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TOWN OF CHENEYVILLE
CHENEYVILLE, LOUISIANA

AUDITOR'S REPORT
JUNE 30, 1998

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

Release Date ~~MAR 03 1999~~

Roy K. Derbonne, Jr.
Certified Public Accountant
1101-A Bolton Avenue
Alexandria, Louisiana 71301

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the Town of Cheneyville, Louisiana, as of and for the year ended June 30, 1998, as listed in the table of contents. These financial statements are the responsibility of the management of the Town of Cheneyville, Louisiana. My responsibility is to express an opinion on these financial statements based on my audit.

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

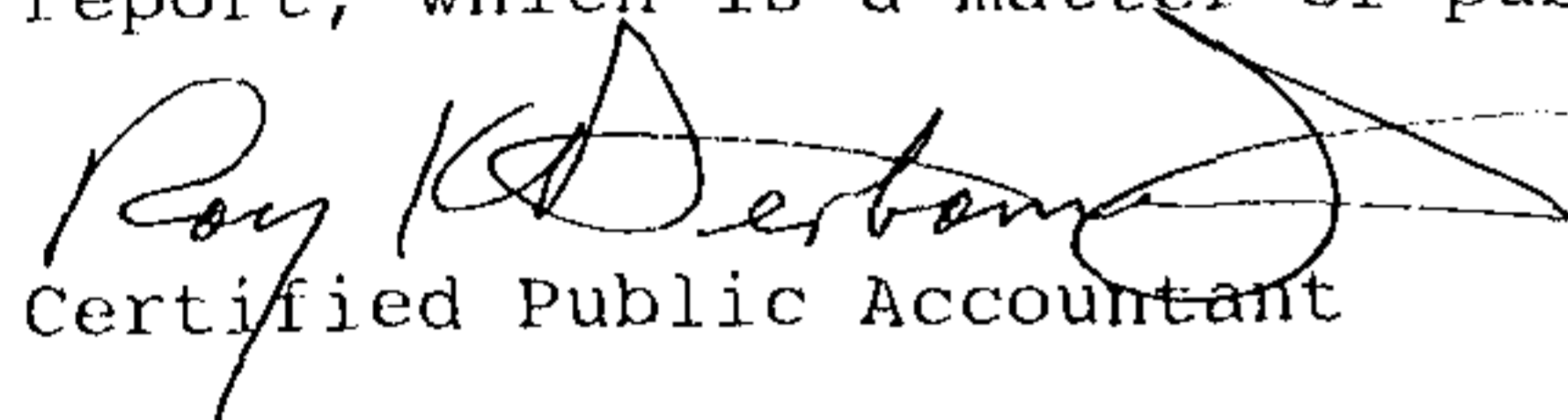
In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Cheneyville, Louisiana, as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with generally accepted accounting principles. Also, in my opinion, the combining and individual fund and account group financial statement referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the Town of Cheneyville, Louisiana, as June 30, 1998, and the results of operations of such funds and the cash flows of the proprietary fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated December 30, 1998, on my consideration of Town of Cheneyville, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws and regulations.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining and individual fund and account group financial statements. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Cheneyville, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining, and individual fund and account group financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

The financial information for the preceding year which is included for comparative purposes was taken from the audit report for that year in which I expressed an unqualified opinion on the combined, combining, individual fund, and account group financial statements of the Town of Cheneyville, Louisiana.

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


Certified Public Accountant

Alexandria, Louisiana
December 30, 1998

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INDEPENDENT AUDITOR'S 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 Mayor and Members
of the Town Council
Town of Cheneyville, Louisiana

I have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the Town of Cheneyville, Louisiana, as of and for the year ended June 30, 1998, and have issued my report thereon dated December 14, 1998. I conducted my 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 Cheneyville, Louisiana's general purpose financial statements and combining and individual fund and account group financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance that are required to be reported under Government Auditing Standards.

Finding

State law requires the Town's fiscal depository pledge securities when combined with FDIC insurance must exceed the municipalities funds on deposit. During the current fiscal year this legal requirement was not met.

Plan of Action

In all future years, under supervision of the Mayor, the Town Clerk will, on a monthly basis, request from the financial institution a schedule of pledged securities and compare the fair market value of the securities to the total amount of deposits held in the name of the Town of Cheneyville, Louisiana.

Finding

State law requires the Town audit to be completed within six months of the close of the fiscal year. The field work for the audit was completed within the six month period. However, the report was not released by the auditor until January 1999.

Plan of Action

The auditor has assured the Mayor that the next year's audit will be completed before December 1, or he will withdraw from the engagement allowing enough time for the Town to engage another auditing firm which will complete the audit by December 31, 1999.

Finding

The Town did not make all required transfers as required by the Bond Indentures of the outstanding Water Revenue Bonds. Only six transfers were made to the Water Reserve Fund. The amount not transferred amounted to \$321. The lack of transfers to the Water Reserve Fund did not cause any bond principal or interest to go unpaid.

Plan of Action

The Mayor will make sure that all transfers are made timely.

Internal Control Over Financial Reporting

In planning and performing my audit of the general purpose financial statements and combining and individual fund and account group financial statements, I considered the Town of Cheneyville, Louisiana's, internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose of expressing my opinion on the general purpose financial statements and the combining and individual fund and account group financial statements and not to provide assurance on the internal control structure over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the Town of Cheneyville, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements and the combining and individual fund and account group financial statements.

Reportable Conditions

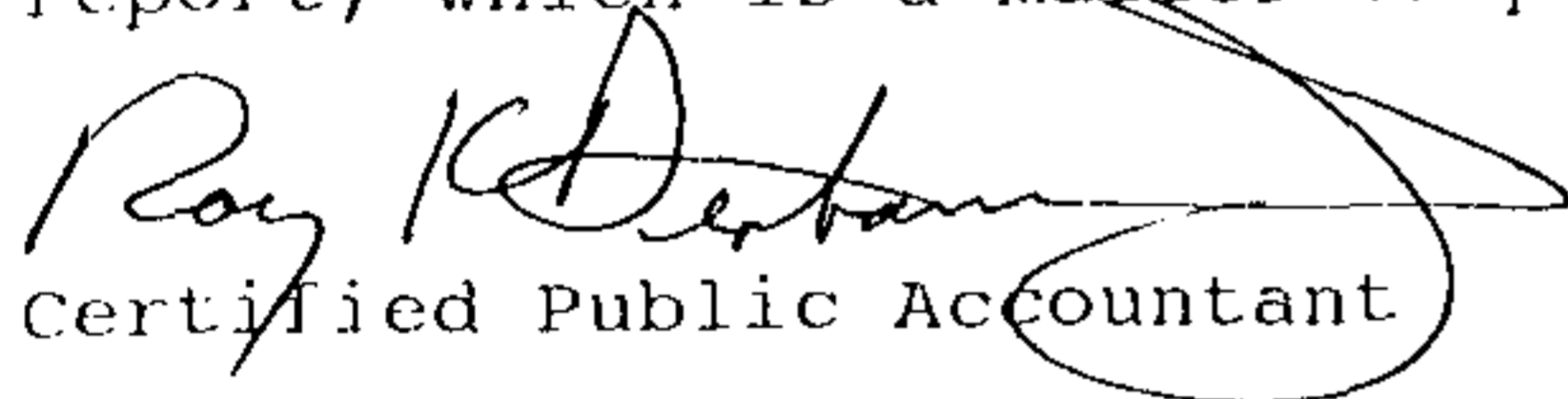
1. Inadequate segregation of duties. Due to the size of the Town's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.
2. Inadequate controls over safeguarding loss of assets due to failure of the Town's fiscal depository. The amount under secured

was \$62,865, which was considered to be a material amount. Please see the finding and plan of action found above under compliance of laws and regulations.

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 and combining and individual fund and account group financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, the reportable conditions described above are considered to be material weaknesses.

I have reported the above weakness involving the internal control structure and its operation to the management of the Town of Cheneyville, Louisiana, in separate letter dated December 30, 1998.

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


Certified Public Accountant

Alexandria, Louisiana
December 30, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

TOWN CHENEYVILLE, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1998

GOVERNMENTAL FUND TYPES

	GENERAL FUND	CAPITAL PROJECTS FUNDS
ASSETS AND OTHER DEBITS		
Cash	\$ 131,321	\$ 0
Property Taxes Receivable	598	0
<i>Intergovernmental Taxes Receivable</i>	12,816	0
Franchise Fees Receivable	4,706	0
Intergovernmental Funds Receivable	0	0
Customer Accounts Receivable	1,977	0
Overpayment of Payroll Taxes	0	0
Due from Other Funds	15,081	0
Restricted Assets		
Cash	0	0
Land	0	0
Plant and Equipment, net	0	0
Amount to be Provided for Payment of Lease	0	0
TOTAL ASSETS AND OTHER DEBITS	\$ 166,499	\$ 0

The accompanying notes are an

PROPRIETARY FUND TYPE	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	1998	1997
ENTERPRISE FUNDS				
\$ 50,317	\$ 0	\$ 0	\$ 181,638	\$ 163,005
0	0	0	598	55
0	0	0	12,816	11,225
0	0	0	4,706	4,356
0	0	0	0	1,480
18,082	0	0	20,059	18,747
0	0	0	0	0
12,225	0	0	27,306	26,851
62,564	0	0	62,564	81,365
21,660	17,650	0	39,310	39,310
1,589,586	376,820	0	1,966,406	2,004,160
0	0	0	0	8,801
-----	-----	-----	-----	-----
\$1,754,434	\$ 394,470	\$ 0	\$2,315,403	\$2,359,355
=====	=====	=====	=====	=====

(Continued)

integral part of this statement.

TOWN CHENEYVILLE, LOUISIANA

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

GOVERNMENTAL FUND TYPES

	GENERAL FUND	CAPITAL PROJECTS FUNDS
LIABILITIES, EQUITY AND OTHER CREDITS		
LIABILITIES AND OTHER CREDITS		
Accounts Payable	\$ 5,544	\$ 0
Accrued Expenses	3,737	0
Payable from Restricted Assets:		
Revenue Bonds	0	0
Accrued Interest	0	0
Customer Deposits	0	0
Capital Lease Payable	0	0
Due to Other Funds	7,425	0
Revenue Bonds Payable	0	0
	-----	-----
Total Liabilities and other credits	16,706	0
EQUITY AND OTHER CREDITS		
Contributed Capital	0	0
Investment in General Fixed Assets	0	0
Retained Earnings:		
Reserved for Revenue Bond Retirement	0	0
Unreserved - Undesignated	0	0
Fund Balances		
Unreserved		
Designated for subsequent Years Expenditures	0	0
Undesignated	149,793	0
	-----	-----
Total Equity and Other Credits	149,793	0
	-----	-----
TOTAL LIABILITIES AND FUND BALANCE	\$ 166,499	\$ 0
	=====	=====

The accompanying notes are an

PROPRIETARY FUND TYPE	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	1998	1997
ENTERPRISE FUND				
\$ 2,919	\$ 0	\$ 0	\$ 8,463	\$ 8,097
1,295	0	0	5,032	5,122
19,881	0	0	19,881	17,955
3,610	0	0	3,610	3,922
14,291	0	0	14,291	13,541
0	0	0	0	8,801
18,166	0	0	25,591	26,850
342,589	0	0	342,589	361,732
-----	-----	-----	-----	-----
402,751	0	0	419,457	446,020
920,293	0	0	920,293	972,773
0	394,470	0	394,470	383,839
46,651	0	0	46,651	45,947
384,739	0	0	384,739	398,586
0	0	0	0	0
0	0	0	149,793	112,190
-----	-----	-----	-----	-----
1,351,683	394,470	0	1,895,946	1,913,335
-----	-----	-----	-----	-----
\$1,754,434	\$ 394,470	\$ 0	\$2,315,403	\$2,359,355
=====	=====	=====	=====	=====

integral part of this statement.

TOWN CHENEYVILLE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 JUNE 30, 1998

	GOVERNMENTAL ----- GENERAL FUND -----
REVENUES	
Taxes Collected	\$ 137,719
Licenses, Permits and Franchise Fees	42,676
Fines and Forfeitures	79,951
Intergovernmental	1,935
Charges for Services	19,081
Grant Revenues	16,489
Interest	2,811
Rental	3,900
Miscellaneous	9,076

Total Revenues	313,638
EXPENDITURES	
CURRENT	
General Government	86,978
Public Safety	
Police	106,382
Volunteer Fire Dept.	0
Streets and Sanitation	69,045
Recreation	3,833
Lincoln Williams	6,319
DEBT SERVICE	8,436
CAPITAL OUTLAYS	11,631

Total Expenditures	292,624

EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	21,014
OTHER FINANCING SOURCES (USES)	
Proceeds from Long-term Lease	0
Operating Transfers In	15,400

Total Other Financing Sources (Uses)	15,400

EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	36,414
FUND BALANCE, BEGINNING	112,190

FUND BALANCE, ENDING	\$ 148,604 =====

The accompanying notes are an

FUND TYPES	TOTALS (MEMORANDUM ONLY)	
	1998	1997
CAPITAL PROJECTS		
\$ 0	\$ 137,719	\$ 123,594
0	42,676	34,165
0	79,951	51,428
0	1,935	8,943
0	19,081	21,327
0	16,489	22,697
0	2,811	2,110
0	3,900	3,820
0	9,076	9,368
0	313,638	277,452
0	86,978	67,279
0	106,382	81,878
0	0	3,035
0	69,045	77,920
0	3,833	1,860
0	6,319	7,445
0	8,436	9,203
0	11,631	21,643
0	292,624	270,263
0	21,014	7,189
0	0	0
0	15,400	13,250
0	15,400	13,250
0	36,414	20,439
0	112,190	91,751
\$ 0	\$ 148,604	\$ 112,190

integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1997

	1998		VARIANCE FAVORABLE (UNFAVOR.)	1997 ACTUAL
	BUDGET	ACTUAL		
REVENUES				
Taxes Collected	\$ 9,800	\$ 11,319	\$ 1,519	\$ 13,233
Sales Taxes Collected	106,000	119,793	13,793	110,361
Tobacco Taxes	5,000	5,228	228	5,228
Beer Taxes	2,000	1,379	(621)	1,749
Occupational Licenses	15,500	16,222	722	12,712
Franchise Fees	24,065	26,454	2,389	21,453
Mowing State Highway	0	3,934	3,934	2,234
Video Poker Revenue	3,000	1,935	(1,065)	1,966
Grant Revenue - RPPJ	0	9,503	9,503	0
Grant Revenue - Rural Dev.	25,000	4,111	(20,889)	21,514
Grant Revenue - Summer	0	2,875	2,875	1,183
Garbage Collection Fee	22,000	19,081	(2,919)	21,327
Hauling and Mowing	1,200	0	(1,200)	1,330
Entex Collection	600	600	0	600
Fines and Forfeitures	75,000	79,951	4,951	51,428
Interest Income	1,800	2,811	1,011	2,110
Rental Income	4,600	3,900	(700)	3,820
Rapides Parish Police				
Jury - Vol. Fire Dept.	3,035	0	(3,035)	0
Miscellaneous	3,000	5,731	2,731	5,204
Total Revenues	301,600	314,827	13,227	277,452
EXPENDITURES				
CURRENT				
General Government	105,600	82,891	22,709	67,279
Public Safety				
Police	82,070	106,382	(24,312)	81,878
Vol. Fire Dept.	0	0	0	3,035
Streets and Sanitation	114,500	69,045	45,455	77,920
Recreation	0	3,833	(3,833)	1,860
Lincoln Williams	0	6,319	(6,319)	7,445
Rural Development	0	4,087	(4,087)	0
DEBT SERVICE	9,200	8,436	764	9,203
CAPITAL OUTLAYS	9,000	11,631	(2,631)	21,643
Total Expenditures	320,370	292,624	27,746	270,263
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (18,770)	\$ 22,203	\$ 40,973	\$ 7,189

The accompanying notes are an integral part of this statement.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1997
(CONTINUED)

	1998		VARIANCE FAVORABLE (UNFAVOR.)	1997 ACTUAL
	BUDGET	ACTUAL		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES (CONTINUED FROM THE PREVIOUS PAGE)	\$ (18,770)	\$ 22,203	\$ 40,973	\$ 7,189
OTHER FINANCING SOURCES				
Proceeds from Long- Term Lease	0	0	0	0
Operating Transfers In	25,000	15,400	(9,600)	13,250
Total Other Financing Sources	25,000	15,400	(9,600)	13,250
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	6,230	37,603	31,373	20,439
FUND BALANCE, BEGINNING	136,266	112,190	0	91,751
FUND BALANCE, ENDING	\$ 142,496 =====	\$ 149,793 =====	\$ 31,373 =====	\$ 112,190 =====

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 YEARS ENDED JUNE 30, 1998 AND 1997

	1998	1997
	-----	-----
OPERATING REVENUES		
Charges for Services	\$ 151,586	\$ 142,678
OPERATING EXPENDITURES		
Salaries	40,259	42,060
Payroll Taxes	2,461	3,538
Bank Charges	0	0
Chemicals	5,916	4,064
Office and Postage	1,194	391
Repairs and Maintenance	5,132	3,851
Lab Reports	4,337	1,986
Materials and Supplies	7,824	2,770
Depreciation	94,435	92,085
Contractual Services	7,647	5,688
Utilities	14,536	11,172
Insurance	5,434	8,770
Truck Gas and Maintenance	465	1,421
Travel and Seminars	216	510
Telephone	0	29
Dues	344	176
Miscellaneous Taxes	643	0
Miscellaneous	186	120
Total Expenditures	----- 191,029	----- 178,631
OPERATING INCOME (LOSS)	(39,443)	(35,953)
NONOPERATING REVENUES (EXPENSES)		
Interest Income	3,381	3,140
Interest Expense	(18,248)	(18,489)
Total Nonoperating Revenues (Expenses)	----- (14,867)	----- (15,349)
INCOME BEFORE OPERATING TRANSFERS	(54,310)	(51,302)

The accompanying notes are an integral part of this statement.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 YEARS ENDED JUNE 30, 1998 AND 1997
 (CONTINUED)

	1997	1996
	-----	-----
(CONTINUED FROM THE PREVIOUS PAGE)		
INCOME BEFORE OPERATING TRANSFERS	\$ (54,310)	\$ (51,302)
OTHER FINANCING SOURCES (USES)		
Operating Transfers Out	(15,400)	(13,250)
	-----	-----
NET INCOME (LOSS)	(69,710)	(64,552)
DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS, AND SHARED REVENUES EXTERNALLY RESTRICTED FOR CAPITAL ACQUISITION AND CONSTRUCTION THAT REDUCES CONTRIBUTED CAPITAL	56,567	56,567
RETAINED EARNINGS, Beginning	444,533	452,518
	-----	-----
RETAINED EARNINGS, Ending	\$ 431,390	\$ 444,533
	=====	=====

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES

YEARS ENDED JUNE 30, 1998 AND 1997

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	1998	1997
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 151,586	\$ 142,678
Cash Payments to Suppliers for Goods and Services	(50,617)	(56,671)
Cash Payments to Employees for Services	(40,259)	(42,060)
	-----	-----
Net Cash Provided by Operating Activities	60,710	43,947
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Transfers Out to Other Funds	(15,400)	(13,250)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Net Change in Meter Deposits	750	1,160
Proceeds from Grants	0	23,251
Acquisition and Construction of Capital Assets	(46,050)	(25,009)
Principal Paid on Revenue Bond Maturities	(18,932)	(18,477)
Interest Paid on Revenue Bonds	(18,560)	(19,759)
	-----	-----
Net Cash Used for Capital and Related Financing Activities	(82,792)	(38,834)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on Investments	3,381	3,140
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(34,101)	(4,997)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	142,895	147,892
	-----	-----
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 108,794	\$ 142,895
	=====	=====

The accompanying notes are an integral part of this statement.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
 YEARS ENDED JUNE 30, 1998 AND 1997
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
 (CONTINUED)

	1998 -----	1997 -----
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Revenue	\$ (39,443)	\$ (35,953)
Ajustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	94,435	92,085
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(966)	(235)
(Increase) Decrease in Due from Other Funds	3,428	(11,098)
(Increase) Decrease in Prepaid Items	0	0
Increase (Decrease) in Accounts Payable	2,197	(845)
Increase (Decrease) in Accrued Expenses	1,059	(7)
Increase (Decrease) in Interest Payable	0	0
Increase (Decrease) in Contracts Payable	0	0
Total Adjustments	----- 100,153 -----	----- 79,900 -----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 60,710 =====	\$ 43,947 =====

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

1. FINANCIAL REPORTING ENTITY

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

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

2. FUND ACCOUNTING

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

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

(Continued)

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

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

GOVERNMENTAL FUNDS

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

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

PROPRIETY FUNDS

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

3. FIXED ASSETS AND LONG-TERM LIABILITIES

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

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

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

(Continued)

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. At June 30, 1998 all fixed assets were recorded based on historical cost.

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

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

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

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

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

(Continued)

TOWN OF CHENEYVILLE

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

(Continued)

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

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

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

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

4. BASIS OF ACCOUNTING

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

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

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

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

(Continued)

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

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

5. BUDGETS AND BUDGETARY ACCOUNTING

The Town follows the following procedures in establishing the budget:

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

6. INVENTORIES

Purchases of various operating supplies are regarded as expenditures at the time purchased. Inventories are stated at cost using the first in, first out method of pricing. Inventories are adjusted at year-end. At June 30, 1998, the cost of operating supplies on hand was considered immaterial and not recorded as assets.

7. INVESTMENTS

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

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

(Continued)

7. INVESTMENTS (Continued from the previous page)

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

8. RESTRICTED ASSETS

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

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

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

Cash and highly liquid investments that are both:

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

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

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

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

In accordance with the above criteria the Town has a liability that was considered immaterial in relation to the financial statements as of June 30, 1998.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

(Continued)

11. BAD DEBTS

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

12. RESERVES

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

13. ENCUMBRANCES

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

14. COMPARATIVE DATA

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

15. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

Total columns on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B. CASH AND SAVINGS

At year end, the carrying amount of the Town's deposits, checking, savings accounts, and certificates of deposits was \$242,963 and the bank balances were \$273,377. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

(Continued)

NOTE B. CASH AND SAVINGS (Continued from the previous page)

deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. These deposits are secured from risk by \$100,000 of Federal Depository Insurance and \$110,513 of pledged securities held by the custodial bank in the name of the fiscal agent. The remaining balance of \$62,865 was not secured by the pledge of securities and is a violation of state law.

NOTE C. AD VALOREM TAXES

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

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

For the year ended June 30, 1998, taxes of 8.25 mills were levied on property with assessed valuations totaling \$1,360,883 and were dedicated for general corporate purposes.

Total taxes levied were \$11,227 with uncollected taxes at June 30, 1998 of \$598.

NOTE D. INTERFUND RECEIVABLES, PAYABLES

Individual fund interfund receivables and payables balances at June 30, 1998, were as follows:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$15,081	\$7,425
Enterprise Funds		
Water Fund	12,225	0
Sewer Fund	<u>0</u>	<u>19,881</u>
Totals	<u>\$27,306</u>	<u>\$27,306</u>

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

(Continued)

NOTE E. INTERGOVERNMENTAL REVENUES

Intergovernmental receivables and revenues are comprised of the following:

	<u>RECEIVABLE</u>	<u>REVENUE</u>
General Fund		
Tobacco Taxes	\$ 1,307	\$5,228
Sales Taxes	11,333	123,470
Video Poker	<u>176</u>	<u>1,935</u>
Totals	<u>\$12,816</u>	<u>\$130,633</u>

NOTE F. UTILITY BILLINGS

The amounts due from customers for water, sewer and garbage billings as of June 30, 1998 was comprised of the following:

	<u>Amount</u>	<u>%</u>
Current Billings	\$15,036	96.78
Arrears	<u>501</u>	<u>3.22</u>
	\$15,537	<u>100.00</u>
Unbilled Receivables	<u>4,520</u>	
	<u>\$20,057</u>	

NOTE G. RESTRICTED ASSETS - PROPRIETARY FUND TYPES

Restricted assets consisted of cash and savings deposits in the following accounts at June 30, 1998.

	<u>Water System Fund</u>	<u>Sewer System Fund</u>	<u>Total</u>
Meter Deposit Fund	\$15,914	\$ 0	\$15,914
Water well Construction	4,918	0	4,918
Revenue Bond Sinking Fd.	190	13,017	13,207
Revenue Bond Reserve Fd.	22,556	525	23,081
Depreciation and Contingency Fund	<u>3,871</u>	<u>1,573</u>	<u>5,444</u>
Totals	<u>\$47,449</u>	<u>\$15,115</u>	<u>\$62,564</u>

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

(Continued)

NOTE H. FIXED ASSETS

A summary of changes in General Fixed Assets follows:

	Balance <u>07-01-97</u>	Additions	Deletions	Balance <u>06-30-98</u>
Land	\$ 17,650	\$ 0	\$ 0	\$ 17,650
Buildings	140,076	0	0	140,076
Vehicles	84,241	0	0	84,241
Office Equip.	31,355	0	0	31,355
Equipment	<u>110,517</u>	<u>11,631</u>	<u>1,000</u>	<u>121,148</u>
Totals	<u>\$383,839</u>	<u>\$11,631</u>	<u>\$1,000</u>	<u>\$394,470</u>

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

	<u>Water System Fund</u>			
	Balance <u>07-01-97</u>	Additions	Deletions	Balance <u>06-30-98</u>
Land	\$ 6,860	\$ 0	\$ 0	\$ 6,860
Wells, lines and equipment	<u>965,722</u>	<u>0</u>	<u>0</u>	<u>965,722</u>
	972,582	0	0	972,582
Less: Accumu- lated Derpn.	<u>246,652</u>	<u>32,278</u>	<u>0</u>	<u>278,930</u>
Totals	<u>\$725,930</u>	<u>\$32,278</u>	<u>\$0</u>	<u>\$693,652</u>

	<u>Sewer System Fund</u>			
	Balance <u>07-01-97</u>	Additions	Deletions	Balance <u>06-30-98</u>
Land	\$ 14,800	\$ 0	\$ 0	\$ 14,800
Plant, lines and equipment	<u>1,816,059</u>	<u>41,063</u>	<u>0</u>	<u>1,857,122</u>
	1,830,859	41,063	0	1,871,922
Less: Accumu- lated Derpn.	<u>897,158</u>	<u>62,043</u>	<u>0</u>	<u>959,201</u>
Totals	<u>\$933,701</u>	<u>\$20,980</u>	<u>\$0</u>	<u>\$912,721</u>

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

(Continued)

NOTE 1. CHANGES IN LONG-TERM DEBT

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

	Water Revenue Debt	Sewer Revenue Bonds	Total
Bonds Payable - 6-30-97	\$242,309	\$137,378	\$379,687
Bonds issued	0	0	0
Bonds retired	<u>4,477</u>	<u>15,000</u>	<u>19,477</u>
Bonds Payable - 6-30-98	<u>\$237,832</u>	<u>\$122,378</u>	<u>\$360,210</u>

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

Water Revenue Bonds:

\$256,500 of sewer revenue bonds dated June 23, 1995, due in monthly serial installments of \$1,300 through June, 2302, interest in 5.25 Percent \$238,378

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

Sewer Revenue Bonds:

\$335,000 of Sewer revenue bonds dated December 11, 1979, due in annual serial installments of \$5,000 to \$25,000 through December, 2004; interest at 5 percent. \$122,378

Interest cost incurred during the year ended June 30, 1998 amounted to \$11,792 and \$6,456 in the Water System Fund and the Sewer System Fund, respectively.

The annual requirements to amortize all debt outstanding as of June 30, 1998, including interest payments are as follows:

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

(Continued)

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

<u>Water Revenue Bonds</u>		
<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
1999	\$ 3,166	\$ 12,440
2000	3,336	12,269
2001	3,515	12,090
2002	3,705	11,900
2003	3,904	11,701
2002-2006	22,906	55,121
2007-2011	29,765	48,263
2012-2016	38,677	39,350
2017-2022	50,259	27,769
2023-2028	65,308	12,720
2029-2032	<u>13,837</u>	<u>364</u>
	\$238,378	\$243,987

<u>Sewer Revenue Bonds</u>		
<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
1999	\$ 15,000	\$ 6,119
2000	20,000	5,369
2001	20,000	4,369
2002	20,000	3,369
2003	20,000	2,369
2004-2005	<u>27,378</u>	<u>1,738</u>
	\$122,378	\$23,333

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

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

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

- a) Each month, beginning on July 23, 1995, and each successive 23rd of the month an amount equal to \$1,300.46 shall be paid to Farmers Home Administration in payment of principal and interest. The installments of principal and interest may be prepaid at any time.
- b) Each month, \$66 is required to be paid monthly into a separate fund entitled the "Revenue Bond Reserve Fund".

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

(Continued)

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

- c) Also each month, funds of \$70.00 shall be transferred into a separate bank account entitled "Depreciation and Contingency Fund". Money in this fund may be used to care for depreciation, extensions, additions, improvement and replacements necessary to properly operate the sewer system. The monies may also be used to pay the principal and interest on the bonds if there are not sufficient funds in the other bond funds.

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

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

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

- b) Each month there will be set aside into a fund called the "Revenue Bond Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and 1/6 of the next maturing installment of interest on the outstanding bonds.
- c) Next, there shall be transferred monthly from the Revenue Fund into a "Revenue Bond Reserve Fund" a sum at least equal to 5% of the amount required to be paid monthly into the Bond Sinking Fund. Payments into said fund are to continue until such time as there has been accumulated the sum of \$24,000. Such amount may be used solely for the purpose of paying the principal of and interest on bonds whenever and to the extent necessary to prevent default.
- d) Funds will also be set aside into a "Depreciation and Contingencies Fund" at a rate of \$104 per month. Money in this fund may be used to care for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the System. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

(Continued)

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

The Town also entered into a lease to purchase a police car with a monthly payment of \$767 per month which includes principal and interest. At June 30, 1998 the principal due in twelve months was \$8,285. This 36 month lease with interest at 7.25% expires June 1, 1998.

NOTE J. RETIREMENT COMMITMENTS

As of June 30, 1998 all employees of the Town are members of the Social Security System. Town is not liable for any other retirement commitments.

NOTE K. CONTINGENT LIABILITIES AND SUBSEQUENT EVENTS

At June 30, 1998 the Town was not involved in litigation.

NOTE L. AMORTIZATION OF CONTRIBUTED CAPITAL

External contributions of capital relating to the acquisition of plant and equipment for the Water System Fund and the Sewer System Fund (proprietary funds) are being amortized over periods equal to the lives of assets acquired with such contributions of capital. During the year ended June 30, 1998 amortization amounted to \$11,590 and \$44,977, for the Water System Fund and The Sewer System Fund, respectively.

NOTE M. DEFICIT FUND BALANCE

There were no deficit fund balances in any of the Town's funds at June 30, 1998.

NOTE N. EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 1998 the following funds had incurred expenditures in excess of appropriations.

Sewer Fund	\$50,276
Water Fund	\$20,221

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

(Continued)

NOTE O. COMPENSATION PAID BOARD MEMBERS

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

Ruby Hawkins	\$ 3,410
Isreal Jones	1,200
Ollie Crittle	900
Elizabeth Grimble	900
Shirley Wade	900
Ambrose Jackson	<u>900</u>
Totals	<u>\$8,210</u>

NOTE P. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Town maintains two enterprise funds. Segment information for the year ended June 30, 1998 follows:

	Water System Fund	Sewer System Fund	Totals
Operating revenues	\$ 74,613	\$ 76,972	\$ 151,585
Depreciation	32,278	62,043	94,321
Operating income (loss)	(2,578)	(40,280)	(42,858)
Current capital contrib.	0	0	0
Plant, property and equip., net additions	0	41,063	41,063
Net working capital	64,642	(8,121)	56,521
Total assets	807,521	942,040	1,749,561
Long-term liabilities from operating revenue	238,378	22,378	260,756
Total Equity	552,834	793,976	1,346,810

NOTE Q. LEASE REVENUE

The Town (lessor) entered into a twelve month lease with Cenla Community Action Committee, Inc. (lessee). The lease is for equal monthly payments of \$300. The lease has an option for two additional years until March 31, 1998. The lease is on the lunchroom building at Lincoln Williams Elementary School. Future minimum rental income to be received as per the above lease is \$6,300 as of June 30, 1998.

NOTE R. RURAL DEVELOPMENT GRANT

The Town received \$3,486 in grant funds for sewer flow meter. Expenditures for sewer flow meter during the fiscal year was \$4,087.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

(Continued)

NOTE S. SUMMER ENRICHMENT PROGRAM GRANT

The Town received a \$3,833 grant in July 1997 for the presentation of the arts to the youths of the Town. The Town expended \$3,833 in July and August of 1997.

NOTE T. Y2K

The Year 2000 does not pose a problem for the accounting system of the Town of Cheneyville, Louisiana. However, the Town receives a substantial amount of its revenues from other governmental units and relies on these units as well as private sources for billing information and collection of monies which belong to the Town. If these other private and governmental units are not 2000 Year ready this could cause a disruption of funds. However, at this time it is not believed to be severe to cause a cessation of services.

FINANCIAL STATEMENTS
OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS

GENERAL FUND

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

TOWN OF CHENEYVILLE, LOUISIANA

GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 1998 AND 1997

	1998	1997
	-----	-----
ASSETS		
ASSETS		
Cash	\$ 131,321	\$ 101,475
Property Taxes Receivable	598	55
Intergovernmental Taxes Receivable	12,816	11,225
Franchise Fees Receivable	4,706	4,356
Intergovernmental	0	1,480
Customer Accounts	1,977	1,631
Overpayment of Payroll Taxes	0	0
Due from Sewer Fund	15,081	13,140
	-----	-----
TOTAL ASSETS	\$ 166,499	\$ 133,362
	=====	=====
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 5,544	\$ 7,375
Accrued Expenses	3,737	4,886
Due to Water Fund	7,425	8,911
	-----	-----
Total Liabilities	16,706	21,172
FUND BALANCE		
Undesignated	149,793	112,190
	-----	-----
Total Fund Balance	149,793	112,190
	-----	-----
TOTAL LIABILITIES AND FUND BALANCE	\$ 166,499	\$ 133,362
	=====	=====

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE --
 BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 1998
 WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1997

	1998		VARIANCE	1997
	BUDGET	ACTUAL	FAVORABLE (UNFAVOR.)	ACTUAL
REVENUES				
Taxes Collected	\$ 9,800	\$ 11,319	\$ 1,519	\$ 13,233
Sales Taxes Collected	106,000	119,793	13,793	110,361
Tobacco Taxes	5,000	5,228	228	5,228
Beer Taxes	2,000	1,379	(621)	1,749
Occupational Licenses	15,500	16,222	722	12,712
Franchise Fees	24,065	26,454	2,389	21,453
Mowing	0	3,934	3,934	2,234
Video Poker Revenue	3,000	1,935	(1,065)	1,966
Grant Revenue - RPPJ	0	9,503	9,503	0
Grant Revenue - Rural Dev.	25,000	4,111	(20,889)	21,514
Grant Revenue - Summer	0	2,875	2,875	1,183
Garbage Collection Fee	22,000	19,081	(2,919)	21,327
Housing Authority	1,200	0	(1,200)	1,330
Entex Collection	600	600	0	600
Fines and Forfeitures	75,000	79,951	4,951	51,428
Interest Income	1,800	2,811	1,011	2,110
Rental Income	4,600	3,900	(700)	3,820
Rapides Parish Police				
Jury - Vol. Fire Dept.	3,035	0	(3,035)	0
Miscellaneous	3,000	5,731	2,731	5,204
Total Revenues	301,600	314,827	13,227	277,452
EXPENDITURES				
CURRENT				
General Government	105,600	82,891	22,709	67,279
Public Safety				
Police	82,070	106,382	(24,312)	81,878
Vol. Fire Dept.	0	0	0	3,035
Streets and Sanitation	114,500	69,045	45,455	77,920
Recreation	0	3,833	(3,833)	1,860
Lincoln Williams	0	6,319	(6,319)	7,445
Rural Development	0	4,087	(4,087)	0
DEBT SERVICE	9,200	8,436	764	9,203
CAPITAL OUTLAYS	9,000	11,631	(2,631)	21,643
Total Expenditures	320,370	292,624	27,746	270,263
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(18,770)	22,203	40,973	7,189

The accompanying notes are an integral part of this statement.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 1998
 WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1997
 (CONTINUED)

	1998		VARIANCE FAVORABLE (UNFAVOR.)	1997 ACTUAL
	BUDGET	ACTUAL		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES (CONTINUED FROM THE PREVIOUS PAGE)	\$ (18,770)	\$ 22,203	\$ 40,973	\$ 7,189
OTHER FINANCING SOURCES				
Proceeds from Long- Term Lease	0	0	0	0
Operating Transfers In	25,000	15,400	(9,600)	13,250
Total Other Financing Sources	25,000	15,400	(9,600)	13,250
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	6,230	37,603	31,373	20,439
FUND BALANCE, BEGINNING	136,266	112,190	0	91,751
FUND BALANCE, ENDING	\$ 142,496	\$ 149,793	\$ 31,373	\$ 112,190

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 1998
 WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1997

1998

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVOR.)	1997 ACTUAL
GENERAL GOVERNMENT				
Mayor and Alderpersons	\$ 8,000	\$ 8,209	\$ (209)	\$ 7,888
Salaries	14,000	10,973	3,027	11,590
Payroll Taxes	2,400	1,458	942	1,272
Election Costs	0	236	(236)	0
Executive Expense	0	250	(250)	859
Legal and Professional	22,000	17,664	4,336	12,172
Building Maintenance	2,000	3,898	(1,898)	589
City Hall Supplies	2,000	158	1,842	1,415
Dues and Subscriptions	1,700	920	780	989
Insurance	34,000	17,203	16,797	6,857
Corner	600	600	0	0
Miscellaneous	1,000	560	440	1,815
Printing and Publishing	2,400	1,286	1,114	1,413
Office	4,000	7,055	(3,055)	5,267
Tax Assessor Fees	800	606	194	713
Utilities	6,500	4,404	2,096	8,305
Travel and Seminars	1,200	2,863	(1,663)	1,058
Telephone	3,000	3,140	(140)	3,039
Contract Services	0	1,408	(1,408)	2,038
Total General Govern- ment Expenditures	\$ 105,600 =====	\$ 82,891 =====	\$ 22,709 =====	\$ 67,279 =====
PUBLIC SAFETY				
POLICE DEPARTMENT				
Salaries	\$ 48,500	\$ 71,772	\$ (23,272)	\$ 51,822
Payroll Taxes	4,800	4,977	(177)	3,385
Equipment and Supplies	5,270	6,117	(847)	5,658
Automobile	7,000	11,374	(4,374)	6,695
Prisoner Expense	300	3,780	(3,480)	440
Trainning	3,500	135	3,365	376
Fine Costs	1,000	9	991	13
Insurance	8,000	4,715	3,285	9,218
Telephone	1,500	1,323	177	1,471
Uniforms	1,000	1,749	(749)	763
Animal Control	150	50	100	0
Miscellaneous	1,050	381	669	2,037
Total Police Dept. Expenditures	\$ 82,070 =====	\$ 106,382 =====	\$ (24,312) =====	\$ 81,878 =====

(Continued)

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 1998
 WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1997
 (CONTINUED)

	1998		VARIANCE	1997
	BUDGET	ACTUAL	FAVORABLE (UNFAVOR.)	ACTUAL
PUBLIC SAFETY				
Volunteer Fire Dept.	\$ 0	\$ 0	\$ 0	\$ 3,035
STREETS AND SANITATION				
Salaries	\$ 25,000	\$ 23,433	\$ 1,567	\$ 20,870
Payroll Taxes	2,500	1,579	921	1,363
Radio Expenditures	0	128	(128)	0
Truck and Tractor	5,500	1,525	3,975	4,838
Materials and Supplies	35,000	6,729	28,271	16,500
Insurance	8,000	3,967	4,033	5,663
Dump Fees and Recycle	23,000	21,569	1,431	22,445
Utilities	10,000	9,451	549	4,722
Travel	500	12	488	0
Mowing	1,000	0	1,000	20
Tree and Debris Removal	2,000	243	1,757	0
Engineering Fees	1,000	0	1,000	444
Miscellaneous	1,000	409	591	1,055
Total Highway and Street Expenditures	\$ 114,500	\$ 69,045	\$ 45,455	\$ 77,920
RECREATION - SUPPLIES	\$ 0	\$ 3,833	\$ (3,833)	\$ 1,860
LINCOLN WILLIAMS	\$ 0	\$ 6,319	\$ (6,319)	7,445
RURAL DEVELOPMENT GRANT - SEWER FLOW PUMP	\$ 0	\$ 4,087	\$ (4,087)	\$ 0
DEBT SERVICE				
Public Safety	\$ 9,200	\$ 8,436	\$ 764	\$ 9,203
CAPITAL OUTLAYS	\$ 9,000	\$ 11,631	\$ (2,631)	\$ 21,643
TOTAL EXPENDITURES	\$ 320,370	\$ 288,537	\$ 31,833	\$ 267,228

The accompanying notes are an integral part of this statement.

ENTERPRISE FUNDS

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

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS
 COMBINING BALANCE SHEET - ALL PROPRIETARY FUND TYPES
 JUNE 30, 1998 AND 1997

	WATER SYSTEM	SEWER SYSTEM
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash	\$ 44,896	\$ 5,421
Accounts Receivable	9,299	8,783
Due from Other Funds	12,225	0
	-----	-----
Total Current Assets	66,420	14,204
RESTRICTED ASSETS		
Customer Deposits	15,914	0
Construction Account	4,918	0
Bond and Interest Sinking Fund	190	13,017
Bond Reserve Fund	22,556	525
Bond Depreciation and Contingencies Fund	3,871	1,573
	-----	-----
Total Restricted Assets	47,449	15,115
PLANT AND EQUIPMENT		
Systems - at Cost, Net of Accumulated Depreciation (1998 - \$1,238,131 and 1997 - \$1,144,116)	686,792	902,794
Land	6,860	14,800
	-----	-----
Total Plant and Equipment	693,652	917,594
	-----	-----
TOTAL ASSETS	\$ 807,521	\$ 946,913
	=====	=====

The accompanying notes are

1998	1997
-----	-----
\$ 50,317	\$ 61,530
18,082	17,116
12,225	13,711
80,624	92,357
15,914	14,777
4,918	4,918
13,207	299
23,081	48,694
5,444	12,677
62,564	81,365
1,589,586	1,637,971
21,660	21,660
1,611,246	1,659,631
\$1,754,434	\$1,833,353
=====	=====

an intergral part of this statement.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS
 COMBINING BALANCE SHEET - ALL PROPRIETARY FUND TYPES
 JUNE 30, 1998 AND 1997

	WATER SYSTEM	SEWER SYSTEM
	-----	-----
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)		
Accounts Payable	\$ 1,034	\$ 1,885
Accrued Expenses	745	550
Due to Other Funds	0	19,881
	-----	-----
Total Current Assets	1,779	22,316
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)		
Customer Deposits	14,291	0
Revenue Bonds Payable	3,166	15,000
Accrued Interest Payable	240	3,370
	-----	-----
Total Restricted Assets	17,697	18,370
LONG-TERM LIABILITIES		
Revenue Bonds Payable	235,211	107,378
	-----	-----
Total Liabilities	254,687	148,064
FUND EQUITY		
Contributed Capital (Net of Accumulated Amortization)	340,009	580,284
Retained Earnings		
Reserved	31,536	15,115
Unreserved	181,289	203,450
	-----	-----
Total Retained Earnings	212,825	218,565
	-----	-----
Total Fund Equity	552,834	798,849
	-----	-----
TOTAL LIABILITIES AND FUND EQUITY	\$ 807,521	\$ 946,913
	=====	=====

The accompanying notes are

1998	1997
-----	-----
\$ 2,919	\$ 722
1,295	236
19,881	17,939
24,095	18,897
14,291	13,541
18,166	17,955
3,610	3,922
36,067	35,418
342,589	361,732
402,751	416,047
920,293	972,773
46,651	45,947
384,739	398,586
431,390	444,533
1,351,683	1,417,306
\$1,754,434	\$1,833,353
=====	=====

an intergral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 YEARS ENDED JUNE 30, 1998 AND 1997

	WATER SYSTEM	SEWER SYSTEM
OPERATING REVENUES		
Charges for Services	\$ 74,613	\$ 76,973
OPERATING EXPENDITURES		
Salaries	19,808	20,451
Payroll Taxes	1,200	1,261
Bank Charges	0	0
Chemicals	1,203	4,713
Office and Postage	594	600
Repairs and Maintenance	1,219	3,913
Lab Reports	0	4,337
Materials and Supplies	2,845	4,979
Depreciation	32,278	62,157
Contractual Services	6,854	793
Utilities	6,311	8,225
Insurance	2,605	2,829
Truck Gas and Maintenance	185	280
Travel and Seminars	63	153
Telephone	0	0
Dues and Subscriptions	249	95
Miscellaneous Taxes	0	643
Miscellaneous	32	154
Total Expenditures	75,446	115,583
OPERATING INCOME (LOSS)	(833)	(38,610)
NONOPERATING REVENUES (EXPENSES)		
Interest Income	2,404	977
Interest Expense	(11,792)	(6,456)
Total Nonoperating Revenues (Expenses)	(9,388)	(5,479)
INCOME BEFORE OPERATING TRANSFERS	(10,221)	(44,089)

The accompanying notes are

1998	1997
-----	-----
\$ 151,586	\$ 142,678
40,259	42,060
2,461	3,538
0	0
5,916	4,064
1,194	391
5,132	3,851
4,337	1,986
7,824	2,770
94,435	92,085
7,647	5,688
14,536	11,172
5,434	8,770
465	1,421
216	510
0	29
344	176
643	0
186	120
-----	-----
191,029	178,631
-----	-----
(39,443)	(35,953)
3,381	3,140
(18,248)	(18,489)
-----	-----
(14,867)	(15,349)
-----	-----
(54,310)	(51,302)

an intergral part of this statement.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 YEARS ENDED JUNE 30, 1998 AND 1997
 (CONTINUED)

	WATER SYSTEM	SEWER SYSTEM
	-----	-----
(CONTINUED FROM THE PREVIOUS PAGE)		
INCOME BEFORE OPERATING TRANSFERS	\$ (10,221)	\$ (44,089)
OTHER FINANCING SOURCES (USES)		
Operating Transfers Out	(10,000)	(5,400)
	-----	-----
NET INCOME (LOSS)	(20,221)	(49,489)
DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS, AND SHARED REVENUES EXTERNALLY RESTRICTED FOR CAPITAL ACQUISITION AND CONSTRUCTION THAT REDUCES CON- TRIBUTED CAPITAL	11,590	44,977
RETAINED EARNINGS, Beginning	221,456	223,077
	-----	-----
RETAINED EARNINGS, Ending	\$ 212,825	\$ 218,565
	=====	=====

The accompanying notes are

1998	1997
-----	-----
\$ (54,310)	\$ (51,302)
(15,400)	(13,250)
-----	-----
(69,710)	(64,552)
56,567	56,567
444,533	452,518
-----	-----
\$ 431,390	\$ 444,533
=====	=====

an intergral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
 YEARS ENDED JUNE 30, 1998 AND 1997
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	WATER SYSTEM	SEWER SYSTEM
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 74,613	\$ 76,973
Cash Payments to Suppliers for Goods and Services	(21,279)	(29,338)
Cash Payments to Employees for Services	(19,808)	(20,451)
	-----	-----
Net Cash Provided by Operating Activities	33,526	27,184
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Transfers Out to Other Funds	(10,000)	(5,400)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Net Change in Meter Deposits	750	0
Proceeds from Grants	0	0
Acquisition and Construction of Capital Assets	0	(46,050)
Principal Paid on Revenue Bond Maturities	(3,932)	(15,000)
Interest Paid on Revenue Bonds	(11,691)	(6,869)
	-----	-----
Net Cash Used for Capital and Related Financing Activities	(14,873)	(67,919)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on Investments	2,404	977
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,057	(45,158)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	81,288	61,607
	-----	-----
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 92,345	\$ 16,449
	=====	=====

The accompanying notes are

1998	1997
-----	-----
\$ 151,586	142,678
(50,617)	(56,671)
(40,259)	(42,060)
-----	-----
60,710	43,947
(15,400)	(13,250)
750	1,160
0	23,251
(46,050)	(25,009)
(18,932)	(18,477)
(18,560)	(19,759)
-----	-----
(82,792)	(38,834)
3,381	3,140
-----	-----
(34,101)	(4,997)
142,895	147,892
-----	-----
\$ 108,794	\$ 142,895
=====	=====

an intergral part of this statement.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
 YEARS ENDED JUNE 30, 1998 AND 1997
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
 (CONTINUED)

	WATER SYSTEM -----	SEWER SYSTEM -----
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Revenue	\$ (833)	\$ (38,610)
Ajustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	32,278	62,157
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(464)	(502)
(Increase) Decrease in Due from Other Funds	1,486	1,942
(Increase) Decrease in Prepaid Items	0	0
Increase (Decrease) in Accounts Payable	550	1,647
Increase (Decrease) in Accrued Expenses	509	550
Increase (Decrease) in Interest Payable	0	0
Increase (Decrease) in Contracts Payable	0	0
Total Adjustments	----- 34,359 -----	----- 65,794 -----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 33,526 =====	\$ 27,184 =====

The accompanying notes are

<u>1998</u>	<u>1997</u>
\$ (39,443)	\$ (35,953)
94,435	92,085
(966)	(235)
3,428	(11,098)
0	0
2,197	(845)
1,059	(7)
0	0
0	0
<u>100,153</u>	<u>79,900</u>
\$ 60,710 =====	\$ 43,947 =====

an intergral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUND
 WATER SYSTEM FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 1998 AND 1997

	1998	1997
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash	\$ 44,896	\$ 37,246
Accounts Receivable	9,299	8,835
Due from Other Funds	12,225	13,711
	-----	-----
Total Current Assets	66,420	59,792
RESTRICTED ASSETS		
Customer Deposit Account	15,914	14,777
Construction Account	4,918	4,918
Bond and Interest Sinking Fund	190	184
Bond Reserve Fund	22,556	21,213
Bond Depreciation and Contingencies Fund	3,871	2,950
	-----	-----
Total Restricted Assets	47,449	44,042
PLANT AND EQUIPMENT		
Water System - at Cost, Net of Accumulated Depreciation (1998 - \$278,930, and 1997 - \$246,652)	686,792	719,070
Land	6,860	6,860
	-----	-----
Total Plant and Equipment	693,652	725,930
	-----	-----
TOTAL ASSETS	\$ 807,521	\$ 829,764
	=====	=====

The accompanying notes are

	1998	1997
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)		
Accounts Payable	\$ 1,034	\$ 484
Accrued Expenses	195	236
Accrued Salaries Payable	550	0
	-----	-----
Total Current Liabilities (Payable from Current Assets)	1,779	720
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)		
Customer Deposits	14,291	13,541
Revenue Bonds Payable	3,166	2,955
Accrued Interest Payable	240	139
	-----	-----
Total Current Liabilities (Payable from Restricted Assets)	17,697	16,635
LONG-TERM LIABILITIES		
Revenue Bonds Payable	235,211	239,354
	-----	-----
Total Liabilities	254,687	256,709
FUND EQUITY		
Contributed Capital (Net of Accumulated Amortization)	340,009	351,599
RETAINED EARNINGS		
Reserved	31,536	27,407
Unreserved	181,289	194,049
	-----	-----
Total Retained Earnings	212,825	221,456
	-----	-----
Total Fund Equity	552,834	573,055
	-----	-----
TOTAL LIABILITIES AND FUND EQUITY	\$ 807,521	\$ 829,764
	=====	=====

an intergral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUND
WATER SYSTEM FUND

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

	1998	1997
	-----	-----
OPERATING REVENUES		
Charges for Services	\$ 74,613	\$ 69,713
OPERATING EXPENDITURES		
Salaries	19,808	20,021
Payroll Taxes	1,200	1,811
Chemicals	1,203	421
Office and Postage	594	243
Repairs and Maintenance	1,219	1,339
Lab Reports	0	1,136
Materials and Supplies	2,845	401
Depreciation	32,278	32,967
Contractual Services	6,854	2,137
Utilities	6,311	5,676
Insurance	2,605	4,853
Truck Gas and Maintenance	185	705
Travel and Seminars	63	510
Dues and Subscriptions	249	0
Miscellaneous	32	99
	-----	-----
Total Expenditures	75,446	72,319
	-----	-----
OPERATING INCOME (LOSS)	(833)	(2,606)
NONOPERATING REVENUES (EXPENSES)		
Interest Income	2,404	2,086
Interest Expense	(11,792)	(11,325)
	-----	-----
Total Nonoperating Revenues (Expenses)	(9,388)	(9,239)
	-----	-----
INCOME BEFORE OPERATING TRANSFERS	(10,221)	(11,845)

The accompanying notes are an integral part of this statement.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUND
WATER SYSTEM FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS - PROPRIETARY FUND TYPE
YEARS ENDED JUNE 30, 1998 AND 1997
(CONTINUED)

	1998	1997
	-----	-----
(CONTINUED FROM THE PREVIOUS PAGE)		
INCOME BEFORE OPERATING TRANSFERS	\$ (10,221)	\$ (11,845)
OTHER FINANCING SOURCES (USES)		
Operating Transfers Out	(10,000)	(13,250)
	-----	-----
NET INCOME (LOSS)	(20,221)	(25,095)
DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS, AND SHARED REVENUES EXTERNALLY RESTRICTED FOR CAPITAL ACQUISITION AND AND CONSTRUCTION THAT REDUCES CONTRIBUTED CAPITAL	11,590	11,590
RETAINED EARNINGS, Beginning	221,456	234,961
	-----	-----
RETAINED EARNINGS, Ending	\$ 212,825	\$ 221,456
	=====	=====

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUND
WATER SYSTEM FUND

COMPARATIVE STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
YEARS ENDED JUNE 30, 1998 AND 1997
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	1998	1997
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 74,613	\$ 69,713
Cash Payments to Suppliers for Goods and Services	(21,279)	(27,194)
Cash Payments to Employees for Services	(19,808)	(20,021)
	-----	-----
Net Cash Provided by Operating Activities	33,526	22,498
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Transfers In/Out	(10,000)	(13,250)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Net Change in Meter Deposits	750	1,160
Proceeds from Grants	0	0
Acquisition and Construction of Capital Assets	0	0
Principal Paid on Revenue Bond Maturities	(3,932)	(3,477)
Interest Paid on Revenue Bonds	(11,691)	(12,141)
	-----	-----
Net Cash Used for Capital and Related Financing Activities	(14,873)	(14,458)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on Investments	2,404	2,086
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,057	(3,124)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	81,288	84,412
	-----	-----
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 92,345	\$ 81,288
	=====	=====

The accompanying notes are an integral part of this statement.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUND
WATER SYSTEM FUND

COMPARATIVE STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
YEARS ENDED JUNE 30, 1998 AND 1997
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
(CONTINUED)

	1998	1997
	-----	-----
RECONCILIATION OF OPERATING INCOME TO NET ACTIVITIES:		
Operating Revenue	\$ (833)	\$ (2,606)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	32,278	32,967
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(464)	(136)
(Increase) Decrease in Due from Other Funds	1,486	(7,147)
(Increase) Decrease in Prepaid Expenses	0	0
Increase (Decrease) in Accounts Payable	550	(573)
Increase (Decrease) in Accrued Expenses	509	(7)
Increase (Decrease) in Due to Other Funds	0	0
Increase (Decrease) in Contracts Payable	0	0
Increase (Decrease) in Interest Payable	0	0
Total Adjustments	----- 34,359	----- 25,104
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 33,526 =====	\$ 22,498 =====

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUND
SEWER SYSTEM FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 1998 AND 1997

	1998	1997
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash	\$ 5,421	\$ 24,284
Accounts Receivable	8,783	8,281
	-----	-----
Total Current Assets	14,204	32,565
RESTRICTED ASSETS		
Bond and Interest Sinking Fund	13,017	115
Bond Reserve Fund	525	27,481
Bond Depreciation and Contingencies Fund	1,573	9,727
	-----	-----
Total Restricted Assets	15,115	37,323
PLANT AND EQUIPMENT		
Sewer System - at Cost, Net of Accumulated Depreciation (1998 - \$959,315, and 1997 - \$897,158)	902,794	918,901
Land	14,800	14,800
	-----	-----
Total Plant and Equipment	917,594	933,701
	-----	-----
TOTAL ASSETS	\$ 946,913	\$1,003,589
	=====	=====

The accompanying notes are

	1998	1997
	-----	-----
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)		
Accounts Payable	\$ 1,885	\$ 238
Accrued Salaries Payable	550	0
Due to Other Funds	19,881	17,939
	-----	-----
Total Current Liabilities (Payable from Current Assets)	22,316	18,177
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)		
Revenue Bonds Payable	15,000	15,000
Accrued Interest Payable	3,370	3,783
	-----	-----
Total Current Liabilities (Payable from Restricted Assets)	18,370	18,783
LONG-TERM LIABILITIES		
Revenue Bonds Payable	107,378	122,378
	-----	-----
Total Liabilities	148,064	159,338
FUND EQUITY		
Contributed Capital (Net of Accumulated Amortization)	580,284	621,174
RETAINED EARNINGS		
Reserved	15,115	18,540
Unreserved	203,450	204,537
	-----	-----
Total Retained Earnings	218,565	223,077
	-----	-----
Total Fund Equity	798,849	844,251
	-----	-----
TOTAL LIABILITIES AND FUND EQUITY	\$ 946,913	\$1,003,589
	=====	=====

an intergral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUND
SEWER SYSTEM FUND

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

	1998	1997
	-----	-----
OPERATING REVENUES		
Charges for Services	\$ 76,973	\$ 72,965
OPERATING EXPENDITURES		
Salaries	20,451	22,039
Payroll Taxes	1,261	1,727
Chemicals	4,713	3,643
Office and Postage	600	148
Repairs and Maintenance	3,913	2,512
Lab Reports	4,337	850
Materials and Supplies	4,979	2,369
Depreciation	62,157	59,118
Contractual Services	793	3,551
Utilities	8,225	5,496
Insurance	2,829	3,917
Dues and Subscriptions	95	176
Truck Gas and Maintenance	280	716
Travel and Seminars	153	0
Telephone	0	29
Miscellaneous Taxes	643	0
Miscellaneous	154	21
	-----	-----
Total Expenditures	115,583	106,312
	-----	-----
OPERATING INCOME (LOSS)	(38,610)	(33,347)
NONOPERATING REVENUES (EXPENSES)		
Interest Income	977	1,054
Interest Expense	(6,456)	(7,164)
	-----	-----
Total Nonoperating Revenues (Expenses)	(5,479)	(6,110)
	-----	-----
INCOME BEFORE OPERATING TRANSFERS	(44,089)	(39,457)

The accompanying notes are an integral part of this statement.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUND
SEWER SYSTEM FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS - PROPRIETARY FUND TYPE
YEARS ENDED JUNE 30, 1998 AND 1997
(CONTINUED)

	1998	1997
	-----	-----
(CONTINUED FROM THE PREVIOUS PAGE)		
INCOME BEFORE OPERATING TRANSFERS	\$ (44,089)	\$ (39,457)
OTHER FINANCING SOURCES (USES)		
Operating Transfers Out	(5,400)	0
	-----	-----
NET INCOME (LOSS)	(49,489)	(39,457)
DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS, AND SHARED REVENUES EXTERNALLY RESTRICTED FOR CAPITAL ACQUISITION AND AND CONSTRUCTION THAT REDUCES CONTRIBUTED CAPITAL	44,977	44,977
RETAINED EARNINGS, Beginning	223,077	217,557
	-----	-----
RETAINED EARNINGS, Ending	\$ 218,565	\$ 223,077
	=====	=====

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUND
SEWER SYSTEM FUND

COMPARATIVE STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
YEARS ENDED JUNE 30, 1998 AND 1997
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	1998	1997
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 76,973	\$ 72,965
Cash Payments to Suppliers for Goods and Services	(29,338)	(29,477)
Cash Payments to Employees for Services	(20,451)	(22,039)
	-----	-----
Net Cash Provided by Operating Activities	27,184	21,449
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Transfers Out to Other Funds	(5,400)	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Grants	0	23,251
Acquisition and Construction of Capital Assets	(46,050)	(25,009)
Principal Paid on Revenue Bond Maturities	(15,000)	(15,000)
Interest Paid on Revenue Bonds	(6,869)	(7,618)
	-----	-----
Net Cash Used for Capital and Related Financing Activities	(67,919)	(24,376)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on Investments	977	1,054
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(45,158)	(1,873)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	61,607	63,480
	-----	-----
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 16,449	\$ 61,607
	=====	=====

The accompanying notes are an integral part of this statement.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUND
SEWER SYSTEM FUND

COMPARATIVE STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
YEARS ENDED JUNE 30, 1998 AND 1997
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
(CONTINUED)

	1998	1997
	-----	-----
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Revenue	\$ (38,610)	\$ (33,347)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	62,157	59,118
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(502)	(99)
(Increase) Decrease in Due from Other Funds	1,942	(3,951)
(Increase) Decrease in Prepaid Expenses	0	0
Increase (Decrease) in Accounts Payable	1,647	(272)
Increase (Decrease) in Accrued Expenses	550	0
Total Adjustments	----- 65,794	----- 54,796
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 27,184 =====	\$ 21,449 =====

The accompanying notes are an integral part of this statement.

GENERAL FIXED ASSET ACCOUNT GROUP

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

TOWN OF CHENEYVILLE, LOUISIANA
 COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
 JUNE 30, 1998 AND 1997

	1998	1997
	-----	-----
GENERAL FIXED ASSETS		
Land	\$ 17,650	\$ 17,650
Buildings	140,076	140,076
Vehicles	84,241	84,241
Equipment	121,148	110,517
Office Equipment	31,355	31,355
	-----	-----
TOTAL GENERAL FIXED ASSETS	\$ 394,470	\$ 383,839
	=====	=====
INVESTMENT IN GENERAL FIXED ASSETS		
General Fund Revenues	\$ 252,515	\$ 241,884
Federal and State Grants	141,955	141,955
	-----	-----
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	\$ 394,470	\$ 383,839
	=====	=====

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
 YEAR ENDED JUNE 30, 1998

	LAND	BUILDINGS
	-----	-----
GENERAL FIXED ASSETS, Beginning of Year	\$ 17,650	\$ 140,076
ADDITIONS	0	0
DEDUCTIONS	0	0
	-----	-----
GENERAL FIXED ASSETS, End of Year	\$ 17,650	\$ 140,076
	=====	=====

The accompanying notes are an

VEHICLES	EQUIPMENT	OFFICE EQUIPMENT	TOTALS
\$ 84,241	\$ 110,517	\$ 31,355	\$ 383,839
0	11,631	0	11,631
0	1,000	0	1,000
-----	-----	-----	-----
\$ 84,241	\$ 121,148	\$ 31,355	\$ 396,470
=====	=====	=====	=====

integral part of this statement.

GENERAL LONG-TERM DEBT

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

TOWN OF CHENEYVILLE, LOUISIANA
 STATEMENT OF GENERAL LONG-TERM DEBT
 YEAR ENDED JUNE 30, 1998
 WITH COMPARATIVE TOTALS FOR JUNE 30, 1997

	CAPITAL LEASE 1998	CAPITAL LEASE 1997
	-----	-----
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE PAYMENT OF GENERAL LONG- TERM DEBT		
AMOUNT TO BE PROVIDED FOR THE RETIREMENT OF DEBT FROM:		
General Fund Revenues	\$ 0	\$ 8,801
	-----	-----
GENERAL LONG-TERM DEBT PAYABLE		
AMOUNT DUE ON CAPITAL LEASE OF:		
Police Car	\$ 0	\$ 8,801
	=====	=====

The accompanying notes are an integral part of this statement.

9/21/98 11:35

Roy K. Derbonne, Jr.

Certified Public Accountant
1101-A Bolton Avenue
Alexandria, Louisiana 71301-6878

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

318-445-6778

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

In planning and performing my audit of the general purpose financial statements and the combining and individual fund and account group financial statements of the Town of Cheneyville, Louisiana, for the year ended June 30, 1998, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and the combining and individual fund and account group financial statements and not to provide assurance on the internal control structure. However, I noted two matters involving internal control structure and its operation that I consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect the Town of Cheneyville, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements and the combining and individual fund and account group financial statements.

Internal Control Findings

Finding

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

Plan of Action

As soon as it is feasible, the Town will employ another person in the Clerk's office to effect a segregation of duties.

Finding

State law requires that financial institutions secure deposits of the Town's monies on deposit, at all times, with a combination of FDIC insurance and a pledge of securities owned by the fiscal agent bank. At June 30, 1998, the Town had funds on deposit at the Farmer's Bank and Trust in the amount of \$273,377, which was covered by \$100,000 of FDIC insurance and \$110,513 of securities pledged to secure the Town's

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

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deposits. The remaining balance of \$62,865 was not secured and this is a violation of State law and due to the materiality of the amount, this is considered to be a material weakness in the internal control.

Plan of Action

The Mayor will supervise the Town Clerk, who will on a monthly basis request from the Farmers Bank and Trust a schedule of pledged securities. The Clerk will combine the fair market value of the securities and the \$100,000 of FDIC insurance and compare this to the total amount of funds the Town has on deposit. If the pledged securities and the FDIC insurance does not equal or exceed the amount of funds on deposit, the Clerk will then notify the Depository so that additional funds may be pledged to guarantee the Town funds on deposit.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in the amounts that would be material in relation to the general purpose financial statements and the combining and individual fund and account group financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

Compliance with Laws and Other Matters

Finding

State law requires the Town audit to be completed within six months of the close of the fiscal year. The field work for the audit was completed within the six month period. However, the report was not released by the auditor until January 1999.

Plan of Action

The auditor has assured the Mayor that the next year's audit will be completed before December 1, and he will withdraw for the engagement allowing enough time for the Town to engage another auditing firm which will complete the audit by December 31, 1999.

Y2K.

The year 2000 does not pose a problem for the accounting system of the Town. However, the Town receives a substantial amount of revenue from other governmental and private sources, which are believed to be Year 2000 ready. If these other governmental and private vendors are not 2000 Year ready, this could cause a significant disruption of services

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

Page 3

provided by the Town. Therefore, I recommend that the Town inquire in writing of the Year 2000 readiness of these outside sources. This information will provide confidence that the Town's funding will not be affected.

Plan of Action.

The Town Clerk will contact the outside vendors and government agencies to request written assurance as to their Year 2000 readiness.

Prior Year Comments:

Police Fines and Court Docket

Last year I suggested that it would facilitate the audit if the tickets were in the same order as the Court Docket and only one copy of the ticket were included in the envelope with the final printout of the Docket. This suggestion was followed and it did facilitate the audit process.

I wish to take this opportunity to thank the Mayor and your Town Clerk for their assistance in the audit process and making all records and information available to me and my staff.

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


Roy K. Derbonne, Jr.
Certified Public Accountant

December 30, 1998