

1996	1995
-----	-----
\$ (23,552)	\$ (40,468)
91,697	83,503
(906)	1,987
(5,845)	0
4,615	(283)
120	(3,822)
(4,929)	1,781
0	0
0	(10,858)
-----	-----
84,752	72,308
-----	-----
\$ 61,200	\$ 31,840
=====	=====

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, 1996 AND 1995

	1996	1995
	-----	-----
OPERATING REVENUES		
Charges for Services	\$ 74,923	\$ 75,879
OPERATING EXPENDITURES		
Salaries	18,660	22,526
Payroll Taxes	1,398	1,836
Bank Charges	119	0
Chemicals	1,444	0
Office and Postage	330	337
Repairs and Maintenance	1,114	24,344
Lab Reports	795	0
Materials and Supplies	610	2,242
Depreciation	58,591	54,223
Contractual Services	6,237	2,200
Utilities	7,379	6,443
Insurance	1,216	2,065
Dues and Subscriptions	179	0
Truck Gas and Maintenance	563	807
Travel and Seminars	50	0
Telephone	356	0
Miscellaneous	411	427
	-----	-----
Total Expenditures	99,452	117,450
	-----	-----
OPERATING INCOME (LOSS)	(24,529)	(41,571)
NONOPERATING REVENUES (EXPENSES)		
Interest Income	948	1,652
Interest Expense	(7,998)	(8,823)
Grant Proceeds	0	189,528
	-----	-----
Total Nonoperating Revenues (Expenses)	(7,050)	182,357
	-----	-----
INCOME BEFORE OPERATING TRANSFERS	(31,579)	140,786

The accompanying notes are an integral part of this statement.

(Continued)

	1996	1995
	-----	-----
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)		
Accounts Payable	\$ 510	\$ 619
Accrued Expenses	0	394
Due to Other Funds	21,891	23,301
	-----	-----
Total Current Liabilities (Payable from Current Assets)	22,401	24,314
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)		
Revenue Bonds Payable	15,000	15,000
Accrued Interest Payable	4,237	4,609
	-----	-----
Total Current Liabilities (Payable from Restricted Assets)	19,237	19,609
LONG-TERM LIABILITIES		
Revenue Bonds Payable	137,378	152,378
	-----	-----
Total Liabilities	179,016	196,301
FUND EQUITY		
Contributed Capital (Net of Accumulated Amortization)	644,658	689,635
RETAINED EARNINGS		
Reserved	16,324	6,678
Unreserved	201,233	197,481
	-----	-----
Total Retained Earnings	217,557	204,159
	-----	-----
Total Fund Equity	862,215	893,794
	-----	-----
TOTAL LIABILITIES AND FUND EQUITY	\$1,041,231	\$1,090,095
	=====	=====

an intergral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUND
SEWER SYSTEM FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 1996 AND 1995

	1996	1995
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash	\$ 27,919	\$ 19,115
Accounts Receivable	8,182	8,095
	-----	-----
Total Current Assets	36,101	27,210
RESTRICTED ASSETS		
Bond and Interest Sinking Fund	111	147
Bond Reserve Fund	26,799	26,140
Bond Depreciation and Contingencies Fund	8,651	8,438
	-----	-----
Total Restricted Assets	35,561	34,725
PLANT AND EQUIPMENT		
Sewer System - at Cost, Net of Accumulated Depreciation (1996 - \$838,040, and 1995 - \$ 779,448)	954,769	1,013,360
Land	14,800	14,800
	-----	-----
Total Plant and Equipment	969,569	1,028,160
	-----	-----
TOTAL ASSETS	\$1,041,231	\$1,090,095
	=====	=====

The accompanying notes are

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUND
WATER SYSTEM FUND

COMPARATIVE STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
YEARS ENDED JUNE 30, 1996 AND 1995
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
(CONTINUED)

	1996	1995
	-----	-----
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Revenue	\$ 977	\$ 1,103
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	33,105	29,280
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(819)	1,397
(Increase) Decrease in Due from Other Funds	(1,383)	0
(Increase) Decrease in Prepaid Expenses	3,392	(137)
Increase (Decrease) in Accounts Payable	229	(1,520)
Increase (Decrease) in Accrued Expenses	(3,312)	1,044
Increase (Decrease) in Due to Other Funds	(3,051)	0
Increase (Decrease) in Contracts Payable	0	(10,858)
Increase (Decrease) in Interest Payable	0	0
Total Adjustments	----- 28,161	----- 19,206
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 29,138 =====	\$ 20,309 =====

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, 1996 AND 1995
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	1996	1995
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 72,024	\$ 70,691
Cash Payments to Suppliers for Goods and Services	(24,855)	(29,785)
Cash Payments to Employees for Services	(18,031)	(20,597)
	-----	-----
Net Cash Provided by Operating Activities	29,138	20,309
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Transfers In/Out	(15,000)	(36,018)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Net Change in Meter Deposits	1,070	1,241
Proceeds from Grants	0	14,391
Acquisition and Construction of Capital Assets	0	(3,890)
Principal Paid on Revenue Bond Maturities	(4,710)	(6,004)
Interest Paid on Revenue Bonds	(13,498)	(26,970)
	-----	-----
Net Cash Used for Capital and Related Financing Activities	(17,138)	(21,232)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on Investments	2,430	2,714
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(570)	(34,227)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	84,982	119,209
	-----	-----
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 84,412	\$ 84,982
	=====	=====

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, 1996 AND 1995
(CONTINUED)

	1996	1995
	-----	-----
(CONTINUED FROM THE PREVIOUS PAGE)		
INCOME BEFORE OPERATING TRANSFERS	\$ (11,044)	\$ (5,895)
OTHER FINANCING SOURCES (USES)		
Operating Transfers Out	(15,000)	(34,744)
	-----	-----
NET INCOME (LOSS)	(26,044)	(40,639)
DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS, AND SHARED REVENUES EXTERNALLY RESTRICTED FOR CAPITAL ACQUI- SITION AND CONSTRUCTION THAT REDUCES CON- TRIBUTED CAPITAL	11,590	11,590
RETAINED EARNINGS, Beginning	249,415	278,464
	-----	-----
RETAINED EARNINGS, Ending	\$ 234,961	\$ 249,415
	=====	=====

The accompanying notes are an integral 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, 1996 AND 1995

	1996	1995
	-----	-----
OPERATING REVENUES		
Charges for Services	\$ 72,024	\$ 70,691
OPERATING EXPENDITURES		
Salaries	18,031	20,597
Payroll Taxes	1,313	1,679
Bank Charges	114	0
Chemicals	1,975	0
Office and Postage	550	399
Repairs and Maintenance	781	3,612
Lab Reports	225	0
Materials and Supplies	1,166	1,420
Depreciation	33,105	29,280
Contractual Services	6,194	2,200
Utilities	4,289	4,253
Insurance	2,229	4,974
Truck Gas and Maintenance	478	583
Travel and Seminars	206	0
Miscellaneous	391	591
	-----	-----
Total Expenditures	71,047	69,588
	-----	-----
OPERATING INCOME (LOSS)	977	1,103
NONOPERATING REVENUES (EXPENSES)		
Interest Income	2,430	2,714
Interest Expense	(14,451)	(13,245)
Grant Proceeds	0	3,533
	-----	-----
Total Nonoperating Revenues (Expenses)	(12,021)	(6,998)
	-----	-----
INCOME BEFORE OPERATING TRANSFERS	(11,044)	(5,895)

The accompanying notes are an integral part of this statement.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
 YEARS ENDED JUNE 30, 1996 AND 1995
 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	\$ 977	\$ (24,529)
Ajustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	33,105	58,592
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(819)	(87)
(Increase) Decrease in Due from Other Funds	(4,434)	(1,411)
(Increase) Decrease in Prepaid Items	3,392	1,223
Increase (Decrease) in Accounts Payable	229	(109)
Increase (Decrease) in Accrued Expenses	(3,312)	(1,617)
Increase (Decrease) in Interest Payable	0	0
Increase (Decrease) in Contracts Payable	0	0
	-----	-----
Total Adjustments	28,161	56,591
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 29,138	\$ 32,062
	=====	=====

The accompanying notes are

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUND
 WATER SYSTEM FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 1996 AND 1995

	1996	1995
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash	\$ 43,853	\$ 47,697
Accounts Receivable	8,699	7,880
Due from Other Funds	6,562	5,179
	-----	-----
Total Current Assets	59,114	60,756
RESTRICTED ASSETS		
Customer Deposit Account	13,246	11,869
Construction Account	4,918	4,918
Bond and Interest Sinking Fund	177	171
Bond Reserve Fund	20,034	18,889
Bond Depreciation and Contingencies Fund	2,184	1,438
	-----	-----
Total Restricted Assets	40,559	37,285
PLANT AND EQUIPMENT		
Sewer System - at Cost, Net of Accumulated Depreciation (1996 - \$213,685, and 1995 - \$ 180,580)	752,037	785,142
Land	6,860	6,860
	-----	-----
Total Plant and Equipment	758,897	792,002
	-----	-----
 TOTAL ASSETS	 \$ 858,570 =====	 \$ 890,043 =====

The accompanying notes are

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, 1996 AND 1995
(CONTINUED)

	1996	1995
	-----	-----
(CONTINUED FROM THE PREVIOUS PAGE)		
INCOME BEFORE OPERATING TRANSFERS	\$ (31,579)	\$ 140,786
OTHER FINANCING SOURCES (USES)		
Operating Transfers Out	0	356
	-----	-----
NET INCOME (LOSS)	(31,579)	141,142
DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS, AND SHARED REVENUES EXTERNALLY RESTRICTED FOR CAPITAL ACQUI- SITION AND CONSTRUCTION THAT REDUCES CON- TRIBUTED CAPITAL	44,977	44,977
RETAINED EARNINGS, Beginning	204,159	18,040
	-----	-----
RETAINED EARNINGS, Ending	\$ 217,557	\$ 204,159
	=====	=====

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS
 COMBINING STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
 YEARS ENDED JUNE 30, 1996 AND 1995
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

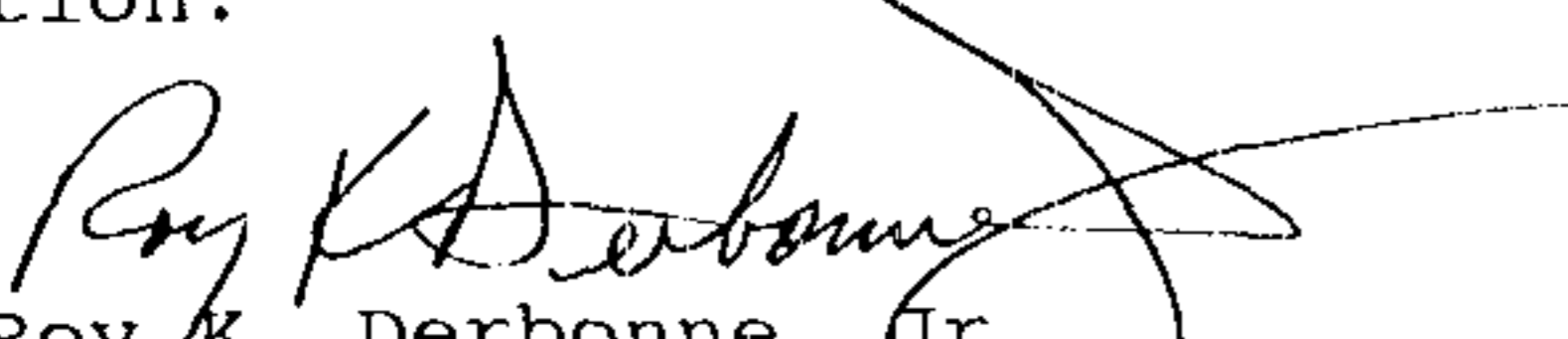
	WATER SYSTEM	SEWER SYSTEM
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 72,024	\$ 74,924
Cash Payments to Suppliers for Goods and Services	(24,855)	(24,202)
Cash Payments to Employees for Services	(18,031)	(18,660)
	-----	-----
Net Cash Provided by Operating Activities	29,138	32,062
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Transfers Out to Other Funds	(15,000)	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Net Change in Meter Deposits	1,070	0
Proceeds from Grants	0	0
Acquisition and Construction of Capital Assets	0	0
Principal Paid on Revenue Bond Maturities	(4,710)	(15,000)
Interest Paid on Revenue Bonds	(13,498)	(8,370)
	-----	-----
Net Cash Used for Capital and Related Financing Activities	(17,138)	(23,370)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on Investments	2,430	948
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(570)	9,640
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	84,982	53,840
	-----	-----
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 84,412	\$ 63,480
	=====	=====

The accompanying notes are

This audit became difficult to assimilate. Once I had ledgers to work from the town hired a new clerk. While working on the audit, I was approached quite often with questions on how to record and handle certain transactions. I spent quiet a bit of time answering her questions and training her so that 1997 audit would not have the same problems the 1996 audit has had. I was doing this in the midst of trying to get 1996 audit together to ward off any future problems. As I was trying to finish this audit tax season overcame me in March and I was not able to complete it as I had hoped to do. I have had this discussion with the Mayor of Cheneyville and we have adopted plans that will insure this situtation will not rise again.

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

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


Roy K. Derbonne, Jr.
Certified Public Accountant

March 21, 1997

1996	1995
-----	-----
\$ 146,948	146,570
(49,057)	(71,607)
(36,691)	(43,123)
-----	-----
61,200	31,840
(15,000)	(33,056)
1,070	1,241
0	203,919
0	(207,094)
(19,710)	(21,004)
(21,868)	(36,206)
-----	-----
(40,508)	(59,144)
3,378	4,366
-----	-----
9,070	(55,994)
138,822	194,816
-----	-----
\$ 147,892	\$ 138,822
=====	=====

an intergral part of this statement.

(Continued)

	1996	1995
	-----	-----
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)		
Accounts Payable	\$ 1,057	\$ 828
Accrued Expenses	243	163
Due to Other Funds	0	3,051
	-----	-----
Total Current Liabilities (Payable from Current Assets)	1,300	4,042
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)		
Customer Deposits	12,381	11,311
Revenue Bonds Payable	3,477	2,514
Accrued Interest Payable	955	0
	-----	-----
Total Current Liabilities (Payable from Restricted Assets)	16,813	13,825
LONG-TERM LIABILITIES		
Revenue Bonds Payable	242,309	247,982
	-----	-----
Total Liabilities	260,422	265,849
FUND EQUITY		
Contributed Capital (Net of Accumulated Amortization)	363,187	374,779
RETAINED EARNINGS		
Reserved	23,748	21,464
Unreserved	211,213	227,951
	-----	-----
Total Retained Earnings	234,961	249,415
	-----	-----
Total Fund Equity	598,148	624,194
	-----	-----
TOTAL LIABILITIES AND FUND EQUITY	\$ 858,570	\$ 890,043
	=====	=====

an intergral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

STATEMENT OF GENERAL LONG-TERM DEBT
 YEAR ENDED JUNE 30, 1996
 WITH COMPARATIVE TOTALS FOR JUNE 30, 1995

	CAPITAL LEASE 1996 -----	CAPITAL LEASE 1995 -----
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	\$ 17,086 =====	\$ 24,129 =====
GENERAL LONG-TERM DEBT PAYABLE		
AMOUNT DUE ON CAPITAL LEASE OF:		
Police Car	\$ 17,086 =====	\$ 24,129 =====

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

(Continued)

NOTE O. COMPENSATION PAID BOARD MEMBERS

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

Ruby Hawkins	\$3,271
Ollie Crittle	900
Kate Daenen	373
Israel Jones	1,100
Elizabeth Grimble	900
Shirley Wade	525
Sharon Reed	872
	<u>\$7,941</u>

NOTE P. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Town maintains two enterprise funds. Segment information for the year ended June 30, 1996 follows:

	Water System Fund	Sewer System Fund	Totals
Operating revenues	\$ 72,023	\$ 74,923	\$ 146,946
Depreciation	33,104	58,591	91,695
Operating income (loss)	977	(24,529)	(23,552)
Net income (loss)	(11,044)	(31,579)	(42,623)
Current capital contributions	0	0	0
Plant, property, & equipment net additions	0	0	0
Net working capital	72,814	13,700	86,514
Total assets	873,570	1,041,231	1,914,801
Long-term liabilities payable from operating revenue	242,309	137,378	379,687
Total Equity	613,148	862,215	1,475,663

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, 1996.

NOTE R. HOUSING REHABILITATION GRANT

The Town received a grant from Louisiana Housing Finance Agency in the amount of \$78,000 in fiscal year ending June 30, 1995. The

(Continued)

1996	1995
-----	-----
\$ (42,623)	\$ 134,891
(15,000)	(34,388)
-----	-----
(57,623)	100,503
56,567	56,567
453,574	296,504
-----	-----
\$ 452,518	\$ 453,574
=====	=====

an intergral part of this statement.

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

Page 2

Additional Matters:

Missing invoices.

Due to the large turnover in Town Clerks', I realize that it was very difficult to keep up with all the invoices for the past fiscal year. I suggest that you file all invoices that pertain to a particular vendor in one file and not in three or four different file folders.

Response:

The Town has hired a new clerk and she is setting up only one file folder per vendor.

Bid Tabulations

It would be helpful if all bid tabulations were included as part of the minutes or if the bid tabulation sheet were attached to the minutes.

Transfer of Funds

When transferring money between the various funds, a check should be written so as to leave an audit trail.

Response:

The new clerk has been instructed to only transfer money with a check written from the transferring fund to the receiving fund and is going to make sure that this procedure is followed.

Signature in the Minute Book

I noted that there were a couple of instances where the minutes of a given council meeting were not signed by the Clerk and responsible Town Official. Each set of minutes for each council meeting should be signed by the Clerk and the Mayor or Mayor Pro-tem.

Prior Year Comments:

During the fiscal year ending June 30, 1996, the Town of Cheneyville, Louisiana complied with the recommendation of the previous auditor.

In the course of my audit there were several things I would like to mention that are noteworthy to the audit report being delivered at this late date. Circumstances that were beyond the control of the Mayor and myself caused this report to go beyond the lawful requirements.

The town had seven clerks in the course of a one year span. When I tried to get the town clerk at the time to get records together for my audit it was discovered that check stubs for more than half a year had never been coded. I counseled the town clerk at the time about having to code the check stubs. However, the clerk left her job sometime in late August and she had a temporary clerk in the position for some time. I had to hire an outside source to code the checks after it became evident that the temporary help could not code the check stubs. The outside source that I hired spent quite a bit of time coding the checks and entering them into the computer system. I was waiting for the completion of this work before I could go forward. After entry into the computer system all the data became corrupted and I had to have my staff re-enter all the work that had previously been done. After having quite a number of clerks, the temporary help had misfiled and duplicated files.

TOWN OF CHENEYVILLE, LOUISIANA

SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 1996

	CFDA NUMBERS	PASS-THROUGH GRANTOR'S NUMBER

FEDERAL GRANTS		

U. S. Department of Housing and		

Urban Development		

Community Development Block Grant:		
Passed through State of Louisiana		
Division of Administration		

Louisiana Housing Finance Agency		
Small Cities Health and Safety		
Rehabilitation Grant Program		

There were no questioned Costs for the above grant.

PROGRAM OR AWARD AMOUNT -----	CASH/ ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 1995 -----	RECEIPTS OR REVENUE RECOGNIZED -----	DISBS. / EXPENDITURES -----	CASH/ ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 1996 -----
\$ 78,000 =====	\$ 30,000 =====	\$ 31,500 =====	\$ 31,500 =====	\$ 0 =====

Roy K. Derbonne, Jr.

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

318-445-6778

Member
American Institute Of
Certified Public Accountants
Society of Louisiana C.P.A.'s

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, 1996, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and the combining and individual fund and account group financial statements and not to provide assurance on the internal control structure. However, I noted one matter involving internal control structure and its operation that I consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect the Town of Cheneyville, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements and the combining and individual fund and account group financial statements.

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

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

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

Roy K. Derbonne, Jr.

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

318-445-6778

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American Institute Of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE

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, 1996, and have issued my report thereon dated March 21, 1997. These general purpose financial statements and the combining and individual fund and account group financial statements are the responsibility of the Town of Cheneyville, Louisiana's, management. My responsibility is to express an opinion on these general purpose financial statements and the combining and individual fund and account group financial statements based on my audit.

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

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements and combining and individual fund and account group financial statements of the Town of Cheneyville, Louisiana, taken as a whole. The accompanying schedule of Federal and State Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements and the combining and individual fund and account group financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and the combining and individual fund and account

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUND
SEWER SYSTEM FUND

COMPARATIVE STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
YEARS ENDED JUNE 30, 1996 AND 1995
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	1996	1995
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 74,924	\$ 75,879
Cash Payments to Suppliers for Goods and Services	(24,202)	(41,822)
Cash Payments to Employees for Services	(18,660)	(22,526)
	-----	-----
Net Cash Provided by Operating Activities	32,062	11,531
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Transfers Out to Other Funds	0	2,962
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Grants	0	189,528
Acquisition and Construction of Capital Assets	0	(203,204)
Principal Paid on Revenue Bond Maturities	(15,000)	(15,000)
Interest Paid on Revenue Bonds	(8,370)	(9,236)
	-----	-----
Net Cash Used for Capital and Related Financing Activities	(23,370)	(37,912)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on Investments	948	1,652
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,640	(21,767)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	53,840	75,607
	-----	-----
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 63,480	\$ 53,840
	=====	=====

The accompanying notes are an integral part of this statement.

(Continued)

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.

VEHICLES	EQUIPMENT	OFFICE EQUIPMENT	TOTALS
----- \$ 84,241	----- \$ 101,167	----- \$ 30,660	----- 326,057
0	9,200	695	50,187
0	0	0	0
-----	-----	-----	-----
=====	=====	=====	=====
\$ 84,241	\$ 110,367	\$ 31,355	376,244
=====	=====	=====	=====

integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
 YEAR ENDED JUNE 30, 1996

	LAND	BUILDINGS
	-----	-----
GENERAL FIXED ASSETS, Beginning of Year	\$ 17,650	\$ 92,339
ADDITIONS	0	40,292
DEDUCTIONS	0	0
	-----	-----
GENERAL FIXED ASSETS, End of Year	\$ 17,650 =====	\$ 132,631 =====

The accompanying notes are an

TOWN OF CHENEYVILLE, LOUISIANA
 COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
 JUNE 30, 1996 AND 1995

	1996	1995
	-----	-----
GENERAL FIXED ASSETS, AT COST		
Land	\$ 17,650	\$ 17,650
Buildings	132,631	92,339
Vehicles	84,241	84,241
Equipment	110,367	101,167
Office Equipment	31,355	30,660
	-----	-----
TOTAL GENERAL FIXED ASSETS	\$ 376,244	\$ 326,057
	=====	=====
INVESTMENT IN GENERAL FIXED ASSETS		
General Fund Revenues	\$ 234,289	\$ 203,237
Contributed Capital	141,955	122,820
	-----	-----
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	\$ 376,244	\$ 326,057
	=====	=====

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

ENTERPRISE FUND
SEWER SYSTEM FUND

COMPARATIVE STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
YEARS ENDED JUNE 30, 1996 AND 1995
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
(CONTINUED)

	1996 -----	1995 -----
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Revenue	\$ (24,529)	\$ (41,571)
Ajustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	58,592	54,223
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(87)	590
(Increase) Decrease in Due from Other Funds	(1,411)	0
(Increase) Decrease in Prepaid Expenses	1,223	(146)
Increase (Decrease) in Accounts Payable	(109)	(2,302)
Increase (Decrease) in Accrued Expenses	(1,617)	737
Total Adjustments	----- 56,591 -----	----- 53,102 -----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 32,062 =====	\$ 11,531 =====

The accompanying notes are an integral part of this statement.

group financial statements and, in my opinion is fairly presented in all material respects in relation to the general purpose financial statements and combining and individual fund and account group financial statements taken as a whole.

Certified Public Accountant

Alexandria, Louisiana
March 21, 1997

PROPRIETARY FUND TYPE	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	1996	1995
ENTERPRISE FUNDS				
\$ 71,772	\$ 0	\$ 0	\$ 153,143	\$ 207,301
0	0	0	219	0
0	0	0	10,215	10,009
0	0	0	4,179	3,821
0	0	0	3,283	315
16,881	0	0	18,530	17,671
0	0	0	1,012	0
6,562	0	0	23,274	26,352
76,120	0	0	76,120	72,010
21,660	17,650	0	39,310	39,310
1,706,806	358,594	0	2,065,400	2,106,909
0	0	16,422	16,422	24,129
-----	-----	-----	-----	-----
\$1,899,801	\$ 376,244	\$ 16,422	\$2,411,107	\$2,507,827
=====	=====	=====	=====	=====

(Continued)

integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

(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, 1996 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, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

(Continued)

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

The various funds are grouped, in the financial statements in this 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, 1996

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

ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS -- ALL PROPRIETARY FUND TYPES
 YEARS ENDED JUNE 30, 1996 AND 1995
 (CONTINUED)

	WATER SYSTEM -----	SEWER SYSTEM -----
(CONTINUED FROM THE PREVIOUS PAGE)		
INCOME BEFORE OPERATING TRANSFERS	\$ (11,044)	\$ (31,579)
OTHER FINANCING SOURCES (USES)		
Operating Transfers Out	(15,000)	0
NET INCOME (LOSS)	(26,044)	(31,579)
DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS, AND SHARED REVENUES EXTERNALLY RESTRICTED FOR CAPITAL ACQUI- SITION AND CONSTRUCTION THAT REDUCES CON- TRIBUTED CAPITAL	11,590	44,977
RETAINED EARNINGS, Beginning	249,415	204,159
RETAINED EARNINGS, Ending	\$ 234,961 =====	\$ 217,557 =====

The accompanying notes are

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS
 COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
 YEARS ENDED JUNE 30, 1996 AND 1995
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	1996	1995
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 146,948	\$ 146,570
Cash Payments to Suppliers for Goods and Services	(49,057)	(71,607)
Cash Payments to Employees for Services	(36,691)	(43,123)
	-----	-----
Net Cash Provided by Operating Activities	61,200	31,840
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Transfers Out to Other Funds	(15,000)	(33,056)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Net Change in Meter Deposits	1,070	1,241
Proceeds from Grants	0	203,919
Acquisition and Construction of Capital Assets	0	(207,094)
Principal Paid on Revenue Bond Maturities	(19,710)	(21,004)
Interest Paid on Revenue Bonds	(21,868)	(36,206)
	-----	-----
Net Cash Used for Capital and Related Financing Activities	(40,508)	(59,144)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on Investments	3,378	4,366
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,070	(55,994)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	138,822	194,816
	-----	-----
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 147,892	\$ 138,822
	=====	=====

The accompanying notes are an integral part of this statement.

(Continued)

FINANCIAL STATEMENTS
OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
YEARS ENDED JUNE 30, 1996 AND 1995

	1996	1995
	-----	-----
OPERATING REVENUES		
Charges for Services	\$ 146,946	\$ 146,570
OPERATING EXPENDITURES		
Salaries	36,691	43,123
Payroll Taxes	2,711	3,515
Bank Charges	233	0
Chemicals	3,419	0
Office and Postage	880	736
Repairs and Maintenance	1,895	27,956
Lab Reports	1,020	0
Materials and Supplies	1,776	3,662
Depreciation	91,695	83,503
Contractual Services	12,431	4,400
Utilities	11,668	10,696
Insurance	3,445	7,039
Truck Gas and Maintenance	657	1,390
Travel and Seminars	256	0
Telephone	356	0
Dues	563	0
Miscellaneous	802	1,018
	-----	-----
Total Expenditures	170,498	187,038
	-----	-----
OPERATING INCOME (LOSS)	(23,552)	(40,468)
NONOPERATING REVENUES (EXPENSES)		
Interest Income	3,378	4,366
Interest Expense	(22,449)	(22,068)
Grant Proceeds	0	193,061
	-----	-----
Total Nonoperating Revenues (Expenses)	(19,071)	175,359
	-----	-----
INCOME BEFORE OPERATING TRANSFERS	(42,623)	134,891

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, 1996
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1995
(CONTINUED)

	1996		VARIANCE FAVORABLE (UNFAVOR.)	1995 ACTUAL
	BUDGET	ACTUAL		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES (CONTINUED FROM THE PREVIOUS PAGE)	\$ (8,150)	\$ 372,620	\$ 380,770	\$ 261,618
OTHER FINANCING SOURCES				
Proceeds from Long- Term Lease	0	0	0	24,746
Operating Transfers In	15,000	15,000	0	34,388
Total Other Financing Sources	15,000	15,000	0	59,134
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	6,850	387,620	380,770	320,752
FUND BALANCE, BEGINNING	105,566	162,695	0	105,566
FUND BALANCE, ENDING	\$ 112,416	\$ 550,315	\$ 380,770	\$ 426,318

The accompanying notes are an 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, 1996
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1995

	1996		VARIANCE FAVORABLE (UNFAVOR.)	1995 ACTUAL
	BUDGET	ACTUAL		
REVENUES				
Taxes Collected	\$ 8,200	\$ 9,692	\$ 1,492	\$ 10,478
Sales Taxes Collected	90,000	104,537	14,537	96,097
Tobacco Taxes	5,000	5,228	228	5,234
Beer Taxes	1,400	1,481	81	1,329
Occupational Licenses	10,000	14,852	4,852	17,186
Franchise Fees	18,000	24,109	6,109	23,171
Mowing State Highway	1,000	1,317	317	1,934
Video Poker Revenue	1,000	2,195	1,195	1,216
Grant Revenue - RPPJ	85,000	82,450	(2,550)	29,699
Grant Revenue - Rural Dev.	25,000	19,692	(5,308)	0
Grant Revenue - Summer	0	3,549	3,549	0
Garbage Collection Fee	22,000	20,176	(1,824)	19,657
Hauling and Mowing	200	70	(130)	350
Entex Collection	600	600	0	600
Fines and Forfeitures	36,000	70,481	34,481	45,092
Interest Income	1,800	2,261	461	2,303
Rental Income	3,800	3,635	(165)	3,705
Rapides Parish Police				
Jury - Vol. Fire Dept.	0	3,035	3,035	3,567
Miscellaneous	0	3,260	3,260	0
Total Revenues	309,000	372,620	63,620	261,618
EXPENDITURES				
CURRENT				
General Government	52,400	0	52,400	0
Public Safety				
Police	72,600	0	72,600	0
Streets and Sanitation	192,150	0	192,150	0
Recreation	0	0	0	0
Lincoln Williams	0	0	0	0
DEBT SERVICE	0	0	0	0
CAPITAL OUTLAYS	0	0	0	0
Total Expenditures	317,150	0	317,150	0
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (8,150)	\$ 372,620	\$ 380,770	\$ 261,618

The accompanying notes are an integral part of this statement.

(Continued)

FUND TYPES	TOTALS (MEMORANDUM ONLY)	
	1996	1995
CAPITAL PROJECTS		
\$ 0	\$ 120,938	\$ 128,439
0	38,961	17,186
0	70,481	45,092
0	6,547	40,719
0	20,176	20,607
31,500	137,281	30,000
0	2,261	2,303
0	7,475	7,272
31,500	404,120	291,618
0	117,796	48,667
0	87,908	95,132
0	190,598	82,771
0	2,873	0
0	32,992	0
0	9,202	4,898
31,500	48,695	62,155
31,500	490,064	293,623
0	(85,944)	(2,005)
0	0	24,746
0	15,000	34,388
0	15,000	59,134
0	(70,944)	57,129
0	162,695	105,566
\$ 0	\$ 91,751	\$ 162,695

integral part of this statement.

TOWN CHENEYVILLE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 JUNE 30, 1996

	GOVERNMENTAL ----- GENERAL FUND -----
REVENUES	
Taxes Collected	\$ 120,938
Licenses, Permits and Franchise Fees	38,961
Fines and Forfeitures	70,481
Intergovernmental	6,547
Charges for Services	20,176
Grant Revenues	105,781
Interest	2,261
Miscellaneous	7,475

Total Revenues	372,620
EXPENDITURES	
CURRENT	
General Government	117,796
Public Safety	
Police	87,908
Streets and Sanitation	190,598
Recreation	2,873
Lincoln Williams	32,992
DEBT SERVICE	9,202
CAPITAL OUTLAYS	17,195

Total Expenditures	458,564

EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(85,944)
OTHER FINANCING SOURCES (USES)	
Proceeds from Long-term Lease	0
Operating Transfers In	15,000

Total Other Financing Sources (Uses)	15,000

EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(70,944)
FUND BALANCE, BEGINNING	162,695

FUND BALANCE, ENDING	\$ 91,751 =====

The accompanying notes are an

TOWN OF CHENEYVILLE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996
(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 CHENEYVILLE, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1996
 (CONTINUED)

	GOVERNMENTAL FUND TYPES	
	GENERAL FUND	CAPITAL PROJECTS FUNDS
	-----	-----
LIABILITIES, EQUITY AND OTHER CREDITS		
LIABILITIES AND OTHER CREDITS		
Accounts Payable	\$ 25,029	\$ 0
Accrued Expenses	477	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	1,383	0
Revenue Bonds Payable	0	0
	-----	-----
Total Liabilities and other credits	26,889	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	8,747	0
Undesignated	83,004	0
	-----	-----
Total Equity and Other Credits	91,751	0
	-----	-----
TOTAL LIABILITIES AND FUND BALANCE	\$ 118,640	\$ 0
	=====	=====

The accompanying notes are an

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES

YEARS ENDED JUNE 30, 1996 AND 1995

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
(CONTINUED)

	1996 -----	1995 -----
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Revenue	\$ (23,552)	\$ (40,468)
Ajustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	91,697	83,503
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(906)	1,987
(Increase) Decrease in Due from Other Funds	(5,845)	0
(Increase) Decrease in Prepaid Items	4,615	(283)
Increase (Decrease) in Accounts Payable	120	(109)
Increase (Decrease) in Accrued Expenses	(4,929)	1,781
Increase (Decrease) in Interest Payable	0	0
Increase (Decrease) in Contracts Payable	0	(10,858)
Total Adjustments	84,752	76,021
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 61,200 =====	\$ 35,553 =====

The accompanying notes are an integral part of this statement.

TOWN CHENEYVILLE, LOUISIANA

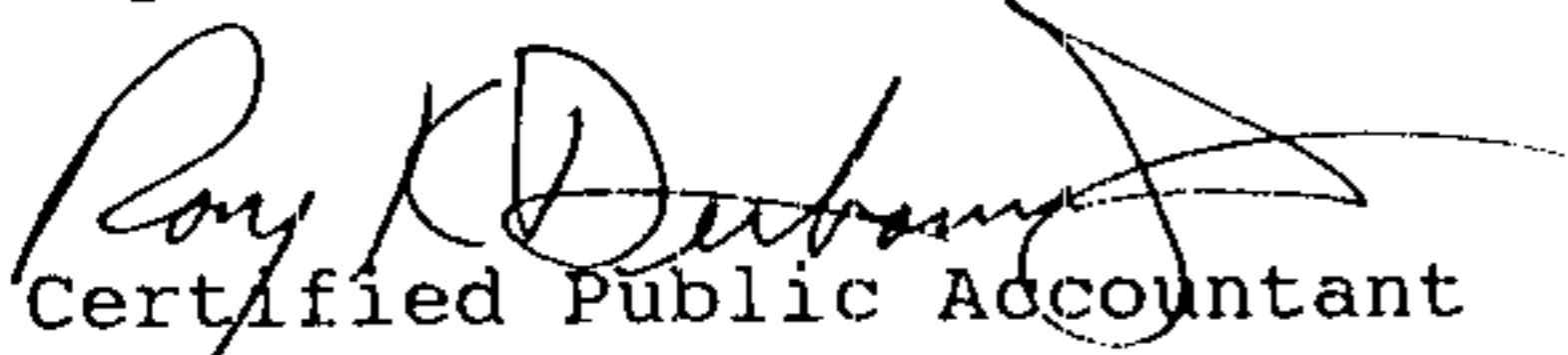
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1996

	GOVERNMENTAL FUND TYPES	
	GENERAL FUND	CAPITAL PROJECTS FUNDS
ASSETS AND OTHER DEBITS		
Cash	\$ 81,371	\$ 0
Property Taxes Receivable	219	0
Intergovernmental Taxes Receivable	10,215	0
Franchise Fees Receivable	4,179	0
Intergovernmental Funds Receivable	3,283	0
Customer Accounts Receivable	1,649	0
Overpayment of Payroll Taxes	1,012	0
Due from Other Funds	16,712	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	\$ 118,640 =====	\$ 0 =====

The accompanying notes are an

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

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


Certified Public Accountant

Alexandria, Louisiana
March 21, 1997

Roy K. Derbonne, Jr.

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

318-445-6778

Member
American Institute Of
Certified Public Accountants

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

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

I have audited the general purpose financial statements and combining and individual fund and account group financial statements of the Town of Cheneyville, Louisiana, as of and for the year ended June 30, 1996, and have issued my report thereon dated March 21, 1997.

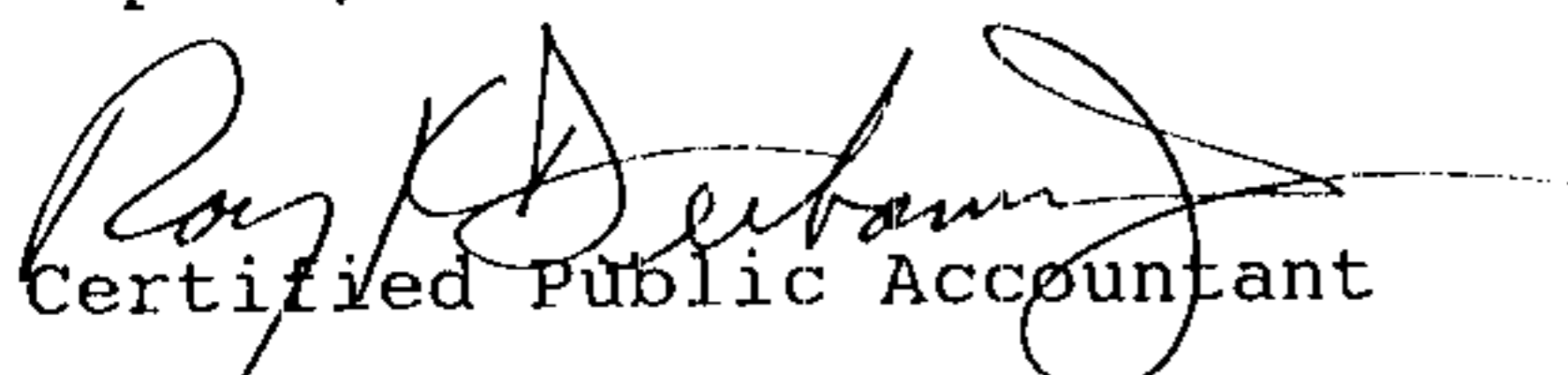
I conducted my audit in accordance with generally accepted Auditing Standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office and Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements and combining and individual fund and account group financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Cheneyville, Louisiana, is the responsibility of the Town of Cheneyville, Louisiana's management. As a part of obtaining reasonable assurance about whether the general purpose financial statements and the combining and individual fund and account group financial statements are free of material misstatement, I performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants. However, my objective was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

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

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
March 21, 1997

that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general purpose financial statements and the combining and individual fund and account group financial statements of the Town of Cheneyville, Louisiana, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and the combining and individual fund and account group financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted a matter involving the internal control structure and its operation that I consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements and combining and individual fund and account group financial statements.

The reportable condition noted is as follows:

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

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

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

I have reported the above weakness involving the internal control structure and its operation to the management of the Town of Cheneyville, Louisiana, in separate letter dated March 21, 1997.

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

Roy K. Derbonne, Jr.

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

318-445-6778

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

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

I have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the Town of Cheneyville, Louisiana, as of and for the year ended June 30, 1996, and have issued my report thereon dated March 21, 1997.

I conducted my audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements and combining and individual fund and account group financial statements are free of material misstatement.

In planning and performing my audit of the general purpose financial statements and combining and individual fund and account group financial statements of the Town of Cheneyville, Louisiana, for the year ended June 30, 1996, 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.

The management of the Town of Cheneyville, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk

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


Certified Public Accountant

Alexandria, Louisiana
March 21, 1997

Roy K. Derbonne, Jr.

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

318-445-6778

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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, 1996, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the management of the Town of Cheneyville, Louisiana. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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, 1996, and the results of its operations and the cash flows of its proprietary funds 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, 1996, and the results of operations of such funds and the cash flows of the proprietary funds for the year then ended in conformity with generally accepted accounting principles.

In the course of my audit, nothing came to my attention that caused me to believe there has been any lack of compliance with the accounting or reporting requirements of the bond ordinance under which outstanding municipal bonds have been issued.

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and Changes in Fund Balance

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TOWN OF CHENEYVILLE
CHENEYVILLE, LOUISIANA

AUDITOR'S REPORT
JUNE 30, 1996

Under provisions of state law, this report is a public document. A copy of this report is furnished to the Board of Commissioners, the Mayor, the Parish Clerk of Court, the Mayor of the adjacent town of Union Rouge and, where appropriate, at the office of the parish clerk of court.

MAY 7 4 1997

Release Date.....

57 JUN 23 PM 4:17

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

PROPRIETARY FUND TYPE	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	1996	1995
\$ 1,567	\$ 0	\$ 0	\$ 26,596	\$ 10,683
243	0	0	720	6,129
18,477	0	0	18,477	17,514
5,192	0	0	5,192	4,609
12,381	0	0	12,381	11,311
0	0	16,422	16,422	24,129
21,891	0	0	23,274	26,352
379,687	0	0	379,687	400,360
-----	-----	-----	-----	-----
439,438	0	16,422	482,749	501,087
1,007,845	0	0	1,007,845	1,064,414
0	376,244	0	376,244	326,057
40,072	0	0	40,072	28,142
412,446	0	0	412,446	425,432
0	0	0	8,747	27,712
0	0	0	83,004	134,983
-----	-----	-----	-----	-----
1,460,363	376,244	0	1,928,358	2,006,740
-----	-----	-----	-----	-----
\$1,899,801	\$ 376,244	\$ 16,422	\$2,411,107	\$2,507,827
=====	=====	=====	=====	=====

integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 1996 AND 1995

	1996	1995
	-----	-----
ASSETS		
ASSETS		
Cash	\$ 0	\$ 0
	-----	-----
TOTAL ASSETS	\$ 0	\$ 0
	=====	=====
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Contracts Payable	\$ 0	\$ 0
	-----	-----
Total Liabilities	0	0
FUND BALANCE		
Reserved	0	0
	-----	-----
TOTAL LIABILITIES AND FUND BALANCE	\$ 0	\$ 0
	=====	=====

The accompanying notes are an integral part of this statement.

1996	1995
-----	-----
\$ 146,946	\$ 146,570
36,691	43,123
2,711	3,515
233	0
3,419	0
880	736
1,895	27,956
1,020	0
1,776	3,662
91,695	83,503
12,431	4,400
11,668	10,696
3,445	7,039
657	1,390
256	0
356	0
563	0
802	1,018
170,498	187,038
(23,552)	(40,468)
3,378	4,366
(22,449)	(22,068)
0	193,061
(19,071)	175,359
(42,623)	134,891

an integral part of this statement.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
YEARS ENDED JUNE 30, 1996 AND 1995

	WATER SYSTEM	SEWER SYSTEM
	-----	-----
OPERATING REVENUES		
Charges for Services	\$ 72,023	\$ 74,923
OPERATING EXPENDITURES		
Salaries	18,031	18,660
Payroll Taxes	1,313	1,398
Bank Charges	114	119
Chemicals	1,975	1,444
Office and Postage	550	330
Repairs and Maintenance	781	1,114
Lab Reports	225	795
Materials and Supplies	1,166	610
Depreciation	33,104	58,591
Contractual Services	6,194	6,237
Utilities	4,289	7,379
Insurance	2,229	1,216
Truck Gas and Maintenance	478	179
Travel and Seminars	206	50
Telephone	0	356
Dues	0	563
Miscellaneous	391	411
	-----	-----
Total Expenditures	71,046	99,452
	-----	-----
OPERATING INCOME (LOSS)	977	(24,529)
NONOPERATING REVENUES (EXPENSES)		
Interest Income	2,430	948
Interest Expense	(14,451)	(7,998)
Grant Proceeds	0	0
	-----	-----
Total Nonoperating Revenues (Expenses)	(12,021)	(7,050)
	-----	-----
INCOME BEFORE OPERATING TRANSFERS	(11,044)	(31,579)

The accompanying notes are

1996	1995
-----	-----
\$ 1,567	\$ 1,447
243	557
21,891	26,352
-----	-----
23,701	28,356
12,381	11,311
18,477	17,514
5,192	4,609
-----	-----
36,050	33,434
379,687	400,360
-----	-----
439,438	462,150
1,007,845	1,064,414
40,072	28,142
412,446	425,432
-----	-----
452,518	453,574
-----	-----
1,460,363	1,517,988
-----	-----
\$1,899,801	\$1,980,138
=====	=====

an intergral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS
 COMBINING BALANCE SHEET - ALL PROPRIETARY FUND TYPES
 JUNE 30, 1996 AND 1995

	WATER SYSTEM	SEWER SYSTEM
	-----	-----
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)		
Accounts Payable	\$ 1,057	\$ 510
Accrued Expenses	243	0
Due to Other Funds	0	21,891
	-----	-----
Total Current Assets	1,300	22,401
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)		
Customer Deposits	12,381	0
Revenue Bonds Payable	3,477	15,000
Accrued Interest Payable	955	4,237
	-----	-----
Total Restricted Assets	16,813	19,237
LONG-TERM LIABILITIES		
Revenue Bonds Payable	242,309	137,378
	-----	-----
Total Liabilities	260,422	179,016
FUND EQUITY		
Contributed Capital (Net of Accumulated Amortization)	363,187	644,658
Retained Earnings		
Reserved	23,748	16,324
Unreserved	211,213	201,233
	-----	-----
Total Retained Earnings	234,961	217,557
	-----	-----
Total Fund Equity	598,148	862,215
	-----	-----
TOTAL LIABILITIES AND FUND EQUITY	\$ 858,570	\$1,041,231
	=====	=====

The accompanying notes are

1996	1995
-----	-----
\$ 71,772	\$ 66,812
16,881	15,975
6,562	5,179
95,215	87,966
13,246	11,869
4,918	4,918
288	318
46,833	45,029
10,835	9,876
76,120	72,010
1,706,806	1,798,502
21,660	21,660
1,728,466	1,820,162
\$1,899,801	\$1,980,138

an intergral part of this statement.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS
 COMBINING BALANCE SHEET -- ALL PROPRIETARY FUND TYPES
 JUNE 30, 1996 AND 1995

	WATER SYSTEM	SEWER SYSTEM
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash	\$ 43,853	\$ 27,919
Accounts Receivable	8,699	8,182
Due from Other Funds	6,562	0
	-----	-----
Total Current Assets	59,114	36,101
RESTRICTED ASSETS		
Customer Deposits	13,246	0
Construction Account	4,918	0
Bond and Interest Sinking Fund	177	111
Bond Reserve Fund	20,034	26,799
Bond Depreciation and Contingencies Fund	2,184	8,651
	-----	-----
Total Restricted Assets	40,559	35,561
PLANT AND EQUIPMENT		
Systems - at Cost, Net of Accumulated Depreciation (1996 - \$1,051,725 and 1995 - \$960,028)	752,037	954,769
Land	6,860	14,800
	-----	-----
Total Plant and Equipment	758,897	969,569
	-----	-----
TOTAL ASSETS	\$ 858,570	\$1,041,231
	=====	=====

The accompanying notes are

TOWN OF CHENEYVILLE, LOUISIANA

ENTERPRISE FUNDS
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 YEARS ENDED JUNE 30, 1996 AND 1995
 (CONTINUED)

	1996	1995
	-----	-----
(CONTINUED FROM THE PREVIOUS PAGE)		
INCOME BEFORE OPERATING TRANSFERS	\$ (42,623)	\$ 134,891
OTHER FINANCING SOURCES (USES)		
Operating Transfers Out	(15,000)	(34,388)
	-----	-----
NET INCOME (LOSS)	(57,623)	100,503
DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS, AND SHARED REVENUES EXTERNALLY RESTRICTED FOR CAPITAL ACQUI- SITION AND CONSTRUCTION THAT REDUCES CON- TRIBUTED CAPITAL	56,567	56,567
RETAINED EARNINGS, Beginning	453,574	296,504
	-----	-----
RETAINED EARNINGS, Ending	\$ 452,518	\$ 453,574
	=====	=====

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

CAPITAL PROJECTS FUND

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE FOR THE YEARS ENDED
JUNE 30, 1996 AND 1995

	1996 -----	1995 -----
REVENUES		
LHFA Rehabilitation Grant	\$ 31,500	\$ 30,000
EXPENDITURES		
Capital Outlay - Materials and Labor	31,500	30,000
Total Expenditures	----- 31,500 -----	----- 30,000 -----
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	0	0
FUND BALANCE, Beginning	----- 0 -----	----- 0 -----
FUND BALANCE, Ending	\$ 0 =====	\$ 0 =====

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

(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, 1996, 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

GENERAL FUND
 STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 1996
 WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1995
 (CONTINUED)

	1996		VARIANCE	1995
	BUDGET	ACTUAL	FAVORABLE (UNFAVOR.)	ACTUAL
STREETS AND SANITATION				
Salaries	\$ 25,000	\$ 25,071	\$ (71)	\$ 24,991
Payroll Taxes	2,100	2,029	71	2,037
Tractor Expense	1,500	0	1,500	2,641
Truck Expense	2,500	3,810	(1,310)	2,318
Materials and Supplies	114,000	112,404	1,596	5,736
Insurance	10,000	7,977	2,023	8,430
Dump Fees	22,000	20,070	1,930	21,852
Utilities	10,200	1,784	8,416	10,495
Travel	600	0	600	0
Mowing	1,000	0	1,000	0
Tree and Debris Removal	1,250	1,192	58	0
Engineering Fees	0	14,970	(14,970)	0
Miscellaneous	2,000	1,291	709	4,271
Total Highway and Street Expenditures	\$ 192,150	\$ 190,598	\$ 1,552	\$ 82,771
RECREATION				
Supplies	\$ 1,400	\$ 2,873	\$ (1,473)	\$ 0
LINCOLN WILLIAMS				
	\$ 4,600	\$ 32,992	\$ (28,392)	0
DEBT SERVICE				
Public Safety	\$ 9,200	\$ 9,202	\$ (2)	\$ 4,898
CAPITAL OUTLAYS				
General Government	\$ 3,000	\$ 17,195	\$ (14,195)	\$ 1,899
Public Safety	1,000	0	1,000	30,256
Total Capital Outlays	\$ 4,000	\$ 17,195	\$ (13,195)	\$ 32,155
TOTAL EXPENDITURES	\$ 314,950	\$ 458,564	\$ (143,614)	\$ 263,623

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, 1996
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1995

	1996		VARIANCE	1995
	BUDGET	ACTUAL	FAVORABLE (UNFAVOR.)	ACTUAL
GENERAL GOVERNMENT				
Mayor and Aldermen	\$ 8,100	\$ 7,941	\$ 159	\$ 6,838
Salaries	7,000	12,423	(5,423)	10,388
Payroll Taxes	600	3,668	(3,068)	1,535
Executive Expense	700	0	700	390
Legal and Professional	3,700	27,030	(23,330)	4,529
Building Maintenance	3,300	1,248	2,052	3,176
City Hall Supplies	1,500	0	1,500	36
Dues and Subscriptions	600	1,375	(775)	382
Insurance	2,500	33,295	(30,795)	2,284
Election Expense	0	660	(660)	0
Miscellaneous	0	1,003	(1,003)	3,132
Printing and Publishing	1,200	2,433	(1,233)	2,143
Office Supplies	2,400	6,412	(4,012)	6,216
Tax Assessor Fees	600	768	(168)	609
Utilities	3,000	9,318	(6,318)	3,056
Travel and Seminars	3,000	2,774	226	2,072
Telephone	2,000	3,010	(1,010)	1,881
Interim Personnel Services	0	4,438	(4,438)	0
	-----	-----	-----	-----
Total General Govern- ment Expenditures	\$ 40,200	\$ 117,796	\$ (77,596)	\$ 48,667
	=====	=====	=====	=====
PUBLIC SAFETY				
POLICE DEPARTMENT				
Salaries	\$ 33,000	\$ 59,057	\$ (26,057)	\$ 58,380
Payroll Taxes	3,200	5,243	(2,043)	4,706
Equipment and Supplies	4,000	3,103	897	2,560
Automobile	7,000	8,250	(1,250)	10,453
Prisoner Expense	0	168	(168)	186
Training	3,300	2,256	1,044	2,489
Fine Costs	4,500	1,451	3,049	540
Insurance	6,000	6,456	(456)	12,376
Telephone	1,400	536	864	1,512
Uniforms	0	983	(983)	0
Animal Control	0	67	(67)	0
Miscellaneous	1,000	338	662	1,930
	-----	-----	-----	-----
Total Police Dept. Expenditures	\$ 63,400	\$ 87,908	\$ (24,508)	\$ 95,132
	=====	=====	=====	=====

(Continued)

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, 1996
 WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1995
 (CONTINUED)

	1996		VARIANCE FAVORABLE (UNFAVOR.)	1995 ACTUAL
	BUDGET	ACTUAL		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES (CONTINUED FROM THE PREVIOUS PAGE)	\$ (27,350)	\$ (85,944)	\$ (58,594)	\$ (2,005)
OTHER FINANCING SOURCES				
Proceeds from Long- Term Lease	0	0	0	24,746
Operating Transfers In	15,000	15,000	0	34,388
Total Other Financing Sources	15,000	15,000	0	59,134
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(12,350)	(70,944)	(58,594)	57,129
FUND BALANCE, BEGINNING	105,566	162,695	0	105,566
FUND BALANCE, ENDING	\$ 93,216	\$ 91,751	\$ (58,594)	\$ 162,695

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, 1996

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1995

	1996		VARIANCE	1995
	BUDGET	ACTUAL	FAVORABLE (UNFAVOR.)	ACTUAL
REVENUES				
Taxes Collected	\$ 8,200	\$ 9,692	\$ 1,492	\$ 10,478
Sales Taxes Collected	90,000	104,537	14,537	96,097
Tobacco Taxes	5,000	5,228	228	5,234
Beer Taxes	1,400	1,481	81	1,329
Occupational Licenses	10,000	14,852	4,852	17,186
Franchise Fees	18,000	24,109	6,109	23,171
Mowing State Highway	1,000	1,317	317	1,934
Video Poker Revenue	1,000	2,195	1,195	1,216
Grant Revenue - RPPJ	85,000	82,450	(2,550)	29,699
Grant Revenue - Rural Dev.	25,000	19,692	(5,308)	0
Grant Revenue - Summer	0	3,549	3,549	0
Garbage Collection Fee	22,000	20,176	(1,824)	19,657
Hauling and Mowing	200	70	(130)	350
Entex Collection	600	600	0	600
Fines and Forfeitures	36,000	70,481	34,481	45,092
Interest Income	1,800	2,261	461	2,303
Rental Income	3,800	3,635	(165)	3,705
Rapides Parish Police Jury - Vol. Fire Dept.	0	3,035	3,035	3,567
Miscellaneous	0	3,260	3,260	0
Total Revenues	309,000	372,620	63,620	261,618
EXPENDITURES				
CURRENT				
General Government	52,400	117,796	(65,396)	48,667
Public Safety				
Police	72,600	87,908	(15,308)	95,132
Streets and Sanitation	192,150	190,598	1,552	82,771
Recreation	1,400	2,873	(1,473)	0
Lincoln Williams	4,600	32,992	(28,392)	0
DEBT SERVICE	9,200	9,202	(2)	4,898
CAPITAL OUTLAYS	4,000	17,195	(13,195)	32,155
Total Expenditures	336,350	458,564	(122,214)	263,623
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (27,350)	\$ (85,944)	\$ (58,594)	\$ (2,005)

The accompanying notes are an integral part of this statement.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

(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 June 30, 1996 cash and savings consisted of cash on hand of \$1,238 and the book balance of the Town's deposits of \$228,579. The bank balance was \$232,579. Of the bank balance, \$100,000 was covered by FDIC insurance and \$132,579 was covered by collateral held at First National Banker's Bank in Baton Rouge, Louisiana. All funds were collateralized and insured.

(Continued)

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

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

(Continued)

7. INVESTMENTS

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, 1996.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 1996 AND 1995

	1996	1995
	-----	-----
ASSETS		
ASSETS		
Cash	\$ 81,371	\$ 140,489
Property Taxes Receivable	219	0
Intergovernmental Taxes Receivable	10,215	10,009
Franchise Fees Receivable	4,179	3,821
Intergovernmental Customer Accounts	3,283	315
Overpayment of Payroll Taxes	1,649	1,696
Due from Sewer Fund	1,012	0
	16,712	21,173
	-----	-----
TOTAL ASSETS	\$ 118,640	\$ 177,503
	=====	=====
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 25,029	\$ 9,236
Accrued Expenses	477	5,572
Due to Water Fund	1,383	0
	-----	-----
Total Liabilities	26,889	14,808
FUND BALANCE		
Unreserved		
Designated for Subsequent Years		
Expenditures	8,747	27,712
Undesignated	83,004	134,983
	-----	-----
Total Fund Balance	91,751	162,695
	-----	-----
TOTAL LIABILITIES AND FUND BALANCE	\$ 118,640	\$ 177,503
	=====	=====

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
June 30, 1996
(Continued)

NOTE C. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September and are 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, 1996, taxes of 7.95 mills were levied on property with assessed valuations totaling \$1,207,708 and were dedicated for general corporate purposes.

Total taxes levied were \$9,327 with uncollected taxes at June 30, 1996 of \$219.

NOTE D. INTERFUND RECEIVABLES, PAYABLES

Individual fund interfund receivables and payables balances at June 30, 1996, were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$16,712	\$ 1,383
Enterprise Funds		
Water System Fund	6,562	0
Sewer System Fund	<u>0</u>	<u>21,891</u>
Total	<u>\$23,274</u>	<u>\$23,274</u>

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
Video Poker income	247	2,195
Sales Taxes	8,908	104,537
Rap. Parish Police Jury	<u>3,035</u>	<u>3,035</u>
Total	<u>\$13,497</u>	<u>\$114,995</u>

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
June 30, 1996
(Continued)

NOTE F. UTILITY BILLINGS

The amounts due from customers for water, sewer and garbage billings as of June 30, 1996 was comprised of the following:

	<u>Amount</u>	<u>%</u>
Current Billings	\$14,050	99
Arrears	<u>175</u>	<u>1</u>
	\$14,225	<u>100</u>
Unbilled Receivables	<u>4,305</u>	
	<u>\$18,530</u>	

NOTE G. RESTRICTED ASSETS - PROPRIETARY FUND TYPES

Restricted assets consisted of cash and savings deposits in the following accounts at June 30, 1996.

	<u>Water System Fund</u>	<u>Sewer System Fund</u>	<u>Total</u>
Meter Deposit Fund	\$13,246	\$ 0	\$13,246
Waterwell Construction Fund	4,918	0	4,918
Revenue Bond Sinking Fund	177	111	288
Revenue Bond Reserve Fund	20,034	26,799	46,833
Depreciation and Contingency Fund	<u>2,184</u>	<u>8,651</u>	<u>10,835</u>
	<u>\$40,559</u>	<u>\$35,561</u>	<u>\$76,120</u>

NOTE H. FIXED ASSETS

A summary of changes in General Fixed Assets follows:

	<u>Balance 07-01-95</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-96</u>
Land	\$ 17,650	\$ 0	\$ 0	\$ 17,650
Buildings	92,339	40,292	0	132,631
Vehicles	84,241	0	0	84,241
Equipment	101,167	9,200	0	110,367
Office Equipment	<u>30,660</u>	<u>695</u>	<u>0</u>	<u>31,355</u>
	<u>\$326,057</u>	<u>\$50,187</u>	<u>\$ 0</u>	<u>\$376,244</u>

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

(Continued)

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

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

	07-01-95	Water System Fund		06-30-96
		Additions	Deletions	
Land	\$ 6,860	\$ 0	\$ 0	\$ 6,860
Wells, lines and equipment	965,722	0	0	965,722
	972,582	0	0	972,582
Less Accumulated Depreciation	(180,580)	(33,104)	0	(213,685)
	<u>\$792,002</u>	<u>\$(33,104)</u>	<u>\$ 0</u>	<u>\$758,897</u>
		Sewer System Fund		
	07-01-95	Additions	Deletions	06-30-96
Land	\$ 14,800	\$ 0	\$ 0	\$ 14,800
Plant, lines and equipment	1,792,808	0	0	1,792,808
	1,807,608	0	0	1,807,608
Less Accumulated Depreciation	(779,448)	(58,591)	0	(838,039)
	<u>\$1,028,160</u>	<u>\$(58,591)</u>	<u>\$ 0</u>	<u>\$ 969,569</u>

NOTE I. CHANGES IN LONG-TERM DEBT

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

	Water Revenue Debt	Sewer Revenue Bonds	Total
Bonds Payable-June 30, 1995	\$250,496	\$167,378	\$417,874
Bonds issued	0	0	0
Bonds retired	(4,710)	(15,000)	(19,710)
Bonds payable-June 30, 1996	<u>\$245,786</u>	<u>\$152,378</u>	<u>\$398,164</u>

Bonds payable at June 30, 1996 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

\$245,786

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

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

(Continued)

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

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".
- 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.

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

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

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

- b) Each month there will be set aside into a fund called the "Revenue Bond Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and 1/6 of the next 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.

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

(Continued)

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

- d) Funds will also be set aside into a "Depreciation and Contingencies Fund" at a rate of \$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.

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, 1996 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, 1996 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, 1996 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, 1996 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 Funds having a deficit fund balance at June 30, 1996.

NOTE N. EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 1996 the following funds had incurred expenditures in excess of appropriations.

General Fund	\$71,614
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(Continued)

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

(Continued)

NOTE R. HOUSING REHABILITATION GRANT (Continued from the previous page.)

Town expended \$30,000 of the funds in fiscal year ended June 30, 1995 and \$31,500 in fiscal year ending June 30, 1996. The Town was unable to find any additional qualified recipients during the June 30, 1996 fiscal year, therefore, the balance of the grant funds will not be requested.

NOTE S. RURAL DEVELOPMENT GRANT

The Town received a \$25,000 grant in 1995 to renovate the Lincoln Williams School. \$19,135 was expended in the fiscal year ended June 30, 1996, leaving a balance of \$5,865 to be disbursed in the next fiscal year and is part of the designated fund balance.

NOTE T. SUMMER ENRICHMENT PROGRAM GRANT

The Town received a \$4,732 grant in May 1996 for the presentation of the arts to the youths of the Town. The Town expended \$2,882 in June to begin the program. There was a balance of \$1,850 to be disbursed in the next fiscal year and is still on deposit and is part of the designation of fund balance.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

(Continued)

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

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.

\$152,378

Interest cost incurred during the year ended June 30, 1996 amounted to \$14,451 and \$7,998 in the Water System Fund and the Sewer System Fund, respectively.

The annual requirements to amortize all debt outstanding as of June 30, 1996, including interest payments of \$347,093 are as follows:

<u>Water Revenue Bonds</u>		
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
1997	\$ 3,477	\$ 12,129
1998	3,850	11,756
1999	3,299	12,307
2000	3,238	12,368
2001	3,413	12,193
2002-2006	18,156	59,872
2007-2011	26,019	52,009
2012-2016	33,810	44,218
2017-2022	43,934	34,094
2023-2028	57,089	20,939
2029-2032	<u>49,501</u>	<u>15,606</u>
	<u>\$245,786</u>	<u>\$287,491</u>

<u>Sewer Revenue Bonds</u>		
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
1997	\$ 15,000	\$ 7,619
1998	15,000	6,869
1999	15,000	6,110
2000	20,000	5,369
2001	20,000	4,369
2002-2005	<u>67,378</u>	<u>7,476</u>
	<u>\$152,378</u>	<u>\$37,812</u>

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

(Continued)