

TOWN OF BLANCHARD, LOUISIANA

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FINANCIAL STATEMENTS

June 30, 1998

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Release Date NOV 18 1998

TOWN OF BLANCHARD, LOUISIANA

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Year Ended June 30, 1998

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TOWN OF BLANCHARD, LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

The Honorable Larry Permenter, Mayor
and the Members of the Board of Aldermen
Town of Blanchard, Louisiana

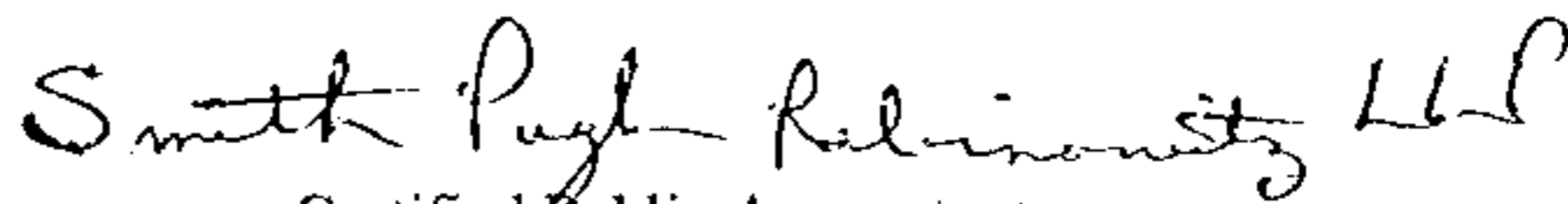
We have audited the accompanying general purpose financial statements of the Town of Blanchard, Louisiana, as of and for the year ended June 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Blanchard, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. 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, as of June 30, 1998, and the results of its operations and cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 1998, on our consideration of the Town of Blanchard, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supporting schedules and on the individual fund and account group financial statements in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of 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 stated, in all material respects, in relation to the general purpose financial statements taken as a whole.


Certified Public Accountants
Shreveport, Louisiana

September 9, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS

TOWN OF BLANCHARD, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Group
June 30, 1998

ASSETS	Fund Types			Account Group		Totals (Memorandum Only)	
	Governmental		Proprietary	General Fixed Assets		1998	1997
	General	Capital Projects	Enterprise				
Cash and cash equivalents	\$ 58,490	\$	\$ 186,944	\$	\$ 245,434	\$	\$ 255,072
Investments	5,551		20,719		26,270		25,278
Receivables:							
Accounts			189,007		189,007		134,149
Grants	30,898				30,898		-
Due from other funds	5,750	32,000			37,750		1,550
Other	4,190		24,910		29,100		1,508
Prepaid expenses and deposits	50		5,915		5,965		6,501
Restricted assets:							
Cash and cash equivalents			932,471		932,471		662,312
Investments			837,062		837,062		3,596,146
Fixed assets, net of accumulated depreciation			8,380,670	790,968	9,171,638		5,843,296
Construction in progress					-		140,728
Unamortized bond issue costs					82,466		85,830
Total Assets	\$ 104,929	\$ 32,000	\$ 10,660,164	\$ 790,968	\$ 11,588,061	\$	\$ 10,752,370

	Fund Types		Account Group	Totals (Memorandum Only)	
	Governmental	Proprietary		1998	1997
	General	Capital Projects	General Fixed Assets		
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable and accrued expenses	\$ 16,323	\$ 148,908	\$	\$ 165,231	\$ 30,121
Due to other funds	32,000	5,750		37,750	1,550
Payable from restricted assets:					
Current maturities of long-term debt		107,665		107,665	101,821
Accrued interest on long-term debt		125,423		125,423	108,398
Retainage payable		126,771		126,771	-
Meter deposits		149,993		149,993	139,625
Long-term debt, excluding current maturities		5,958,937		5,958,937	6,061,115
Total liabilities	48,323	6,623,447	-	6,671,770	6,442,630
Retained earnings/fund equity:					
Contributed capital		2,626,252		2,626,252	2,216,629
Investment in general fixed assets			790,968	790,968	766,178
Retained earnings:					
Reserved for revenue bond retirement		245,455		245,455	491,204
Unreserved		1,165,010		1,165,010	767,826
Fund balance	56,606			88,606	67,903
Total retained earnings/fund equity	56,606	4,036,717	790,968	4,916,291	4,309,740
Total liabilities and fund equity	\$ 104,929	\$ 10,660,164	\$ 790,968	\$ 11,588,061	\$ 10,752,370

See accompanying notes to financial statements.

TOWN OF BLANCHARD, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types Year Ended June 30, 1998

	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>	
			<u>1998</u>	<u>1997</u>
Revenues:				
Taxes	\$ 107,125	\$	\$ 107,125	\$ 86,300
Licenses and permits	37,108		37,108	42,605
Intergovernmental	47,620		47,620	51,902
Charges for services	59,206		59,206	56,021
Fines and forfeitures	30,062		30,062	30,386
Interest revenue	4,836		4,836	4,355
Miscellaneous	4,639		4,639	8,910
Library grant		12,000	12,000	-
Total revenues	<u>290,596</u>	<u>12,000</u>	<u>302,596</u>	<u>280,479</u>
Expenditures:				
<i>Current:</i>				
General government	34,998		34,998	40,608
Public safety	167,640		167,640	150,943
Sanitation	56,121		56,121	53,317
Streets and right-of-ways	15,157		15,157	13,010
Buildings and grounds	18,777		18,777	37,297
Capital outlay			-	2,088
Total expenditures	<u>292,693</u>	<u>-</u>	<u>292,693</u>	<u>297,263</u>
Excess (deficiency) of revenues over expenditures	(2,097)	12,000	9,903	(16,784)
Other financing sources:				
Operating transfers in (out)	(9,200)	20,000	10,800	10,000
Excess (deficiency) of revenues and other sources over expenditures	(11,297)	32,000	20,703	(6,784)
Fund balance at beginning of year	<u>67,903</u>	<u>-</u>	<u>67,903</u>	<u>74,687</u>
Fund balance at end of year	<u>\$ 56,606</u>	<u>\$ 32,000</u>	<u>\$ 88,606</u>	<u>\$ 67,903</u>

See accompanying notes to financial statements.

TOWN OF BLANCHARD, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 90,000	\$ 107,125	\$ 17,125
Licenses and permits	45,000	37,108	(7,892)
Intergovernmental	21,200	47,620	26,420
Charges for services	59,300	59,206	(94)
Fines and forfeitures	25,000	30,062	5,062
Interest	20,000	4,836	(15,164)
Miscellaneous	<u>24,700</u>	<u>4,639</u>	<u>(20,061)</u>
Total revenues	<u>285,200</u>	<u>290,596</u>	<u>5,396</u>
Expenditures:			
Current:			
General government	34,175	34,998	(823)
Public safety	164,950	167,640	(2,690)
Sanitation	56,200	56,121	79
Streets and right-of-ways	18,800	15,157	3,643
Building and grounds	<u>19,300</u>	<u>18,777</u>	<u>523</u>
Total expenditures	<u>293,425</u>	<u>292,693</u>	<u>732</u>
Excess (deficiency) of revenues over expenditures	(8,225)	(2,097)	6,128
Other financing sources:			
Operating transfers in (out)	<u>12,000</u>	<u>(9,200)</u>	<u>(21,200)</u>
Excess (deficiency) of revenues and other sources over expenditures	3,775	(11,297)	(15,072)
Fund balance at beginning of year	<u>67,903</u>	<u>67,903</u>	<u>-</u>
Fund balance at end of year	<u>\$ 71,678</u>	<u>\$ 56,606</u>	<u>\$ (15,072)</u>

See accompanying notes to financial statements.

TOWN OF BLANCHARD, LOUISIANA

Statement of Revenues, Expenses, and
Changes in Retained Earnings -
Proprietary Fund Type
Year Ended June 30, 1998
With Comparative Amounts for the Year Ended June 30, 1997

	Enterprise Fund	
	1998	1997
Operating revenues:		
Charges for services	\$ 1,274,863	\$ 1,163,214
Operating expenses:		
Personal services	228,392	212,844
Maintenance and supplies	184,646	190,723
Insurance	29,335	27,475
Automotive	15,561	17,316
Employee benefits	42,130	62,747
Telephone and utilities	57,058	58,884
Depreciation	234,798	204,149
Professional services	6,271	7,500
Aldermen fees	8,700	8,700
Miscellaneous	15,870	12,659
Payroll taxes	18,559	14,882
Total operating expenses	841,320	817,879
Operating income	433,543	345,335
Non-operating revenues (expenses):		
Interest income	117,601	45,258
Ad valorem taxes	12,511	10,382
Gain on sale of assets	1,588	-
Amortization of bond issue costs	(3,364)	(1,595)
Interest expense	(432,854)	(251,547)
Net non-operating revenues (expenses)	(304,518)	(197,502)
Income before operating transfers	129,025	147,833
Operating transfers to other funds	(10,800)	(10,000)
Net income	118,225	137,833
Depreciation transferred to contributed capital	33,210	-
Increase (decrease) in retained earnings for revenue bond retirement	245,749	(209,729)
Net change in unreserved retained earnings for the year	397,184	(71,896)
Retained earnings unreserved July 1	767,826	839,722
Retained earnings unreserved June 30	\$ 1,165,010	\$ 767,826

See accompanying notes to financial statements.

TOWN OF BLANCHARD, LOUISIANA

Statement of Cash Flows - Proprietary Fund Type For the Year Ended June 30, 1998

	Enterprise Fund	
	1998	1997
Cash flows from operating activities:		
Cash received from customers	\$ 1,231,923	\$ 1,230,999
Cash payments to suppliers for goods and services	(141,447)	(518,367)
Cash payments to employees for services	(230,877)	(215,433)
Net cash provided by operating activities	859,599	497,199
Cash flows from noncapital financing activities:		
Ad valorem taxes	12,511	10,382
Net cash provided by noncapital financing activities	12,511	10,382
Cash flows from capital and related financing activities:		
Proceeds from issuance of bonds	-	3,646,415
Acquisition of property, plant and equipment	(2,954,787)	(467,095)
Proceeds from sale of equipment	1,588	-
Interest paid on revenue bonds	(410,342)	(195,159)
Principal paid on revenue bonds	(101,821)	(46,075)
Transfer to General Fund	(10,800)	(10,000)
Net cash provided by (used in) capital and related financing activities	(3,476,162)	2,928,086
Cash flows from investing activities:		
Proceeds from sale of investments	11,213,484	-
Purchase of investments	(8,427,582)	(3,562,470)
Interest on investments	90,213	44,932
Net cash provided by (used in) investing activities	2,876,115	(3,517,538)
Net increase (decrease) in cash and cash equivalents	272,063	(81,871)
Cash and cash equivalents at beginning of year (including \$662,312 in restricted accounts for 1998, \$417,064 in 1997)	847,352	929,223
Cash and cash equivalents at end of year (including \$932,471 in restricted accounts for 1998, \$662,312 in 1997)	\$ 1,119,415	\$ 847,352

See accompanying notes to financial statements.

Exhibit 5

	<u>Enterprise Fund</u>	
	<u>1998</u>	<u>1997</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 433,543	\$ 345,335
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	238,162	205,743
Changes in assets and liabilities:		
(Increase) decrease in customer accounts receivable	(54,858)	54,484
Increase in other accounts receivable	(23,974)	-
Increase in other assets	(9,279)	(184,960)
Increase in accounts payable and accrued expenses	258,337	63,622
Increase in customer deposits	10,368	12,975
Net increase in due to/from other funds	7,300	-
Net cash provided by operating activities	<u>\$ 859,599</u>	<u>\$ 497,199</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, 1998

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Operating revenues:			
Water/sewer sales	\$ 1,175,000	\$ 1,225,645	\$ 50,645
Installations	30,000	27,877	(2,123)
Permits and other fees	26,000	21,341	(4,659)
Total operating revenues	1,231,000	1,274,863	43,863
Operating expenses:			
Salaries, wages and fees	220,600	228,392	(7,792)
Other operating expenses	411,700	378,130	33,570
Total operating expenses	632,300	606,522	25,778
Operating income	598,700	668,341	69,641
Non-operating revenues (expenses):			
Interest revenue	23,000	117,601	94,601
Debt reduction	(78,247)	(96,334)	(18,087)
Interest expense	(356,157)	(432,854)	(76,697)
Ad valorem taxes	10,500	12,511	2,011
Gain on sale of assets	-	1,588	1,588
Capital expenditures	(3,054,000)	(2,954,787)	99,213
Total non-operating revenues (expenses)	(3,454,904)	(3,352,275)	102,629
Income before other financing sources	(2,856,204)	(2,683,934)	172,270
Other financing sources (uses):			
Liquidation of investments	3,000,000	2,764,726	235,274
Operating transfers out	(12,000)	(10,800)	1,200
Total other financing sources (uses)	2,988,000	2,753,926	(234,074)
Net income before adjustments	131,796	69,992	(61,804)
Adjustments to actual to convert to budgetary basis:			
Depreciation	(234,798)	(234,798)	-
Amortization of bond issue costs	(3,364)	(3,364)	-
Principal paid on debt	78,247	96,334	18,087
Liquidation of investments	(3,000,000)	(2,764,726)	235,274
Property, plant, and equipment	3,054,000	2,954,787	(99,213)
Net income after adjustments	25,881	118,225	92,344
Depreciation transferred to contributed capital		33,210	33,210
Increase in retained earnings for revenue bond retirement	-	245,749	245,749
Net change in unreserved retained earnings	25,881	397,184	371,303
Retained earnings July 1, 1997	767,826	767,826	-
Retained earnings June 30, 1998	\$ 793,707	\$ 1,165,010	\$ 371,303

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1998

The Town of Blanchard (the Town) was incorporated in 1961 under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

1. Summary of Significant Accounting Policies:

The accounting and reporting policies of the Town of Blanchard 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 guides set forth in the "Louisiana Municipal Audit and Accounting Guide."

The Town applies all Governmental Accounting Standards Board (GASB) pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity - This report includes all funds and account groups which are controlled by or dependent on the Town's Executive and Legislative Branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Fund Accounting - The accounts of the 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 separate 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 purpose for which they are to be spent and the means by which spending activities are controlled. The following funds and group of accounts are used by the Town:

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 is used to account for a grant for the construction of a new library.

Proprietary Fund:

Enterprise Fund - The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis as financed or recovered primarily through user charges; or 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 Town maintains an Enterprise Fund for water and sewer utilities provided.

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.

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1998

1. Summary of Significant Accounting Policies: (Continued)

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.

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.

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements

June 30, 1998

1. Summary of Significant Accounting Policies: (Continued)

Budget and Budgetary Accounting (Continued)

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 for the fiscal year ended June 30, 1998.

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.
- (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, 1998, consist of certificates of deposit with original maturity dates in excess of three months, and of FNMA Discount Notes with original maturities of 18 months or less. These investments are stated at amortized cost, which approximates market value.

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

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1998

1. Summary of Significant Accounting Policies: (Continued)

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 1998 or 1997.

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 operations (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.

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 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 \$4,115 and the Enterprise Fund of \$3,035 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.

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1998

1. Summary of Significant Accounting Policies: (Continued)

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 amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated 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 fund).

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.

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.

Reclassification - Certain 1997 amounts were reclassified to conform to 1998 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, 1998. The categories are described as follows:

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

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

Category 3 - Uncollateralized. This category includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the municipality's name.

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1998

2. Cash and Investments: (Continued)

Deposits, categorized by level of risk, are:

<u>Description</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
General Fund	\$ 15,960	\$	\$ 48,391	\$ 64,351	\$ 64,041
Enterprise Fund	<u>932,040</u>	<u></u>	<u>1,113,348</u>	<u>2,045,388</u>	<u>1,977,196</u>
Total cash and investments	<u>\$ 948,000</u>	<u>\$ -</u>	<u>\$ 1,161,739</u>	<u>\$ 2,109,739</u>	<u>\$ 2,041,237</u>

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 9.39 mills on the dollar of assessed valuation of property. Of the total millage levied, 7.37 mills is available for general purposes and 2.02 mills is available for sewer depreciation. The assessed valuation of property was \$6,497,310 for the year ended June 30, 1998. Total taxes levied after adjustments were \$58,164.

4. Dedication of Proceeds and Flow of Funds - 1% Sales and Use Tax:

The Town levied a 1% sales and use tax from and after July 1, 1997 dedicated to the police department for the purpose of maintaining, providing police protection.

Collections for the year ended June 30, 1998 total \$31,772.

5. Components of Restricted Assets:

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

	<u>1998</u>	<u>1997</u>
Cash and cash equivalents:		
Revenue Bonds and Interest Sinking Fund	\$ 51,554	\$ 41,601
Water Depreciation Fund	11,702	5,173
Construction Fund	395,182	231,870
Note Fund	68,597	60,262
Contingency Fund	26,400	5,213
Reserve Fund	26,281	12,813
1997 Sinking Fund	132,449	105,471
Bond Contingency Fund	161,559	151,550
Meter Deposit Fund	<u>58,747</u>	<u>48,359</u>
Total cash and cash equivalents	<u>\$ 932,471</u>	<u>\$ 662,312</u>
Investments:		
Meter Deposits Fund	\$ 92,522	\$ 92,522
1997 Water Expansion	<u>744,540</u>	<u>3,503,624</u>
	<u>\$ 837,062</u>	<u>\$ 3,596,146</u>

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1998

5. Components of Restricted Assets: (Continued)

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, 1998, 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	\$	478,543
Less:		
Accrued interest, attributable to revenue bonds payable from restricted assets		125,423
Current maturities of revenue bonds payable from restricted assets		<u>107,665</u>
Reserve for debt retirement	\$	<u><u>245,455</u></u>

6. Changes in General Fixed Assets:

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

	Balance June 30, 1997	Additions	Deletions	Balance June 30, 1998
Land	\$ 2,000	\$	\$	\$ 2,000
Buildings and improvements	591,558		13	591,545
Equipment	<u>172,620</u>	<u>31,432</u>	<u>6,629</u>	<u>197,423</u>
	<u>\$ 766,178</u>	<u>\$ 31,432</u>	<u>\$ 6,642</u>	<u>\$ 790,968</u>

A summary of Enterprise Fund property, plant, and equipment at June 30, 1998 and 1997, is as follows:

	1998	1997
Land	\$ 43,850	\$ 27,850
Buildings	210,209	210,209
Water system	8,870,996	5,831,015
Sewer system	1,413,941	971,107
Equipment	<u>259,568</u>	<u>239,073</u>
	10,798,564	7,279,254
Less accumulated depreciation	<u>2,417,894</u>	<u>2,202,136</u>
Property, plant and equipment - net	<u>\$ 8,380,670</u>	<u>\$ 5,077,118</u>

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1998

7. Due to/from Other Funds:

As of June 30, 1998, interfund receivables and payables were as follows:

	Due From	Due To
General Fund	\$ 5,750	\$ 32,000
Capital Projects Fund	32,000	
Enterprise Fund		5,750
	\$ 37,750	\$ 37,750

8. Changes in Long-Term Debt:

The following is a summary of bond transactions of the Town of Blanchard for the year ended June 30, 1998:

	Enterprise Fund
<u>Obligations</u>	
Bonds payable at June 30, 1997	\$ 6,162,936
Less bond payments	(96,334)
Bonds payable at June 30, 1998	6,066,602
Less current portion	107,665
Long-term debt	\$ 5,958,937

Bonds payable at June 30, 1998, are comprised of the following:

Farmers Home Administration (FMHA), 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.	\$ 112,282
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.	657,684
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.	1,694,734
Water Revenue Bonds, Series 1997, rates varying from 6.125% - 7%, dated April 1, 1997, in the original amount of \$3,715,000. Scheduled principal and interest payments due annually through March 1, 2022. The bonds are collateralized by the revenue of the water system.	3,601,902
	\$ 6,066,602

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1998

8. Changes in Long-Term Debt (Continued):

The annual requirements to service all debt outstanding as of June 30, 1998, including interest payments of \$6,825,637 are as follows:

Year Ending June 30,	Enterprise Fund Obligation
1999	\$ 524,314
2000	522,310
2001	519,853
2002	522,097
2003	518,696
2004-2013	5,017,352
2014-2023	4,500,457
2024-2029	767,160
	\$ 12,892,239

The 1966 FmHA 3.75% note agreement requires the following payments be made monthly:

\$1,500 is to be deposited into an account entitled "Waterworks Revenue Bonds and Interest Sinking Fund" and \$100 is to be deposited into an account entitled "Depreciation Fund"

The 1989 Water Revenue Refunding Bonds require the following payments 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 FmHA note agreement requires the following payments be made monthly:

\$11,309 is to be deposited into a Sinking Fund;
\$566 is to be deposited into a Reserve Fund until this fund has accumulated \$135,702; and
\$1,246 is to be deposited into a Contingency Fund.

The required monthly payment of \$11,309 to a Sinking Fund was recomputed at the issuance of the 1997 Water Revenue Bonds. This payment has been combined with the Sinking Fund payment for the 1997 Bonds.

The 1997 Water Revenue Bonds require the following payments:

Various amounts are to be deposited monthly into a Sinking Fund. The combined monthly Sinking Fund payment at June 30, 1998 is \$34,369.

A sum equal to the maximum future bond year debt service on the 1997 bonds. This amount is \$329,525 at June 30, 1998.

TOWN OF BLANCHARD, LOUISIANA

Notes to Financial Statements
June 30, 1998

9. Interfund Operating Transfers:

Individual fund operating transfers to cover operational expenditures for fiscal year 1998 were as follows:

	Transfer In	Transfer Out
General Fund	\$ 10,800	\$ -
Enterprise Fund	-	10,800
Totals	\$ 10,800	\$ 10,800

10. Municipal Police Employees' Retirement System of Louisiana (System):

All full-time police department employees engaged in law enforcement are required to participate in the System. The System is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

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 % 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 stated above, and do not withdraw their employee contributions, may retire at the ages specified above 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 % of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.0 % 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 Statute 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, 1998, 1997, and 1996, were \$7,035, \$7,265, and \$6,870, respectively, equal to the required contributions for each year.

11. 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, 1998

12. Related Party Transactions:

Procedures, observations, and inquiries did not disclose any material related party transactions for the year ended June 30, 1998.

**FINANCIAL STATEMENTS OF
INDIVIDUAL FUNDS AND ACCOUNT GROUP**

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

General Fund
Balance Sheet
June 30, 1998

With Comparative Amounts as of June 30, 1997

	1998	1997
ASSETS		
Cash and cash equivalents	\$ 58,490	\$ 70,032
Investments	5,551	5,551
Prepaid expenses	-	6,451
Grants receivable	30,898	-
Other receivable	4,050	-
Due from utility fund	5,750	-
Returned checks	140	148
Utility deposits	50	50
Total assets	\$ 104,929	\$ 82,232
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 16,323	\$ 12,779
Due to Capital Projects Fund	32,000	1,550
Total liabilities	48,323	14,329
Fund balance - unreserved	56,606	67,903
Total liabilities and fund balance	\$ 104,929	\$ 82,232

TOWN OF BLANCHARD, LOUISIANA

General Fund
Schedule of Expenditures Compared to Budget (GAAP Basis)
Year Ended June 30, 1998
With Comparative Actual Amounts for Year Ended June 30, 1997

	1998		Variance Favorable (Unfavorable) Amount	%	1997 Actual
	Budget	Actual			
General government:					
Aldermen fees	\$ 7,200	\$ 6,600	\$ 600	8.3	\$ 7,200
Election expense	-	-	-	-	14
Print minutes expense	2,000	994	1,006	50.3	2,111
Attorney fees	2,400	2,250	150	6.3	2,346
Insurance	4,000	4,000	-	-	10,050
Tourism	2,000	5,000	(3,000)	(150.0)	3,000
Dues and subscriptions	500	468	32	6.4	406
Miscellaneous services	1,500	710	790	52.7	729
Audit	2,000	2,000	-	-	2,000
Supplies	250	556	(306)	(122.4)	32
Salaries-Town Clerk	10,900	11,019	(119)	1.1	11,258
Employee Social Security	1,425	1,263	162	11.4	794
Employee benefits	-	138	(138)	-	668
Total general government	<u>34,175</u>	<u>34,998</u>	<u>(823)</u>	<u>2.4</u>	<u>40,608</u>
Public safety:					
Police:					
Personnel services	79,750	77,321	2,429	3.0	79,335
Employee benefits	23,500	20,049	3,451	14.7	17,043
Insurance	16,500	12,903	3,597	21.8	7,131
Uniforms	1,400	2,517	(1,117)	(79.8)	1,214
Automotive expense	9,500	9,943	(443)	(4.7)	12,968
Utilities-phone	2,500	3,364	(864)	(34.6)	2,754
Communications expense	800	800	-	-	776
Equipment expense	2,500	4,143	(1,643)	(65.7)	2,588
Capital outlay	25,000	31,432	(6,432)	(25.7)	23,914
Miscellaneous	500	2,824	(2,324)	(464.8)	1,241
Conference education, training	3,000	2,344	656	21.9	1,979
Total public safety	<u>164,950</u>	<u>167,640</u>	<u>(2,690)</u>	<u>(1.6)</u>	<u>150,943</u>
Sanitation:					
Garbage collection	<u>56,200</u>	<u>56,121</u>	<u>79</u>	<u>.1</u>	<u>53,317</u>

TOWN OF BLANCHARD, LOUISIANA

General Fund
 Schedule of Expenditures Compared to Budget (GAAP Basis)
 Year Ended June 30, 1998
 With Comparative Actual Amounts for Year Ended June 30, 1997

	1998				1997 Actual
	Budget	Actual	Variance Favorable (Unfavorable) Amount	%	
Streets and right-of-ways:					
Street lights	16,000	13,781	2,219	13.9	12,428
Automotive expense	500	107	393	78.6	108
Miscellaneous	1,300	1,269	31	2.4	474
Capital outlay	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>100.0</u>	<u>-</u>
Total streets and right-of-ways	<u>18,800</u>	<u>15,157</u>	<u>3,643</u>	<u>19.4</u>	<u>13,010</u>
Buildings and grounds:					
Utilities-Town Hall	1,200	1,386	(186)	(15.5)	799
Maintenance and supplies	9,000	15,483	(6,483)	(72.0)	8,018
Tennis courts	500	326	174	34.8	443
Community Center		564	(564)	-	861
Library	600	1,018	(418)	(69.7)	531
Miscellaneous	-	-	-	-	1,218
Capital outlay	<u>8,000</u>	<u>-</u>	<u>8,000</u>	<u>100.0</u>	<u>25,427</u>
Total building and grounds	<u>19,300</u>	<u>18,777</u>	<u>523</u>	<u>2.7</u>	<u>37,297</u>
Total expenditures	<u>\$ 293,425</u>	<u>\$ 292,693</u>	<u>\$ 732</u>	<u>.3</u>	<u>\$ 295,175</u>

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.

TOWN OF BLANCHARD, LOUISIANA

Water and Sewer Enterprise Fund Balance Sheet June 30, 1998 With Comparative Amounts as of June 30, 1997

ASSETS

	1998	1997
Current assets:		
Cash and cash equivalents	\$ 186,944	\$ 185,040
Investments	20,719	19,727
Prepaid expenses	5,915	-
Receivables:		
Customers	189,007	134,149
Interest	936	1,360
Other	23,974	
Due from other funds	-	1,550
Total current assets	427,495	341,826
Restricted assets:		
Cash and cash equivalents	932,471	662,312
Investments	837,062	3,596,146
Total restricted assets	1,769,533	4,258,458
Property, plant and equipment:		
Land	43,850	27,850
Water system	8,870,996	5,831,015
Sewer system	1,413,941	971,107
Building	210,209	210,209
Fixtures and equipment	149,771	139,341
Automotive equipment	109,797	99,732
	10,798,564	7,279,254
Less accumulated depreciation	2,417,894	2,202,136
Property, plant and equipment - net	8,380,670	5,077,118
Other assets:		
Unamortized bond issue costs	82,466	85,830
Construction in progress	-	140,728
Total other assets	82,466	226,558
Total assets	\$ 10,660,164	\$ 9,903,960

LIABILITIES AND FUND EQUITY

	<u>1998</u>	<u>1997</u>
Current liabilities payable from current assets:		
Accounts payable and accrued expenses	\$ 26,197	\$ 17,342
Due to general fund	<u>5,750</u>	<u>-</u>
Total current liabilities payable from current assets	<u>31,947</u>	<u>17,342</u>
Current liabilities payable from restricted assets:		
Accounts payable	122,711	-
Retainage payable	126,771	-
Meter deposits	149,993	139,625
Current maturities of long-term debt	107,665	101,821
Accrued interest on long-term debt	<u>125,423</u>	<u>108,398</u>
Total current liabilities payable from restricted cash assets	<u>632,563</u>	<u>349,844</u>
Long-term debt excluding current maturities	<u>5,958,937</u>	<u>6,061,115</u>
Total liabilities	<u>6,623,447</u>	<u>6,428,301</u>
Contributed capital:		
Federal agencies	1,460,882	1,460,882
State and local governments	725,787	316,164
Citizens	<u>439,583</u>	<u>439,583</u>
Total contributed capital	<u>2,626,252</u>	<u>2,216,629</u>
Retained earnings:		
Reserved for revenue bond retirement	245,455	491,204
Unreserved	<u>1,165,010</u>	<u>767,826</u>
Total retained earnings	<u>1,410,465</u>	<u>1,259,030</u>
Total fund equity	<u>4,036,717</u>	<u>3,475,659</u>
Total liabilities and fund equity	<u>\$ 10,660,164</u>	<u>\$ 9,903,960</u>

TOWN OF BLANCHARD, LOUISIANA

Water and Sewer Enterprise Fund Statement of Revenues, Expenses, and Changes in Retained Earnings Year Ended June 30, 1998 With Comparative Amounts for the Year Ended June 30, 1997

	1998			1997
	Water Department	Sewer Department	Combined	Combined
Operating revenues:				
Sales and service	\$ 1,151,285	\$ 74,360	\$ 1,225,645	\$ 1,104,385
Installations	27,877	-	27,877	34,160
Permits and other fees	<u>19,383</u>	<u>1,958</u>	<u>21,341</u>	<u>24,669</u>
Total operating revenues	<u>1,198,545</u>	<u>76,318</u>	<u>1,274,863</u>	<u>1,163,214</u>
Operating expenses:				
Personnel services	209,547	18,845	228,392	212,844
Maintenance and supplies	160,327	24,319	184,646	190,723
Insurance	28,371	964	29,335	27,475
Automotive	14,395	1,166	15,561	17,316
Employee benefits	42,130	-	42,130	62,747
Telephone and utilities	45,103	11,955	57,058	58,884
Depreciation	208,671	26,127	234,798	204,149
Professional services	4,271	2,000	6,271	7,500
Alderman fees	6,300	2,400	8,700	8,700
Miscellaneous	12,956	2,914	15,870	12,659
Payroll taxes	<u>16,934</u>	<u>1,625</u>	<u>18,559</u>	<u>14,882</u>
Total operating expenses	<u>749,005</u>	<u>92,315</u>	<u>841,320</u>	<u>817,879</u>
Operating income (loss)	<u>449,540</u>	<u>(15,997)</u>	<u>433,543</u>	<u>345,335</u>
Non-operating revenues (expenses):				
Interest income	113,711	3,890	117,601	45,258
Ad valorem taxes		12,511	12,511	10,382
Gain on sale of asset	1,588	-	1,588	-
Amortization of bond issue costs	(3,364)	-	(3,364)	(1,595)
Interest expense	<u>(432,854)</u>	<u>-</u>	<u>(432,854)</u>	<u>(251,547)</u>
Total non-operating revenues (expenses)	<u>(320,919)</u>	<u>16,401</u>	<u>(304,518)</u>	<u>(197,502)</u>
Income before other financing sources	128,621	404	129,025	147,833
Other financing sources (uses):				
Operating transfers out	<u>(10,800)</u>	<u>-</u>	<u>(10,800)</u>	<u>(10,000)</u>
Net income (loss)	<u>\$ 117,821</u>	<u>\$ 404</u>	118,225	137,833
Depreciation transferred to contributed capital			33,210	-
Retained earnings July 1			<u>1,259,030</u>	<u>1,121,197</u>
Retained earnings June 30			<u>\$ 1,410,465</u>	<u>\$ 1,259,030</u>

TOWN OF BLANCHARD, LOUISIANA

Water and Sewer Enterprise Fund
 Schedule of Actual Operating Expenses
 Compared to Budgetary Basis
 Year Ended June 30, 1998
 With Comparative Amounts for the Year Ended June 30, 1997

	1998				1997 Actual
	Budget	Actual	Variance Favorable (Unfavorable) Amount	%	
Water Department:					
Personnel services	\$ 201,600	\$ 209,547	\$ (7,947)	3.9	\$ 195,001
Office supplies	5,000	1,308	3,692	73.8	2,676
Legal and audit	4,000	4,271	(271)	(6.8)	4,000
Computer costs & maintenance	18,000	6,607	11,393	63.3	3,466
Postage	8,000	2,299	5,701	71.3	7,000
Occupational license	1,500	1,500	-	-	1,500
Maintenance and supplies	137,500	148,800	(11,300)	(8.2)	149,799
Auto expense	20,000	14,395	5,605	28.0	14,769
Telephone and utilities	42,000	45,103	(3,103)	(7.4)	42,805
Dottie System	1,000	1,200	(200)	(20.0)	960
Beeper	3,600	2,115	1,485	41.3	160
Uniforms	2,000	4,081	(2,081)	(104.1)	1,992
Conference and education	7,000	4,060	2,940	42.0	5,188
Mailing machine expense	1,100	1,313	(213)	(19.4)	1,233
Insurance	35,000	28,371	6,629	18.9	27,475
Alderman fees	6,300	6,300	-	-	6,300
Payroll taxes	14,000	16,934	(2,934)	21.0	14,882
Employee benefits	45,000	42,130	2,870	6.4	57,747
Total water operating expense	<u>552,600</u>	<u>540,334</u>	<u>12,266</u>	<u>2.2</u>	<u>536,953</u>
Sewer Department:					
Personnel services	19,000	18,845	155	0.8	17,843
Legal and audit	3,500	2,000	1,500	42.9	3,500
Maintenance	20,000	20,316	(316)	(1.6)	21,612
Office supplies	3,000	-	3,000	100.0	2,000
Chemical supplies	5,000	4,002	998	20.0	5,418
Insurance	6,000	964	5,036	83.9	1,209
Auto expense	3,000	1,166	1,834	61.1	2,547
Laboratory fees	1,500	2,070	(570)	(38.0)	2,340
Telephone and utilities	14,000	11,956	2,044	14.6	16,079
Miscellaneous	500	844	(344)	(68.8)	449
Alderman fees	2,400	2,400	-	-	2,400
Payroll taxes	1,800	1,625	175	9.7	1,380
Total sewer operating expense	<u>79,700</u>	<u>66,188</u>	<u>13,512</u>	<u>16.7</u>	<u>76,777</u>
Total Operating Expenses	<u>\$ 632,300</u>	<u>\$ 606,522</u>	<u>\$ 25,778</u>	<u>4.1</u>	<u>\$ 613,730</u>

TOWN OF BLANCHARD, LOUISIANA

General Fixed Assets Account Group
 Schedule of General Fixed Assets - By Source
 June 30, 1998
 With Comparative Amounts as of June 30, 1997

	<u>1998</u>	<u>1997</u>
General fixed assets:		
Land	\$ 2,000	\$ 2,000
Buildings and improvements	591,545	591,558
Police and fire department equipment	158,475	132,823
Other equipment	<u>38,948</u>	<u>39,797</u>
Total general fixed assets	<u>\$ 790,968</u>	<u>\$ 766,178</u>
Investments in general fixed assets by source:		
General Fund	\$ 782,282	\$ 757,492
Special Revenue Funds	4,233	4,233
Contributions	2,000	2,000
State grants	<u>2,453</u>	<u>2,453</u>
Total investment in general fixed assets	<u>\$ 790,968</u>	<u>\$ 766,178</u>

TOWN OF BLANCHARD, LOUISIANA

General Fixed Assets Account Group
 Schedule of General Fixed Assets Account Group -
 by Function and Activity
 June 30, 1998

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Police and Fire Department Equipment</u>	<u>Other Equipment</u>	<u>Totals</u>
General government	\$ 2,000	\$ 150,799	\$	\$ 32,678	\$ 185,477
Public safety:					
Police and fire department equipment			158,475		158,475
Sanitation, streets, right-of-ways				6,270	6,270
Sewer plant for Proprietary Fund		<u>440,746</u>			<u>440,746</u>
Total general fixed assets	<u>\$ 2,000</u>	<u>\$ 591,545</u>	<u>\$ 158,475</u>	<u>\$ 38,948</u>	<u>\$ 790,968</u>

TOWN OF BLANCHARD, LOUISIANA

General Fixed Assets Account Group Schedule of Changes in General Fixed Assets Account Group - by Function and Activity June 30, 1998

	<u>Balance</u> <u>June 30, 1997</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 1998</u>
General government	\$ 186,339	\$	\$ 862	\$ 185,477
Public safety:				
Police and fire department equipment	132,823	31,432	5,780	158,475
Sanitation, street, right-of-ways	6,270			6,270
Sewer plant for Proprietary Fund	<u>440,746</u>	<u> </u>	<u> </u>	<u>440,746</u>
Total general fixed assets	<u>\$ 766,178</u>	<u>\$ 31,432</u>	<u>\$ 6,642</u>	<u>\$ 790,968</u>

TOWN OF BLANCHARD, LOUISIANA

Schedule of Mayor's, Aldermen's, and Alderwomen's
Compensation and Reimbursed Expenses
For the Year Ended June 30, 1998

	<u>Compensation</u>	<u>Reimbursed Expenses</u>	<u>Total</u>
Mayor Permenter	\$ 3,600	\$ 359	\$ 3,959
Alderman Ashby	2,400		2,400
Alderman Digilormo	2,400		2,400
Alderman Guin	2,700	323	3,023
Alderwoman Jones	2,400		2,400
Alderwoman Presley	<u>2,400</u>		<u>2,400</u>
Total	<u>\$ 15,900</u>	<u>\$ 682</u>	<u>\$ 16,582</u>



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

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Larry Permenter, 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, 1998, and have issued our report thereon dated September 9, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Blanchard, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Blanchard, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the *general purpose financial statements and not to provide assurance on the internal control over financial reporting*. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting and its operation that we consider to be material weaknesses.

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

September 9, 1998