

TOWN OF BLANCHARD, LOUISIANA

General Fund
Balance Sheet
June 30, 1996

With Comparative Amounts as of June 30, 1995

	<u>1996</u>	<u>1995</u>
ASSETS		
Cash and cash equivalents	\$ 68,500	\$ 31,709
Investments	5,551	5,551
Prepaid expenses	7,800	-
Returned checks	88	240
Utility deposits	50	50
Total assets	<u>\$ 81,989</u>	<u>\$ 37,550</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 7,840	\$ 3,193
Due to Utility Fund	<u>1,550</u>	<u>7,398</u>
Total liabilities	9,390	10,591
Fund balance - unreserved	<u>72,599</u>	<u>26,959</u>
Total liabilities and fund balance	<u>\$ 81,989</u>	<u>\$ 37,550</u>

See accompanying notes to financial statements.

TOWN OF BLANCHARD, LOUISIANA

General Fund
 Schedule of Expenditures Compared to Budget (GAAP Basis)
 Year Ended June 30, 1996
 With Comparative Actual Amounts for Year Ended June 30, 1995

	1996				1995 Actual
	Budget	Actual	Variance Favorable (Unfavorable) Amount	%	
General government:					
Aldermen fees	\$ 7,200	\$ 7,200	\$ -	0.0 %	\$ 7,200
Election expense					505
Print minutes expense	2,100	2,065	35	1.7 %	1,080
Attorney fees	2,400	2,200	200	8.3 %	2,000
Insurance	10,000	428	9,572	95.7 %	723
Dues and subscriptions	300	340	(40)	(13.3)%	328
Miscellaneous services	1,700	1,533	167	9.8 %	2,536
Audit	2,000	1,000	1,000	50.0 %	2,000
Supplies	250	282	(32)	(12.8)%	192
Salaries-Town Clerk	9,600	10,237	(637)	(6.6)%	9,763
Employee benefits	<u>1,325</u>	<u>1,222</u>	<u>103</u>	<u>7.8 %</u>	<u>873</u>
Total general government	<u>36,875</u>	<u>26,507</u>	<u>10,368</u>	<u>28.1 %</u>	<u>27,200</u>
Public safety:					
Police:					
Personnel services	75,000	75,083	(83)	(0.1)%	79,968
Employee benefits	17,800	18,783	(983)	(5.5)%	16,233
Insurance	10,200	10,189	11	0.1 %	14,686
Uniforms	1,600	1,595	5	0.3 %	908
Automotive expense	10,000	10,201	(201)	(2.0)%	7,846
Utilities-phone	1,500	1,205	295	19.7 %	1,961
Communications expense	750	765	(15)	(2.0)%	521
Equipment expense	2,000	1,351	649	32.5 %	2,605
Capital outlay	13,000	13,082	(82)	(0.6)%	19,474
Miscellaneous	200	246	(46)	(23.0)%	745
Conference education, training	<u>2,200</u>	<u>2,186</u>	<u>14</u>	<u>0.6 %</u>	<u>1,264</u>
Total public safety	<u>134,250</u>	<u>134,686</u>	<u>(436)</u>	<u>(0.3)%</u>	<u>146,211</u>
Sanitation:					
Garbage collection	<u>45,000</u>	<u>48,916</u>	<u>(3,916)</u>	<u>(8.7)%</u>	<u>44,511</u>

See accompanying notes to financial statements.

TOWN OF BLANCHARD, LOUISIANA

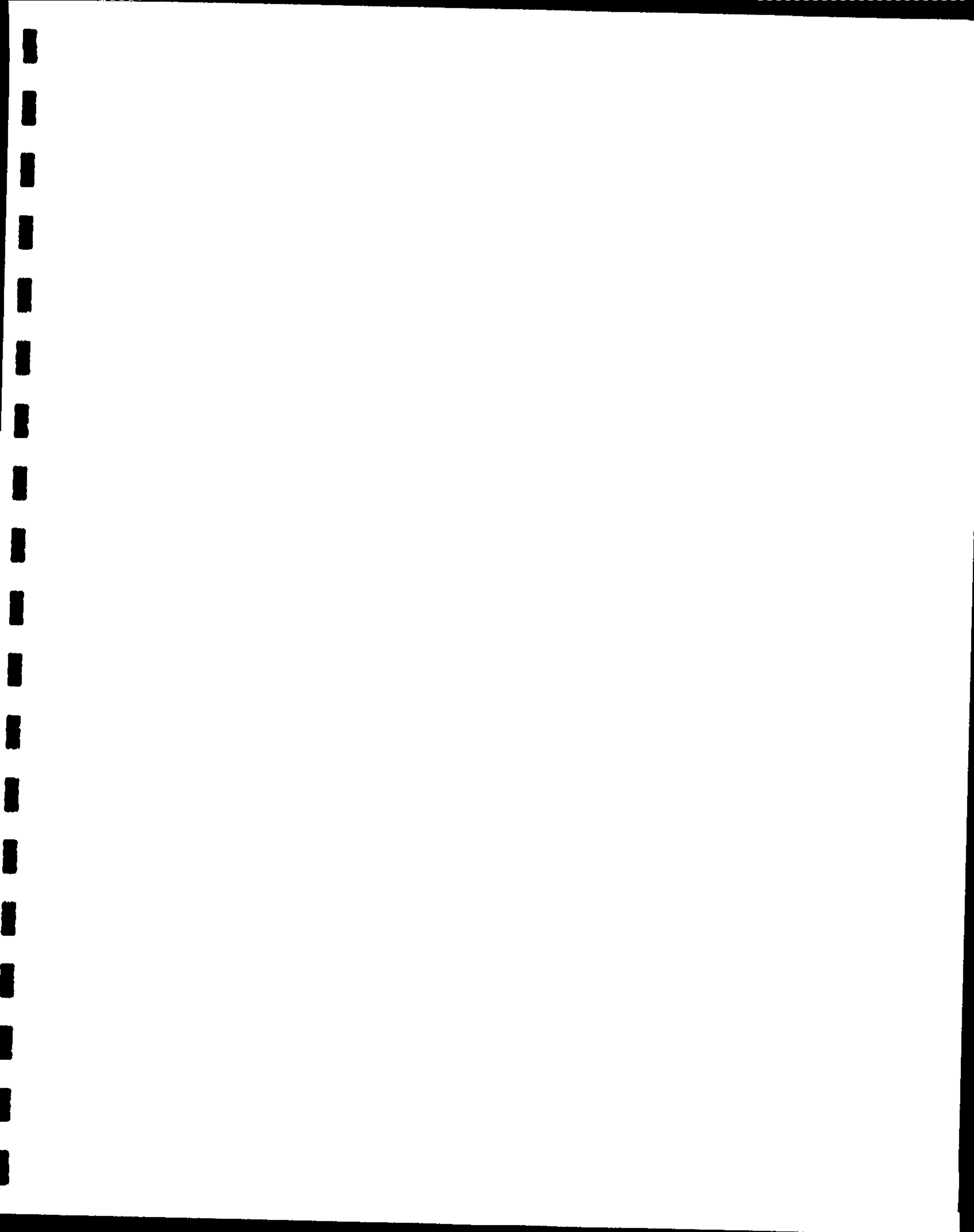
General Fund
 Schedule of Expenditures Compared to Budget (GAAP Basis)
 Year Ended June 30, 1996
 With Comparative Actual Amounts for Year Ended June 30, 1995

	1996				1995 Actual
	Budget	Actual	Variance Favorable (Unfavorable) Amount	%	
Streets and right-of-ways:					
Street lights	14,000	13,138	862	6.2 %	12,111
Automotive expense	500	-	500	100.0 %	753
Miscellaneous	1,300	1,269	31	2.4 %	1,272
Capital outlay	1,000	-	1,000	100.0 %	-
Total streets and right-of-ways	<u>16,800</u>	<u>14,407</u>	<u>2,393</u>	<u>14.2 %</u>	<u>14,136</u>
Buildings and grounds:					
Utilities-Town Hall	1,200	756	444	37.0 %	764
Maintenance and supplies	4,200	5,373	(1,173)	(27.9)%	3,058
Tennis courts	550	544	6	1.1 %	186
Community Center	2,550	2,518	32	1.3 %	-
Library	800	390	410	51.3 %	613
Miscellaneous	-	4,998	(4,998)	-	1
Capital outlay	10,500	1,862	8,638	82.3 %	5,122
Total building and grounds	<u>19,800</u>	<u>16,441</u>	<u>3,359</u>	<u>17.0 %</u>	<u>9,744</u>
Total expenditures	<u>\$ 252,725</u>	<u>\$ 240,957</u>	<u>\$ 11,768</u>	<u>4.7 %</u>	<u>\$ 241,802</u>

See accompanying notes to financial statements.

PROPRIETARY FUND

Water and Sewer Enterprise Fund - To account for the provision of water and sewer services to the residents of the Service area. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.



LIABILITIES

	<u>1996</u>	<u>1995</u>
Current liabilities payable from current assets:		
Accounts payable and accrued expenses	\$ <u>10,108</u>	\$ <u>10,335</u>
Current liabilities payable from restricted assets:		
Meter deposits	126,650	119,158
Current maturities of long-term debt	46,075	40,523
Accrued interest on long-term debt	<u>52,010</u>	<u>52,879</u>
Total current liabilities payable from restricted cash assets	<u>224,735</u>	<u>212,560</u>
Long-term debt excluding current maturities	<u>2,516,521</u>	<u>2,562,596</u>
Total liabilities	<u>2,751,364</u>	<u>2,785,491</u>

FUND EQUITY

Contributed capital:		
Federal agencies	1,460,882	1,460,882
State and local governments	316,164	40,195
Citizens	<u>439,583</u>	<u>439,583</u>
Total contributed capital	<u>2,216,629</u>	<u>1,940,660</u>
Retained earnings:		
Reserved for revenue bond retirement	281,474	242,357
Unreserved	<u>839,722</u>	<u>781,497</u>
Total retained earnings	1,121,196	1,023,854
Total fund equity	<u>3,337,825</u>	<u>2,964,814</u>
Total liabilities and fund equity	<u>\$ 6,089,189</u>	<u>\$ 5,750,005</u>

TOWN OF BLANCHARD, LOUISIANA

Water and Sewer Enterprise Fund
 Schedule of Actual Operating Expenses
 Compared to Budgetary Basis
 Year Ended June 30, 1996
 With Comparative Amounts for the Year Ended June 30, 1995

	1996				1995 Actual
	Budget	Actual	Variance Favorable (Unfavorable) Amount	%	
Water Department:					
Office supplies	\$ 2,000	\$ 2,384	\$ (384)	(19.2)%	\$ 1,598
Legal and audit	5,000	5,000		0.0 %	5,000
Computer costs & maintenance	12,000	14,794	(2,794)	(23.3)%	12,449
Postage	8,000	8,000		0.0 %	5,500
Occupational license	3,000	3,000		0.0 %	-
Maintenance and supplies	125,000	129,913	(4,913)	(3.9)%	103,419
Auto expense	15,000	14,762	238	1.6 %	12,785
Utilities	40,000	39,684	316	0.8 %	31,988
Dottie System	1,000	1,054	(54)	(5.4)%	789
Beeper	2,000	2,078	(78)	(3.9)%	1,551
Uniforms	1,300	1,316	(16)	(1.2)%	3,185
Conference and education	4,500	4,457	43	1.0 %	5,056
Mailing machine expense	1,100	1,167	(67)	(6.1)%	1,095
Insurance	25,000	26,266	(1,266)	(5.1)%	24,994
Payroll taxes	14,000	13,148	852	6.1 %	13,249
Employee benefits	45,000	46,621	(1,621)	(3.6)%	57,533
Total water operating expense	<u>303,900</u>	<u>313,644</u>	<u>(9,744)</u>	<u>(3.2)%</u>	<u>280,191</u>
Sewer Department:					
Legal and audit	2,000	2,000		0.0 %	1,000
Maintenance	18,000	17,941	59	0.3 %	13,965
Office supplies	780	763	17	2.2 %	2,000
Chemical supplies	1,500	1,683	(183)	(12.2)%	2,604
Insurance	5,000	4,934	66	1.3 %	1,914
Auto expense	1,700	1,536	164	9.6 %	469
Laboratory fees	2,000	1,660	340	17.0 %	1,690
Utilities	11,000	10,330	670	6.1 %	7,996
Miscellaneous	400	939	(539)	(134.8)%	677
Total sewer operating expense	<u>42,380</u>	<u>41,786</u>	<u>594</u>	<u>1.4 %</u>	<u>32,315</u>
Total operating expense	<u>\$ 346,280</u>	<u>\$ 355,430</u>	<u>\$ (9,150)</u>	<u>(2.6)%</u>	<u>\$ 312,505</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS OF
INDIVIDUAL FUNDS AND ACCOUNT GROUP

TOWN OF BLANCHARD, LOUISIANA

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Year Ended June 30, 1996

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GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

TOWN OF BLANCHARD, LOUISIANA

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TOWN OF BLANCHARD, LOUISIANA

General Fixed Assets Account Group
 Schedule of General Fixed Assets - By Source
 June 30, 1996
 With Comparative Amounts as of June 30, 1995

	1996	1995
General fixed assets:		
Land	\$ 2,000	\$ 2,000
Buildings and improvements	125,386	117,803
Police department equipment	108,909	101,548
Other equipment	39,797	39,797
Construction in progress - LCDBG	440,746	15,142
Total general fixed assets	\$ 716,838	\$ 276,290
Investments in general fixed assets by source:		
General Fund	\$ 267,406	\$ 252,462
Special Revenue Funds	4,233	4,233
Contributions	2,000	2,000
State grants	2,453	2,453
Federal grants - LCDBG	440,746	15,142
Total investment in general fixed assets	\$ 716,838	\$ 276,290

See accompanying notes to financial statements.

TOWN OF BLANCHARD, LOUISIANA

General Fixed Assets Account Group
 Schedule of General Fixed Assets Account Group -
 by Function and Activity
 June 30, 1996

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Police Department Equipment</u>	<u>Other Equipment</u>	<u>Totals</u>
General government	\$ 2,000	\$ 125,386	\$	\$ 33,527	\$ 160,913
Public safety:					
Police department equipment			108,909		108,909
Sanitation, streets, right-of-ways				6,270	6,270
Sewer plant for Proprietary Fund				440,746	440,746
Total general fixed assets	<u>\$ 2,000</u>	<u>\$ 125,386</u>	<u>\$ 108,909</u>	<u>\$ 480,543</u>	<u>\$ 716,838</u>

See accompanying notes to financial statements.

TOWN OF BLANCHARD, LOUISIANA

General Fixed Assets Account Group
 Schedule of Changes in General Fixed Assets Account Group -
 by Function and Activity
 June 30, 1996

	Balance June 30, 1995	<u>Additions</u>	<u>Deductions</u>	Balance June 30, 1996
General government	\$ 153,330	\$ 7,583	\$	\$ 160,913
Public safety:				
Police department equipment	101,548	7,361		108,909
Sanitation, street, right-of-ways	6,270			6,270
Sewer plant for Proprietary Fund	<u>15,142</u>	<u>425,604</u>	<u> </u>	<u>440,746</u>
Total general fixed assets	<u>\$ 276,290</u>	<u>\$ 440,548</u>	<u>\$</u>	<u>\$ 716,838</u>

See accompanying notes to financial statements.

TOWN OF BLANCHARD, LOUISIANA

Water and Sewer Enterprise Fund
Statement of Revenues, Expenses, and Changes in Retained Earnings
Year Ended June 30, 1996
With Comparative Amounts for the Year Ended June 30, 1995

	1996			1995
	Water Department	Sewer Department	Combined	Combined
Operating revenues:				
Sales and service	\$ 872,446	\$ 69,347	\$ 941,793	\$ 772,700
Installations	52,188	-	52,188	32,514
Permits and other fees	19,454	11,143	30,597	22,743
Total operating revenues	<u>944,088</u>	<u>80,490</u>	<u>1,024,578</u>	<u>827,957</u>
Operating expenses:				
Personnel services	179,484	21,549	201,033	178,254
Maintenance and supplies	156,258	20,387	176,645	142,630
Insurance	26,266	4,934	31,200	26,908
Automotive	14,762	1,536	16,298	13,254
Employee benefits	46,621	-	46,621	57,533
Telephone and utilities	39,684	10,330	50,014	39,984
Depreciation	160,947	21,880	182,827	172,611
Professional services	5,000	2,000	7,000	6,000
Alderman fees	6,300	2,400	8,700	8,700
Miscellaneous	12,454	2,598	15,052	12,947
Payroll taxes	13,148	-	13,148	13,249
Total operating expenses	<u>660,924</u>	<u>87,614</u>	<u>748,538</u>	<u>672,070</u>
Operating income (loss)	<u>283,164</u>	<u>(7,124)</u>	<u>276,040</u>	<u>155,887</u>
Non-operating revenues (expenses):				
Interest income	25,183	9,667	34,850	42,654
Ad valorem taxes	-	9,326	9,326	8,312
Gain on sale of asset	751	-	751	-
Amortization of bond issue costs	(1,595)	-	(1,595)	(1,595)
Interest expense	(205,030)	-	(205,030)	(204,043)
Total non-operating revenues (expenses)	<u>(180,691)</u>	<u>18,993</u>	<u>(161,698)</u>	<u>(154,672)</u>
Income before other financing sources	102,473	11,869	114,342	1,215
Other financing sources (uses):				
Operating transfers out	(17,769)	-	(17,769)	(10,500)
Net income (loss)	<u>\$ 84,704</u>	<u>\$ 11,869</u>	96,573	(9,285)
Depreciation transferred to contributed capital			769	-
Retained earnings July 1			<u>1,023,854</u>	<u>1,033,139</u>
Retained earnings June 30			<u>\$ 1,121,196</u>	<u>\$ 1,023,854</u>

See accompanying notes to financial statements.

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1996

3. AD VALOREM TAXES:

Taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied on September 15 and are payable by December 31. The Town bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

The Town levies taxes at the rate of 9.44 mills on the dollar of assessed valuation of property. Of the total millage levied, 7.44 mills is available for general purposes and 2.00 mills is available for sewer depreciation. The assessed valuation of property was \$5,302,270 for the year ended June 30, 1996. Total taxes levied after adjustments were \$47,295.

4. COMPONENTS OF RESTRICTED ASSETS:

Restricted assets in the Enterprise Fund consisted of the following at June 30:

	1996	1995
Cash and cash equivalents:		
Revenue Bonds and Interest Sinking Fund	\$ 115,152	\$ 110,125
Water Depreciation Fund	130,318	115,202
Bond Contingency Fund	134,089	110,432
Meter Deposit Fund	37,505	27,903
Total cash and cash equivalents	\$ 417,064	\$ 363,662
Investments:		
Meter Deposits Fund	\$ 92,522	\$ 93,259

The resolutions authorizing the Water and Sewer System revenue bonds requires that the Town establish a sinking fund (Revenue Bond and Interest Sinking Fund), a reserve fund (Water Depreciation Fund), and a contingency fund (Bond Contingency Fund) and make monthly payments in order to satisfy payments of principal and interest on all bonds payable. At June 30, 1996, the funds were in compliance with required deposits.

The amount of retained earnings reserved for revenue bond retirement is detailed as follows:

Restricted Assets, Sinking Reserve, and Contingency Funds	\$ 379,559
Less:	
Accrued interest, attributable to revenue bonds, payable from restricted assets	52,010
Current maturities of revenue bonds payable from restricted assets	46,075
Reserve for debt retirement	\$ 281,474

	<u>Enterprise Fund</u>	
	<u>1996</u>	<u>1995</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 276,040	\$ 155,887
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	182,827	172,611
Changes in assets and liabilities:		
Increase in customer accounts receivable	(57,458)	(22,148)
Increase in other accounts receivable	(10,000)	-
Decrease in prepaid expenses	-	2,791
Decrease in accounts payable and accrued expenses	(229)	(1,093)
Increase in customer deposits	7,492	4,990
Net increase (decrease) in due to/from other funds	<u>5,848</u>	<u>(8,909)</u>
Total adjustments	<u>128,480</u>	<u>148,242</u>
Net cash provided by operating activities	<u>\$ 404,520</u>	<u>\$ 304,129</u>

TOWN OF BLANCHARD, LOUISIANA

Statement of Revenues, Expenses, and Changes in Retained Earnings -
Actual Compared to Budgetary Basis - Proprietary Fund Type
Year Ended June 30, 1996

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Operating revenues:			
Water/sewer sales	\$ 881,500	\$ 941,793	\$ 60,293
Installations	53,000	52,188	(812)
Permits and other fees	30,000	30,597	597
Total operating revenues	<u>964,500</u>	<u>1,024,578</u>	<u>60,078</u>
Operating expenses:			
Salaries, wages and fees	197,800	209,733	(11,933)
Other operating expenses	346,280	355,978	(9,698)
Total operating expenses	<u>544,080</u>	<u>565,711</u>	<u>(21,631)</u>
Operating income	<u>420,420</u>	<u>458,867</u>	<u>38,447</u>
Non-operating revenues (expenses):			
Interest revenue	31,700	34,850	3,150
Debt reduction	(45,670)	(40,523)	5,147
Interest expense	(210,000)	(205,030)	4,970
Ad valorem taxes	9,300	9,326	26
Gain on sale of assets	-	751	751
Capital expenditures	(408,092)	(417,818)	(9,726)
Total non-operating revenues (expenses):	<u>(622,762)</u>	<u>(618,444)</u>	<u>4,318</u>
Loss before other financing sources	(202,342)	(159,577)	42,765
Other financing sources (uses):			
State financial assistance	236,200	276,737	40,537
Operating transfers out	(17,800)	(17,769)	31
Total other financing sources (uses):	<u>218,400</u>	<u>258,968</u>	<u>40,568</u>
Net income before adjustments	16,058	99,391	83,333
Adjustments to actual to convert to budgetary basis:			
Depreciation	(182,827)	(182,827)	-
Amortization of bond issue costs	(1,595)	(1,595)	-
Principal paid on debt	45,670	40,523	(5,147)
Property, plant, and equipment	408,092	417,818	9,726
Transfer to contributed capital	(236,200)	(276,737)	40,537
Net income after adjustments	49,198	96,573	47,375
Depreciation transferred to contributed capital	769	769	-
Increase in retained earnings for revenue bond retirement	-	(39,117)	(39,117)
Net change in unreserved retained earnings	49,967	58,225	8,258
Retained earnings July 1, 1995	781,497	781,497	-
Retained earnings June 30, 1996	<u>\$ 831,464</u>	<u>\$ 839,722</u>	<u>\$ 8,258</u>

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Account Group:

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. 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 on the date of donation. No depreciation is recorded on general fixed assets.

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental 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, permit and license 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.

The preparation of financial statements generally requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Budget and Budgetary Accounting - The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

The Mayor and the City Clerk prepare a proposed budget and submit same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.

A summary of the budget is published and the public notified that the budget is available for inspection in the office of the Town Clerk.

The budget resolution is adopted by the Town Council prior to the fiscal year for which the budget is adopted.

The adoption of the budget resolution constitutes an appropriation of the sums for the specified purpose and from the funds indicated. The appropriations which are not encumbered or expended lapse at the end of the fiscal year.

No funds are expended or obligation incurred other than in accordance with the budget resolution and/or budgetary amendments, except that the Mayor is authorized to expend in any fiscal year up to 105% of any Department budget approved by the Board of Aldermen.

The Board of Aldermen may revise or amend the budget at its discretion during legally convened sessions. Amendments to the budget were made and adopted by the Board of Aldermen during fiscal year ended June 30, 1996.

The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget for the Water and Sewer Enterprise Fund is adopted on a basis consistent with GAAP, except that depreciation and amortization are not considered and capital expenses and note principal payments are included.

Investments - Legal investments by municipalities are restricted according to Louisiana Revised Statute 39:1276. Further, the Town's investment policy allows investments only in:

- (1) Direct U. S. Treasury obligations, the principal and interest of which are fully guaranteed by the U. S. government.
- (2) The certificates of deposit of state banks organized under the laws of Louisiana, or national banks having their principal offices in the state of Louisiana, savings accounts or shares of savings and loan associations and savings banks, or share accounts and share certificates accounts of federally or state chartered credit unions issuing time certificates of deposit. Funds invested in accordance with this paragraph shall not exceed at any time the amount insured by the Federal Deposit Insurance Corporation in any one bank, or in any one savings and loan association, or by the National Credit Union Administration in any one credit union, unless the uninsured portion is collateralized by the pledge of securities in the manner provided in R.S. 39:1221.

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Investments (Continued) -

- (3) Mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U. S. government or its agencies.

Cash and cash equivalents are comprised of daily cash balances above the day-to-day needs and funds set aside for portfolio strategy reasons. Short term investments of cash and cash equivalents may be placed in:

- (1) Obligations of the U. S. Treasury, federal agencies, or U. S. government instrumentalities (as provided herein) with maturities of less than 2 years.
- (2) Time certificates of deposit, as provided herein.
- (3) Money market mutual funds, as provided herein.
- (4) The Louisiana Asset Management Pool, Inc. as provided in Op. Atty. Gen. 94-186.

The Town's investments at June 30, 1996, consist of certificates of deposit with original maturity dates in excess of three months. These investments are stated at cost which approximates market value.

Inventories - Inventory of supplies in the proprietary fund is not material and is charged to operations as purchased.

Bad Debts - Uncollectible amounts due for the 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. No provision has been deemed necessary for 1996 or 1995.

Statement of Cash Flows - For the purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less to be cash equivalents.

Property, Plant, and Equipment -

General Fixed Assets Account Group:

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.

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FINANCIAL STATEMENTS

June 30, 1996

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 067 13 1996

067 13 1996

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fund Equity (Continued) -

Reserves represent those portions of fund equity not appropriable for expenditures or legally separated for a specific future use.

Interfund Transactions - Interfund transactions that would be treated as revenues, expenditures, or expenses if they involved organizations external to the Town are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from it which are properly applicable to another fund are recorded as expenditures or expenses (as appropriate) in the reimbursing fund, or as reductions of the expenditures or expense in the fund that is reimbursed and are distinguished from revenues, expenses, or expenditures in the financial statements. These transfers are reported in the "Other Financing Sources (Uses)" section in the statement of revenues, expenditures, and changes in fund balance (governmental funds) and in the "Operating Transfers" section in the statement of revenues, expenses, and changes in retained earnings (proprietary funds).

Refundable Deposits - The Enterprise Fund of the Town requires customers to place a deposit before service is rendered. These monies are considered restricted and are held until the customer discontinues service.

Reclassification - Certain 1995 amounts were reclassified to conform to 1996 presentation.

2. CASH AND INVESTMENTS:

Deposits (cash and investments) are carried at cost which approximates market value.

The Town's deposits are categorized to give an indication of the level of risk assumed by the Town at June 30, 1996. The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 - Uncollateralized.

Deposits, categorized by level of risk, are:

<u>Description</u>	<u>Category</u>			<u>Bank Balance</u>	<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
General Fund	\$ 84,891	\$	\$	\$ 84,891	\$ 74,051
Capital Project Fund	2,088			2,088	2,088
Enterprise Fund	<u>113,021</u>	<u>953,129</u>		<u>1,066,150</u>	<u>1,040,282</u>
Total cash and investments	<u>\$ 200,000</u>	<u>\$953,129</u>	<u>\$ -</u>	<u>\$ 1,153,129</u>	<u>\$ 1,116,421</u>

GENERAL FUND

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

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1996

5. CHANGES IN GENERAL FIXED ASSETS:

A summary of changes in general fixed assets is as follows:

	Balance June 30, 1995	Additions	Deletions	Balance June 30, 1996
Land	\$ 2,000	\$	\$	\$ 2,000
Buildings and Equipment	117,803 141,345	7,583 7,361		125,386 148,706
Construction (Sewer plant) in progress - LCDBG	15,142	425,604		440,746
	\$ 276,290	\$ 440,548	\$ -	\$ 716,838

A summary of Enterprise Fund property, plant, and equipment at June 30, 1996 and 1995, is as follows:

	1996	1995
Land	\$ 27,850	\$ 27,850
Buildings	13,090	13,090
Water system	5,607,008	5,229,056
Sewer system	971,107	958,712
Equipment	193,103	175,225
	6,812,158	6,403,933
Less accumulated depreciation	1,997,987	1,824,756
Property, plant and equipment - net	\$ 4,814,171	\$ 4,579,177

In fiscal year 1996, the following construction projects were completed and recorded in the books as follows:

Water main and sewerage relocation	\$ 276,737
Raw water pumping facility addition	101,216
Waste water treatment plant improvements	12,394
Increase in water and sewer system	\$ 390,347

6. DUE TO/FROM OTHER FUNDS:

As of June 30, 1996, interfund receivables and payables were as follows:

	Due From	Due To
General Fund	\$	\$ 1,550
Water and Sewer Fund	1,550	
	\$ 1,550	\$ 1,550

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1996

7. CHANGES IN LONG-TERM DEBT:

The following is a summary of bond transactions of the Town of Blanchard for the year ended June 30, 1996:

	Enterprise Fund
<u>Obligations</u>	
Bonds payable at June 30, 1995	\$ 2,603,119
Less bond payments	40,523
Bonds payable at June 30, 1996	2,562,596
Less current portion	46,075
Long-term debt	\$ 2,516,521

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

Farmers Home Administration, 3.75%, 40-year revenue promissory note in the original amount of \$351,780 dated June 9, 1966; payable in annual installments including principal and interest of \$17,678. The note is in the form of Water Revenue Bonds and is collateralized by revenue and fixed assets of the water system.	\$ 137,774
Water Revenue Refunding Bond, 11%, dated April 6, 1989, in the original amount of \$788,447. Scheduled principal and interest payments are due semi-annually through April 1, 2019. The bond is collateralized by revenue of the water system.	699,224
Farmers Home Administration, 7%, 40-year note dated February 1, 1990, in the original amount of \$1,800,000; payable in annual installments including principal and interest of \$135,702. The note is in the form of Water Revenue Bonds and is collateralized by revenue of the water system.	1,725,598
	\$ 2,562,596

The annual requirements to service all debt outstanding as of June 30, 1996, including interest payments of \$3,558,287 are as follows:

Year Ending June 30, --	Enterprise Fund Obligation
1997	\$ 248,949
1998	251,129
1999	252,852
2000	254,120
2001	254,934
2002-2011	2,195,384
2012-2021	1,625,620
2022-2029	1,037,895
	\$ 6,120,883

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1996

7. CHANGES IN LONG-TERM DEBT: (Continued)

Agreements are attached to the Enterprise Fund notes payable to Farmers Home Administration (FmHA) requiring the following:

The FmHA 3.75% note agreement requires that the following payments are to be made monthly:

\$1,500 is to be deposited into an account entitled "Waterworks Revenue Bonds and Interest Sinking Fund";

\$100 is to be deposited into an account entitled "Depreciation Fund"; and

The 1989 Water Revenue Refunding Bonds requires that the following payments are to be made monthly:

An amount equal to the sum of one-twelfth (1/12th) of the next principal payment and one-sixth (1/6th) of the next interest payment is to be deposited into an account entitled "Waterworks Revenue Bond and Interest Sinking Fund."

5% of the amount required to be deposited into the Waterworks Revenue Bond and Interest Sinking Fund is to be deposited into an account entitled "Waterworks Reserve Fund"; and 5% of the amount required to be deposited into the Waterworks Revenue Bond and Interest Sinking Fund is to be deposited into an account entitled "Waterworks Depreciation and Contingency Fund."

The 1990 Water Revenue Bonds ordinance requires that the following payments are to be made monthly:

\$11,308.50 is to be deposited into a Sinking Fund;

\$565.43 is to be deposited into a Reserve Fund until this fund has accumulated \$135,702; and

\$1,246.00 is to be deposited into a Contingency Fund.

8. INTERFUND OPERATING TRANSFERS:

Individual fund operating transfers to cover operational expenditures for fiscal year 1996 were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 17,769	\$ -
Enterprise Fund	-	17,769
Totals	\$ 17,769	\$ 17,769

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1996

9. MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA (SYSTEM):

All full-time police officers who earn at least \$375 per month excluding supplemental pay, or an elected chief of police whose salary is at least \$100 per month are eligible to receive retirement benefits from the Municipal Police Employees' Retirement System of Louisiana, which is a cost-sharing, multiple-employer defined benefit plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan Description - Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service state above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy - Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised State 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ending June 30, 1996, 1995, and 1994, were \$6,870, \$3,384, and \$3,242, respectively, equal to the required contributions for each year.

10. CONTINGENT LIABILITIES:

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

During the various fiscal years, the Town of Blanchard has been required to relocate water lines along Highway 1 to accommodate a Department of Transportation and Development, State of Louisiana, highway construction project. Funding is provided by the State of Louisiana to the Town pursuant to Act 319 (R.S. 48:381(C)(2)). In accordance with provisions of this Act, the Town is henceforth prohibited from locating a utility installation in any state-owned right-of-way until the Town reimburses the State for the cost of the relocations.

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1996

11. SUBSEQUENT EVENTS:

In July, 1996, the Town entered into an agreement to purchase a building and three lots in Blanchard, Louisiana for \$125,000. This property will be the new location of the Town Hall.



SMITH PUGH RABINOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS

610 MARSHALL STREET SUITE 800 • SHREVEPORT, LOUISIANA • 71101-5332 • TELEPHONE 318 222 5701 • FAX 318 424 4736
401 HAMILTON ROAD SUITE 112 • BOSSIER CITY, LOUISIANA 71111 • TELEPHONE 318 742 4935 • FAX 318 742 4989

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

The Honorable Johnnie Gatlin, Mayor
and the Members of the Board of Aldermen of
The Town of Blanchard, Louisiana

We have audited the general purpose financial statements of the Town of Blanchard, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 6, 1996.

We conducted our 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 (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Town of Blanchard, 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 general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Town of Blanchard, Louisiana, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

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

Smith Pugh Rabinowitz LLP
Certified Public Accountants
Shreveport, Louisiana

August 6, 1996

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property, Plant, and Equipment (Continued) -

Water and Sewer System:

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 Utility:

Purification Plant	50 Years
Lines and Meters	30 Years
Other Equipment	3-15 Years

Sewerage Utility:

Lines and Pumps	30-50 Years
Other Equipment	3-4 Years

Restricted Assets - The Debt Service and Enterprise Funds, because of certain bond covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. The Enterprise Fund also restricts customer and vendor deposits.

Compensated Absences - The Town's liability for accrued vacation leave is considered a current liability payable from current resources. The amounts applicable to the General Fund of \$2,857 and the Enterprise Fund of \$6,503 have been recorded. The accumulated unpaid vacation expires on the employee's anniversary date of employment following the year in which it is earned, therefore, no long-term liability exists.

Comparative Data - Comparative totals for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the Town's financial position and operations. Comparative data by fund type is included in the individual fund type financial statements.

Total Columns on Combined Statements - Total columns on the combined statements 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.

Fund Equity -

Contributed capital is recorded in the Enterprise Fund for capital grants restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

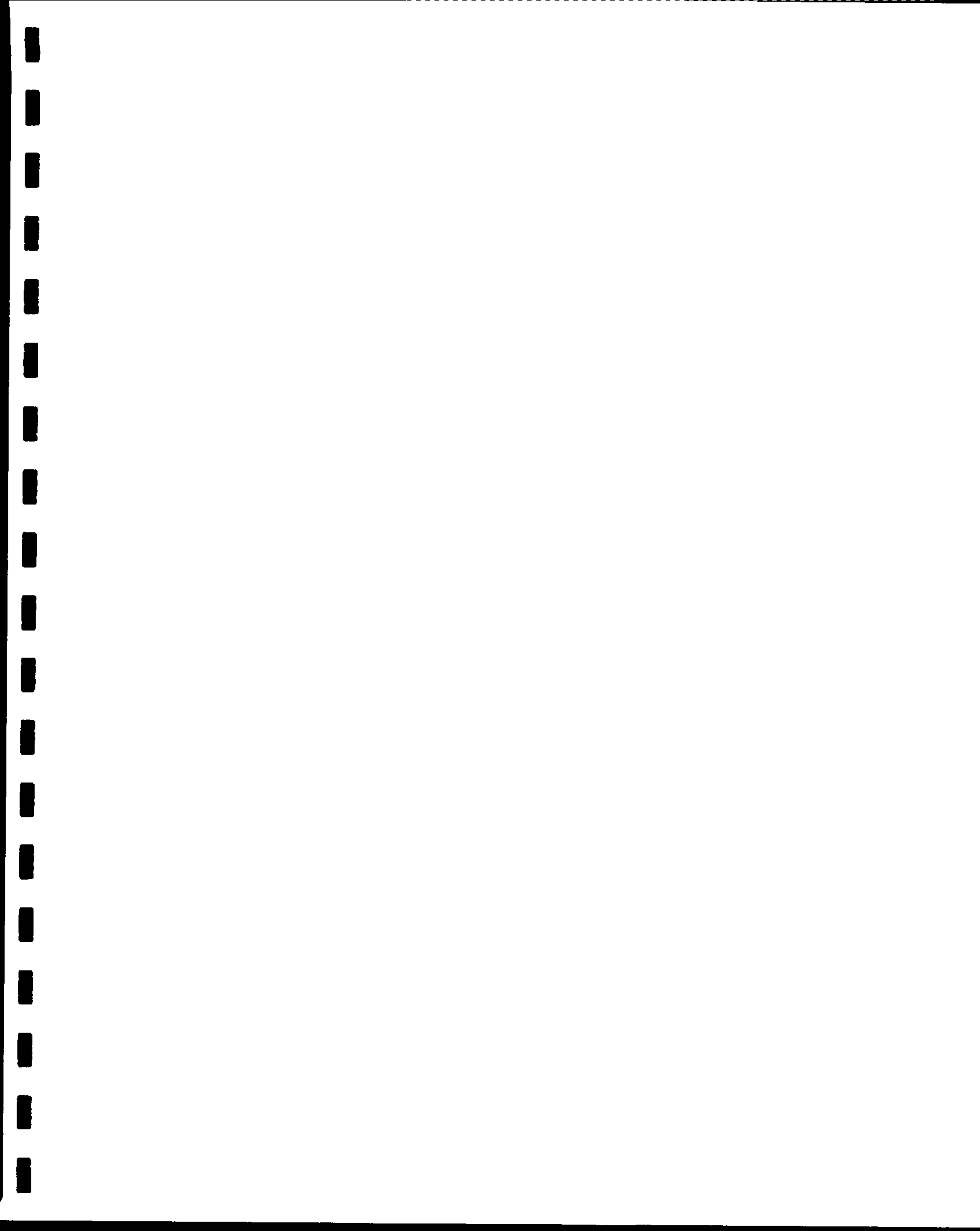
TOWN OF BLANCHARD, LOUISIANA

Statement of Revenues, Expenses, and
Changes in Retained Earnings -
Proprietary Fund Type
Year Ended June 30, 1996
With Comparative Amounts for the Year Ended June 30, 1995

	<u>Enterprise Fund</u>	
	<u>1996</u>	<u>1995</u>
Operating revenues:		
Charges for services	\$ 1,024,578	\$ 827,957
Operating expenses:		
Personal services	201,033	178,254
Maintenance and supplies	176,645	142,630
Insurance	31,200	26,908
Automotive	16,298	13,254
Employee benefits	46,621	57,533
Telephone and utilities	50,014	39,984
Depreciation	182,827	172,611
Professional services	7,000	6,000
Aldermen fees	8,700	8,700
Miscellaneous	15,052	12,947
Payroll taxes	<u>13,148</u>	<u>13,249</u>
Total operating expenses	<u>748,538</u>	<u>672,070</u>
Operating income	<u>276,040</u>	<u>155,887</u>
Non-operating revenues (expenses):		
Interest income	34,850	42,654
Ad valorem taxes	9,326	8,312
Gain on sale of assets	751	-
Amortization of bond issue costs	(1,595)	(1,595)
Interest expense	<u>(205,030)</u>	<u>(204,043)</u>
Net non-operating revenues (expenses)	<u>(161,698)</u>	<u>(154,672)</u>
Income before operating transfers	114,342	1,215
Operating transfers to other funds	<u>(17,769)</u>	<u>(10,500)</u>
Net income (loss)	96,573	(9,285)
Depreciation transferred to contributed capital	769	-
Increase in retained earnings for revenue bond retirement	(39,117)	(29,364)
Decrease in retained earnings reserved for sewer		
Net change in unreserved retained earning for the year	58,225	50,586
Retained earnings unreserved July 1	<u>781,497</u>	<u>740,196</u>
Retained earnings unreserved June 30	<u>\$ 839,722</u>	<u>\$ 781,497</u>

See accompanying notes to financial statements.

SUPPLEMENTAL SCHEDULE



TOWN OF BLANCHARD, LOUISIANA

Schedule of Mayor's, Aldermen's, and Alderwomen's Compensation and Reimbursed Expenses For the Year Ended June 30, 1996

	<u>Compensation</u>	<u>Reimbursed Expenses</u>	<u>Total</u>
Mayor Gatlin	\$ 3,600	\$ 424	\$ 4,024
Alderman Ashby	2,400		2,400
Alderman Guin	2,400		2,400
Alderwoman Jones	2,400		2,400
Alderman Permenter	2,700	162	2,862
Alderwoman Presley	<u>2,400</u>		<u>2,400</u>
Total	<u>\$ 15,900</u>	<u>\$ 586</u>	<u>\$ 16,486</u>

TOWN OF BLANCHARD, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual - General Fund
Year Ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues:			
Taxes	\$ 59,800	\$ 60,317	\$ 517
Licenses and permits	49,800	49,855	55
Intergovernmental	56,600	56,597	(3)
Charges for services	50,000	52,015	2,015
Fines and forfeits	29,800	29,829	29
Miscellaneous	<u>17,675</u>	<u>20,215</u>	<u>2,540</u>
Total revenues	<u>263,675</u>	<u>268,828</u>	<u>5,153</u>
Expenditures:			
Current:			
General government	36,875	26,507	10,368
Public safety	134,250	134,686	(436)
Sanitation	45,000	48,916	(3,916)
Streets and right-of-ways	16,800	14,407	2,393
Building and grounds	<u>19,800</u>	<u>16,441</u>	<u>3,359</u>
Total expenditures	<u>252,725</u>	<u>240,957</u>	<u>11,768</u>
Excess of revenues over expenditures	10,950	27,871	16,921
Other financing sources:			
Operating transfers in	<u>17,770</u>	<u>17,769</u>	<u>(1)</u>
Excess of revenues and other sources over expenditures	28,720	45,640	16,920
Fund balance at beginning of year	<u>26,959</u>	<u>26,959</u>	<u>-</u>
Fund balance at end of year	<u>\$ 55,679</u>	<u>\$ 72,599</u>	<u>\$ 16,920</u>

TOWN OF BLANCHARD, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes
in Fund Balances - All Governmental Fund Types
Year Ended June 30, 1996

	General	Capital Projects	Totals (Memorandum Only)	
			1996	1995
Revenues:				
Taxes	\$ 60,317	\$	\$ 60,317	\$ 53,493
Licenses and permits	49,855		49,855	35,226
Intergovernmental	56,597		56,597	21,123
Charges for services	52,015		52,015	47,246
Fines and forfeitures	29,829		29,829	22,176
Miscellaneous	20,215		20,215	18,093
LCDBG Capital grant	-	427,692	427,692	15,042
Total revenues	<u>268,828</u>	<u>427,692</u>	<u>696,520</u>	<u>212,399</u>
Expenditures:				
Current:				
General government	26,507		26,507	27,200
Public safety	134,686		134,686	146,211
Sanitation	48,916		48,916	44,511
Streets and right-of-ways	14,407		14,407	14,136
Buildings and grounds	16,441		16,441	19,667
Capital outlay - LCDBG	-	425,604	425,604	15,142
Total expenditures	<u>240,957</u>	<u>425,604</u>	<u>666,596</u>	<u>266,867</u>
Excess of revenues over (under) expenditures	27,871	2,088	29,959	(54,468)
Other financing sources:				
Operating transfers in	<u>17,769</u>		<u>17,769</u>	<u>10,500</u>
Excess of revenues and other sources over expenditures	45,640	2,088	47,728	(43,968)
Fund balance at beginning of year	<u>26,959</u>	-	<u>26,959</u>	<u>70,927</u>
Fund balance at end of year	<u>\$ 72,599</u>	<u>\$ 2,088</u>	<u>\$ 74,687</u>	<u>\$ 26,959</u>

	Fund Types			Account Group		Totals	
	Governmental		Proprietary	(Memorandum Only)			
	General	Capital Projects	Enterprise	General Fixed Assets	1996	1995	
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts payable and accrued expenses	\$ 7,840	\$ -	\$ 10,108	\$ -	\$ 17,948	\$ -	\$ 13,528
Due to other funds	1,550	-	-	-	1,550	-	7,398
Payable from restricted assets:							
Current maturities of long-term debt	-	-	46,075	-	46,075	-	40,523
Accrued interest on long-term debt	-	-	52,010	-	52,010	-	52,879
Meter deposits	-	-	126,650	-	126,650	-	119,158
Long-term debt, excluding current maturities	-	-	2,516,521	-	2,516,521	-	2,562,596
Total liabilities	<u>9,390</u>	<u>-</u>	<u>2,751,364</u>	<u>-</u>	<u>2,760,754</u>	<u>-</u>	<u>2,796,082</u>
Retained earnings/fund equity:							
Contributed capital	-	-	2,216,629	440,746	2,657,375	-	1,955,802
Investment in general fixed assets	-	-	-	276,092	276,092	-	261,148
Retained earnings:							
Reserved for revenue bond retirement	-	-	281,474	-	281,474	-	242,357
Unreserved	-	-	839,722	-	839,722	-	781,497
Fund balance	<u>72,599</u>	<u>2,088</u>	-	-	<u>74,687</u>	-	<u>26,959</u>
Total retained earnings/fund equity	<u>72,599</u>	<u>2,088</u>	<u>3,337,825</u>	<u>716,838</u>	<u>4,129,350</u>	<u>-</u>	<u>3,267,763</u>
Total liabilities and fund equity	<u>\$ 81,989</u>	<u>\$ 2,088</u>	<u>\$ 6,089,189</u>	<u>\$ 716,838</u>	<u>\$ 6,890,104</u>	<u>\$ -</u>	<u>\$ 6,063,845</u>

See accompanying notes to financial statements.

TOWN OF BLANCHARD, LOUISIANA

Notes to Schedule of Federal Financial Assistance
June 30, 1996

NOTE A - BASIS OF ACCOUNTING

The accompanying Schedule of Federal Financial Assistance is a summary of the cash activity of the Town's federal financial assistance programs and does not present transactions that would be included in financial statements of the Town presented on the accrual basis of accounting, as contemplated by generally accepted accounting principles.

NOTE B - SEWER PLANT

In accordance with the provisions of the grant, the Town expended \$425,604 during the year ended June 30, 1996.

TOWN OF BLANCHARD, LOUISIANA

Schedule of Federal Financial Assistance
June 30, 1996

<u>Federal Grantor</u>	<u>CFDA No.</u>	<u>Program Amount</u>	<u>Cash Balance July 1, 1995</u>	<u>Receipts</u>	<u>Federal Expenditures</u>	<u>Cash Balance June 30, 1996</u>
U.S. Department of Housing and Urban Development: Pass-through State Department of Administration	14.219	\$ 491,800	\$ -	\$ 427,692	\$ 425,604	\$ 2,088

See notes to Schedule of Federal Financial Assistance.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

- Cash and Cash Equivalents
- Receivables
- Property and Equipment
- Payables and Accrued Liabilities
- Retained Earnings/Contributed Capital


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

During the year ended June 30, 1996, the Town of Blanchard, Louisiana, expended 100% of its total federal financial assistance under major federal financial assistance programs.

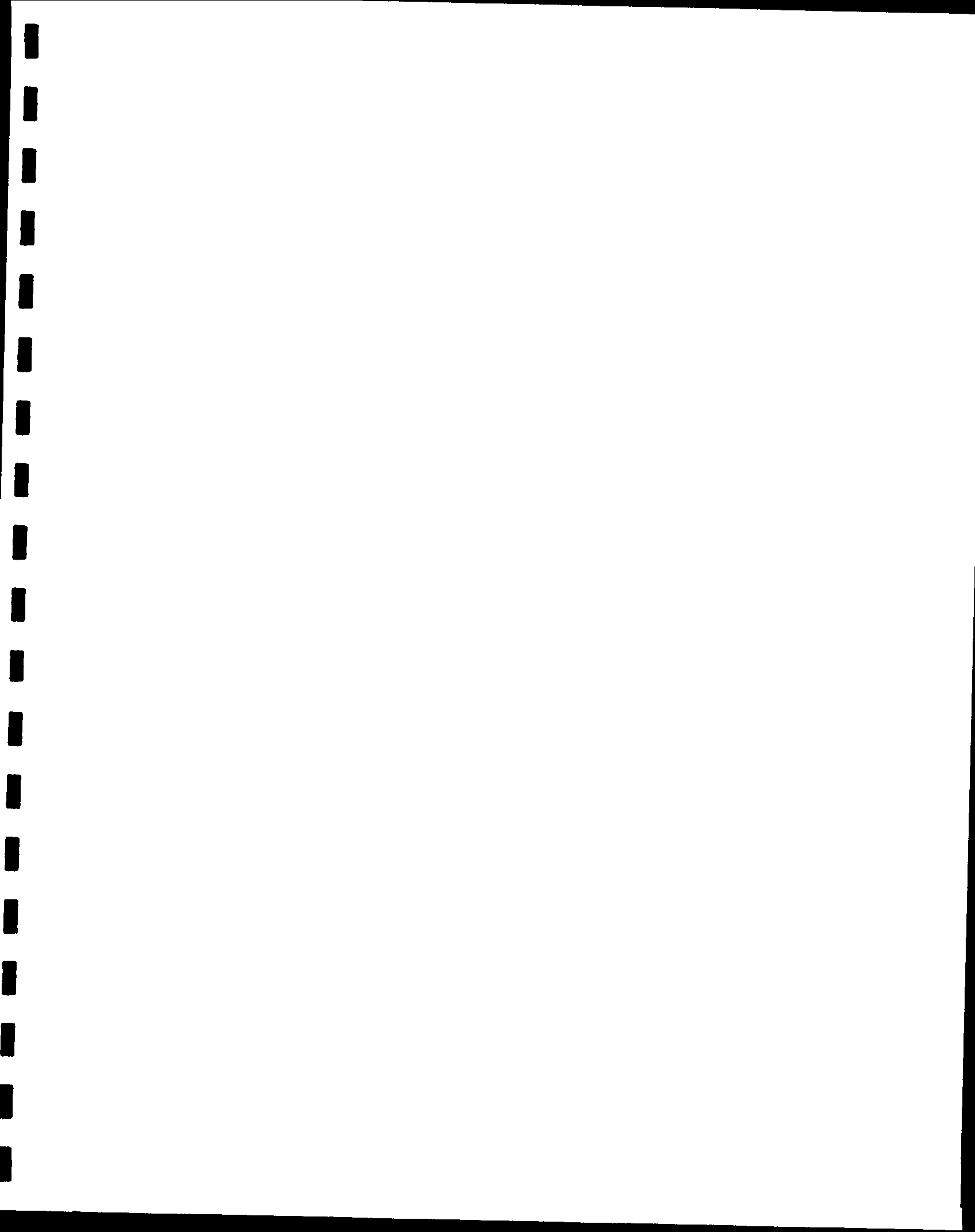
We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the Town of Blanchard, Louisiana's major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our 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 material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of Management and the Board of Aldermen. However, this report is a matter of public record and its distribution is not limited.


Certified Public Accountants
Shreveport, Louisiana

August 6, 1996





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

The Honorable Johnnie Gatlin, Mayor
and the Members of the Board of Aldermen of
The Town of Blanchard, Louisiana

We have audited the general purpose financial statements of the Town of Blanchard, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 6, 1996. We have also audited the compliance of the Town of Blanchard, Louisiana, with requirements applicable to major federal financial assistance programs and have issued our report thereon dated August 6, 1996.

We conducted our 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 Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the Town of Blanchard, Louisiana, complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the year ended June 30, 1996, we considered the internal control structure of the Town of Blanchard, Louisiana, in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements of the Town of Blanchard, Louisiana, and on the compliance of the Town of Blanchard, Louisiana, with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated August 6, 1996.

The management of the Town of Blanchard, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.



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

The Honorable Johnnie Gatlin, Mayor
and the Members of the Board of Aldermen of the
Town of Blanchard, Louisiana

We have audited the general purpose financial statements of the Town of Blanchard, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 6, 1996.

We have applied procedures to test the Town of Blanchard, Louisiana's, compliance with the following requirements applicable to its federal financial assistance program, which is identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996: (1) political activity, (2) Davis-Bacon Act, (3) civil rights, (4) cash management, (5) relocation assistance and real property acquisition, (6) Drug-free Workplace Act, (7) administrative requirements, and (8) federal financial reports.

Our 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. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Blanchard, Louisiana's, compliance with the requirements listed in the preceding paragraph. Accordingly, we 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 our attention that caused us to believe that the Town of Blanchard, Louisiana, had not complied, in all material respects, with those requirements.

This report is intended for the information of Management and the Board of Aldermen. However, this report is a matter of public record and its distribution is not limited.

Smith Pugh Rabinowitz LLP
Certified Public Accountants
Shreveport, Louisiana

August 6, 1996



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Independent Auditor's Report

The Honorable Johnnie Gatlin, Mayor
and the Members of the Board of Aldermen
Town of Blanchard, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Blanchard, Louisiana, as of and for the year ended June 30, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Blanchard, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office and Management and Budget Circular A-128, Audits of State and Local Governments. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Blanchard, Louisiana, at June 30, 1996, and the results of its operations and cash flows of its proprietary fund for the year then ended, in conformity with generally accepted accounting principles. Also, in our opinion, individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account group of the Town of Blanchard, Louisiana, at June 30, 1996, and the results of operations of such funds and cash flows of the proprietary fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 6, 1996, on our consideration of the Town of Blanchard, Louisiana's internal control structure and a report dated August 6, 1996, on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Blanchard, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.


Certified Public Accountants
Shreveport, Louisiana

August 6, 1996

GENERAL PURPOSE FINANCIAL STATEMENTS



SMITH PUGH RABINOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

The Honorable Johnnie Gatlin, Mayor
and the Members of the Board of Aldermen of the
Town of Blanchard, Louisiana

We have audited the general purpose financial statements of the Town of Blanchard, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 6, 1996.

We have also audited the Town of Blanchard, Louisiana's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended June 30, 1996. The management of the Town of Blanchard, Louisiana is responsible for the Town of Blanchard, Louisiana's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements 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 Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town of Blanchard, Louisiana's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures did not disclose any immaterial instances of noncompliance with the requirements referred to above.

In our opinion, the Town of Blanchard, Louisiana, complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major federal financial assistance program for the year ended June 30, 1996.

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


Certified Public Accountants
Shreveport, Louisiana

August 19, 1996



SMITH PUGH RABINOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE

The Honorable Johnnie Gatlin, Mayor
and the Members of the Board of Aldermen of the
Town of Blanchard, Louisiana

We have audited the general purpose financial statements of the Town of Blanchard, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 6, 1996. These general purpose financial statements are the responsibility of the Town of Blanchard, Louisiana's, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, 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 A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Town of Blanchard, Louisiana, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.


Certified Public Accountants
Shreveport, Louisiana

August 6, 1996



SMITH PUGH RABINOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report on Compliance
Based on an Audit of General Purpose Financial Statements
Performed in Accordance with Government Auditing Standards

The Honorable Johnnie Gatlin, Mayor
and the Members of the Board of Aldermen of
The Town of Blanchard, Louisiana

We have audited the general purpose financial statements of the Town of Blanchard, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 6, 1996.

We conducted our 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 (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we 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 the Town of Blanchard, Louisiana, is the responsibility of the Town of Blanchard, Louisiana's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town of Blanchard, Louisiana's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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

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

Smith Pugh Rabinowitz LLP
Certified Public Accountants
Shreveport, Louisiana

August 6, 1996