPITAL ACQUISITION AND AND CONSTRUCTION THAT REDUCES CONTRIBUTION CAPITAL	44,977	44,977
RETAINED EARNINGS, Beginning	317,557	304,159
RETAINED EARNINGS, Ending	\$ 228,077	\$ 317,557

The accompanying notes are an integral part of this statement.

## TOWN OF CHERRYVILLE, LOUISIANA

ENTERPRISE FUND  
SEWER SYSTEM FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS - PROPRIETARY FUND TYPE  
YEARS ENDED JUNE 30, 1997 AND 1998

	1997	1998
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 72,846	\$ 78,923
<b>OPERATING EXPENDITURES</b>		
Salaries	37,839	18,600
Payroll Taxes	1,727	1,398
Bank Charges	0	110
Chemicals	3,443	3,444
Office and Postage	148	330
Repairs and Maintenance	3,813	5,114
Lab Reports	850	795
Materials and Supplies	2,369	610
Depreciation	69,110	68,591
Contractual Services	4,881	8,337
Utilities	8,490	7,379
Insurance	3,817	3,218
News and Subscriptions	176	178
Truck Gas and Maintenance	716	561
Travel and Lodgings	0	50
Telephone	38	350
Miscellaneous	23	431
<b>Total Expenditures</b>	<b>198,312</b>	<b>99,452</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(32,347)</b>	<b>(34,329)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	1,054	840
Interest Expense	(7,144)	(7,998)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(6,110)</b>	<b>(7,850)</b>
<b>INCOME BEFORE OPERATING TRANSFERS</b>	<b>(38,457)</b>	<b>(42,179)</b>

The accompanying notes are an integral part of this statement.

(Continued)

	1997	1996
	-----	-----
<b>LIABILITIES AND FUND EQUITY</b>		
<b>CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)</b>		
Accounts Payable	\$ 230	\$ 510
Accrued Expenses	0	0
Due to Other Funds	17,839	21,891
	-----	-----
Total Current Liabilities (Payable from Current Assets)	18,177	22,401
<b>CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)</b>		
Revenue Bonds Payable	19,098	19,860
Accrued Interest Payable	3,783	4,337
	-----	-----
Total Current Liabilities (Payable from Restricted Assets)	18,783	19,237
<b>LONG-TERM LIABILITIES</b>		
Revenue Bonds Payable	133,378	137,378
	-----	-----
Total Liabilities	169,338	178,916
<b>FUND EQUITY</b>		
Contributed Capital (Net of Accumulated Amortization)	621,574	644,608
<b>RETAINED EARNINGS</b>		
Reserved	18,540	14,324
Unreserved	284,537	301,239
	-----	-----
Total Retained Earnings	323,077	317,957
	-----	-----
Total Fund Equity	844,251	862,215
	-----	-----
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$1,003,589</b>	<b>\$1,041,131</b>
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an integral part of this statement.

## TOWN OF CHESTVILLE, LOUISIANA

ENTERPRISE FUND  
SEWER SYSTEM FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 1997 AND 1996

ASSETS	1997	1996
	-----	-----
<b>CURRENT ASSETS</b>		
Cash	\$ 24,284	\$ 27,819
Accounts Receivable	8,281	8,183
	-----	-----
Total Current Assets	32,565	36,001
<b>RESTRICTED ASSETS</b>		
Bond and Interest Sinking Fund	115	311
Bond Reserve Fund	27,483	28,759
Bond Depreciation and Contingencies Fund	8,727	8,851
	-----	-----
Total Restricted Assets	37,325	38,921
<b>PLANT AND EQUIPMENT</b>		
Sewer System - at Cost, Net of Accumulated Depreciation (1997 - \$837,158, and 1996 - \$838,840)	938,983	854,368
Land	14,888	14,888
	-----	-----
Total Plant and Equipment	953,871	869,256
	-----	-----
<b>TOTAL ASSETS</b>	<b>\$1,669,761</b>	<b>\$1,641,231</b>
	-----	-----

The accompanying notes are

## TOWN OF CHERRYVILLE, LOUISIANA

ENTERPRISE FUND  
 WATER SYSTEM FUND  
 COMPARATIVE STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE  
 YEAR ENDED JUNE 30, 1987 AND 1986  
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS  
 (CONTINUED)

	1987	1986
	-----	-----
RECONCILIATION OF OPERATING INCOME TO NET ACTIVITIES:		
Operating Revenues	\$ 12,888	\$ 877
Adjustments to Reconcile Operating Income to Net Cash provided by Operating Activities:		
Depreciation	32,867	33,105
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(138)	(819)
(Increase) Decrease in Due from Other Funds	(7,147)	(1,380)
(Increase) Decrease in Prepaid Expenses	0	3,392
Increase (Decrease) in Accounts Payable	(578)	229
Increase (Decrease) in Accrued Expenses	(7)	(3,412)
Increase (Decrease) in Due to Other Funds	0	(3,691)
Increase (Decrease) in Contracts Payable	0	0
Increase (Decrease) in Interest Payable	0	0
	-----	-----
TOTAL Adjustments	25,184	28,361
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 22,498	\$ 29,138
	-----	-----

The accompanying notes are an integral part of this statement.

## TOWN OF CHERRYVILLE, LOUISIANA

ENTERPRISE FUND  
WATER SYSTEM FUND  
COMPARATIVE STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE  
YEARS ENDED JUNE 30, 1997 AND 1996  
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	1997	1996
	-----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 69,718	\$ 72,024
Cash Payments to Suppliers for Goods and Services	(37,194)	(24,855)
Cash Payments to Employees for Services	(20,821)	(18,681)
	-----	-----
Net Cash Provided by Operating Activities	11,703	28,488
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Operating Transfers In/Out	(13,250)	(15,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Net Change in Water Deposits	1,160	1,079
Proceeds from Grants	0	0
Acquisition and Construction of Capital Assets	0	0
Principal Paid on Revenue Bond Maturities	(3,477)	(4,719)
Interest Paid on Revenue Bonds	(12,341)	(13,498)
	-----	-----
Net Cash Used for Capital and Related Financing Activities	(14,458)	(17,138)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on Investments	2,886	2,439
	-----	-----
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(3,128)</b>	<b>(539)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>84,412</b>	<b>84,982</b>
	-----	-----
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>\$ 81,284</b>	<b>\$ 84,412</b>
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The accompanying notes are an integral part of this statement.

(Continued)

## TOWN OF CHERRYVILLE, LOUISIANA

ENTERPRISE FUND  
WATER SYSTEM FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS - PROPRIETARY FUND TYPE  
YEARS ENDED JUNE 30, 1997 AND 1996  
(CONTINUED)

	1997	1996
	-----	-----
(CONTINUED FROM THE PREVIOUS PAGE)		
INCOME BEFORE OPERATING TRANSFERS	\$ (11,845)	\$ 113,044
OTHER FINANCING SOURCES (USES)		
Operating Transfers Col.	(13,250)	(15,000)
NET INCOME (LOSS)	(25,095)	(26,000)
DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS, AND SHARED REVENUES EXTERNALLY RESTRICTED FOR CAPITAL ACQUISITION AND AND CONSTRUCTION THAT EXCEEDED CONTRIBUTED CAPITAL	13,590	13,578
RETAINED EARNINGS, Beginning	234,561	249,415
RETAINED EARNINGS, Ending	\$ 221,456	\$ 234,993

The accompanying notes are an integral part of this statement.

## TOWN OF CREMETVILLE, LOUISIANA

ENTERPRISE FUND  
 WATER SYSTEM FUND  
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 RETAINED EARNINGS - FIDUCIARY FUND-TYPE  
 YEAR ENDING JUNE 30, 1997 AND 1996

	1997	1996
	-----	-----
OPERATING REVENUES		
charges for Services	\$ 89,713	\$ 92,024
OPERATING EXPENDITURES		
Salaries	28,021	28,021
Payroll Taxes	2,611	1,353
Bank Charges	0	154
Chemicals	421	1,979
Office and Postage	243	550
Repairs and Maintenance	1,328	781
Lab Reports	3,124	325
Materials and Supplies	402	1,100
Depreciation	32,247	23,100
Contractual Services	2,137	6,184
Utilities	5,676	4,289
Insurance	4,053	2,239
Truck Gas and Maintenance	785	470
Travel and Sundries	510	200
Miscellaneous	99	391
Total Expenditures	72,319	71,047
OPERATING INCOME (LOSS)	(2,406)	977
NONOPERATING REVENUES (EXPENSES)		
Interest Income	3,000	3,478
Interest Expense	(11,235)	(14,453)
Total Nonoperating Revenues (Expenses)	(8,235)	(10,975)
INCOME BEFORE OPERATING TRANSFERS	(11,045)	(11,044)

The accompanying notes are an integral part of this statement.

(Continued)

	1987	1986
	<u>          </u>	<u>          </u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)</b>		
Accounts Payable	\$ 494	\$ 1,057
Accrued Expenses	339	243
Due to Other Funds	0	0
	<u>          </u>	<u>          </u>
Total Current Liabilities (Payable from Current Assets)	733	1,300
<b>CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)</b>		
Customer Deposits	13,541	12,361
Revenue Bonds Payable	2,355	3,477
Accrued Interest Payable	138	955
	<u>          </u>	<u>          </u>
Total Current Liabilities (Payable from Restricted Assets)	16,034	16,813
<b>LONG-TERM LIABILITIES</b>		
Revenue Bonds Payable	239,354	242,309
	<u>          </u>	<u>          </u>
Total Liabilities	256,767	260,422
<b>FUND EQUITY</b>		
Contributed Capital (Net of Accumulated Amortization)	591,599	383,187
<b>RETAINED EARNINGS</b>		
Reserved	27,407	23,748
Unreserved	194,649	211,213
	<u>          </u>	<u>          </u>
Total Retained Earnings	222,056	234,961
	<u>          </u>	<u>          </u>
Total Fund Equity	813,655	618,148
	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 829,764</b>	<b>\$ 878,570</b>
	<u>          </u>	<u>          </u>

an integral part of this statement.

## TOWN OF CEMETEVILLE, LOUISIANA

 ENTERPRISE FUND  
 WATER SYSTEM FUND -  
 COMPARATIVE BALANCE SHEET  
 JUNE 30, 1997 AND 1996

ASSETS	1997	1996
<b>CURRENT ASSETS</b>		
Cash	\$ 37,248	\$ 43,853
Accounts Receivable	8,833	9,689
Due from Other Funds	13,911	6,582
Total Current Assets	59,992	59,124
<b>RESTRICTED ASSETS</b>		
Customer Deposit Account	14,777	13,246
Construction Account	4,918	4,818
Bond and Interest Sinking Fund	184	177
Bond Reserve Fund	21,313	20,834
Bond Depreciation and Contingencies Fund	3,898	3,184
Total Restricted Assets	44,880	40,559
<b>PLANT AND EQUIPMENT</b>		
Water System - at Cost, Net of Accumulated Depreciation (1997 - \$248,853, and 1996 - \$213,685)	718,878	783,837
Land	6,880	6,880
Total Plant and Equipment	725,758	790,717
 <b>TOTAL ASSETS</b>	 <b>\$ 810,764</b>	 <b>\$ 868,579</b>

The accompanying notes are

# Roy K. Derbonne, Jr.

Certified Public Accountant  
1181-A Bolton Avenue  
Alexandria, Louisiana 71301-0878

Member  
Society of Louisiana C.P.A.'s

318-84-6718

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL STATEMENT AUDIT CONDUCTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and Members  
of the Town Council  
Town of Cheneyville, Louisiana

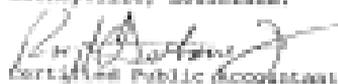
I have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the Town of Cheneyville, Louisiana, as of and for the year ended June 30, 1997, and have issued my report thereon dated December 31, 1997.

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-133, "Audits of States, Local Governments, and Non-Profit Organizations." These standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements and combining and individual fund and account group financial statements are free of material misstatement.

In planning and performing my audit of the general purpose financial statements and combining and individual fund and account group financial statements of the town of Cheneyville, Louisiana, for the year ended June 30, 1997, I considered the internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and the combining and individual fund and account group financial statements and not to provide assurance on the internal control structure.

The management of the Town of Cheneyville, 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 recorded 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

Individual, fund, and account group financial statements of the Town of  
Cheneyville, Louisiana.

  
Certified Public Accountant

Alexandria, Louisiana  
December 31, 1997

# Roy K. Derbonne, Jr.

Certified Public Accountant  
1121-N Bolton Avenue  
Alexandria, Louisiana 71301-0878

Member  
Faculty of Louisiana C.P.A.'s

318-445-6718

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members  
of the Town Council  
Town of Cheneyville, Louisiana

I have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the Town of Cheneyville, Louisiana, as of and for the year ended June 30, 1997, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the management of the Town of Cheneyville, Louisiana. 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-133, "Audits of States, Local Governments, and Non-Profit Organizations." These 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 examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Cheneyville, Louisiana, as of June 30, 1997, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with generally accepted accounting principles. Also, in my opinion, the combining and individual fund and account group financial statement referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the Town of Cheneyville, Louisiana, as June 30, 1997, and the results of operations of each fund and the cash flows of the proprietary fund for the year then ended in conformity with generally accepted accounting principles.

The financial information for the preceding year which is included for comparative purposes was taken from the audit report for that year in which I expressed an unqualified opinion on the combined, combining,

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TOWN OF CHERBOUILLE  
CHERBOUILLE, LOUISIANA

AUDITOR'S REPORT  
JUNE 30, 1957

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 MAR 04 1958

Ray E. Darbonne, Jr.  
Certified Public Accountant  
1101-K Bolton Avenue  
Alexandria, Louisiana 71301

<u>1997</u>	<u>1996</u>
\$ (39,953)	\$ (20,562)
82,086	51,697
(235)	(988)
(31,088)	(9,845)
8	4,616
(845)	128
(7)	(4,929)
0	0
0	0
<u>79,860</u>	<u>88,752</u>
\$ 43,947	\$ 61,260

an integral part of this statement.

TOWN OF CRRNKVILLE, LOUISIANA

ENTERPRISE FUNDS

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES  
 YEARS ENDED JUNE 30, 1997 AND 1996  
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS  
 (CONTINUED)

	WATER SYSTEM	SEWER SYSTEM
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Revenue	\$ (3,698)	\$ (33,347)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	33,967	59,118
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(138)	(8)
(Increase) Decrease in Due from Other Funds	(3,149)	(3,981)
(Decrease) Decrease in Prepaid Items	0	0
Increase (Decrease) in Accounts Payable	(573)	(232)
Increase (Decrease) in Accrued Expenses	(7)	0
Increase (Decrease) in Interest Payable	0	0
Increase (Decrease) in Contracts Payable	0	0
Total Adjustments	29,104	54,786
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 25,406	\$ 21,449

The accompanying notes are

<u>1997</u>	<u>1996</u>
\$ 142,678	140,948
(56,671)	(49,057)
<u>(40,000)</u>	<u>(36,491)</u>
42,847	61,280
(11,358)	(13,000)
1,160	1,070
20,261	0
(20,000)	0
(18,477)	(19,310)
<u>(19,759)</u>	<u>(21,880)</u>
(10,834)	(40,580)
<u>3,140</u>	<u>3,298</u>
(4,097)	9,070
<u>147,802</u>	<u>138,822</u>
\$ 142,855	\$ 147,882

an integral part of this statement.

(Continued)

## TOWN OF CHERRYVILLE, LOUISIANA

ENTERPRISE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES  
 YEARS ENDED JUNE 30, 1997 AND 1996  
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	WATER SYSTEM	SEWER SYSTEM
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 89,713	\$ 32,966
Cash Payments to Suppliers for Goods and Services	(23,194)	(29,417)
Cash Payments to Employees for Services	(26,923)	(22,839)
 Net Cash Provided by Operating Activities	 39,600	 31,440
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Operating Transfers Out to Other Funds	(24,299)	0
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Net Change in Water Deposits	3,188	0
Proceeds from Grants	0	22,293
Acquisition and Construction of Capital Assets	0	(25,089)
Principal Paid on Revenue Bond Maturities	(2,477)	(15,080)
Interest Paid on Revenue Bonds	(22,142)	(7,828)
 Net Cash Used for Capital and Related Financing Activities	 (24,438)	 (24,276)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on Investments	2,088	1,854
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(3,124)</b>	<b>(1,873)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>84,412</b>	<b>83,480</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>\$ 81,288</b>	<b>\$ 81,607</b>

The accompanying notes are

1993	1994
-----	-----
\$ (51,302)	\$ 143,603
<u>(13,289)</u>	<u>(15,000)</u>
(64,592)	(57,622)
58,567	58,567
<u>482,518</u>	<u>452,574</u>
\$ 444,533	\$ 452,518
-----	-----

an integral part of this statement.

## TOWN OF DISNEYVILLE, LOUISIANA

ENTERPRISE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES  
 YEARS ENDED JUNE 30, 1997 AND 1996  
 (CONTINUED)

	WATER SYSTEM	SEWER SYSTEM
	-----	-----
(CONTINUED FROM THE PREVIOUS PAGE)		
INCOME BEFORE OPERATING TRANSFERS	\$ (11,845)	\$ (30,457)
OTHER FINANCING SOURCES (USES):		
Operating Transfers Out	(33,260)	0
	-----	-----
NET INCOME (LOSS)	(25,095)	(30,457)
DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS, AND GRANT REVENUE EXTERNALLY RESTRICTED FOR CAPITAL ACQUISITION AND CONSTRUCTION THAT REDUCES CON- TRIBUTED CAPITAL	11,298	44,917
	-----	-----
RETAINED EARNINGS, beginning	234,261	217,557
	-----	-----
RETAINED EARNINGS, Ending	\$ 221,456	\$ 213,017
	-----	-----

The accompanying notes are

1937	1936
\$ 142,078	\$ 146,946
42,860	36,891
3,838	2,711
0	228
4,984	3,419
391	888
3,851	1,895
1,986	1,029
2,778	1,776
82,085	91,696
5,688	12,431
11,172	11,668
8,779	3,446
1,421	897
510	256
39	266
376	563
120	863
278,811	270,498
(28,962)	(23,552)
3,149	3,378
118,482	122,449
(15,349)	(19,811)
(91,382)	(42,822)

an integral part of this statement.

(Continued)

## TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES  
 YEARS ENDED JUNE 30, 1987 AND 1988

	WATER SYSTEM	SEWER SYSTEM
OPERATING REVENUES		
Charges for Services	\$ 60,310	\$ 72,865
OPERATING EXPENDITURES		
Salaries	20,821	22,039
Payroll Taxes	1,821	1,727
Bank Charges	0	0
Chemicals	421	1,641
Office and Postage	142	148
Repairs and Maintenance	1,329	2,512
Lab Reports	1,328	850
Materials and Supplies	481	2,369
Depreciation	32,987	59,118
Contractual Services	2,127	1,861
Utilities	5,676	8,498
Insurance	4,898	1,817
Truck Gas and Maintenance	788	718
Travel and Seminars	510	0
Telephone	0	29
Dees	0	176
Miscellaneous	89	21
Total Expenditures	<u>72,119</u>	<u>108,812</u>
OPERATING INCOME (LOSS)	(11,809)	(36,947)
NONOPERATING REVENUES (EXPENSES)		
Interest Income	2,866	1,064
Interest Expense	(11,325)	(3,144)
Total Nonoperating Revenues (Expenses)	<u>(8,459)</u>	<u>(2,080)</u>
INCOME BEFORE OPERATING TRANSFERS	(11,845)	(39,027)

The accompanying notes are

<u>1997</u>	<u>1998</u>
\$ 722	\$ 1,567
236	383
<u>13,938</u>	<u>21,891</u>
18,897	23,701
13,641	13,381
17,806	18,477
<u>3,322</u>	<u>5,182</u>
26,418	36,850
<u>361,732</u>	<u>379,887</u>
416,847	439,438
878,773	1,007,846
46,847	40,872
<u>398,586</u>	<u>412,446</u>
444,533	452,518
<u>1,427,386</u>	<u>1,460,383</u>
<u>\$1,833,353</u>	<u>\$1,889,881</u>

an integral part of this statement.

## TOWN OF CHENEVILLE, LOUISIANA

ENTERPRISE FUNDS  
 CONSOLIDATING BALANCE SHEET - ALL PROPRIETARY FUND TYPES  
 JUNE 30, 2007 AND 2006

	WATER SYSTEM	SEWER SYSTEM
	-----	-----
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)		
Accounts Payable	\$ 484	\$ 230
Accrued Expenses	234	0
Due to Other Funds	8	17,839
	-----	-----
Total Current Assets	726	18,069
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)		
Customer Deposits	13,543	0
Revenue Bonds Payable	2,955	15,000
Accrued Interest Payable	138	3,783
	-----	-----
Total Restricted Assets	16,636	18,783
LONG-TERM LIABILITIES		
Revenue Bonds Payable	239,354	232,378
	-----	-----
Total Liabilities	256,720	259,930
FUND EQUITY		
Contributed Capital (Net of Accumulated Amortization)	351,588	621,374
Retained Earnings		
Reserved	27,487	18,540
Unreserved	223,456	204,537
	-----	-----
Total Retained Earnings	250,943	223,077
	-----	-----
Total Fund Equity	602,531	844,451
	-----	-----
TOTAL LIABILITIES AND FUND EQUITY	\$ 859,251	\$1,004,381
	-----	-----

The accompanying notes are

	1997		1996
	-----		-----
\$	61,830	\$	71,772
	17,118		14,001
	13,711		4,882
	92,659		90,655
	14,777		13,346
	4,938		4,810
	289		380
	40,884		44,833
	12,677		10,835
	81,348		76,120
	1,837,971		1,986,888
	31,680		31,680
	1,869,651		2,018,568
	\$1,869,651		\$1,869,651

an integral part of this statement.

(Continued)

TOWN OF CHENEVILLE, LOUISIANA

ENTERPRISE FUNDS  
 COMBINING BALANCE SHEET - ALL PROPRIETARY FUND TYPES  
 JUNE 30, 1987 AND 1986

ASSETS	WATER SYSTEM	SEWER SYSTEM
	-----	-----
<b>CURRENT ASSETS</b>		
Cash	\$ 37,246	\$ 24,384
Accounts Receivable	8,835	8,381
Due from Other Funds	33,713	0
Total Current Assets	79,794	32,765
<b>RESTRICTED ASSETS</b>		
Customer Deposits	14,399	0
Construction Account	4,819	0
Bond and Interest Sinking Fund	384	119
Bond Reserve Fund	21,233	27,481
Bond Depreciation and Contingencies Fund	2,958	9,727
Total Restricted Assets	44,043	37,327
<b>PLANT AND EQUIPMENT</b>		
Systems - at Cost, Net of Accumulated Depreciation (1987 - \$1,144,126 and 1986 - \$1,051,726)	719,070	718,981
Land	5,860	14,888
Total Plant and Equipment	724,930	733,869
<b>TOTAL ASSETS</b>	<b>\$ 829,764</b>	<b>\$1,003,500</b>

The accompanying notes are

#### ENTERPRISE FUNDS

To account for the provision of water and sewer services to residents of the Town. All activities necessary to provide such services are accounted for in these funds, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

## TOWN OF CHENEYVILLE, LOUISIANA

## CAPITAL PROJECTS FUND

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE FOR THE YEARS ENDED  
JUNE 30, 1997 AND 1996

	1997	1996
REVENUES		
LWPA Rehabilitation Grant	\$ 0	\$ 31,500
EXPENDITURES		
Capital Outlay - Materials and Labor	0	31,500
Total Expenditures	0	31,500
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	0	0
FUND BALANCE, Beginning	0	0
FUND BALANCE, Ending	\$ 0	\$ 0

The accompanying notes are an integral part of this statement.

## TOWN OF CHERRYVILLE, LOUISIANA

CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 1997 AND 1998

ASSETS	1997	1998
	-----	-----
ASSETS		
Cash	\$ 0	\$ 0
	-----	-----
TOTAL ASSETS	\$ 0	\$ 0
	-----	-----
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Contracts Payable	\$ 0	\$ 0
	-----	-----
Total Liabilities	0	0
FUND BALANCE:		
Reserved	0	0
	-----	-----
TOTAL LIABILITIES AND FUND BALANCE	\$ 0	\$ 0
	-----	-----

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS FUND

To account for receipt and expenditures of Grant Funds to be used for the renovation of low income housing.

TOON OF CHERRYVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) AND ACTUAL  
 YEAR ENDED JUNE 30, 1997  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1996  
 (CONTINUED)

	1997			1996 ACTUAL
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	
<b>PUBLIC SAFETY</b>				
Volunteer Fire Dept.	\$ 0	\$ 3,000	\$ (3,000)	\$ 0
<b>STREETS AND SANITATION</b>				
Salaries	\$ 25,000	\$ 20,878	\$ 4,122	\$ 25,871
Depreciat. Equip.	2,100	1,383	717	2,829
Tractor Repairs	2,000	1,538	1,470	0
Truck Repairs	2,500	3,588	(1,088)	3,810
Materials and Supplies	8,300	10,588	(12,288)	112,404
Insurance	10,000	5,863	4,137	7,877
pump Fuel and Recycle	13,000	32,445	(19,445)	20,070
Utilities	10,288	4,732	5,478	1,784
Trees	400	0	400	0
Mowing	1,800	20	1,780	0
tree and debris removal	0	0	0	3,173
Engineering Fees	0	444	(444)	14,870
Miscellaneous	1,600	3,004	(1,404)	1,751
<b>Total Street and Sanitation expends.</b>	<b>\$ 84,600</b>	<b>\$ 77,928</b>	<b>\$ 6,672</b>	<b>\$ 190,199</b>
<b>INCREASING - SUPPLIES</b>	<b>\$ 0</b>	<b>\$ 1,160</b>	<b>\$ (1,160)</b>	<b>\$ 2,073</b>
<b>STREET LIGHTS</b>	<b>\$ 0</b>	<b>\$ 3,445</b>	<b>\$ (3,445)</b>	<b>\$2,982</b>
<b>WATER SERVICE:</b>				
Public Safety	\$ 9,300	\$ 9,783	\$ (483)	\$ 9,702
<b>CAPITAL OUTLAYS</b>				
Grant Exp. - Sewer Flow Meter - Sewer Fund	\$ 9,800	\$ 21,843	\$ (12,043)	\$ 13,185
<b>Total Capital Outlays</b>	<b>\$ 9,800</b>	<b>\$ 21,843</b>	<b>\$ (12,043)</b>	<b>\$ 13,185</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 202,500</b>	<b>\$ 278,398</b>	<b>\$ (75,898)</b>	<b>\$ 458,564</b>

The accompanying notes are an integral part of this statement.

TOWN OF CHERYVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) AND ACTUAL  
 YEAR ENDED JUNE 30, 1993  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1992

1993

UNAPPORTIONED BUDGET FOR THE YEAR ENDED JUNE 30, 1993

	BUDGET	ACTUAL	DIFFERENCE (EXCESSIVE)	1992 ACTUAL
<b>GENERAL GOVERNMENT</b>				
Mayor and Aldermen	\$ 7,000	\$ 7,000	\$ (00)	\$ 7,000
Salaries	3,000	11,390	(8,390)	12,073
Payroll Taxes	2,000	1,172	1,128	2,000
Executive Expense	1,000	859	141	0
Legal and Professional	11,300	12,172	(872)	27,000
Building Maintenance	2,000	500	2,700	1,200
City Hall Supplies	1,300	1,415	85	0
Books and Subscriptions	300	809	(1309)	1,300
Insurance	2,000	6,057	(4,057)	10,200
Election Expense	0	0	0	000
Miscellaneous	0	1,015	11,015	1,000
Printing and Publishing	1,200	2,413	(213)	2,420
Office Supplies	2,400	2,257	(2,057)	0,412
Tax Refund Fees	700	713	(13)	300
Utilities	1,000	0,385	(5,305)	0,300
Travel and Seminars	2,000	1,000	900	2,700
Telephone	2,000	2,000	(2,000)	3,000
Interim Personnel Services	2,000	2,000	(00)	4,200
<b>Total General Govern- ment Expenditures</b>	<b>\$ 46,700</b>	<b>\$ 67,219</b>	<b>\$ (20,519)</b>	<b>\$ 117,700</b>
<b>PUBLIC SAFETY</b>				
<b>POLICE DEPARTMENT</b>				
Salaries	\$ 40,000	\$ 51,022	\$ (11,022)	\$ 50,057
Payroll Taxes	2,200	2,305	(105)	2,200
Equipment and Supplies	2,000	2,550	(550)	3,100
Automobile	7,000	8,000	(1,000)	0,250
Printer Expense	0	440	(440)	100
Training	3,200	370	2,830	2,200
Fine Costs	1,000	10	1,000	1,000
Insurance	11,500	9,210	2,290	0,850
Telephone	1,500	1,471	29	500
Uniforms	0	700	(700)	000
Animal Control	0	0	0	00
Miscellaneous	500	2,057	(1,557)	200
<b>Total Police Dept. Expenditures</b>	<b>\$ 69,900</b>	<b>\$ 81,078</b>	<b>\$ (11,178)</b>	<b>\$ 60,000</b>

(Continued)

The accompanying notes are an integral part of this statement.

## TOWN OF DISNEYVILLE, LOUISIANA

GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 YEAR ENDED JUNE 30, 1997  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1996  
 (CONTINUED)

	1997		VARIANCE FUND BALANCE COMPARISON	1996 ACTUAL
	BUDGET	ACTUAL		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES (CONTINUED FROM THE PREVIOUS PAGE)	\$ 17,450	\$ 7,188	\$ (10,262)	\$ (80,944)
OTHER FINANCING SOURCES				
Proceeds from Long- Term Loans	0	0	0	0
Operating Transfers In	13,250	13,258	0	15,800
Total Other Financing Sources	13,250	13,258	0	15,800
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	30,700	20,438	(10,262)	(70,944)
FUND BALANCE, BEGINNING	182,686	91,751	0	182,686
FUND BALANCE, ENDING	\$ 136,286	\$ 112,189	\$ (10,262)	\$ 91,751

The accompanying notes are an integral part of this statement.

## TOWN OF CHENEYVILLE, LOUISIANA

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 1997  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1996

	1997			
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVOR.)	1996 ACTUAL
<b>REVENUES</b>				
Taxes Collected	\$ 5,500	\$ 18,233	\$ 12,733	\$ 9,092
Sales Taxes Collected	94,000	110,381	16,381	104,537
Tobacco Taxes	5,500	5,228	(272)	5,228
Beer Taxes	1,500	1,748	248	3,481
Occupational Licenses	10,500	12,312	1,812	14,003
Franchise Fees	10,000	21,483	11,483	24,109
Mowing State Highway	2,000	2,234	234	2,287
Video Poker Revenue	1,500	1,266	(234)	2,195
Grant Revenue - RFPJ	0	0	0	82,458
Grant Revenue - Rural Dev.	20,000	21,514	(1,486)	18,092
Grant Revenue - Summer	0	1,100	1,100	3,548
Garbage Collection Fee	23,500	21,327	(2,173)	20,176
Hooping Authority	1,200	1,130	(70)	0
Water Collection	700	800	(100)	0
Fines and Penalties	40,000	51,420	11,420	70,483
Interest Income	1,000	2,130	1,130	2,263
Rental Income	7,500	3,820	(3,680)	3,638
Rapidex Parish Police				
Jury - Vol. Fire Dept.	0	0	0	3,038
Miscellaneous	0	5,204	5,204	3,280
<b>Total Revenues</b>	<b>209,000</b>	<b>273,452</b>	<b>67,452</b>	<b>312,820</b>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
General Government	48,700	63,278	(14,578)	117,396
Public Safety				
Police	83,000	81,878	1,122	87,908
Vol. Fire Dept.	0	3,935	(3,935)	0
Streets and Sanitation	84,000	77,920	6,080	100,508
Recreation	0	1,860	(1,860)	2,873
Lions' Club	0	7,444	(7,444)	22,982
DEPT SERVICE	8,300	8,300	(1)	8,302
CAPITAL OUTLAYS	9,000	21,843	(12,843)	17,195
<b>Total Expenditures</b>	<b>232,000</b>	<b>270,263</b>	<b>(37,737)</b>	<b>458,566</b>
<b>EXCESS OF REVENUES OVER</b>				
<b>(UNDER) EXPENDITURES</b>	<b>\$ 17,400</b>	<b>\$ 7,189</b>	<b>\$ 118,201</b>	<b>\$ (45,746)</b>

The accompanying notes are an integral part of this statement.

(Continued)

## TOWN OF CHENEYVILLE, LOUISIANA

GENERAL FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 1997 AND 1996

ASSETS	1997	1996
<b>ASSETS</b>		
Cash	\$ 161,456	\$ 83,373
Property Taxes Receivable	50	219
Intergovernmental Taxes Receivable	31,320	10,219
Franchise Fees Receivable	4,350	4,179
Intergovernmental	1,880	3,583
Customer Accounts	1,833	5,688
Overpayment of Payroll Taxes	0	3,012
Due from Sewer Fund	13,140	14,712
<b>TOTAL ASSETS</b>	<b>\$ 193,949</b>	<b>\$ 119,648</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 3,375	\$ 26,029
Accrued Expenses	4,006	473
Due to Water Fund	8,913	3,303
<b>Total Liabilities</b>	<b>16,294</b>	<b>30,005</b>
<b>FUND BALANCE</b>		
Unreserved		
Designated for Subsequent Years		
Expenditures	0	8,747
Undesignated	112,190	83,608
<b>Total Fund Balance</b>	<b>112,190</b>	<b>91,751</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 193,949</b>	<b>\$ 119,648</b>

The accompanying notes are an integral part of this statement.

**GENERAL FUND**

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

FINANCIAL STATEMENTS  
OF INDIVIDUAL FUNDS  
AND ACCOUNT GROUPS

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

(Continued)

NOTE 3. SUMMER ENRICHMENT PROGRAM GRANT

The town expended \$1,800 for the presentation of the arts to the youths of the Town. This was the balance of the grant remaining from fiscal year June 30, 1996.

## TOWN OF CHENEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
June 30, 1997  
(Continued)

## NOTE G. COMPENSATION PAID BOARD MEMBERS

The Town paid the mayor and alderman the following per diem:

Baby Hawkins	\$3,880
Cillie Twittle	500
Israel Jones	1,200
Elizabeth Grimbie	500
Shirley Wade	500
Sharon Wood	500
	<u>\$7,080</u>

## NOTE H. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Town maintains two enterprise funds. Segment information for the year ended June 30, 1997 follows:

	Water System Fund	Power System Fund	Total
Operating revenues	\$ 89,713	\$ 73,951	\$ 163,678
Depreciation	32,887	59,118	92,005
Operating income (loss)	(2,880)	(13,307)	(16,187)
Net income (loss)	(25,951)	(35,457)	(61,408)
Current capital contributions	0	0	0
Plant, property, & equipment net additions	0	22,883	22,883
Net working capital	59,232	24,288	83,520
Total assets	829,764	1,083,589	1,913,353
Long-term liabilities payable from operating revenue	239,394	122,378	361,772
Total Equity	573,855	844,251	1,417,386

## NOTE I. LEASE REVENUE

The Town (lessor) entered into a twelve month lease with Genia Community Action Committee, Inc. (lessee). The lease is for equal monthly payments of \$328. The lease has an option for two additional years until March 31, 1998. The lease is on the lunchroom building at Lincoln Williams Elementary School.

Figure minimum rental income to be received as per the above lease is \$2,708 as of June 30, 1997.

## NOTE J. RURAL DEVELOPMENT GRANT

The Town received a \$25,000 grant in 1997 to acquire and build a shelter for a computerized weaver flow pump. During the year just ended the Town expended \$21,483 of grant funds for the project.

(Continued)

TOWN OF CRENSHAWVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
June 30, 1997  
(Continued)

NOTE I. CHARGES IN LONG-TERM DEBT (Continued from the previous page.)

- d) Funds will also be set aside into a "Depreciation and Contingencies Fund" at a rate of \$184 per month. Money in this fund may be used to care for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the System. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

The Town also entered into a lease to purchase a police car with a monthly payment of \$167 per month which includes principal and interest. At June 30, 1997 the principal due in twelve months was \$2,911. This 18 month lease with interest at 7.25% expires June 1, 1998.

NOTE J. RETIREMENT COMMITMENTS

As of June 30, 1997 all employees of the Town are members of the Social Security System. Town is not liable for any other retirement commitments.

NOTE K. CONTINGENT LIABILITIES AND SUBSEQUENT EVENTS

At June 30, 1997 the Town was not involved in litigation.

NOTE L. AMORTIZATION OF CONTRIBUTED CAPITAL

External contributions of capital relating to the acquisition of plant and equipment for the Water System Fund and the Sewer System Fund (proprietary funds) are being amortized over periods equal to the lives of assets acquired with such contributions of capital. During the year ended June 30, 1997 amortization amounted to \$11,580 and \$14,973, for the Water System Fund and The Sewer System Fund, respectively.

NOTE M. DEFICIT FUND BALANCE

There were no funds having a deficit fund balance at June 30, 1997.

NOTE N. EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 1997 the following funds had incurred expenditures in excess of appropriations.

Water Fund	\$13,580
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(Continued)

TOWN OF CHERMAYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1991

(Continued)

NOTE 1. CARRIAGE IN LONG-TERM DEBT (Continued from the previous page.)

1. FLOW OF FUNDS: RESTRICTIONS ON USE - WATER REVENUES

The revenues derived from the water user fees shall be allocated as follows:

- a) Each month, beginning on July 23, 1985, and each successive 23rd of the month an amount equal to \$1,380.48 shall be paid to Farmers Home Administration in payment of principal and interest. The installments of principal and interest may be prepaid at any time.
- b) Each month, \$66 is required to be paid monthly into a separate fund entitled the "Revenue Bond Reserve Fund".
- c) Also each month, funds of \$30.00 shall be transferred into a separate bank account entitled "Depreciation and Contingency Fund". Money in this fund may be used to care for depreciation, extensions, additions, improvement and replacements necessary to properly operate the sewer system. The monies may also be used to pay the principal and interest on the bonds if there are not sufficient funds in the other bond funds.

2. FLOW OF FUNDS: RESTRICTIONS ON USE - SEWER REVENUES

- a) Under the terms of the bond indenture on outstanding bonds all net revenues earned or derived from the operations of the System are pledged to the payment of principal and interest on the bonds. So long as any of the bonds remain outstanding, all revenue shall be deposited in a fund known as the "Public Utility Revenue Fund", and shall be used as follows:

Out of the Revenue Fund there shall be paid all reasonable expenses of administration, operations, and maintenance of the system.

- b) Each month there will be set aside into a fund called the "Revenue Bond Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and 1/6 of the next accruing installment of interest on the outstanding bonds.
- c) Next, there shall be transferred monthly from the Revenue Fund into a "Revenue Bond Reserve Fund" a sum at least equal to 5% of the amount required to be paid monthly into the Bond Sinking Fund. Payments into said fund are to continue until such time as there has been accumulated the sum of \$24,000. Such amount may be used solely for the purpose of paying the principal of and interest on bonds whenever and to the extent necessary to prevent default.

(Continued)

TOWN OF CHERRYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1993

(Continued)

NOTE 3. CHANGES IN LONG-TERM DEBT (Continued from the previous page.)

Power Revenue Bonds:

\$118,000 of Power Revenue Bonds dated December 11, 1978, due in annual serial installments of \$8,000 to \$28,000 through December, 2004; interest at 5 percent.

\$118,000

Interest cost incurred during the year ended June 30, 1993 amounted to \$11,325 and \$7,184 in the Water System Fund and the Sewer System Fund, respectively.

The annual requirements to amortize all debt outstanding as of June 30, 1993, including interest payments of \$347,093 are as follows:

Year Ending <u>June 30,</u>	Water Revenue Bonds	
	Principal	Interest
1998	3,850	11,756
1999	3,299	12,387
2000	3,230	12,368
2001	3,419	12,189
2002-2004	18,184	60,873
2007-2011	24,810	62,889
2012-2014	32,810	44,238
2017-2022	43,904	34,894
2023-2028	57,009	20,139
2029-2032	49,501	15,406
	<u>\$242,102</u>	<u>\$328,322</u>

Year Ending <u>June 30,</u>	Sewer Revenue Bonds	
	Principal	Interest
1998	15,000	4,800
1999	15,000	4,110
2000	20,000	5,300
2001	20,000	4,385
2002-2005	47,328	13,428
	<u>\$117,328</u>	<u>\$28,023</u>

There are a number of limitations and restrictions contained in the various bond indentures. The Town is in compliance with all significant limitations and restrictions. The following is a summary of the major restrictions on the use of funds as required by the bond indentures.

(Continued)

## TOWN OF CHERRYVILLE, LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

June 30, 1997

(Continued)

## NOTE H. FIXED ASSETS (Continued from the previous page.)

A summary of changes in proprietary fund type property, plant and equipment is as follows:

	Water System Fund			
	01-01-96	Additions	Deletions	06-30-97
Land	\$ 6,860	\$ 0	\$ 0	\$ 6,860
Wells, lines and equipment	966,122	0	0	966,122
Less Accumulated Depreciation	(213,885)	132,362	0	(81,523)
	\$758,097	\$132,362	\$0	\$890,459
	SEWER SYSTEM FUND			
	01-01-96	Additions	Deletions	06-30-97
Land	\$ 14,800	\$ 0	\$ 0	\$ 14,800
Plant, lines and equipment	1,782,808	23,250	0	1,806,058
Less Accumulated Depreciation	(838,038)	158,118	0	(679,920)
	\$ 976,570	\$181,368	\$0	\$1,157,938

## NOTE I. CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the Town for the year ended June 30, 1997:

	Water Revenue Bonds	Sewer Revenue Bonds	Total
Bonds Payable-June 30, 1996	\$248,794	\$162,376	\$411,170
Bonds Issued	0	0	0
Bonds Retired	(13,621)	(13,600)	(27,221)
Bonds payable-June 30, 1997	\$235,173	\$148,776	\$383,949

Bonds payable at June 30, 1997 are comprised of the following (individual issues):

## Water Revenue Bonds:

\$258,508 of sewer revenue bonds dated June 23, 1995, due in monthly serial installments of \$1,309 through June, 2002, interest in 5.25 Percent

\$258,508

The water revenue bonds described above were issued in connection with the construction of a new water well, which was completed in 1995. The bond issue is secured by a pledge of water revenues of the Town.

(Continued)

## TOWN OF CHENEYVILLE, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 1997

(Continued)

## NOTE F. UTILITY BILLINGS

The amounts due from customers for water, sewer and garbage billings as of June 30, 1997 was comprised of the following:

	Amount	\$
Current Billings	\$14,384	98
Arrears	381	3
	\$14,475	100
Unbilled Receivables	3,212	
	\$18,247	

## NOTE G. RESTRICTED ASSETS - PROPRIETARY FUND TYPES

Restricted assets consisted of cash and savings deposits in the following accounts at June 30, 1997.

	Water System Fund	Sewer System Fund	Total
Water Deposit Fund	\$14,777	\$ 0	\$14,777
Waterwall Construction Fund	4,918	0	4,918
Revenue Bond Sinking Fund	184	115	299
Revenue Bond Reserve Fund	21,213	27,461	48,694
Depreciation and Contingency Fund	3,330	3,732	12,072
	\$43,422	\$32,308	\$82,333

## NOTE H. FIXED ASSETS

A summary of changes in General Fixed Assets follows:

	Balance 87-88-88	Additions	Deletions	Balance 88-89-89
Land	\$ 17,650	\$ 0	\$ 0	\$ 17,650
Buildings	132,631	3,445	0	140,076
Vehicles	84,241	0	0	84,241
Equipment	118,367	160	0	119,517
Office Equipment	31,356	0	0	31,356
	\$484,245	\$3,765	\$ 0	\$492,810

(continued)

## TOWN OF CHESTVILLE, LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

June 30, 1997

(Continued)

NOTE C. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September and are usually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from property taxes are budgeted in the year billed.

The Town bills and collects its own property taxes using assessed values determined by the tax assessor of Rapides Parish.

For the year ended June 30, 1997, taxes of 7.95 mills were levied on property with assessed valuations totaling \$1,884,528 and were dedicated for general corporate purposes.

Total taxes levied were \$13,069 with uncollected taxes at June 30, 1997 of \$55.

NOTE D. INTERFUND RECEIVABLES, PAYABLES

Individual fund interfund receivables and payable balances at June 30, 1997, were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$13,188	\$ 8,911
Enterprise Funds		
Water System Fund	13,719	0
Sewer System Fund	—	17,338
Total	<u>\$26,907</u>	<u>\$26,249</u>

NOTE E. INTERGOVERNMENTAL REVENUES

Intergovernmental receivables and revenues are comprised of the following:

	RECEIVABLE	REVENUE
General Fund		
Tobacco Taxes	\$ 1,387	\$ 3,328
Video Poker Income	133	1,986
Sales Taxes	11,228	118,361
Total	<u>\$12,748</u>	<u>\$123,675</u>

(Continued)

TOWN OF CROOKVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

(Continued)

11. **BAD DEBTS**

Uncollectible amounts due for customers' utility receivables 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.

12. **RESERVE**

The Town records reserves to indicate that a portion of fund equity is legally segregated for a specific future use.

13. **ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are appropriations, is not employed by the Town.

14. **COMPARATIVE DATA**

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's cash flow and operations. However, complete comparative data (i.e. presentation of prior year totals by fund type in each of the statements) have not been presented since their inclusion would make the statements unduly complex and difficult to read.

15. **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.

**NOTE B. CASH AND SAVINGS**

At June 30, 1997 cash and savings consisted of cash on hand of \$1,238 and the book balance of the Town's deposits of \$283,132. The bank balance was \$284,001. Of the bank balance, \$100,800 was covered by FDIC insurance and \$150,801 was covered by collateral with a market value of \$187,484. All funds were collateralized or insured.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

(Continued)

7. INVESTMENTS (Continued from the previous page)

date of purchase to the date of maturity. All investments consist of savings deposits and, therefore, are included in cash and restricted cash.

8. RESTRICTED ASSETS

These assets consist of demand and savings deposits restricted for Water System Fund and Sewer System Fund debt service and customer deposits held to secure billings.

9. DEFINITION OF CASH AND CASH EQUIVALENTS USED IN THE STATEMENT OF CASH FLOWS

For the purpose of the Statement of Cash Flows presented in the enterprise funds, cash and cash equivalents are defined as follows:

Cash and highly liquid investments that are both:

- a. Readily convertible to known amounts of cash.
- b. So near maturity that they present insignificant risk of changes in value because of change in interest rates.

10. ACCUMULATED UNPAID VACATION, SICK-PAY, AND OTHER EMPLOYEE BENEFITS

Various days of vacation and sick leave per year may be accumulated by each employee. The number of days accumulated per year depends upon holiday and weekend time worked by the employees. Unused vacation and sickpay is lost at the end of each calendar year. The Town determines the accrual for compensated absences which meet the following criteria:

1. The Town's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria the Town has a liability that was considered immaterial in relation to the financial statements as of June 30, 1997.

(Continued)

TOWN OF CHESTVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

(Continued)

4. BASIS OF ACCOUNTING (Continued from the previous page.)

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

5. BUDGETS AND BUDGETARY ACCOUNTING

The Town follows the following procedures in establishing the budget:

1. The Mayor meets with the Council and Town Clerk to review the prior year revenues and expenditures on a basis for projecting the current fiscal year budget.
2. Anticipated changes from the prior year are taken into account and reflected in the projections.
3. Once adopted the budget is made available for public inspection and a budget summary is published in the Town's designated official journal.
4. The Town doesn't formally integrate its budget as a management tool, however, it is used to make some financial decisions during the fiscal year.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets are prepared for the General Fund utilizing generally accepted accounting principles.
7. A budget is not prepared for the Capital Projects Fund because its revenue was received exclusively from grant revenue and is budgeted on a grant basis only.

6. INVENTORIES

Purchases of various operating supplies are regarded as expenditures at the time purchased. Inventories are stated at cost using the first in, first out method of pricing. Inventories are adjusted at year-end. As June 30, 1997, the cost of operating supplies on hand was considered immaterial and not recorded as assets.

7. INVESTMENTS

Investments are stated at cost or amortized cost. Discounts and premiums on the purchase of investments, if any, are amortized over the life of the investment remaining from the

(Continued)

TOWN OF CHERRYVILLE

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

(Continued)

3. FIXED ASSETS AND LONG-TERM LIABILITIES (continued from the previous page.)

The estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

	<u>Water System</u>	<u>Sewer System</u>
Treatment Plant		20 years
Collection System		40 years
Lift Station, Tanks, Wells, and Lines	20-25 years	20 years
Buildings	25 years	25 years
Equipment	5-8 years	5-8 years

Major portions of the sewer system were contributed by Federal grants. The cost of the portion donated by the Federal grants is included in Property, Plant and Equipment. Depreciation on this cost is a reduction of Contributed Capital as amortization and an increase in retained earnings.

4. BASIS OF ACCOUNTING

Basis of Accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement basis applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Property Taxes are recorded as revenue when levied even though a portion of the taxes may be collected in subsequent years. Penalties and Interest, Occupational Licenses, Corporation Court Fines and Miscellaneous Revenues are recorded when received in cash because they are generally not measurable until actually received. Sales taxes, Franchise taxes, Intergovernmental Revenue, and Interest Income are accrued, when their receipts occur soon enough after the end of the accounting period so as to be both measurable and available. Sales taxes are considered "measurable" when in the hands of the intermediary collecting government and are recognized as revenue at that time.

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

(Continued)

TOWN OF CRENSHAWVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

(Continued)

3. FIXED ASSETS AND LONG-TERM LIABILITIES (Continued from the previous page.)

Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, have not been capitalized. Such assets are normally immovable and of value only to the Town, therefore, the purpose of stewardship for these items is satisfied without the recording of these assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value as the Date Donated. At June 30, 1997 all fixed assets were recorded based on historical cost.

Long-term liabilities reported to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

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

Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over

(Continued)

TOWN OF CREMETHVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
June 30, 1997  
(Continued)

3. FUND ACCOUNTING (Continued from the previous page.)

report, into specific fund types and broad fund categories as follows:

GOVERNMENTAL FUNDS

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

Capital Projects Fund. The Capital Projects Fund accounts for financial resources to be used for the renovation of low income housing.

PROPERTY FUNDS

Enterprise Funds. Enterprise Funds are used to account for operations (A) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (B) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Water System Fund, and the Sewer System Fund comprise the Town's Enterprise Funds.

3. FIXED ASSETS AND LONG-TERM LIABILITIES

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 fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets. 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.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed

(Continued)

TOWN OF CHESEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Cheseyville was incorporated in 1860 and is operated under the provision of the Levee Act. The Town operates under a Mayor-Board of Aldermen form of government and provides the following services: public safety (police and fire), highway and streets, sanitation, culture-recreation, public improvements, planning, zoning, and general administrative services.

The accounting and reporting policies of the Town of Cheseyville conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

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

1. FINANCIAL REPORTING ENTITY

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

Based on the foregoing criteria, the volunteer fire department, as a governmental organization, is not part of the Town and is thus excluded from the accompanying financial statements. This organization is staffed by volunteers and although the Town does provide facilities and some of its funding, no control is exercised over its operations. These financial statements include only expenditures incurred directly by the Town for fire protection and does not include operating expenditures paid with self-generated funds of the volunteer fire department.

2. FUND ACCOUNTING

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

(Continued)

TONN OF CRESTVILLE, LOUISIANA

ENTERPRISE FUNDS  
 CONDENSED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES  
 YEARS ENDED JUNE 30, 1997 AND 1996  
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS  
 (CONTINUED)

	1997	1996
	-----	-----
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Revenue	\$ (35,853)	\$ (23,552)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	92,885	91,697
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(235)	(308)
(Increase) Decrease in Due From Other Funds	(11,950)	(5,945)
(Increase) Decrease in Prepaid Items	0	4,615
Increase (Decrease) in Accounts Payable	(845)	120
Increase (Decrease) in Accrued Expenses	(7)	(4,928)
Increase (Decrease) in Interest Payable	0	0
Increase (Decrease) in Contracts Payable	0	0
Total Adjustments	79,800	84,752
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 43,947	\$ 61,200

The accompanying notes are an integral part of this statement.

BOARD OF CHESTVILLE, LOUISIANA

INTERFUND FUNDS  
 CONDENSED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES  
 YEARS ENDED JUNE 30, 1997 AND 1996  
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	1997	1996
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 142,470	\$ 148,948
Cash Payments to Suppliers for Goods and Services	(96,471)	(49,007)
Cash Payments to Employees for Services	(42,980)	(36,491)
	-----	-----
Net Cash Provided by Operating Activities	43,019	63,450
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Transfers Out to Other Funds	(13,258)	(16,800)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Net Change in Water Deposits	1,180	1,870
Proceeds from Grants	23,251	0
Acquisition and Construction of Capital Assets	(26,000)	0
Principal Paid on Revenue Bond Securities	(28,877)	(29,710)
Interest Paid on Revenue Bonds	(29,759)	(21,868)
	-----	-----
Net Cash Used for Capital and Related Financing Activities	(30,214)	(40,508)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on Investments	3,148	3,370
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,093)	9,312
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	147,892	138,580
	-----	-----
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 142,099	\$ 147,892
	-----	-----

The accompanying notes are an integral part of this statement.

(Continued)

## TOWN OF CHEERYVILLE, LOUISIANA

ENTERPRISE FUNDS  
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES  
 YEARS ENDED JUNE 30, 1997 AND 1996  
 (CONTINUED)

	1997	1996
	-----	-----
(CONTINUED FROM THE PREVIOUS PAGE)		
INCOME BEFORE OPERATING TRANSFERS	\$ 151,302	\$ 142,621
OTHER FINANCING SOURCES (USES)		
Operating Transfers Out	(13,340)	(13,000)
NET INCOME (LOSS)	(04,038)	(07,823)
DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS, AND SPECIAL REVENUES EXTERNALLY RESTRICTED FOR CAPITAL ACQUI- SITION AND CONSTRUCTION THAT REDUCES CONTRIBUTED CAPITAL	58,567	58,587
RETAINED EARNINGS, Beginning	452,518	453,378
RETAINED EARNINGS, Ending	\$ 444,533	\$ 452,518
	-----	-----

The accompanying notes are an integral part of this statement.

TONN OF CHERBOVILLE, LOUISIANA

ENTERPRISE FUNDS  
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES  
 YEARS ENDED JUNE 30, 1997 AND 1996

	1997	1996
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 142,670	\$ 146,946
<b>OPERATING EXPENDITURES</b>		
Salaries	42,660	36,691
Payroll Taxes	3,300	2,713
Bank Charges	0	233
Chemicals	4,004	3,418
Office and Postage	301	688
Repairs and Maintenance	3,851	1,896
Lab Reports	1,806	1,030
Materials and Supplies	2,770	1,778
Depreciation	91,005	91,695
Contractual Services	5,608	13,431
Utilities	13,172	21,468
Insurance	8,770	3,445
Truck Gas and Maintenance	1,431	857
Travel and Meals	810	258
Telephone	29	356
Fees	178	563
Miscellaneous	120	682
Total Expenditures	178,631	176,688
<b>OPERATING INCOME (LOSS)</b>	(35,961)	(29,742)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	3,148	3,378
Interest Expense	(18,409)	(22,449)
Total Nonoperating Revenues (Expenses)	(15,261)	(19,071)
<b>INCOME BEFORE OPERATING TRANSFERS</b>	(51,222)	(48,813)

The accompanying notes are an integral part of this statement.

(Continued)

TOWN OF CHESNEYVILLE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (ORAS BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 1997  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1996  
(CONTINUED)

	1997		VARIANCE FAVORABLE (UNFAVOR.)	1996 ACTUAL
	BUDGET	ACTUAL		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES (CONTINUED FROM THE PREVIOUS PAGE)	\$ 17,460	\$ 7,109	\$ (10,351)	\$ (88,844)
OTHER FINANCING SOURCES				
Proceeds from Long- Term Loans	0	0	0	0
Operating Transfers in	13,250	13,250	0	13,000
Total Other Financing Sources	13,250	13,250	0	13,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	30,700	20,359	(10,341)	(70,844)
FUND BALANCE, BEGINNING	185,566	81,781	0	162,880
FUND BALANCE, ENDING	\$ 198,366	\$ 112,140	\$ (10,361)	\$ 81,781

The accompanying notes are an integral part of this statement.

TOWN OF CHERYVILLE, MISSISSIPPI

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL YEAR ENDED JUNE 30, 1997

HIGH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1996

	1997			
	BUDGET	ACTUAL	VARIANCE (UNFAVOR.)	1996 ACTUAL
<b>REVENUES</b>				
Taxes Collected	\$ 7,500	\$ 13,233	\$ 5,733	\$ 9,492
Sales Taxes Collected	24,000	118,381	10,381	104,537
Tobacco Taxes	5,500	4,328	(1,172)	5,228
Beer Taxes	1,500	1,748	248	1,583
Occupational Licenses	10,500	12,712	2,212	14,952
Franchise Fees	19,500	21,453	2,953	24,188
Issuing State Highway	2,000	2,234	234	1,387
Video Poker Revenues	1,500	1,944	444	2,188
Grant Revenue - EPPJ	0	0	0	82,850
Grant Revenue - Rural Dev.	25,000	21,514	(3,486)	19,092
Grant Revenue - Manass	0	1,203	1,203	3,549
Garbage Collection Fee	23,500	21,327	(2,173)	20,176
Reselling and Sewing	1,200	1,130	(70)	0
Enter Collection	500	600	100	600
Fines and Forfeitures	40,000	51,428	2,428	20,081
Interest Income	1,000	2,110	1,110	2,261
Rental Income	7,500	3,620	(3,880)	3,535
Republic Parish Police				
Jury - Vol. Fire Dept.	0	0	0	3,035
Miscellaneous	0	5,204	5,204	1,260
<b>Total Revenues</b>	<b>200,000</b>	<b>277,452</b>	<b>27,452</b>	<b>372,620</b>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
General Government	40,700	87,179	(20,979)	111,796
Public Safety				
Police	60,000	61,878	1,122	63,608
Vol. Fire Dept.	0	3,000	(3,000)	0
Streets and Sanitation	64,000	77,900	6,700	100,000
Recreation	0	1,000	(1,000)	1,073
Lincoln Williams	0	7,445	(7,445)	32,992
DEBT SERVICE	0,000	9,203	9,203	0,000
CAPITAL OUTLAYS	0,000	21,843	(21,843)	17,105
<b>Total Expenditures</b>	<b>224,700</b>	<b>279,263</b>	<b>(27,703)</b>	<b>428,564</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 27,452</b>	<b>\$ 7,189</b>	<b>\$ (10,261)</b>	<b>\$ 109,056</b>

The accompanying notes are an integral part of this statement.

(Continued)

FUND TYPES	TOTALS (MEMORANDUM ONLY)	
	1997	1996
CAPITAL PROJECTS		
\$ 0	\$ 129,594	\$ 120,938
0	34,585	38,983
0	51,428	30,483
0	8,943	6,547
0	21,327	29,178
0	22,487	137,383
0	3,119	2,283
0	13,188	7,475
0	277,452	484,138
0	87,279	127,798
0	81,878	87,908
0	3,835	8
0	77,830	188,898
0	1,868	3,873
0	7,445	22,882
0	9,283	5,392
0	21,842	48,625
0	270,283	488,064
0	7,188	(89,944)
0	0	8
0	13,258	18,008
0	13,258	18,008
0	20,433	(78,944)
0	91,751	162,695
\$ 0	\$ 112,188	\$ 91,751

Integral part of this statement.

TOWN CHENEYVILLE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
JUNE 30, 1997

	GOVERNMENTAL
	GENERAL FUND
<b>REVENUES</b>	
Taxes Collected	\$ 329,994
Licenses, Permits and Franchise Fees	34,165
Fines and Forfeitures	51,428
Intergovernmental	8,943
Charges for Services	21,327
Grant Revenues	22,897
Interest	3,119
Miscellaneous	13,188
Total Revenues	573,452
<b>EXPENDITURES</b>	
<b>CURRENT</b>	
General Government	69,278
Public Safety	
Police	81,878
Volunteer Fire Dept.	3,035
Streets and Sanitation	77,820
Recreation	1,880
Lincoln Williams	7,448
Deer Herding	8,283
<b>CAPITAL OUTLAYS</b>	21,843
Total Expenditures	270,283
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	303,169
<b>OTHER FINANCING SOURCES (USES)</b>	
Proceeds from Long-term Loans	0
Operating Transfers in	13,258
Total Other Financing Sources (Uses)	13,258
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	316,427
FUND BALANCE, BEGINNING	91,751
FUND BALANCE, ENDING	\$ 432,598

The accompanying notes are an

DISCRETIONARY FUND TYPE	ACCOUNT GROUPS		TOTALS (MEMBERSHIP ONLY)	
	GENERAL FUND ASSETS	GENERAL LONG-TERM DEBT	1997	1996
ENTREPRENEUR FUND				
\$ 722	\$ 0	\$ 0	\$ 8,087	\$ 16,386
238	0	0	9,122	720
17,866	0	0	17,955	18,473
3,922	0	0	3,922	3,193
13,341	0	0	13,341	12,382
0	0	8,001	8,801	14,422
17,839	0	0	28,850	23,374
361,732	0	0	361,732	379,687
426,947	0	8,801	446,820	482,749
822,722	0	0	822,722	1,007,843
0	383,839	0	383,839	376,244
45,947	0	0	45,947	40,872
398,586	0	0	398,586	412,446
0	0	0	0	0,747
0	0	0	122,198	83,984
1,417,308	383,839	0	1,913,395	1,928,358
\$1,833,350	\$ 383,839	\$ 8,801	\$2,059,355	\$2,413,197

Integral part of this statement.

BOHN CRESTVILLE, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 1997  
 (CONTINUED)

	GOVERNMENTAL FUND TYPES	
	GENERAL FUND	CAPITAL PROJECTS FUNDS
LIABILITIES, EQUITY AND OTHER CREDITS		
LIABILITIES AND OTHER CREDITS		
Accounts Payable	\$ 7,378	\$ 0
Accrued Expenses	4,888	0
Payable from Restricted Assets:		
Revenue Bonds	0	0
Accrued Interest	0	0
Customer Deposits	0	0
Capital Lease Payable	0	0
Due to other Funds	8,912	0
Revenue Bonds Payable	0	0
<b>Total Liabilities and other credits</b>	<b>21,172</b>	<b>0</b>
EQUITY AND OTHER CREDITS		
Contributed Capital	0	0
Investment in General Fixed Assets	0	0
Retained Earnings:		
Reserved for Revenue Bond Retirement	0	0
Unreserved - Undesignated	0	0
Fund Balances		
Unreserved		
Designated for subsequent Years Expenditures	0	0
Undesignated	112,180	0
<b>Total Equity and Other Credits</b>	<b>112,180</b>	<b>0</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 133,352</b>	<b>\$ 0</b>

The accompanying notes are an

PROPRIETARY FUND TYPE	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	GENERAL FUNDS ASSETS	GENERAL LONG-TERM DEBT	1997	1998
\$ 41,538	\$ 0	\$ 0	\$ 143,000	\$ 152,343
0	0	0	55	319
0	0	0	31,225	10,335
0	0	0	4,356	4,379
17,134	0	0	3,488	3,283
0	0	0	18,747	18,330
13,711	0	0	0	1,013
0	0	0	26,861	33,274
81,365	0	0	82,365	76,120
21,660	17,480	0	39,310	38,810
1,637,871	340,189	0	2,004,160	2,048,408
0	0	8,801	8,801	18,422
\$1,833,333	\$ 340,839	\$ 8,801	\$2,180,333	\$2,414,107

(Continued)

Integral part of this statement.

## TOWN CHENEYVILLE, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 1997

	GOVERNMENTAL FUND TYPE	
	GENERAL FUND	CAPITAL PROJECTS FUNDS
ASSETS AND OTHER DEBITS		
Cash	\$ 101,475	\$ 0
Property Taxes Receivable	55	0
Intergovernmental Taxes Receivable	11,225	0
Franchise Fees Receivable	4,356	0
Intergovernmental Funds Receivable	1,480	0
Customer Accounts Receivable	1,631	0
Overpayment of Payroll Taxes	0	0
Due from Other Funds	13,140	0
Restricted Assets		
Cash	0	0
Land	0	0
Plant and Equipment, net	0	0
Amount to be Provided for Payment of Lease	0	0
TOTAL ASSETS AND OTHER DEBITS	\$ 133,362	\$ 0

The accompanying notes are as

GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)

to it during the fiscal year. The lack of transfers to the above accounts has not caused any bond principal or interest to go unpaid.

Response: Due to the turnover in Clerks, these deposits were not made, because of a lack of knowledge and not because of a lack of funds. The Mayor will see that the required deposits will be made in the future.

This report is intended for the information of the Town Clerk, Mayor and Town Council, and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Certified Public Accountant

Alexandria, Louisiana  
December 31, 1997

# Roy K. Derbonne, Jr.

Certified Public Accountant  
1100-A Madison Avenue  
Alexandria, Louisiana 71301-0878

Member  
Society of Louisiana C.P.A.'s

110-000-0778

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and Members  
of the Town Council  
Town of Cheneyville, Louisiana

I have audited the general purpose financial statements and combining and individual fund and account group financial statements of the Town of Cheneyville, Louisiana, as of and for the year ended June 30, 1997, and have issued my report thereon dated December 11, 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 and Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." 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 and combining and individual fund and account group financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Cheneyville, Louisiana, is the responsibility of the Town of Cheneyville, Louisiana's management. As a part of obtaining reasonable assurance about whether the general purpose financial statements and the combining and individual fund and account group financial statements are free of material misstatement, I performed tests of the Town'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 indicate that, with respect to the items tested, the Town of Cheneyville, complied, in all material respects, except as noted below, with the provisions referred to in the preceding paragraph.

1. The Town did not make all required transfers to the bank accounts as stipulated in the water and Sewer Bond indentures. The Water Contingency Fund had only 11 transfers and the Water Reserve Fund had 6 transfers made during the fiscal year. The Sewer Bond and Sinking Fund had no transfers made to it during the fiscal year. The Sewer Depreciation and Contingency Fund had 11 transfers made

This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Robert D. Johnson  
Certified Public Accountant

Alexandria, Louisiana  
December 31, 1997

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 and the combining and individual fund and account group financial statements of the Town of Chenyville, Louisiana, 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 to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and the combining and individual fund and account group financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted a 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 entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements and combining and individual fund and account group financial statements.

The reportable condition noted is as follows:

inadequate segregation of duties. Due to the size of the Town's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

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 error or irregularities in amounts that would be material in relation to the general purpose financial statements and combining and individual fund and account group 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.

I have reported the above weakness involving the internal control structure and its operation to the management of the Town of Chenyville, Louisiana, in separate letter dated December 31, 1993.

This report is intended for the information of the Town Clerk, Mayor and Town Council, and the Legislative Auditor of the State of Louisiana