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CITY OF PONCHATOULA, LOUISIANA
REPORT ON AUDIT
OF GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1996

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

Release Date FEB 12 1997

CITY OF PONCHATOULA, LOUISIANA
 REPORT ON AUDIT
 OF GENERAL PURPOSE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 1996

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Durnin & James

•CERTIFIED PUBLIC ACCOUNTANTS•

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Corporation

July 31, 1996

Independent Auditor's Report

The Honorable Julian E. Dufreche, Mayor
and Members of the Board of Aldermen
City of Ponchatoula, Louisiana

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Ponchatoula, Louisiana, as of June 30, 1996, and the results of its operations and the cash flows of its proprietary fund type and similar trust fund for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and individual account group financial statements and schedules listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Ponchatoula, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the City of Ponchatoula, Louisiana.

Respectfully submitted,

Durnin & James
DURNIN & JAMES, CPA'S

EXHIBIT A

City of Ponchatoula

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1996

ASSETS AND OTHER DEBITS	GOVERNMENTAL FUND TYPES				FUND TYPE		ACCOUNT GROUPS			TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	FUND TYPE		GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	(MEMORANDUM ONLY)		
					ENTERPRISE	NONEXPENDABLE TRUST			June 30, 1996	June 30, 1995	
Assets:	\$258,418	\$443,878	\$77,425	\$42,578	\$177,444	\$-	\$-	\$-	\$-	\$999,743	\$1,457,246
Cash	-	244,000	174,453	-	290	-	-	-	-	489,280	241,175
Investments	-	-	-	-	-	70,537	-	-	-	-	-
Receivables (Net of Allowances for Uncollectibles, Where Applicable):	-	1,990	-	176,594	-	-	-	-	-	178,584	234,147
Notes	28,550	100,333	-	-	-	-	-	-	-	128,883	118,236
Taxes	17,577	-	-	52,907	-	-	-	-	-	70,484	68,372
Accounts	1,318	-	2,474	1,101	-	259	-	-	-	5,152	31,149
Other	10,479	-	-	-	5,493	-	-	-	-	15,972	10,236
Due from Other Funds	-	-	-	-	-	-	-	-	-	-	-
Due from Other Governments	34,028	-	-	-	-	-	-	-	-	34,028	41,043
Restricted Assets:	-	-	-	-	-	-	-	-	-	-	-
Cash	-	-	-	-	220,663	-	-	-	-	220,663	365,340
Investments	-	-	-	-	278,210	-	-	-	-	278,210	73,474
Land	-	-	-	-	92,423	-	313,733	-	-	406,156	406,156
Buildings	-	-	-	-	10,000	-	1,740,018	-	-	1,750,018	1,672,064
Improvements Other Than Buildings	-	-	-	-	7,842,023	-	3,849,779	-	-	11,691,802	10,008,493
Equipment	-	-	-	-	256,854	-	571,586	-	-	828,440	728,548
Construction in Progress	-	-	-	-	-	-	-	-	-	-	1,005,899
Accumulated Depreciation	-	-	-	-	(1,492,236)	-	-	-	-	(1,492,236)	(1,301,250)
Other Debits:	-	-	-	-	-	-	-	-	-	-	-
Amount Available in Debt Service Funds	-	-	-	-	-	-	-	254,352	-	254,352	242,512
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-	-	-	-	-	-	1,582,677	1,582,677	1,747,516
Total Assets and Other Debits	\$350,370	\$790,201	\$254,352	\$220,273	\$7,444,071	\$70,796	\$6,475,116	\$1,837,029	\$17,442,208	\$17,442,208	\$17,150,356

(CONTINUED)

City of Ponchatoula

EXHIBIT A
(CONTINUED)

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)

June 30, 1996

	GOVERNMENTAL FUND TYPES				FUND TYPE		ACCOUNT GROUPS		TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	FUND TYPE		GENERAL FIXED ASSETS	LONG-TERM DEBT	(MEMORANDUM ONLY)	
					ENTERPRISE	NONEXPENDABLE TRUST			June 30, 1996	June 30, 1995
LIABILITIES AND FUND EQUITY										
Contracts and Retainages Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,466
Accounts Payable	63,682	640	-	1,101	-	-	-	78,637	81,607	81,607
Accrued Liabilities	16,674	-	-	-	13,214	-	-	16,674	23,654	23,654
Payable from Restricted Assets -										
Accrued Bond Interest	-	-	-	-	35,465	-	-	35,465	35,465	35,465
Customers' Deposits	-	-	-	-	98,210	-	-	98,210	78,661	78,661
Revenue Bonds	-	-	-	-	90,000	-	-	90,000	85,000	85,000
Due to Other Funds	-	10,479	-	-	5,493	-	-	15,972	10,236	10,236
Revenue Bonds Payable	-	-	-	-	1,988,924	-	-	1,988,924	2,002,040	2,002,040
Capital Improvement Bonds Payable	-	-	-	-	-	-	1,570,000	1,570,000	1,650,000	1,650,000
Certificate of Obligation	-	-	-	-	-	-	90,000	90,000	130,000	130,000
Obligations Under Capital Lease	-	-	-	-	-	-	435	435	5,449	5,449
Deferred Revenue - Obligation Under Grant Agreement	-	-	-	176,594	-	-	-	176,594	204,579	204,579
Total Liabilities	\$ 80,356	\$ 11,119	\$ -	\$ 177,695	\$ 2,231,306	\$ -	\$ 1,837,029	\$ 4,337,505	\$ 4,566,736	\$ 4,566,736
Contributed Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,424,861	\$ 4,040,038
Investment in General Fixed Assets	-	-	-	-	-	6,475,116	-	6,475,116	6,231,724	6,231,724
Retained Earnings:										
Reserved for Bond Retirement	-	-	-	-	275,198	-	-	275,198	239,688	239,688
Unreserved - Undesignated	-	-	-	-	512,706	-	-	512,706	590,239	590,239
Fund Balances:										
Reserved for Cemetery Maintenance	-	-	-	-	-	70,796	-	70,796	65,696	65,696
Reserved for Bond Retirement	-	-	-	-	-	-	-	254,352	242,512	242,512
Unreserved:										
Designated	-	18,721	-	-	-	-	-	18,721	17,846	17,846
Undesignated	270,014	760,361	-	42,578	-	-	-	1,072,953	1,155,877	1,155,877
Total Fund Equity	\$ 270,014	\$ 779,082	\$ 254,352	\$ 42,578	\$ 5,212,765	\$ 70,796	\$ -	\$ 13,104,703	\$ 12,583,620	\$ 12,583,620
Total Liabilities and Fund Equity	\$ 350,370	\$ 790,201	\$ 254,352	\$ 220,273	\$ 7,444,071	\$ 70,796	\$ 1,837,029	\$ 14,442,208	\$ 17,150,356	\$ 17,150,356

The accompanying notes are an integral part of this statement.

City of Ponchatoula

EXHIBIT B

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

for the Year Ended June 30, 1996

	GOVERNMENTAL FUND TYPES				TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	JUNE 30, 1996	JUNE 30, 1995
Revenues:						
Taxes	\$ 220,768	\$ 1,423,528	\$ -	\$ -	\$1,644,296	\$1,381,731
Licenses and Permits	243,053	-	-	-	243,053	220,560
Intergovernmental	131,992	-	-	27,985	159,977	309,766
Fines and Forfeitures	77,664	-	-	-	77,664	66,259
Sanitation Service Fees	197,442	-	-	-	197,442	195,081
Culture and Recreation	3,680	-	-	-	3,680	3,129
Interest and Miscellaneous	45,860	35,589	11,308	16,491	109,248	144,439
Total Revenues	\$ 920,459	\$ 1,459,117	\$ 11,308	\$ 44,476	\$2,435,360	\$2,320,965
Expenditures:						
Current:						
General Government	\$ 424,154	\$ 8,426	\$ -	\$ -	\$ 432,580	\$ 371,756
Public Safety	591,655	64,353	-	-	656,008	612,898
Public Works	518,911	5,736	-	-	524,647	434,725
Cemetery	48,855	-	-	-	48,855	49,360
Public Health	-	-	-	-	-	158,725
Culture and Recreation	140,695	-	-	-	140,695	128,155
Miscellaneous Programs	106,908	-	-	39,425	146,333	143,259
Capital Outlay	14,776	20,085	-	287,595	322,456	1,159,081
Debt Service	52,448	-	170,845	-	223,293	213,340
Total Expenditures	\$1,898,402	\$ 98,600	\$ 170,845	\$ 327,020	\$2,494,867	\$3,271,299
Excess (Deficiency) of Revenues Over Expenditures	\$ (977,943)	\$ 1,360,517	\$(159,537)	\$ (282,544)	\$ (59,507)	\$ (950,334)
Other Financing Sources (Uses):						
Operating Transfers In	982,999	-	171,377	110,000	1,264,376	988,159
Operating Transfers Out	(10,601)	(1,264,477)	-	-	(1,275,078)	(989,104)
Proceeds From Debt Issued	-	-	-	-	-	150,000
Debt Issuance Cost	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 972,398	\$(1,264,477)	\$ 171,377	\$ 110,000	\$(10,702)	\$ 149,055
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ (5,545)	\$ 96,040	\$ 11,840	\$ (172,544)	\$(70,209)	\$ (801,279)
Fund Balances at Beginning of Year	275,559	683,042	242,512	215,122	1,416,235	2,217,514
Fund Balances at End of Year	\$ 270,014	\$ 779,082	\$ 254,352	\$ 42,578	\$1,346,026	\$1,416,235

The accompanying notes are an integral part of this statement.

City of Ponchatoula

EXHIBIT C

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES

for the Year Ended June 30, 1996

	GENERAL FUND			SPECIAL REVENUE FUND TYPES			TOTALS (MEMORANDUM ONLY)		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:									
Taxes	\$ 219,800	\$ 220,768	\$ 968	\$ 1,260,000	\$ 1,288,464	\$ 28,464	\$ 1,479,800	\$ 1,509,232	\$ 29,432
Licenses and Permits	214,750	243,053	28,303	-	-	-	214,750	243,053	28,303
Intergovernmental	138,453	131,992	(6,461)	-	-	-	138,453	131,992	(6,461)
Fines and Forfeitures	54,000	77,664	23,664	-	-	-	54,000	77,664	23,664
Sanitation Service Fees	200,000	197,442	(2,558)	-	-	-	200,000	197,442	(2,558)
Culture and Recreation	3,000	3,680	680	-	-	-	3,000	3,680	680
Interest and Miscellaneous	65,385	45,860	(19,525)	20,300	19,297	(1,003)	85,685	65,157	(20,528)
Total Revenues	\$ 895,388	\$ 920,459	\$ 25,071	\$ 1,280,300	\$ 1,307,761	\$ 27,461	\$ 2,175,688	\$ 2,228,220	\$ 52,532
Expenditures:									
Current:									
General Government	\$ 453,609	\$ 424,154	\$ 29,455	\$ 8,100	\$ 8,423	\$ (323)	\$ 461,709	\$ 432,577	\$ 29,132
Public Safety	617,904	591,655	26,249	-	-	-	617,904	591,655	26,249
Public Works	548,346	518,911	518,911	-	-	-	548,346	518,911	29,435
Cemetery	57,433	48,855	8,578	-	-	-	57,433	48,855	8,578
Culture and Recreation	143,792	140,695	3,097	-	-	-	143,792	140,695	3,097
Miscellaneous Programs	113,516	106,908	106,908	-	-	-	113,516	106,908	6,608
Capital Outlay	26,600	14,776	11,824	-	-	-	26,600	14,776	11,824
Debt Service	52,448	52,448	-	-	-	-	52,448	52,448	-
Total Expenditures	\$ 2,013,648	\$ 1,898,402	\$ 115,246	\$ 8,100	\$ 8,423	\$ (323)	\$ 2,021,748	\$ 1,906,825	\$ 114,923
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,118,260)	\$ (977,943)	\$ 140,317	\$ 1,272,200	\$ 1,299,338	\$ 27,138	\$ 153,940	\$ 321,395	\$ 167,455
Other Financing Sources (Uses):									
Operating Transfers In	\$ 983,000	\$ 982,999	\$ (1)	\$ -	\$ -	\$ -	\$ 983,000	\$ 982,999	\$ (1)
Operating Transfers Out	(12,714)	(10,601)	2,113	(1,265,000)	(1,264,376)	624	(1,277,714)	(1,274,977)	2,737
Total Other Financing Sources (Uses)	\$ 970,286	\$ 972,398	\$ 2,112	\$ (1,265,000)	\$ (1,264,376)	\$ 624	\$ (594,714)	\$ (291,978)	\$ 2,736
Excess (Deficiency) of Revenues and Other Sources Over Expen- ditures and Other Uses	\$ (147,974)	\$ (5,545)	\$ 142,429	\$ 7,200	\$ 34,962	\$ 27,762	\$ (140,774)	\$ 29,417	\$ 170,191
Fund Balances at Beginning Of Year	275,559	275,559	-	346,099	346,099	-	621,658	621,658	-
Fund Balances at End of Year	\$ 127,585	\$ 270,014	\$ 142,429	\$ 353,299	\$ 381,061	\$ 27,762	\$ 480,884	\$ 651,075	\$ 170,191

The accompanying notes are an integral part of this statement.

City of Ponchatoula

EXHIBIT D

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
AND FUND BALANCE - PROPRIETARY FUND TYPE AND SIMILAR TRUST FUND

for the Year Ended June 30, 1996

	PROPRIETARY	SIMILAR	TOTALS	
	FUND TYPE	TRUST FUND	(MEMORANDUM ONLY)	
	ENTERPRISE	NONEXPENDABLE	June 30,	June 30,
	FUNDS	TRUST FUND	1996	1995
Operating Revenues:				
Charges for Services	\$ 614,608	\$ -	\$614,608	\$598,951
Contributions	-	5,100	5,100	5,100
Interest	-	3,543	3,543	3,091
Total Operating Revenues	\$ 614,608	\$ 8,643	\$623,251	\$607,142
Operating Expenses:				
Salaries and Employee Benefits	\$ 142,845	\$ -	\$142,845	\$141,198
Materials and Supplies	33,813	-	33,813	37,538
Repairs and Maintenance	35,940	3,543	39,483	60,217
Utilities and Telephone	132,097	-	132,097	76,549
Insurance	26,000	-	26,000	26,000
Bad Debts	21,000	-	21,000	7,500
Vehicle Expense	8,236	-	8,236	10,265
Engineering	1,629	-	1,629	3,116
Other Expenses	27,150	-	27,150	24,227
Depreciation Expense	190,987	-	190,987	160,737
Total Operating Expenses	\$ 619,697	\$ 3,543	\$623,240	\$547,347
Operating Income	\$ (5,089)	\$ 5,100	\$ 11	\$ 59,795
Nonoperating Revenues (Expenses):				
Interest Income	\$ 20,356	\$ -	\$ 20,356	\$ 26,469
Interest Expense	(104,094)	-	(104,094)	(102,543)
Total Nonoperating Revenues (Expenses)	\$ (83,738)	\$ -	\$ (83,738)	\$ (76,074)
Income (Loss) before Operating Transfers	\$ (88,827)	\$ 5,100	\$ (83,727)	\$ 16,279
Operating Transfers In (Out):				
Operating Transfers In	\$ 10,601	\$ -	\$ 10,601	\$ 6,830
Operating Transfers Out	-	-	-	(5,885)
Total Operating Transfers In (Out)	\$ 10,601	\$ -	\$ 10,601	\$ 945
Net Income (Loss)	\$ (78,226)	\$ 5,100	\$ (73,126)	\$ (15,334)
Add: Current Year Depreciation on Fixed Assets Acquired by Grants Restricted for Construction that Reduces Contributed Capital	36,203	-	36,203	34,490
Increase in Retained Earnings/Fund Balance	\$ (43,023)	\$ 5,100	\$ (36,923)	\$ 19,156
Retained Earnings/Fund Balance - Beginning of Year	829,927	65,696	895,623	876,467
Retained Earnings/Fund Balance - End of Year	\$ 787,904	\$ 70,796	\$858,700	\$895,623

The accompanying notes are an integral part of this statement.

COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY
FUND TYPE AND SIMILAR TRUST FUND

for the Year Ended June 30, 1996

	PROPRIETARY FUND TYPE ENTERPRISE FUNDS	SIMILAR TRUST FUND NONEXPENDABLE TRUST FUND	TOTALS (MEMORANDUM ONLY)	
			June 30, 1996	June 30, 1995
Cash Flows From Operating Activities:				
Operating Income (Loss)	\$ (5,089)	\$ 5,100	\$ 11	\$ 59,795
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	190,987	-	190,987	160,737
Provision for Uncollectible Accounts	21,000	-	21,000	7,500
Changes in Assets and Liabilities:				
(Increase) in Accounts Receivable	(22,843)	-	(22,843)	(10,301)
Increase in Accounts Payable	(13,600)	-	(13,600)	(4,901)
Increase in Customer Deposits	19,549	-	19,549	(4,717)
Net Cash Provided by Operating Activities	\$ 190,004	\$ 5,100	\$ 195,104	\$ 208,113
Cash Flows From Noncapital Financing Activities:				
Increase (Decrease) in Due from Other Funds	\$ -	\$ -	\$ -	\$ 5,288
Operating Transfers In From Other Funds	15,153	-	15,153	13,062
Operating Transfers Out to Other Funds	(4,552)	-	(4,552)	(12,117)
Net Cash Provided by Noncapital Financing Activities	\$ 10,601	\$ -	\$ 10,601	\$ 6,233
Cash Flows From Capital and Related Financing Activities:				
Capital Grants Received	\$ 342,749	\$ -	\$ 342,749	\$ -
Construction of Capital Assets	(547,787)	-	(547,787)	(929,244)
Purchase of Equipment	(64,078)	-	(64,078)	(62,036)
Contributed Capital-Municipality	78,277	-	78,277	839,234
Proceeds from Revenue Bonds Issued	76,884	-	76,884	96,640
Principal Paid on Revenue Bonds	(85,000)	-	(85,000)	(80,000)
Interest Paid on Revenue Bonds	(104,094)	-	(104,094)	(102,543)
Interest Paid on Capital Lease Obligations	-	-	-	-
Principal Paid on Capital Lease Obligations	-	-	-	-
Net Cash Used in Capital and Related Financing Activities	\$ (303,049)	\$ -	\$ (303,049)	\$ (237,949)
Cash Flows From Investing Activities:				
Interest Earned on Investments	\$ 20,356	\$ -	\$ 20,356	\$ 26,469
Purchase of Investments	(239,000)	(5,100)	(244,100)	(109,600)
Proceeds from Maturities of Investments	50,000	-	50,000	104,500
Net Cash Provided by (Used in) Investing Activities	\$ (168,644)	\$ (5,100)	\$ (173,744)	\$ 21,369

(CONTINUED)

City of Ponchatoula

EXHIBIT E
(CONTINUED)

COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY
FUND TYPE AND SIMILAR TRUST FUND (CONTINUED)

for the Year Ended June 30, 1996

	PROPRIETARY FUND TYPE ENTERPRISE FUNDS	SIMILAR TRUST FUND NONEXPENDABLE TRUST FUND	TOTALS (MEMORANDUM ONLY)	
			June 30, 1996	June 30, 1995
Increase (Decrease) in Cash	\$ (271,088)	\$ -	\$ (271,088)	\$ (2,234)
Cash - Beginning of Year	<u>669,195</u>	<u>-</u>	<u>669,195</u>	<u>671,429</u>
Cash - End of Year	<u>\$ 398,107</u>	<u>\$ -</u>	<u>\$ 398,107</u>	<u>\$ 669,195</u>
Reconciliation of Cash Accounts:				
Unrestricted Cash	\$ 177,444	\$ -	\$ 177,444	\$ 303,855
Restricted Cash	<u>220,663</u>	<u>-</u>	<u>220,663</u>	<u>365,340</u>
Total	<u>\$ 398,107</u>	<u>\$ -</u>	<u>\$ 398,107</u>	<u>\$ 669,195</u>

The accompanying notes are an integral part of this statement.

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

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City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Ponchatoula, Louisiana (the "City") was first incorporated on February 12, 1861. Upon the City's acceptance of the provisions of Act 136 enacted on July 29, 1898, it became governed under the Lawrason Act. The City operates under a Mayor-Board of Aldermen form of government. The City provides the following services: public safety (police and fire), streets, drainage, sanitation, culture-recreation, public improvements, planning and zoning, and general and administrative services. Other services include water and sewer utilities.

The accounting and reporting policies of the City of Ponchatoula, Louisiana conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. 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.

A. Financial Reporting Entity

As the governing authority of the City, for reporting purposes, the City of Ponchatoula is the financial reporting entity for Ponchatoula, Louisiana. The financial reporting entity consists of (a) primary government (council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the City of Ponchatoula for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the City Council to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City Council.
2. Organizations for which the City Council does not appoint a voting majority but are fiscally dependent on the Council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the application of the above criteria, it was determined the City of Ponchatoula has no potential component unit. As a result, this report includes all funds and account groups which are controlled by or dependent on the City's executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the City was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

B. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into six generic fund types and three broad fund categories as follows:

GOVERNMENTAL FUNDS

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust, or major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Projects Fund - Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities not reportable in other funds.

Debt Service Funds - Debt Service Funds account for resources set aside to pay interest and principal on long-term debt.

PROPRIETARY 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 the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability and other purposes.

FIDUCIARY FUND

Nonexpendable Trust Fund - The Nonexpendable Trust Fund is used to account for assets held by the City in a trustee capacity. The Nonexpendable Trust Fund is accounted for essentially as a proprietary fund since capital maintenance is critical.

C. Property, Plant and Equipment 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 and expendable trust fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included in their balance sheet.

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

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 is limited to exclude amounts represented by non-current 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 liabilities (whether current or non-current) 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.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water and Sewer Utility -	
Buildings	50 Years
Water and Sewer Improvements	40 - 75 Years
Equipment	10 Years

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated.

The City's policy on interest incurred during construction is to capitalize the amount of interest paid during the construction of a project as part of the cost of constructing the project. The City had no construction period interest for the year ended June 30, 1996.

D. 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. Taxpayer-assessed income, gross receipts, and

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. All major revenues are susceptible to accrual.

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 long-term debt which is recognized when due; and (2) expendable operating supplies which are recorded as expenditures at the time of purchase under the "purchase method" (Note (1)G).

All proprietary funds and nonexpendable trust 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. Unbilled utility services receivable for the Water and Sewer Enterprise Funds are not recorded at year end as the amount is not material.

E. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in these financial statements.

1. The City Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. The proposed budget for the year ended June 30, 1996, was submitted to the Board of Alderman on May 31, 1995.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. The proposed budget for the year ended June 30, 1996, was published on June 7, 1995.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. A public hearing was held on the proposed budget for the year ended June 30, 1996, on June 21, 1995.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted. The proposed budget for the year ended June 30, 1996, was adopted as Ordinance No. 471 on June 21, 1995.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen. The budget for the year ended June 30, 1996, was amended on June 12, 1996, by the adoption of Ordinance No. 476.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Board of Aldermen.
8. Formal budgetary integration is not employed.

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

F. Cash and Investments

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the City may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the City may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash. Investments are stated at cost.

The City maintains a cash investment pool (Central Depository Account) that is used primarily by the General Fund and the Water and Sewer Enterprise Funds. Each fund's portion of this cash pool is displayed on the combined balance sheet as cash. Bank overdrafts within the General Fund have been reclassified by recording a liability in the General Fund and a corresponding receivable within the Water Enterprise Fund. Investments are separately held by several of the City's funds.

G. Inventory

The City utilizes the "purchase method" of accounting for supplies whereby expendable operating supplies are recognized as expenditures when purchased. The City did not record any inventory at June 30, 1996, as the amount is not material.

H. Accumulated Compensated Absences

The City's policy is to allow employees' vacation pay based on employee classification and length of service. Sick leave is provided for by the City but is noncumulative and the employee's right to unused sick leave does not vest. Vacation pay is cumulative with any unpaid amounts paid to employees upon separation from City's service. The cost of vacation pay is recognized as benefits are accrued.

I. Pension Plan

The City has a pension plan which covers all of the City's employees. This pension plan is a defined contribution plan administered by the statewide Louisiana Municipal Employees' Retirement System. The pension plan is funded by contributions from employees through payroll withholding deductions and matching contributions from the City (Note 16).

J. Reserves and Dedications of Fund Equity

The City records reserves and dedications to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all reserves and dedications used by the City.

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

	<u>BALANCE AT JUNE 30, 1996</u>
Reserves of Fund Balance/Retained Earnings:	
1. Sewer Enterprise Fund	
(a) Reserved for Revenue Bond Debt Service	\$275,198
2. Nonexpendable Trust Fund	
(a) Reserved for Endowment Principal	70,537
(b) Reserved for Cemetery Maintenance	259
3. Debt Service Fund	
(a) Reserved for Capital Improvement Bond Debt Service	<u>254,352</u>
	<u>\$600,346</u>
Designations of Fund Balance:	
1. Special Revenue Funds	
(a) Designated for Mausoleum Maintenance	\$ 10,304
(b) Designated for Housing Rehabilitation	<u>8,417</u>
	<u>\$ 18,721</u>

K. Payable from Restricted Assets

Certain assets of the Ponchatoula Water and Sewer Systems have been restricted for payment of the following:

	<u>BALANCE AT JUNE 30, 1996</u>
1. Water Enterprise Fund:	
Customer Deposits	\$ 98,210
2. Sewer Enterprise Fund:	
Accrued Revenue Bond Interest	35,465
Revenue Bonds - Current Portion	<u>90,000</u>
Total	<u>\$223,675</u>

L. Amortization of Contributed Capital

External contributions of capital relating to the construction of plant and equipment for the City's Water and Sewer Enterprise Fund (a proprietary fund) in the form of capital grants are being amortized over periods equal to the lives of assets acquired with such contributions of capital.

M. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain amounts from the prior year have been reclassified to conform to the current year report classifications.

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

N. Allowance for Uncollectible Accounts

Uncollectible amounts due for ad valorem taxes, notes receivable and 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. The following details the description and amount of the allowance for uncollectible accounts at June 30, 1996.

	<u>BALANCE AT JUNE 30, 1996</u>
1. General Fund	
(a) Allowance for Uncollectible Ad Valorem Taxes	\$ 7,698
(b) Allowance for Uncollectible Garbage Collection Fees	<u>22,500</u>
	<u>\$30,198</u>
2. Special Revenue Funds	
(a) Allowance for Uncollectible Notes Receivable	\$11,261
(b) Allowance for Uncollectible Ad Valorem Taxes	<u>2,205</u>
	<u>\$13,466</u>
3. Sewer and Water Enterprise Funds	
(a) Allowance for Uncollectible Sewer and Water Fees	<u>\$67,400</u>

O. 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 cash flows 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.

P. Statement of Cash Flows

In accordance with Governmental Accounting Standards Board Statement No. 9, the City is presenting a statement of cash flows. For purposes of the statement of cash flows, the Water and Sewer Enterprise Funds and the Cemetery Perpetual Care Nonexpendable Trust Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

2. AD VALOREM TAXES

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

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

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

For the year ended June 30, 1996, taxes of 16.99 mills were levied on property with taxable assessed valuations totaling \$13,083,758 and were dedicated as follows:

General Corporate Purposes	6.52 mills
Fire Millage Fund	2.10 mills
Police Millage Fund	6.27 mills
Equipment Millage Fund	<u>2.10</u> mills
Total	<u>16.99</u> mills

Total taxes levied were \$222,294. Taxes receivable at June 30, 1996 were \$12,903 less an allowance for uncollectible accounts at June 30, 1996 of \$9,902.

3. CASH AND INVESTMENTS

Deposits

At June 30, 1996, the book balance of the City's deposits was \$1,290,943 and the bank balance was \$1,355,631. Of the bank balance, \$100,000 was covered by federal deposit insurance and \$1,255,631 was covered by collateral held by the Federal Reserve Bank of New Orleans in the fiscal agent bank's name.

The collateral for the City's deposits is categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes deposits that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered deposits for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered deposits for which the securities are held by the counterparty's trust department or agent, but not in the City's name.

Bank Deposit Covered By	Category			Confirmed Bank Balance	Collateral Market Value
	1	2	3		
U. S. Treasury Notes	\$ -	\$ -	\$1,255,631	\$1,255,631	\$1,597,217
FDIC Insurance	<u>100,000</u>	-	-	<u>100,000</u>	<u>100,000</u>
Total Deposits	<u>\$100,000</u>	<u>\$ -</u>	<u>\$1,255,631</u>	<u>\$1,355,631</u>	<u>\$1,697,217</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

Investments

Under state law, the City may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash. Investments are stated at cost.

As of June 30, 1996, the City invested \$522,500 in certificates of deposit and \$174,453 in U.S. Treasury bills and notes. The City records all interest revenue related to investment activity in the respective funds.

The City's investments are categorized to give an indication of level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent, but not in the City's name.

Investments are stated at amortized cost, and all investment activities are conducted through the fiscal agent. During 1996, the City did not invest through any security brokers or dealers. Treasury notes and bills are bought and held at the Federal Reserve Bank of New Orleans in the City's name.

Description	Category			Carrying Amount	Market Value	Collateral Market Value
	1	2	3			
Certificate of Deposit	\$ -	\$ -	\$522,500	\$522,500	\$522,500	\$522,500
Treasury Bills	-	-	-	-	-	-
Treasury Notes	<u>174,453</u>	<u>-</u>	<u>-</u>	<u>174,453</u>	<u>174,453</u>	<u>-</u>
Total Investments	<u>\$174,453</u>	<u>\$ -</u>	<u>\$522,500</u>	<u>\$696,953</u>	<u>\$696,953</u>	<u>\$522,500</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

4. INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of amounts due from and due to other funds at June 30, 1996:

	DUE FROM	DUE TO
General Fund:		
Water Enterprise Fund	\$ -	\$ -
Solid Waste Collection Fund	<u>10,479</u>	<u>-</u>
Total General Fund	\$ 10,479	\$ -
Special Revenue Funds:		
Solid Waste Collection Fund	\$ <u>-</u>	\$ <u>10,479</u>
Total Special Revenue Funds	\$ -	\$ 10,479
Water Enterprise Fund:		
General Fund	\$ -	\$ -
Sewer Enterprise Fund	<u>5,493</u>	<u>-</u>
Total Water Enterprise Fund	\$ 5,493	\$ -
Sewer Enterprise Fund:		
Water Enterprise Fund	\$ <u>-</u>	\$ <u>5,493</u>
Total Sewer Enterprise Fund	\$ <u>-</u>	\$ <u>5,493</u>
Total All Funds	\$ <u>15,972</u>	\$ <u>15,972</u>

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

5. INTERFUND TRANSFERS

The following is a summary of the operating transfers between funds during the fiscal year ended June 30, 1996:

	<u>TRANSFER IN FROM</u>	<u>TRANSFER OUT TO</u>
General Fund:		
1965 Sales Tax Fund	\$ 535,000	\$ -
1982 Sales Tax Fund	447,999	-
Debt Service	-	-
Water Enterprise Fund	-	5,904
Sewer Enterprise Fund	-	4,697
	<hr/>	<hr/>
Total General Fund	\$ 982,999	\$ 10,601
Special Revenue Funds:		
General Fund	\$ -	\$ 982,999
1995 Sales Tax Bond Sinking Fund	-	171,377
FY 91 L.C.D.B.G. ED Capital Projects Fund	-	110,000
	<hr/>	<hr/>
Total Special Revenue Funds	\$ -	\$1,264,376
Debt Service Funds:		
General Fund	\$ -	\$ -
1982 Sales Tax Fund	171,377	-
1995 Capital Projects Fund	-	-
	<hr/>	<hr/>
Total Debt Service Funds	\$ 171,377	\$ -
Capital Projects Funds:		
FY 1993 Capital Improvement Debt Service Fund	\$ 110,000	\$ -
FY 1995 Capital Improvement Debt Service Fund	-	-
Water Enterprise Fund	-	-
Emergency Housing Rehab Fund	-	-
	<hr/>	<hr/>
Total Capital Projects Funds	\$ 110,000	\$ -
Proprietary Funds:		
General Fund	\$ 10,601	\$ -
1993 Capital Projects Fund	-	-
Sewer Enterprise Fund	-	-
	<hr/>	<hr/>
Total Proprietary Funds	\$ 10,601	\$ -
Total All Funds	<u>\$1,274,977</u>	<u>\$1,274,977</u>

6. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 1996, consisted of the following:

General Fund:

Beer and Tobacco Taxes Due from State of Louisiana	\$ 10,371
Parish Fire Insurance Fees Due from Tangipahoa Parish	10,095

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

Video Draw Poker Tax Due from State of Louisiana	10,616
Main Street Program Grant Due from State of Louisiana	<u>2,946</u>
Total General Fund	<u>\$ 34,028</u>

7. RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 1996:

\$2,400,000 Sewer Revenue Bond Revenue Fund	\$ 39,651
\$2,400,000 Sewer Revenue Bond Sinking Fund	119,345
\$2,400,000 Sewer Revenue Bond Reserve Fund	195,512
\$2,400,000 Sewer Revenue Bond Renewal and Replacement Fund	<u>46,155</u>
Total for Sewer Revenue Bond Debt Service	\$ 400,663
Customer Deposits - Cash	\$ -
Customer Deposits - Investments	<u>98,210</u>
Total for Customer Deposits	<u>\$ 98,210</u>
Total Restricted Assets	<u>\$ 498,873</u>

Current liabilities payable from restricted assets include accrued interest on sewer revenue bonds, currently maturing revenue bonds and customer deposits for water and sewer and represent the total liability due by the City.

Monies held by the City in the customer deposit bank account and certificate of deposit which are in excess of the City's liability to customers can be utilized by the City for any lawful corporate purpose and, accordingly, are included in current assets.

8. GENERAL FIXED ASSETS ACCOUNT GROUP

A summary of changes in general fixed assets follows:

	BALANCE JULY 1, 1995	ADDITIONS	DELETIONS	TRANSFERS	BALANCE JUNE 30, 1996
Land	\$ 313,733	\$ -	\$ -	\$ -	\$ 313,733
Buildings	1,662,064	77,954	-	-	1,740,018
Improvements Other Than Buildings	3,720,155	129,624	-	-	3,849,779
Equipment	<u>535,772</u>	<u>35,814</u>	<u>-</u>	<u>-</u>	<u>571,586</u>
Total General Fixed Assets	<u>\$6,231,724</u>	<u>\$243,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$6,475,116</u>

9. PROPRIETARY FUND PROPERTY, PLANT AND EQUIPMENT

A summary of proprietary fund type property, plant and equipment at June 30, 1996, is as follows:

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Water and Sewer Utility:			
Buildings	\$ 8,000	\$ 2,000	\$ 10,000
Water Wells, Lines, and Tower	2,333,370	-	2,333,370
Sewer Lines	-	3,209,199	3,209,199
Equipment and Vehicles	118,256	138,598	256,854
Wastewater Treatment Plant	<u>-</u>	<u>2,299,454</u>	<u>2,299,454</u>
Total	\$2,459,626	\$5,649,251	\$8,108,877
Less: Accumulated Depreciation	<u>(567,508)</u>	<u>(924,728)</u>	<u>(1,492,236)</u>
Land	\$1,892,118	\$4,724,523	\$6,616,641
Construction in Progress	89,253	3,170	92,423
Net	<u>\$1,981,371</u>	<u>\$4,727,693</u>	<u>\$6,709,064</u>

Depreciation expense on the proprietary fund type property, plant and equipment for the year ended June 30, 1996, totaled \$190,987.

10. LEASES

The City of Ponchatoula records items under capital leases as an asset and obligation in the accompanying financial statements. The following is an analysis of capital leases:

	<u>Recorded Amount</u>
Vehicles	<u>\$ 48,258</u>

The following is a schedule of future minimum lease payments under capital leases, with the present value of the net minimum lease payments, as of June 30, 1996:

	<u>Vehicle</u>
Fiscal Year:	
6/30/97	\$ 435
Total minimum lease payments	<u>\$ 435</u>
Less amount representing interest	<u>-</u>
Present value of minimum lease payments	<u>\$ 435</u>

11. CHANGES IN LONG-TERM DEBT

The following is a summary of debt transactions for the City of Ponchatoula for the year ended June 30, 1996:

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

	BALANCE JULY 1, 1995	LEASES OR BONDS ISSUED	BONDS RETIRED AND OTHER REDUCTIONS	BALANCE JUNE 30, 1996
Capital Lease Obligations	\$ 5,449	\$ -	\$ 5,014	\$ 435
General Obligation Bonds	1,650,000	-	80,000	1,570,000
Certificate of Indebtedness	130,000	-	40,000	90,000
Sewer Revenue Bonds	<u>2,087,040</u>	<u>76,884</u>	<u>85,000</u>	<u>2,078,924</u>
	<u>\$3,872,489</u>	<u>\$ 76,884</u>	<u>\$210,014</u>	<u>\$3,739,359</u>

Long-term debt at June 30, 1996, is comprised of the following:

Capital Lease Obligations:

\$18,251 Capital Lease Obligation Payable To Ford Motor Credit Dated 8/25/92; Due in 48 installments of \$437.33; With Interest at 7.00% \$ 435

Certificate of Indebtedness:

\$150,000 Certificate of Indebtedness dated December 30, 1995; Due in Annual Installments of \$20,600 - \$24,500 through December 30, 1997; With Interest at 6.00% \$ 90,000

General Obligation Bonds:

\$1,725,000 Public Improvement Bonds Dated March 1, 1995; Due in Annual Installments of \$75,000 - \$160,000 through March 1, 2009; Interest at 4.10% - 9.00% (Payable from a Pledge of the City's 1982 1% Sales and Use Tax) \$ 1,570,000

Sewer Revenue Bonds:

\$2,400,000 Series 1991 Sewer Revenue Bonds due in Annual Installments of \$75,000 to \$140,000 through March 1, 2012; Interest Rate is 4.45% Plus an Administrative Charge of 0.50% for a Combined Rate of 4.95%. Interim Construction Loans on the Sewer Revenue Bonds Totaled \$2,322,040 \$ 2,078,924

Payments of Sewer Revenue Bonds' principal and interest are secured solely by a lien on and pledge of the net revenues of the Sewer System. The Sewer Revenue Bonds are collateralized by the revenue of the Sewer System and the various special funds established by the bond authorizing resolution.

As of June 30, 1996, the Louisiana Department of Environmental Quality was the registered owner of Sewer Revenue Bond No. 1, Series 1991, in the amount of \$2,400,000 issued by the City of Ponchatoula. Upon receipt of the bond, the Louisiana Department of Environmental Quality has reserved \$2,400,000 from the Municipal Facilities Revolving Loan Fund Program for the City of Ponchatoula in connection with the sewer renovation project. Under the terms and condition of the Loan and Pledge Agreement, these funds are not made available to the City until costs are incurred and approved invoices are submitted for payment. As a result, sewer revenue bonds payable at June 30, 1996, total \$2,078,924, and \$2,398,924 represents

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

interim construction advances under this program. The remaining \$1,076 from the \$2,400,000 Series 1991 bond issuance has been reserved but not made available to the City at June 30, 1996. This balance is recorded as short-term until final close-out from the Louisiana Department of Environmental Quality.

The annual requirements to amortize all debt outstanding at June 30, 1996, including interest payments of \$708,315 are as follows:

YEAR ENDED JUNE 30,	SEWER REVENUE BONDS	CAPITAL LEASE OBLIGATIONS	CERTIFICATE OF INDEBTEDNESS	GENERAL OBLIGATION BONDS	TOTAL
1997	\$2,183,924	\$ 435	\$ 44,800	\$ 173,010	\$2,402,169
1998	-	-	29,900	169,910	199,810
1999	-	-	16,125	166,360	182,485
2000	-	-	7,725	166,210	173,935
2001	-	-	-	-	-
2002-2009	-	-	-	1,489,275	1,489,275
	<u>\$2,183,924</u>	<u>\$ 435</u>	<u>\$ 98,550</u>	<u>\$2,164,765</u>	<u>\$4,447,674</u>
Interest Portion	<u>(105,000)</u>	<u>-</u>	<u>(8,550)</u>	<u>(594,765)</u>	<u>(708,315)</u>
	<u>\$2,078,924</u>	<u>\$ 435</u>	<u>\$ 90,000</u>	<u>\$1,570,000</u>	<u>\$3,739,359</u>

12. DEDICATION OF PROCEEDS AND FLOW OF FUNDS - SALES AND USE TAX

Proceeds of the 2% sales and use tax levied by the City of Ponchatoula (1996 collections - (\$1,288,464) are dedicated to the following purposes:

- A. The original 1966 1% tax is to be used for extending, acquiring, maintaining, constructing, and improving drainage, streets, sidewalks, public buildings, fire department stations and equipment, garbage collection equipment and facilities, and the payment of salaries of certain municipal employees.
- B. The additional 1982 1% tax is to be used for extending, acquiring, maintaining, constructing, and improving sewers and sewer facilities, waterworks facilities, drainage and drain facilities, and for any other lawful corporate purpose of the City.

The City, through its governing authority, adopted a resolution on February 9, 1995, authorizing the issuance of \$1,725,000 of Public Improvement Bonds and entered into certain covenants in connection with the security and payment of said bonds. In that resolution the proceeds of the sales and use tax were irrevocably and irrevocable pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes.

The bond resolution requires that the proceeds of the special one percent (1%) sales and use tax now being levied and collected by the City is to be deposited with the City's fiscal agent bank in a 1982 Sales Tax Fund. After the payment of all reasonable and necessary costs and expenses of collecting the tax, certain monthly payments must be made from the 1982 Sales Tax Fund to the Series ST-1995 Public Improvement Bond Sinking Fund and the Series ST-1995 Public Improvement Bond Reserve Fund, which must be established with the City's fiscal agent bank. The payments into the sinking fund are made in amounts sufficient to pay the principal and interest installments currently and will continue monthly until March 2009, unless bonds are called in advance of their maturity dates, in which event it is possible to reduce the required payments into the sinking fund. Payments into the Reserve Fund will be made by transferring simultaneously upon delivery of the Bonds from the proceeds thereof an amount equal to the Reserve Fund Requirement. The money in the Reserve Fund is retained solely for the purpose of paying the principal and interest on the

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

Bonds payable from the Sinking Fund, as to which there would otherwise be default.

Any monies remaining in the Sales Tax Fund on the 20th day of each month after making the required payments into the Series ST-1995 Public Improvement Bond Sinking Fund for the current month and for prior months during which the required payments may not have been made, is considered as surplus.

Such surplus may be used by the City for any of the purposes for which the imposition of the tax is authorized or for the purpose of retiring bonds herein authorized in advance of their maturities.

Balances in the Series ST-1995 Public Improvement Bond Sinking Fund and Series ST-1995 Public Improvement Bond Reserve Fund at June 30, 1996, were in accordance with the bond covenants.

13. COMPLIANCE WITH SALES TAX BOND COVENANTS

The City, through its governing authority, adopted a resolution on February 9, 1995, authorizing the issuance of Sales Tax Bonds, Series 1995, in an amount not to exceed \$1,725,000 for public improvements in the City. That bond resolution contained certain covenants and agreements in connection with the security and payment of the bonds. The major covenants contained in the bond resolution and the manner in which the City has complied with these covenants is described as follows:

Records and Accounts and Audit Requirements - In the bond resolution the City is required to maintain and keep accurate records and accounts for the Sales Tax Bonds separate and distinct from its other records and accounts. These Sales Tax Bond records shall be maintained in accordance with generally accepted government accounting standards and shall be audited annually by an independent certified public accountant.

As of June 30, 1996, the City was in compliance with this bond covenant as the City has established all required funds and was under contract with a certified public accountant for an audit of its records for the year ended June 30, 1996.

Insurance and Fidelity Bonds - In the bond resolution, the City is required to maintain fidelity bonds on all employees in a position of authority or in possession of money derived from the sales tax.

As of June 30, 1996, the City was in compliance with this bond covenant.

Other Requirements - The bond resolution contains additional covenants regarding collection of tax, legal right to collection of tax, and other miscellaneous provisions.

As of June 30, 1996, the City was in compliance with these other bond covenants in all material respects.

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

The City, through its governing authority, adopted a resolution on August 14, 1991, authorizing the issuance of Sewer Revenue Bonds, Series 1991, in an amount not to exceed \$2,400,000 for acquiring and construction of wastewater treatment facilities. The resolution also authorized the execution of a Loan and Pledge Agreement with the Louisiana Department of Environmental Quality providing for the sale and delivery of said bonds to the Department of Environmental Quality; prescribing the form, fixing the details and providing for the payment of principal and interest on such bonds and entering into certain covenants and agreements in connection with the security and payment of said bonds. In that resolution and the Loan and Pledge Agreement, the

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

revenues of the Sewer System are irrevocably and irrevocably pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes. In that resolution and the Loan and Pledge Agreement, certain funds were required to be established to account for the receipt and disbursement of Sewer System revenues. An analysis of these accounts is provided as follows:

Revenue Fund - The bond resolution and the Loan and Pledge Agreement require that all revenues of the Sewer System shall be deposited daily in a separately identifiable account to be established with the City's fiscal agent bank and designated as the "Revenue Fund". The revenues deposited into the Sewer Revenue Fund shall be expended in the following priority:

Operation and Maintenance Fund - From the Revenue Fund, the City shall pay all reasonable and necessary costs and expenses of operating and maintaining the Sewer System. The City presently uses the cash pool identified as the Central Depository Account to account for all costs and expenses of maintaining the Sewer System. Transfers are made from the Revenue Fund to the Central Depository Account in amounts sufficient to cover the costs and expenses of maintaining the Sewer System.

Sinking Fund - After the payment of all reasonable and necessary costs and expenses of maintaining the Sewer System, monies from the Revenue Fund shall be transferred to a separately identifiable account to be established with the City's fiscal agent bank and designated as the "Sinking Fund" in amounts sufficient to pay promptly and fully the principal of and interest on the bonds as they severally become due and payable.

Monies from the Revenue Fund shall be transferred into the Sinking Fund monthly in advance on or before the twentieth (20th) day of each month of each year as follows:

- (i) during the Interim Loan Period, an amount equal to the interest estimated to accrue with respect to the Borrower Bonds for such calendar month based on the Estimated Maximum Draw Schedule, and
- (ii) during the Permanent Loan Period, an amount equal to the principal and interest accruing with respect to the Borrower Bonds for such calendar month.

The payments will continue monthly until March, 2012, unless the bonds are called in advance of their maturity dates, in which event it is possible to reduce the required payments into the sinking fund.

Reserve Fund - From the Revenue Fund, there shall be transferred monthly in advance on or before the twentieth (20th) day of each month of each year, to a separately identifiable account to be established with the City's fiscal agent bank and designated as the "Reserve Fund" a sum at least equal to 25% of the amount required to be paid into the Sinking Fund for such month until such fund accumulates an amount equal to the scheduled maximum principal and interest requirements in any succeeding bond year.

Money in the Reserve Fund is to be retained solely for the purpose of payment of the principal of and interest on all obligations payable from the Sinking Fund for which sufficient funds are not on deposit in the Sinking Fund and as to which there would otherwise be default.

Renewal and Replacement Fund - From the Revenue Fund, there shall be transferred monthly on or before the twentieth (20th) day of each month of each year to a separately identifiable account to be established with the City's fiscal agent bank and designated as the "Renewal and Replacement Fund" an amount equal to five percent

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

(5%) of the Net Revenues of the Sewer System collected in the prior calendar month until such fund accumulates \$50,000. All monies in the Renewal and Replacement Fund may be used for the purpose of paying the costs of any unusual and extraordinary maintenance and any repairs, replacements, extensions and improvements to the Sewer System. Money accumulated in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payment in the Sinking Fund or the Reserve Fund.

Construction Fund - All proceeds of the loan shall be deposited in a separately identifiable account with the City's fiscal agent bank designated the "Construction Fund" and used solely for the purpose of paying the costs of the project.

All monies remaining in the Revenue Fund after all required deposits into the bond funds described herein shall be considered surplus and may be used for the purpose of retiring bonds in advance of their maturity or for any other lawful purpose.

As of June 30, 1996, balances in the Sinking Fund, Reserve Fund, and Renewal and Replacement Fund were in accordance with the bond covenants.

15. COMPLIANCE WITH SEWER REVENUE BOND COVENANTS

The City, through its governing authority, adopted a resolution on August 14, 1991, authorizing the issuance of Sewer Revenue Bonds, Series 1991, in an amount not to exceed \$2,400,000 for acquiring and construction of wastewater treatment facilities and authorized the execution of a Loan and Pledge Agreement with the Louisiana Department of Environmental Quality. That bond resolution and agreement contained certain covenants and agreements in connection with the security and payment of the bonds. The major covenants contained in the bond resolution and agreement and the manner in which the City has complied with these covenants is described as follows:

Rate Covenant - In the bond resolution, the City covenants to fix, establish, maintain and collect such rates, fees, rents and other charges of the services and facilities of the Sewer System and to revise the rates whenever necessary as will always provide revenues in each fiscal year sufficient to pay (i) the reasonable and necessary expenses of operating the System, (ii) one hundred twenty-five percent (125%) of the required deposits to the Sinking Fund for such fiscal year, (iii) all other payments required for such fiscal year by the bond resolution and loan agreement, and (iv) all other obligations or indebtedness payable out of the revenues for such fiscal year. In connection therewith, the City adopted Ordinance No. 422 on June 26, 1991, which established sewer user classifications, set specific sewer rates and provided a detailed procedure for annual review and adjustment of sewer rates.

For the fiscal year ended June 30, 1996, operating receipts for the sewer fund totaled \$462,110. For the same period operating disbursements including required deposits into the various debt service funds totaled \$455,724. The City was in compliance with the rate covenant for the year ended June 30, 1996.

In connection with the rate covenant, the bond resolution also contained specific procedures with regards to delinquent sewer customers. The City agreed that the failure of any person to pay the charges for any service rendered by the Sewer System within thirty (30) days of the date on which it is due shall cause such charge to become delinquent and a delinquent charge of ten percent (10%) of the delinquent amount shall be assessed. If a delinquent account is not paid within thirty (30) days of the date of delinquency, the City will shut off water and sewer services to the affected premises. All delinquent accounts shall bear interest at the rate of six percent (6%) per annum.

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

At June 30, 1996, the City was not in compliance with this bond covenant because the City only charges a delinquent fee of \$1.00 on accounts not paid by the fifteenth day in each month. The City also does not charge interest at 6% per annum on delinquent accounts. However, this is because the City's present computerized billing system does not provide for the calculation of interest.

Annual Review of User Fees - In the Loan and Pledge Agreement, the City is required to review at least annually the adequacy of its Sewer User Fees to satisfy the requirements of the rate covenant and to prepare a report of such review stating the City's opinion regarding the adequacy or inadequacy of the existing user fees. Detailed procedures for the annual review and adjustment of sewer rates is contained in Ordinance No. 422.

At June 30, 1996, a review of the City's sewer user fees had been performed and the City was in compliance with this bond covenant.

Records and Accounts and Audit Requirements - In the bond resolution the City is required to maintain and keep accurate records and accounts for the Sewer System separate and distinct from its other records and accounts. These Sewer System records shall be maintained in accordance with generally accepted government accounting standards and shall be audited annually by an independent certified public accountant.

As of June 30, 1996, the City was in compliance with this bond covenant as the City was under contract with a certified public accountant for an audit of its records for the year ended June 30, 1996.

Insurance and Fidelity Bonds - In the Loan and Pledge Agreement, the City is required to maintain full coverage of insurance on the System. The City is also required to obtain fidelity bonds on all employees in a position of authority or in possession of money derived from the operation of the System.

As of June 30, 1996, the City was in compliance with this bond covenant.

Other Requirements - The bond resolution and the Loan and Pledge Agreement contain additional covenants regarding utilization of funds, appointment of engineer and other miscellaneous provisions.

As of June 30, 1996, the City was in compliance with these other bond covenants in all material respects.

16. EMPLOYEES PENSION PLANS

The City of Ponchatoula, Louisiana, provides pension benefits for all of its full-time employees through a joint contributory, defined contribution plan in the state-wide Louisiana Municipal Employees' Retirement System (MERS). The Municipal Employees' Retirement System, State of Louisiana, is the administrator of a cost-sharing, multiple-employer plan.

The Municipal Employees' Retirement System, State of Louisiana was established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana, to provide retirement benefits to employees of all incorporated villages, towns and cities within the state, which did not have their own retirement system and which elected to become members of the System.

The System is administered by a Board of Trustees composed of nine members, six of whom shall be active and contributing members of the System with at least ten years

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

creditable service, elected by the members of the System; one of whom shall be the president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; and one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana.

Act #569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System, effective on and after June 30, 1970.

Effective October 1, 1978, under Act #788, the "regular plan" and the "supplemental plan" were replaced, and are now know as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan. The City elected to become members of the System on June 27, 1966, and are members of Plan B. There are presently 65 contributing municipalities in Plan A and 56 in Plan B. The City of Ponchatoula is a member of Plan B.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week, not participating in another public funded retirement system and under age sixty (60) at date of employment. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System.

Any member of Plan B can retire providing he meets one of the following criteria:

- A. Age 55 with thirty (30) years of creditable service.
- B. Age 60 with a minimum of ten (10) or more years of creditable service.
- C. Under age 60 with ten (10) years of creditable service eligible for disability benefits.
- D. Survivor's benefits require twenty (20) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. A member is vested after ten (10) years, but he must leave his accumulated contributions in the plan until retirement. If a member withdraws his own money, he is not entitled to the employer-financed monetary credits, even if he was vested. The plan provisions are adopted by the governing body of the entities, within the options available in the state statutes governing MERS and within the actuarial constraints also in the statutes.

The contribution rate for employees is 5.00% of earnable compensation and is established by state statute.

The employer contribution rate is 4.00% of members earnings. The System also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions. The remaining employer contributions are determined according to actuarial requirements and are set annually.

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

The City's total payroll in the fiscal year ended June 30, 1996, was \$843,163, and the City's contributions were based on a payroll of \$793,238. Both the City and the covered employees made the required contributions, amounting to \$69,408. There were no related party transactions.

Even though the substance of the City's and the System's plan is not to provide a defined benefit in some form, some additional voluntary disclosures is appropriate due to the nontraditional nature of the defined contribution plan which had an unfunded pension benefit obligation due to monetary credits granted by the municipalities for services rendered by employees before the plan began and prior year contributions determined by statute instead of being actuarially determined. The pension benefit obligation shown below is similar in nature to the standardized disclosure measure required by GASB 5 for defined benefit plans.

The calculations were made as part of the annual actuarial valuation as of June 30, 1995. These calculations are made for the System as a whole as information by individual entity is not available. The market value of assets for MERS Plan B as a whole was 100% of book value as of June 30, 1995.

Pension Benefit Obligation - Plan B

Retirees, Beneficiaries and Terminated Employees	\$27,661,489
Current Employees:	
Accumulated Employees Contributions	11,123,964
Employer Financed Vested	10,822,523
Employer Financed Non-Vested	<u>15,973,587</u>
Total	<u>\$65,581,563</u>
Net Assets Available for Benefits at Book Value	<u>\$59,345,360</u>
Unfunded Pension Benefit Obligation (at Book Value)	<u>\$ 6,236,203</u>

The City's 1996 covered payroll represented 2 percent of total covered payroll of all participating entities.

Ten-year historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's June 30, 1995 comprehensive annual financial report.

All employees of the City of Ponchatoula, Louisiana are also members of the Social Security System.

17. LITIGATION

Legal counsel has informed us that the City is not a defendant in any lawsuits as of June 30, 1996.

18. CONTRIBUTED CAPITAL

The changes in the components of contributed capital for the proprietary fund type during the year ended June 30, 1996, is as follows:

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

Water and Sewer Enterprise Fund:

	COMPONENTS OF CONTRIBUTED CAPITAL			
	FEDERAL GRANTS	STATE GRANTS	MUNICIPALITY	TOTAL
Contributed Capital:				
Balance at June 30, 1995	\$1,962,907	\$219,464	\$2,184,692	\$4,367,063
Additions	342,749	-	78,277	421,026
Reductions	-	-	-	-
Balance at June 30, 1996	\$2,305,656	\$219,464	\$2,262,969	\$4,788,089
Amortization of Con- tributed Capital:				
Balance at June 30, 1995	\$ 291,164	\$ 35,861	\$ -	\$ 327,025
Additions:				
Current Year Depreciation on Fixed Assets Acquired by Grants Restricted for Construction	32,404	3,799	-	36,203
Balance at June 30, 1996	\$ 323,568	\$ 39,660	\$ -	\$ 363,228
Net Contributed Capital	<u>\$1,982,088</u>	<u>\$179,804</u>	<u>\$2,262,969</u>	<u>\$4,424,861</u>

19. EXPENDITURES OVER APPROPRIATIONS

Expenditures in individual funds exceeded amounts appropriated as follows:

	ACTUAL EXPENDITURES	AMOUNTS BUDGETED	EXCESS
1965 Sales Tax Fund	\$ <u>4,212</u>	\$ <u>4,050</u>	\$ <u>162</u>
1982 Sales Tax Fund	\$ <u>4,211</u>	\$ <u>4,050</u>	\$ <u>161</u>

20. OPERATING BUDGETS

The City did not adopt an operating budget for the Solid Waste Collection Fund, Mausoleum Trust Fund, Emergency Housing Rehabilitation Fund, Fire Millage Fund, Police Millage Fund, Equipment Millage Fund, and the Health and Safety Rehabilitation Fund. Total fund balances at June 30, 1996, for these seven funds totaled \$398,021. Total revenues for these seven funds for the fiscal year ended June 30, 1996, totaled \$151,356. Total expenditures for these seven funds for the year ended June 30, 1996, totaled \$90,177. Inclusion of these seven funds with all other special revenue funds in a combined statement of revenues, expenditures and changes in fund balance - budget (GAAP Basis) and actual, appearing on Page 7 (Exhibit C), would make the financial statement misleading. Accordingly, these amounts have been omitted from that financial statement.

Reconciliation of the beginning fund balances and actual revenues and expenditures of all special revenue funds, including the Solid Waste Collection Fund, Mausoleum

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

Trust Fund, Emergency Housing Rehabilitation Fund, Fire Millage Fund, Police Millage Fund, Equipment Millage Fund, and the Health and Safety Rehabilitation Fund, to the amounts reported in Exhibit C is as follows:

	ACTUAL PER *GAAP STATEMENT (EXHIBIT C)	ACTUAL PER EXCLUDED FUNDS	ACTUAL - ALL SPECIAL REVENUE FUND TYPES (EXHIBIT B)
Revenues:			
Taxes	\$1,288,464	\$135,064	\$1,423,528
Intergovernmental	-	-	-
Interest and Miscellaneous	19,297	16,292	35,589
Garbage Escrow Funds	-	-	-
Total Revenues	<u>\$1,307,761</u>	<u>\$151,356</u>	<u>\$1,459,117</u>
Expenditures:			
General Government	\$ 8,423	\$ 3	\$ 8,426
Public Safety	-	64,353	64,353
Public Works	-	5,736	5,736
Public Health	-	-	-
Miscellaneous Programs	-	-	-
Capital Outlay	-	20,085	20,085
Total Expenditures	<u>\$ 8,423</u>	<u>\$ 90,177</u>	<u>\$ 98,600</u>
Excess of Revenues Over Expenditures	\$1,299,338	\$ 61,179	\$1,360,517
Other Financing (Uses):			
Operating Transfers In	\$ -	\$ -	\$ -
Operating Transfers Out	<u>(1,264,376)</u>	<u>101</u>	<u>(1,264,477)</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	\$ 34,962	\$ 61,078	\$ 96,040
Fund Balance - Beginning of Year	<u>346,099</u>	<u>336,943</u>	<u>683,042</u>
Fund Balance - End of Year	<u>\$ 381,061</u>	<u>\$ 398,021</u>	<u>\$ 779,082</u>

*This statement (Exhibit C) includes only the following Special Revenue Funds:

- (1) 1965 Sales Tax Fund
- (2) 1982 Sales Tax Fund

21. DEFERRED REVENUES AND OBLIGATION UNDER GRANT AGREEMENT

On April 24, 1992, the City of Ponchatoula entered into a contract with the State of Louisiana - Division of Administration for a Louisiana Community Development Block Grant funded by the United States Department of Housing and Urban Development in the amount of \$726,865. The purpose of this grant is to provide infrastructure improvements to the Ponchatoula Industrial Park and a maximum of \$250,000 to provide a long-term permanent financing loan to J & M Industries, Inc. for the purpose of purchasing equipment and for relocating their corporate headquarters in the industrial park. The original loan is a maximum of \$250,000 at 6.00% interest, and is to be repaid by J & M Industries, Inc. in 96 monthly installments of \$3,285. As of June 30, 1996, the amount received by J & M Industries, Inc. under this loan agreement totaled \$250,000. Principal payments through June 30, 1996, total \$73,406.

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1996

The balance of this note outstanding at June 30, 1996 is \$176,594.

Under the terms of the agreement, the City of Ponchatoula is the maker of this note with J & M Industries, Inc. and holds a security interest in all furniture, fixtures and equipment which are purchased with the LCDBG funds. However, the City is required to return to the State of Louisiana - Division of Administration all the principal, interest or other payments received from J & M Industries, Inc. under the terms of this note. In fact, the contract requires J & M Industries, Inc. to make the note payments directly to the Division of Administration. The City is required by the LCDBG contract to monitor the repayment of these funds and perform other activities in connection with the LCDBG contract. The City of Ponchatoula is contingently liable to the Division of Administration for repayment of this note should J & M Industries, Inc. default on the note and the City not fulfill its obligations under the contract.

Based on the foregoing information, the deferred revenues at June 30, 1996, are \$ 176,594, the long-term debt created by this agreement on June 30, 1996, is \$176,594, and the outstanding note receivable from J & M Industries, Inc. on June 30, 1996, is \$176,594.

SUPPLEMENTARY INFORMATION AND SCHEDULES

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS

GENERAL FUND

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

City of Ponchatoula
GENERAL FUND

EXHIBIT F

COMPARATIVE BALANCE SHEETS

June 30, 1996 and 1995

ASSETS

	<u>1996</u>	<u>1995</u>
Cash	\$258,418	\$243,335
Investments	-	-
Receivables (Net of Allowances for Uncollectibles Where Applicable):		
Ad Valorem Taxes	1,152	1,152
Franchise Taxes	27,398	19,217
Garbage Collection Fees	17,577	17,308
Notes	-	27,233
Other Receivables	1,318	-
Due from Other Governments	34,028	41,043
Due from Solid Waste Collection Fund	<u>10,479</u>	<u>4,743</u>
Total Assets	<u>\$350,370</u>	<u>\$354,031</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 63,682	\$ 55,082
Accrued Liabilities	16,674	23,654
Due to Water Fund	-	-
Due to Solid Waste Collection Fund	-	-
Total Liabilities	<u>\$ 80,356</u>	<u>\$ 78,736</u>
Fund Balance (Deficit) - Unreserved - Undesignated	<u>270,014</u>	<u>275,559</u>
Total Liabilities and Fund Balance	<u>\$350,370</u>	<u>\$354,295</u>

See auditor's report.

City of Ponchatoula
GENERAL FUND

EXHIBIT F-1

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

for the Year Ended June 30, 1996
With Comparative Actual Amounts for the Year Ended June 30, 1995

	1996		VARIANCE- FAVORABLE (UNFAVORABLE)	1995 ACTUAL
	REVISED BUDGET	ACTUAL		
Revenues:				
Taxes	\$ 219,800	\$ 220,768	\$ 968	\$ 189,020
Licenses and Permits	214,750	243,053	28,303	220,560
Intergovernmental	138,453	131,992	(6,461)	120,168
Fines and Forfeitures	54,000	77,664	23,664	66,259
Sanitation Service Fees	200,000	197,442	(2,558)	195,081
Culture and Recreation	3,000	3,680	680	3,129
Miscellaneous	65,385	45,860	(19,525)	61,109
Total Revenues	\$ 895,388	\$ 920,459	\$ 25,071	\$ 855,326
Expenditures:				
Current:				
General Government	\$ 453,609	\$ 424,154	\$ 29,455	\$ 364,321
Public Safety	617,904	591,655	26,249	538,210
Public Works	548,346	518,911	29,435	429,123
Cemetery	57,433	48,855	8,578	49,360
Culture and Recreation	143,792	140,695	3,097	128,155
Miscellaneous Programs	113,516	106,908	6,608	83,100
Capital Outlay	26,600	14,776	11,824	33,796
Debt Service	52,448	52,448	-	16,280
Total Expenditures	\$ 2,013,648	\$1,898,402	\$115,246	\$1,642,345
Excess (Deficiency) of Revenues Over Expenditures	\$(1,118,260)	\$ (977,943)	\$140,317	\$ (787,019)
Other Financing Sources (Uses):				
Operating Transfers In	983,000	982,999	(1)	794,032
Operating Transfers Out	(12,714)	(10,601)	2,113	(7,177)
Excess (Deficiency) of Revenues and Other Sources Over Expendi- tures and Other Uses	\$(147,974)	\$ (5,545)	\$142,429	\$ (164)
Fund Balance Beginning of Year	275,559	275,559	-	275,723
Fund Balance at End of Year	\$ 127,585	\$ 270,014	\$142,429	\$ 275,559

See auditor's report.

City of Ponchatoula
GENERAL FUND

EXHIBIT F-2

STATEMENT OF REVENUES, COMPARED TO BUDGET (GAAP BASIS)

for the Year Ended June 30, 1996
With Comparative Actual Amounts for the Year Ended June 30, 1995

	1996		VARIANCE- FAVORABLE (UNFAVORABLE)	1995 ACTUAL
	REVISED BUDGET	ACTUAL		
Taxes:				
Ad Valorem	\$ 94,500	\$ 91,909	\$(2,591)	\$ 80,599
Penalties and Interest	10,300	9,858	(442)	9,717
Public Utilities Franchise	<u>115,000</u>	<u>119,001</u>	<u>4,001</u>	<u>98,704</u>
	\$219,800	\$220,768	\$ 968	\$189,020
Licenses and Permits:				
Occupational Licenses	\$185,000	\$211,501	\$ 26,501	\$195,513
Building Permits	13,450	14,243	793	10,628
Chain Store Licenses	4,300	4,299	(1)	4,619
Liquor Permits	12,000	12,980	980	9,780
Bingo and Special Permits	-	30	30	20
	\$214,750	\$243,053	\$ 28,303	\$220,560
Intergovernmental:				
Video Poker Taxes	\$ 56,140	\$ 57,530	\$ 1,390	\$ 45,408
Tobacco Taxes	35,000	27,556	(7,444)	27,592
Beer Taxes	15,000	13,849	(1,151)	12,792
State Grant- Main Street	4,850	5,750	900	6,500
Parish Fire Insurance Fees	10,250	10,094	(156)	10,135
Revenue Equalization - PILOT	7,862	7,862	-	6,273
FEMA Hurricane Andrew Grant	-	-	-	2,468
Historical District Facade Grant	-	-	-	9,000
Federal Grants - Forestry	<u>9,351</u>	<u>9,351</u>	-	-
	\$138,453	\$131,992	\$(6,461)	\$120,168
Fines and Forfeitures	\$ 54,000	\$ 77,664	\$ 23,664	\$ 66,259
Sanitation Service Fees	\$200,000	\$197,442	\$(2,558)	\$195,081
Culture and Recreation	\$ 3,000	\$ 3,680	\$ 680	\$ 3,129
Miscellaneous:				
LP&L Collection Fees	\$ 6,500	\$ 8,469	\$ 1,969	\$ 6,358
Cemetery - Receipts	13,000	9,148	(3,852)	14,255
Interest	15,000	16,234	1,234	13,393
LP&L Application Fee	2,100	2,160	60	2,380
Sale of City Assets	17,767	-	(17,767)	15,000
Alligator Fund	200	26	(174)	-
Donations	-	350	350	-
Miscellaneous	10,818	5,008	(5,810)	4,652
Grant - Police Eq.	-	-	-	-
Fees Culvert Installation	-	836	836	500
EDA Awareness Video	-	-	-	-
Crime Victims Reparations	-	-	-	1,248
Police Accident Reports	-	-	-	500
Appearance Bonds	-	3,629	3,629	2,823
	\$ <u>65,385</u>	\$ <u>45,860</u>	\$ <u>(19,525)</u>	\$ <u>61,109</u>
	<u>\$895,388</u>	<u>\$920,459</u>	<u>\$ 25,071</u>	<u>\$855,326</u>

See auditor's report.

City of Ponchatoula
GENERAL FUND

EXHIBIT F-3

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)

for the Year Ended June 30, 1996
With Comparative Actual Amounts for the Year Ended June 30, 1995

	1996		VARIANCE- FAVORABLE (UNFAVORABLE)	1995 ACTUAL
	REVISED BUDGET	ACTUAL		
General Government:				
Salaries - Mayor and Aldermen	\$ 48,000	\$ 47,000	\$ 1,000	\$ 47,400
Salaries - City Clerk and Assistants	78,898	79,834	(936)	76,485
Payroll Taxes and Employee Benefits	46,525	27,794	18,731	25,769
Legal Fees and Costs	11,206	12,818	(1,612)	10,829
Outside Consultant	25,000	25,000	-	25,060
Audit and Accounting	15,000	13,950	1,050	12,265
Building Inspector	4,800	4,800	-	4,800
Insurance (Except Enterprise Funds)	146,746	134,323	12,423	101,704
Office Supplies	15,000	14,756	244	12,599
Advertising	2,000	1,902	98	2,922
Dues and Subscriptions	1,750	1,707	43	1,790
Conferences and Conventions	5,817	8,761	(2,944)	6,410
Utilities	5,800	5,332	468	5,589
Telephone	5,210	5,452	(242)	3,418
Vehicle	2,752	2,342	410	1,690
Repairs to Building	1,000	450	550	1,730
Maintenance Agreement	9,750	9,666	84	7,508
Equipment Repairs	12,700	14,654	(1,954)	2,907
Assessor and Tax Roll	3,020	3,020	-	2,967
Postage	5,000	4,168	832	5,715
Rental	1,000	1,081	(81)	414
Bohning Building Purchase	-	-	-	3,948
Zoning	-	-	-	-
Miscellaneous	635	575	60	402
Election Costs	6,000	4,769	1,231	-
Total General Government	\$453,609	\$424,154	\$ 29,455	\$364,321

(CONTINUED)

City of Ponchatoula
GENERAL FUND

EXHIBIT F-3
(CONTINUED)

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS) (CONTINUED)

for the Year Ended June 30, 1996
With Comparative Actual Amounts for the Year Ended June 30, 1995

	1996		VARIANCE- FAVORABLE (UNFAVORABLE)	1995 ACTUAL
	REVISED BUDGET	ACTUAL		
Public Safety:				
Police:				
Salaries - Police	\$265,460	\$249,498	\$ 15,962	\$239,804
Salaries - City Court	21,200	20,180	1,020	14,356
Payroll Taxes and Employee Benefits	65,660	65,660	-	57,764
Less Police Salary Millage	(45,000)	(43,909)	(1,091)	(58,232)
Vehicle	41,500	43,023	(1,523)	36,609
Supplies	19,000	17,083	1,917	15,897
Uniform	2,000	2,188	(188)	1,397
Equipment Repairs	2,000	2,709	(709)	1,718
Telephone	6,600	6,303	297	4,968
Utilities	5,000	4,577	423	5,307
Conference and Conventions	1,250	1,286	(36)	990
Building Maintenance	-	-	-	-
Prisoner Costs	27,000	29,488	(2,488)	27,005
Training	6,000	4,660	1,340	4,736
Miscellaneous	220	570	(350)	-
Total Police	\$417,890	\$403,316	\$ 14,574	\$352,319
Fire:				
Salaries	\$129,000	\$126,707	\$ 2,293	\$120,049
Payroll Taxes and Employee Benefits	31,803	31,803	-	27,222
Less Fireman Salary Millage	(20,500)	(20,445)	(55)	(16,456)
Call Back Pay	4,500	4,176	324	2,418
Vehicle	4,500	4,828	(328)	5,491
Supplies	19,500	9,714	9,786	8,435
Uniform	1,000	740	260	111
Equipment Repairs	3,000	3,338	(338)	2,545
Telephone	5,050	5,118	(68)	4,567
Utilities	11,025	10,500	525	10,599
Conferences and Conventions	2,500	3,574	(1,074)	2,500
Miscellaneous	350	-	350	20
Building Maintenance	1,000	1,767	(767)	4,300
Mileage	1,200	921	279	1,315
Training	3,456	3,456	-	3,496
Pre-Planning	-	-	-	2,050
Total Fire	\$197,384	\$186,197	\$ 11,187	\$178,662
Civil Defense:				
Director	\$ 650	\$ 480	\$ 170	\$ 480
Generator	1,000	666	334	993
Telephone	500	702	(202)	511
Supplies	480	294	186	5,245
Total Civil Defense	\$ 2,630	\$ 2,142	\$ 488	\$ 7,229
Total Public Safety	\$617,904	\$591,655	\$ 26,249	\$538,210

(CONTINUED)

City of Ponchatoula
GENERAL FUND

EXHIBIT F-3
(CONTINUED)

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS) (CONTINUED)

for the Year Ended June 30, 1996
With Comparative Actual Amounts for the Year Ended June 30, 1995

	1996		VARIANCE- FAVORABLE (UNFAVORABLE)	1995 ACTUAL
	REVISED BUDGET	ACTUAL		
Public Works:				
Streets:				
Salaries	\$ 93,000	\$ 82,852	\$ 10,148	\$ 70,768
Payroll Taxes and Employee Benefits	18,155	18,155	-	14,212
Street and Traffic Lights	45,000	44,760	240	45,216
Vehicle	12,500	13,235	(735)	13,726
Materials and Supplies	88,000	77,692	10,308	47,836
Maintenance and Repairs	9,500	7,533	1,967	3,644
Equipment Repairs and Rentals	25,000	22,738	2,262	22,026
Conferences	-	15	(15)	30
Utilities	4,750	4,657	93	4,217
Telephone	650	649	1	703
Miscellaneous	5,341	8,550	(3,209)	4,037
Christmas Decorations and Lights	10,500	10,421	79	254
Tree Maintenance	-	-	-	-
Uniforms	1,800	1,740	60	-
Hurricane Cleanup	-	-	-	-
Total Streets	<u>\$314,196</u>	<u>\$292,997</u>	<u>\$ 21,199</u>	<u>\$226,669</u>
Sanitation:				
Animal Control	\$ 1,250	\$ 1,154	\$ 96	\$ 1,130
Contract Garbage Collection	204,400	202,015	2,385	196,432
Garbage Escrow Funds	-	(5,736)	5,736	(5,602)
Mosquito and Pest Control	1,000	984	16	984
Miscellaneous	-	-	-	860
Coroners Fees	10,000	9,228	772	8,650
Animal Shelter	12,000	12,000	-	-
Trash Hauling	5,500	6,269	(769)	-
Uncollectible Accounts	-	-	-	-
Total Sanitation	<u>\$234,150</u>	<u>\$225,914</u>	<u>\$ 8,236</u>	<u>\$202,454</u>
Total Public Works	<u>\$548,346</u>	<u>\$518,911</u>	<u>\$ 29,435</u>	<u>\$429,123</u>

(CONTINUED)

City of Ponchatoula
GENERAL FUND

EXHIBIT F-3
(CONTINUED)

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS) (CONTINUED)

for the Year Ended June 30, 1996
With Comparative Actual Amounts for the Year Ended June 30, 1995

	1996		VARIANCE- FAVORABLE (UNFAVORABLE)	1995 ACTUAL
	REVISED BUDGET	ACTUAL		
Cemetery:				
Salaries	\$ 42,500	\$ 38,541	\$ 3,959	\$ 36,074
Payroll Taxes and Employee Benefits	8,441	8,441	-	7,184
Supplies	1,250	1,103	147	2,301
Utilities	-	-	-	-
Repairs	500	308	192	146
Vehicle and Mower	4,400	3,979	421	4,869
Uniforms	-	-	-	707
Less Perpetual Care Funds	-	(3,543)	3,543	(3,091)
Miscellaneous	342	26	316	1,170
Total Cemetery	\$ 57,433	\$ 48,855	\$ 8,578	\$ 49,360
Culture and Recreation:				
Recreation and Parks:				
Salaries	\$ 39,640	\$ 39,448	\$ 192	\$ 30,780
Payroll Taxes and Employee Benefits	8,637	8,637	-	5,959
Supplies	6,000	6,314	(314)	6,171
Equipment Rental	-	-	-	-
Building Maintenance	2,200	2,991	(791)	3,544
Equipment Repairs	2,000	1,139	861	2,373
Mower	1,500	949	551	1,266
Utilities	10,800	11,106	(306)	10,678
Telephone	1,800	1,802	(2)	1,570
Vehicle	2,000	1,553	447	2,616
Miscellaneous	-	89	(89)	457
Total Recreation and Parks	\$ 74,577	\$ 74,028	\$ 549	\$ 65,414
Community Center:				
Salaries	\$ 29,000	\$ 27,679	\$ 1,321	\$ 27,682
Payroll Taxes and Employee Benefits	6,065	6,065	-	5,559
Supplies	8,600	9,640	(1,040)	10,389
Maintenance and Upkeep	500	348	152	415
Utilities	18,000	16,149	1,851	13,104
Telephone	750	776	(26)	552
Miscellaneous	1,000	1,182	(182)	909
Building Repairs	2,500	2,082	418	1,433
Uniforms	2,300	2,217	83	-
Equipment Repairs	500	529	(29)	2,698
Total Community Center	\$ 69,215	\$ 66,667	\$ 2,548	\$ 62,741
Total Culture and Recreation	\$143,792	\$140,695	\$ 3,097	\$128,155

(CONTINUED)

City of Ponchatoula
GENERAL FUND

EXHIBIT F-3
(CONTINUED)

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS) (CONTINUED)

for the Year Ended June 30, 1996
With Comparative Actual Amounts for the Year Ended June 30, 1995

	1996		VARIANCE- FAVORABLE (UNFAVORABLE)	1995 ACTUAL
	REVISED BUDGET	ACTUAL		
Miscellaneous Programs:				
Miscellaneous	\$ -	\$ -	\$ -	\$ 690
Senior Citizens and Information Center	1,625	1,668	(43)	1,442
Veterans Service	684	684	-	627
Alligator Maintenance	250	161	89	-
Museum	2,150	1,945	205	913
Maintenance and Upkeep	-	-	-	-
Employee Drug Testing	1,800	1,733	67	1,565
EPA - Pat Settoon	8,950	8,803	147	8,888
Industrial Park	70,000	70,719	(719)	39,263
Main Street Program	12,460	14,098	(1,638)	12,846
Tangipahoa Industrial Development Foundation	-	-	-	-
Facade Reimbursements	8,500	-	8,500	9,000
Lease-Railroad Property	-	-	-	-
House Demolition	-	-	-	3,900
Landscaping and Trees	7,097	7,097	-	3,966
Total Miscellaneous Programs	\$ 113,516	\$ 106,908	\$ 6,608	\$ 83,100
Capital Outlay:				
General Government	\$ -	\$ -	\$ -	\$ -
Public Safety- Police	20,950	20,950	-	20,295
Public Safety - Fire	-	-	-	5,575
Less Equipment Millage	(20,000)	(20,000)	-	(20,000)
Public Works - Street Dept.	12,000	-	12,000	20,124
Cemetery	1,000	672	328	3,715
Culture and Recreation	12,650	13,154	(504)	4,087
Miscellaneous Programs	-	-	-	-
Total Capital Outlay	\$ 26,600	\$ 14,776	\$ 11,824	\$ 33,796
Debt Service:				
General Government	52,448	52,448	-	5,248
Public Safety - Police	-	-	-	11,032
Total Debt Service	\$ 52,448	\$ 52,448	\$ -	\$ 16,280
	\$2,013,648	\$1,898,402	\$115,246	\$1,642,345

See auditor's report.

SPECIAL REVENUE FUNDS

- 1965 Sales Tax Fund - To account for the receipt and use of proceeds of the City of Ponchatoula, Louisiana's 1% sales and use tax passed by the citizens on April 10, 1965. Revenues derived from the sales and use tax are dedicated for the purpose of constructing, acquiring, extending, improving and/or maintaining drainage facilities, streets, sidewalks, public buildings and/or fire department stations and equipment, including fire engines; purchasing and acquiring furnishings for the aforesaid public works, buildings, improvements and facilities; and maintaining and operating garbage collection facilities including the equipment therefore, title to which improvements shall be in the public, and any one or more of said purposes.
- 1982 Sales Tax Fund - To account for the receipt and use of proceeds of the City of Ponchatoula, Louisiana's additional 1% sales and use tax passed by the citizens on April 3, 1982. Revenues derived from the sales and use tax are dedicated to construction and maintaining streets, sewers, sewage disposal works, waterworks facilities and drains and drainage facilities and for any other lawful corporate purposes of the City.
- The proceeds from this sales tax has been pledged and dedicated to the retirement of the \$1,725,000 Series ST-1995 Public Improvement Bonds issued June 23, 1988.
- Solid Waste Collection Fund - To account for the receipt and use of proceeds received for garbage collection in excess of actual expenditures pursuant to Ordinance 411 passed by the Mayor and Board of Aldermen on April 11, 1990. All proceeds and interest collected are dedicated to offset future increases in garbage collection charges and disposal fees.
- Mausoleum Trust Fund - To account for the receipts, including the sale of crypts and fees, and the transfers to the general fund. The City receives 21% of the sales price of the crypts and has dedicated 10% of the sales price to the maintenance and insurance of the mausoleum. The remaining 11% of the sales price received by the City may be used for any purpose which the City desires.
- Emergency Housing Rehabilitation Fund - To account for the paybacks from low interest Community Development Block Grant loans and appropriations from the City's general fund. The funds are dedicated for emergency home repair to benefit low income residents.
- Fire, Police and Equipment Millage Funds - To account for the receipt and use of proceeds of the City of Ponchatoula, Louisiana's 10 mills property tax passed by the citizens on July 21, 1990. Revenues derived from the property tax are dedicated 6 mills to paying Police Department salaries, 2 mills to paying Fire Department salaries and 2 mills to purchase equipment for the Police and Fire Departments of the City. The tax is for a period of ten years, beginning with the year 1990.
- Health and Safety Rehabilitation Fund - To account for the receipt and use of grant proceeds in the amount of \$200,000 awarded to the City by the Louisiana Housing Finance Agency. These Health and Safety Rehabilitation Grants are awarded to qualifying elderly, disabled and low income individuals to rehabilitate substandard housing in the City.

City of Ponchatoula
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 1996
With Comparative Totals as of June 30, 1995

	ASSETS										TOTALS		
	1965 SALES TAX FUND	1982 SALES TAX FUND	SOLID WASTE COLLECTION FUND	MAUSOLEUM TRUST FUND	EMERGENCY HOUSING REHABILITATION FUND	FIRE MILLAGE FUND	POLICE MILLAGE FUND	EQUIPMENT MILLAGE FUND	HEALTH AND SAFETY REHA- BILITATION FUND	1996	1995		
Cash	\$183,864	\$ 99,353	\$ 23,837	\$ 1,894	\$ 6,427	\$ 27,882	\$ 74,405	\$ 26,216	\$ -	\$443,878	\$567,207		
Investments	-	-	-	-	-	-	-	-	-	244,000	21,000		
Due from Other Funds	-	-	-	-	-	-	-	-	-	-	-		
Receivables (Net of Allowance for Uncollectible Accounts):													
Grants	49,242	49,242	-	-	-	370	1,109	370	-	100,333	97,867		
Taxes	-	-	-	-	1,990	-	-	-	-	1,990	2,335		
Notes	-	-	-	-	-	-	-	-	-	-	-		
Total Assets	\$233,106	\$148,595	\$ 23,837	\$ 25,894	\$ 8,417	\$ 88,252	\$235,514	\$ 26,586	\$ -	\$790,201	\$688,409		

LIABILITIES AND FUND BALANCES

Liabilities:													
Accounts Payable	\$ 320	\$ 320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 640	\$ 624		
Due to Other Funds	-	-	10,479	-	-	-	-	-	-	10,479	4,743		
Total Liabilities	\$ 320	\$ 320	\$ 10,479	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,119	\$ 5,367		
Fund Balances:													
Unreserved - Designated	232,786	148,275	13,358	10,304	8,417	88,252	235,514	26,586	-	18,721	17,846		
Undesignated	-	-	-	15,590	-	-	-	-	-	760,361	665,196		
Total Liabilities and Fund Balances	\$233,106	\$148,595	\$ 23,837	\$ 25,894	\$ 8,417	\$ 88,252	\$235,514	\$ 26,586	\$ -	\$790,201	\$688,409		

See auditor's report.

City of Ponchatoula
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

for the Year Ended June 30, 1996
With Comparative Totals for the Year Ended June 30, 1995

	1965 SALES TAX FUND	1982 SALES TAX FUND	SOLID WASTE COLLECTION FUND	MAUSOLEUM TRUST FUND	EMERGENCY HOUSING REHABILITATION FUND	FIRE MILLAGE FUND	POLICE MILLAGE FUND	EQUIPMENT MILLAGE FUND	HEALTH AND SAFETY RE- HABILITATION FUND	TOTALS	
										1996	1995
Revenues:											
Taxes	\$644,232	\$644,232	\$ -	\$ -	\$ -	\$ 27,092	\$ 80,880	\$ 27,092	\$ -	\$1,423,528	\$1,192,711
Commissions	-	-	-	-	-	-	-	-	-	-	158,826
Grant	-	-	-	-	-	-	-	-	-	-	-
Interest and Miscellaneous	10,241	9,056	1,275	1,375	233	3,436	9,047	936	-	35,589	29,092
Total Revenues	\$654,473	\$653,288	\$ 1,275	\$ 1,375	\$ 233	\$ 30,528	\$ 89,927	\$ 28,028	\$ -	\$1,459,117	\$1,380,629
Expenditures:											
General Government	\$ 4,212	\$ 4,211	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ 8,426	\$ 7,435
Public Safety	-	-	-	-	-	20,445	43,908	-	-	64,353	74,688
Public Works	-	-	5,736	-	-	-	-	-	-	5,736	5,602
Cemetery	-	-	-	-	-	-	-	-	-	-	-
Industrial Park	-	-	-	-	-	-	-	-	-	-	158,725
Health and Safety	-	-	-	-	-	-	-	-	-	-	16,250
Other	-	-	-	-	-	-	-	-	-	-	27,500
Capital Outlay	-	-	-	-	-	-	-	20,085	-	20,085	27,500
Total Expenditures	\$ 4,212	\$ 4,211	\$ 5,736	\$ -	\$ 3	\$ 20,445	\$ 43,908	\$ 20,085	\$ -	\$ 98,500	\$ 290,200
Excess (Deficiency) of Revenues Over Expenditures	\$650,261	\$649,077	\$ (4,461)	\$ 1,375	\$ 220	\$ 10,083	\$ 46,019	\$ 7,943	\$ -	\$1,360,517	\$1,090,429
Other Financing Sources (Uses):											
Operating Transfers In	-	-	-	-	-	-	-	-	-	-	16,250
Operating Transfers Out	645,000	619,376	-	-	-	-	-	-	101	1,264,477	(981,927)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 5,261	\$ 29,701	\$ (4,461)	\$ 1,375	\$ 220	\$ 10,083	\$ 46,019	\$ 7,943	\$ (101)	\$ 96,040	\$ 124,752
Fund Balances at Beginning of Year	227,525	118,574	17,819	24,519	8,197	78,169	189,495	18,643	101	683,042	558,290
Fund Balances at End of Year	\$232,786	\$148,275	\$ 13,358	\$ 25,894	\$ 8,417	\$ 88,252	\$235,514	\$ 26,586	\$ -	\$ 779,082	\$ 683,042

See auditor's report.

City of Ponchatoula
SPECIAL REVENUE FUNDS
1965 SALES TAX FUND

EXHIBIT G-2

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

for the Year Ended June 30, 1996
With Comparative Actual Amounts for the Year Ended June 30, 1995

	1996		VARIANCE- FAVORABLE (UNFAVORABLE)	1995 ACTUAL
	REVISED BUDGET	ACTUAL		
Revenues:				
Taxes - Sales Taxes	\$ 630,000	\$ 644,232	\$ 14,232	\$ 534,605
Interest	10,150	10,241	91	7,983
Total Revenues	<u>\$ 640,150</u>	<u>\$ 654,473</u>	<u>\$ 14,323</u>	<u>\$ 542,588</u>
Expenditures:				
General Government:				
Collection Fees	\$ 4,050	\$ 4,212	\$ (162)	\$ 3,512
Miscellaneous	-	-	-	-
Total Expenditures	<u>\$ 4,050</u>	<u>\$ 4,212</u>	<u>\$ (162)</u>	<u>\$ 3,512</u>
Excess of Revenues Over Expenditures	\$ 636,100	\$ 650,261	\$ 14,161	\$ 539,076
Other Financing Sources (Uses):				
Operating Transfers In (Out):				
General Fund	\$(535,000)	\$(535,000)	\$ -	\$(465,000)
FY 1993 Capital Improvement Fund	<u>(110,000)</u>	<u>(110,000)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$(645,000)</u>	<u>\$(645,000)</u>	<u>\$ -</u>	<u>\$(465,000)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	\$(8,900)	\$ 5,261	\$ 14,161	\$ 74,076
Fund Balance at Beginning of Year	<u>227,525</u>	<u>227,525</u>	<u>-</u>	<u>153,449</u>
Fund Balance at End of Year	<u>\$ 218,625</u>	<u>\$ 232,786</u>	<u>\$ 14,161</u>	<u>\$ 227,525</u>

See auditor's report.

City of Ponchatoula
SPECIAL REVENUE FUNDS
1982 SALES TAX FUND

EXHIBIT G-3

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

for the Year Ended June 30, 1996
With Comparative Actual Amounts for the Year Ended June 30, 1995

	1996		VARIANCE- FAVORABLE (UNFAVORABLE)	1995 ACTUAL
	BUDGET	ACTUAL		
Revenues:				
Taxes - Sales Taxes	\$ 630,000	\$ 644,232	\$ 14,232	\$ 534,605
Interest	10,150	9,056	(1,094)	5,183
Total Revenues	<u>\$ 640,150</u>	<u>\$ 653,288</u>	<u>\$ 13,138</u>	<u>\$ 539,788</u>
Expenditures:				
General Government:				
Collection Fee	\$ 4,050	\$ 4,211	\$ (161)	\$ 3,512
Total Expenditures	<u>\$ 4,050</u>	<u>\$ 4,211</u>	<u>\$ (161)</u>	<u>\$ 3,512</u>
Excess of Revenues Over Expenditures	\$ 636,100	\$ 649,077	\$ 12,977	\$ 536,276
Other Financing Sources (Uses):				
Operating Transfers In (Out):				
General Fund	\$(448,000)	\$(447,999)	\$ 1	\$(322,800)
1995 Sales Tax Sinking Fund	<u>(172,000)</u>	<u>(171,377)</u>	<u>623</u>	<u>(177,877)</u>
Total Other Financing Sources (Uses)	<u>\$(620,000)</u>	<u>\$(619,376)</u>	<u>\$ 624</u>	<u>\$(500,677)</u>
Excess (Deficiency) of Revenues Over Expend- itures and Other Uses	\$ 16,100	\$ 29,701	\$ 13,601	\$ 35,599
Fund Balance at Beginning of Year	<u>118,574</u>	<u>118,574</u>	-	<u>82,975</u>
Fund Balance at End of Year	<u>\$ 134,674</u>	<u>\$ 148,275</u>	<u>\$ 13,601</u>	<u>\$ 118,574</u>

See auditor's report.

DEBT SERVICE FUNDS

Debt Service Funds - To account for the payment of principal and interest of the following:

1. Series ST-1994 Public Improvement Bonds-General Long-Term Debt for the purpose of capital improvements. The \$1,725,000 serial bonds are due in annual installments, plus interest, through maturity in 2009. Annual interest rate of 4.10% to 9.00%. Payment of these bonds is secured by an irrevocable pledge and dedication of the proceeds of the 1982 1% sales tax.

City of Ponchatoula
DEBT SERVICE FUNDS

EXHIBIT H

COMBINING BALANCE SHEET

June 30, 1996
with Comparative Totals as of June 1995

ASSETS

	FY 1995 CAPITAL IMPROVEMENTS	TOTALS	
		<u>1996</u>	<u>1995</u>
Assets:			
Cash	\$ 77,425	\$ 77,425	\$ 74,011
Investments	174,453	174,453	138,712
Accrued Interest Receivable	2,474	2,474	1,585
Due From Fiscal Agent Bank	<u>-</u>	<u>-</u>	<u>28,204</u>
Total Assets	<u>\$254,352</u>	<u>\$254,352</u>	<u>\$242,512</u>

LIABILITIES AND FUND BALANCES

Liabilities	\$ -	\$ -	\$ -
Fund Balance:			
Reserved for Debt Service	254,352	254,352	242,512
Unreserved - Undesignated	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>\$254,352</u>	<u>\$254,352</u>	<u>\$242,512</u>
Total Liabilities and Fund Balances	<u>\$254,352</u>	<u>\$254,352</u>	<u>\$242,512</u>

See auditor's report.

City of Ponchatoula
DEBT SERVICE FUNDS

EXHIBIT H-1

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

for the Year Ended June 30, 1996
With Comparative Totals for the Year Ended June 30, 1995

	FY 1995 CAPITAL IMPROVEMENTS	TOTALS	
		1996	1995
Revenues:			
Interest	\$ 11,308	\$ 11,308	\$ 10,983
Total Revenues	\$ 11,308	\$ 11,308	\$ 10,983
Expenditures:			
Principal Retirement	\$ 80,000	\$ 80,000	\$ 75,000
Interest	90,210	90,210	96,960
Paying Agent's Fee	617	617	600
Other	18	18	-
Total Expenditures	\$ 170,845	\$ 170,845	\$ 172,560
(Deficiency) of Revenues Over Expenditures	\$(159,537)	\$(159,537)	\$(161,577)
Other Financing Sources (Uses):			
Operating Transfers From In (Out): 1982 Sales Tax Fund	\$ 171,377	\$ 171,377	\$ 177,877
Total Other Financing Sources	\$ 171,377	\$ 171,377	\$ 177,877
Excess of Revenues and Other Sources Over Expenditures and Other Uses	\$ 11,840	\$ 11,840	\$ 16,300
Fund Balances at Beginning of Year	242,512	242,512	226,212
Fund Balances at End of Year	\$ 254,352	\$ 254,352	\$ 242,512

See auditor's report.

CAPITAL PROJECT FUNDS

- 1) FY 1991 L.C.D.B.G. - ECONOMIC DEVELOPMENT FUND - To account for the costs associated with construction of infrastructure improvements to the Ponchatoula Industrial Park and an economic development loan to a tenant locating in the industrial park. Financing for this project is provided by a FY 1991 Louisiana Community Development Block Grant - Economic Development Block Grant in the amount of \$726,865. Of this amount, \$250,000 in revolving loan funds is available as a loan to J & M Industries, Inc. to purchase equipment and other costs associated with relocating to the park.
- 2) FY 1993 Capital Improvement Fund-To account for the receipt and use of loan proceeds received from the issuance of Series 1993 \$600,000 Certificate of Obligation. Proceeds of these certificates are dedicated to specific capital improvements in the City to include improving streets, reroofing the Community Center, improving recreational facilities, renovations to City Hall, construction of a maintenance building at the city yard, sewer system rehabilitation, repairing the Kiwanis Park water tower and to purchase equipment.
- 3) FY 1995 Capital Improvement Fund-To account for the receipt and use of bond proceeds received from the issuance of Series ST-1995 \$1,725,000 Capital Improvement Bonds. The proceeds of this bond issue are dedicated to refunding the City's \$600,000 of Certificates of Indebtedness, Series 1993, and paying the cost of constructing, acquiring, extending and improving sewers and sewerage disposal works, waterworks facilities, drains and drainage facilities in the City.

City of Ponchatoula
CAPITAL PROJECTS FUNDS

EXHIBIT I

COMBINING BALANCE SHEET

June 30, 1996
With Comparative Totals as of June 30, 1995

	<u>FY 1991 L.C.D.B.G. ECONOMIC DEVELOPMENT FUND</u>	<u>FY 1993 CAPITAL PROJECTS FUND</u>	<u>FY 1995 CAPITAL PROJECTS FUND</u>	<u>TOTALS (MEMORANDUM ONLY)</u>	
				<u>1996</u>	<u>1995</u>
<u>ASSETS</u>					
Cash	\$ -	\$ 32,649	\$ 9,929	\$ 42,578	\$ 268,574
Receivables (Net of Allowance for Uncollectible Accounts):					
Accrued Interest	1,101	-	-	1,101	1,101
Federal Grant	-	-	-	-	-
Notes	<u>176,594</u>	-	-	<u>176,594</u>	<u>204,579</u>
Total Assets	<u>\$177,695</u>	<u>\$ 32,649</u>	<u>\$ 9,929</u>	<u>\$ 220,273</u>	<u>\$ 474,254</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Accounts Payable	\$ 1,101	\$ -	\$ -	\$ 1,101	\$ 14,980
Construction Contracts Payable	-	-	-	-	-
Construction Retainage Payable	-	-	-	-	39,573
Deferred Revenue	<u>176,594</u>	-	-	<u>176,594</u>	<u>204,579</u>
Total Liabilities	\$177,695	\$ -	\$ -	\$ 177,695	\$ 259,132
Fund Balance:					
Unreserved-Undesignated	-	<u>32,649</u>	<u>9,929</u>	<u>42,578</u>	<u>215,122</u>
Total Liabilities and Fund Balance	<u>\$177,695</u>	<u>\$ 32,649</u>	<u>\$ 9,929</u>	<u>\$ 220,273</u>	<u>\$ 474,254</u>

See auditor's report.

City of Ponchatoula
CAPITAL PROJECTS FUNDS

EXHIBIT I-1

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 1996
With Comparative Totals as of June 30, 1995

	FY 1991 L.C.D.B.G. ECONOMIC DEVELOPMENT FUND	FY 1993 CAPITAL PROJECTS FUND	FY 1995 CAPITAL PROJECTS FUND	TOTALS (MEMORANDUM ONLY)	
				1996	1995
Revenues:					
Federal Grant	\$ 27,985	\$ -	\$ -	\$ 27,985	\$ 30,772
Interest Income	11,440	2,302	2,749	16,491	43,255
Total Revenues	\$ 39,425	\$ 2,302	\$ 2,749	\$ 44,476	\$ 74,027
Expenditures:					
Administration	\$ -	\$ -	\$ -	\$ -	\$ 2,485
Engineering	-	-	-	-	2,000
Division of Administration	39,425	-	-	39,425	39,424
Capital Improvement - Street Overlay	-	119,120	-	119,120	10,488
Capital Improvement - Athletic Park Lighting System	-	-	-	-	-
Capital Improvement - Athletic Park Field and Stadium	-	-	-	-	1,359
Capital Improvement - City Maintenance Building	-	-	-	-	929
Capital Improvement - Other	-	-	-	-	3,221
Highway 51 Sewer Extension	-	-	78,980	78,980	823,082
North 6th Street Extension	-	-	-	-	16,151
City Hall Renovations	-	900	-	900	9,239
Police Station Renovations	-	-	-	-	5,680
Bohning Building	-	77,054	-	77,054	200,000
Southeast Drainage Project	-	-	-	-	27,636
Debt Service - Bohning Building	-	11,541	-	11,541	24,500
Total Expenditures	\$ 39,425	\$ 208,615	\$ 78,980	\$ 327,020	\$ 1,166,194
(Deficiency) of Revenues over Expenditures	\$ -	\$ (206,313)	\$ (76,231)	\$ (282,544)	\$ (1,092,167)
Other Financing Sources (Uses):					
Transfer from 1965 Sales Tax Fund	-	110,000	-	110,000	-
Transfer from FY 1995 Capital Projects Fund	-	50,000	-	50,000	-
Transfer to FY 1993 Capital Projects Fund	-	-	(50,000)	(50,000)	-
Certificate of Indebtedness	-	-	-	-	150,000
Total Other Financing Sources (Uses)	\$ -	\$ 160,000	\$ (50,000)	\$ 110,000	\$ 150,000
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over Expenditures and Other Financing Sources (Uses)	\$ -	\$ (46,313)	\$ (126,231)	\$ (172,544)	\$ (942,167)
Fund Balances at Beginning of Year	-	78,962	136,160	215,122	1,157,289
Fund Balances at End of Year	\$ -	\$ 32,649	\$ 9,929	\$ 42,578	\$ 215,122

See auditor's report.

PROPRIETARY FUNDS

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

City of Ponchatoula
 PROPRIETARY FUNDS
 WATER AND SEWER ENTERPRISE FUNDS

EXHIBIT J

COMBINING BALANCE SHEET

June 30, 1996
 With Comparative Totals as of June 30, 1995

	<u>ASSETS</u>		<u>TOTALS</u>	
	<u>WATER</u>	<u>SEWER</u>	<u>1996</u>	<u>1995</u>
	<u>FUND</u>	<u>FUND</u>		
Current Assets:				
Cash	\$ 156,815	\$ 20,629	\$ 177,444	\$ 303,855
Investments	290	-	290	16,026
Due from General Fund	-	-	-	-
Due from Sewer Fund	5,493	-	5,493	5,493
Receivables:				
Accounts Receivable	26,989	93,318	120,307	97,464
Less: Allowance for Uncollectible Accounts	<u>(15,400)</u>	<u>(52,000)</u>	<u>(67,400)</u>	<u>(46,400)</u>
Total Receivables	<u>\$ 11,589</u>	<u>\$ 41,318</u>	<u>\$ 52,907</u>	<u>\$ 51,064</u>
Total Current Assets	<u>\$ 174,187</u>	<u>\$ 61,947</u>	<u>\$ 236,134</u>	<u>\$ 376,438</u>
Restricted Assets:				
Utility Customers' Deposits:				
Cash	\$ -	\$ -	\$ -	\$ 5,187
Investments	98,210	180,000	278,210	73,474
	<u>\$ 98,210</u>	<u>\$ 180,000</u>	<u>\$ 278,210</u>	<u>\$ 78,661</u>
Sewer Revenue Fund Cash	-	39,651	39,651	33,265
Sewer Sinking Fund Cash	-	119,345	119,345	108,901
Sewer Reserve Fund Cash	-	15,512	15,512	165,290
Sewer Renewal and Replacement Fund Cash	<u>-</u>	<u>46,155</u>	<u>46,155</u>	<u>52,697</u>
Total Restricted Assets	<u>\$ 98,210</u>	<u>\$ 400,663</u>	<u>\$ 498,873</u>	<u>\$ 438,814</u>
Plant and Equipment, at Cost	\$2,459,626	\$5,649,251	\$8,108,877	\$6,491,114
Less: Accumulated Depreciation	<u>(567,508)</u>	<u>(924,728)</u>	<u>(1,492,236)</u>	<u>(1,301,250)</u>
	<u>\$1,892,118</u>	<u>\$4,724,523</u>	<u>\$6,616,641</u>	<u>\$5,189,864</u>
Land	89,253	3,170	92,423	92,423
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,005,899</u>
Total Plant and Equipment	<u>\$1,981,371</u>	<u>\$4,727,693</u>	<u>\$6,709,064</u>	<u>\$6,288,186</u>
Total Assets	<u>\$2,253,768</u>	<u>\$5,190,303</u>	<u>\$7,444,071</u>	<u>\$7,103,438</u>

(CONTINUED)

City of Ponchatoula
 PROPRIETARY FUNDS
 WATER AND SEWER ENTERPRISE FUNDS

EXHIBIT J
 (CONTINUED)

COMBINING BALANCE SHEET (CONTINUED)

June 30, 1996
 With Comparative Totals as of June 30, 1995

	<u>LIABILITIES AND FUND EQUITY</u>		<u>TOTALS</u>	
	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>1996</u>	<u>1995</u>
Current Liabilities (Payable From Current Assets):				
Accounts Payable	\$ 4,508	\$ 8,706	\$ 13,214	\$ 10,921
Contracts Payable	-	-	-	6,586
Retainage Payable	-	-	-	9,307
Other Accrued Expenses	-	-	-	-
Due to Water Fund	-	5,493	5,493	5,493
Total Current Liabilities (Payable from Current Assets)	\$ 4,508	\$ 14,199	\$ 18,707	\$ 32,307
Current Liabilities (Payable From Restricted Assets):				
Customers' Deposits	\$ 98,210	\$ -	\$ 98,210	\$ 78,661
Accrued Bond Interest	-	35,465	35,465	35,465
Revenue Bonds Payable	-	90,000	90,000	85,000
Total Current Liabilities (Payable from Restricted Assets)	\$ 98,210	\$ 125,465	\$ 223,675	\$ 199,126
Long-Term Liabilities:				
Revenue Bonds Payable	-	1,988,924	1,988,924	2,002,040
Total Liabilities	\$ 102,718	\$2,128,588	\$2,231,306	\$2,233,473
Fund Equity:				
Contributed Capital:				
Capital Grants	\$1,411,532	\$1,113,588	\$2,525,120	\$2,182,371
Less: Amortization	(191,303)	(171,925)	(363,228)	(327,025)
	\$1,220,229	\$ 941,663	\$2,161,892	\$1,855,346
Municipality	585,132	1,677,837	2,262,969	2,184,692
Total Contributed Capital	\$1,805,361	\$2,619,500	\$4,424,861	\$4,040,038
Retained Earnings:				
Reserved for Revenue Bond Retirement	\$ -	\$ 275,198	\$ 275,198	\$ 239,688
Unreserved - Undesignated	345,689	167,017	512,706	590,239
Total Retained Earnings	\$ 345,689	\$ 442,215	\$ 787,904	\$ 829,927
Total Fund Equity	\$2,151,050	\$3,061,715	\$5,212,765	\$4,869,965
Total Liabilities and Fund Equity	\$2,253,768	\$5,190,303	\$7,444,071	\$7,103,438

See auditor's report.

City of Ponchatoula
 PROPRIETARY FUNDS
 WATER AND SEWER ENTERPRISE FUNDS

EXHIBIT J-1

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS

for the Year Ended June 30, 1996
 With Comparative Totals for the Year Ended June 30, 1995

	WATER FUND	SEWER FUND	TOTALS	
			1996	1995
Operating Revenues:				
Charges for Services	\$ 133,971	\$ 472,184	\$ 606,155	\$ 585,459
Connection Fees and Other Revenue	5,279	3,174	8,453	13,492
Total Operating Revenues	\$ 139,250	\$ 475,358	\$ 614,608	\$ 598,951
Operating Expenses:				
Salaries	\$ 74,961	\$ 43,370	\$ 118,331	\$ 116,919
Payroll Taxes and Employee Benefits	16,217	8,297	24,514	24,279
Supplies	14,192	19,621	33,813	37,538
Repairs and Maintenance	1,036	34,904	35,940	57,126
Vehicle Expense	3,014	5,222	8,236	10,265
Miscellaneous	8,735	11,066	19,801	16,246
Utilities and Telephone	30,577	101,520	132,097	76,549
Depreciation	40,655	150,332	190,987	160,737
Water Chlorination	2,976	-	2,976	3,679
Postage and Office Supplies	4,373	-	4,373	4,302
Insurance	16,000	10,000	26,000	26,000
Bad Debts	5,000	16,000	21,000	7,500
Water Tower Demolition	-	-	-	-
Engineering	1,629	-	1,629	3,116
Total Operating Expenses	\$ 219,365	\$ 400,332	\$ 619,697	\$ 544,256
Operating Income (Loss)	\$ (80,115)	\$ 75,026	\$ (5,089)	\$ 54,695
Non-Operating Revenues (Expenses):				
Interest Income	\$ 5,977	\$ 14,379	\$ 20,356	\$ 26,469
Interest Expense	-	(104,094)	(104,094)	(102,543)
Total Non-Operating Revenues (Expenses)	\$ 5,977	\$ (89,715)	\$ (83,738)	\$ (76,074)
Income (Loss) before Operating Transfers	\$ (74,138)	\$ (14,689)	\$ (88,827)	\$ 21,379

(CONTINUED)

City of Ponchatoula
 PROPRIETARY FUNDS
 WATER AND SEWER ENTERPRISE FUNDS

EXHIBIT J-1
 (CONTINUED)

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS (CONTINUED)

for the Year Ended June 30, 1996
 With Comparative Totals for the Year Ended June 30, 1995

	WATER FUND	SEWER FUND	TOTALS	
			1996	1995
Operating Transfers In (Out):				
General Fund	\$ 5,904	\$ 4,697	\$ 10,601	\$ 945
1993 Capital Projects Fund	-	-	-	-
Debt Service Fund	-	-	-	-
Water Fund	-	4,552	4,552	5,885
Sewer Fund	<u>(4,552)</u>	<u>-</u>	<u>(4,552)</u>	<u>(5,855)</u>
Total Operating Transfers In (Out)	<u>\$ 1,352</u>	<u>\$ 9,249</u>	<u>\$ 10,601</u>	<u>\$ 945</u>
Net Income (Loss)	\$ (72,786)	\$ (5,440)	\$(78,226)	\$ (20,434)
Add: Current Year Depreciation on Fixed Assets Acquired by Grants Restricted for Construction that Reduces Contributed Capital	<u>17,228</u>	<u>18,975</u>	<u>36,203</u>	<u>34,490</u>
Increase (Decrease) in Retained Earnings	\$ (55,558)	\$ 13,535	\$(42,023)	\$ 14,056
Retained Earnings - Beginning of Year	<u>401,247</u>	<u>428,680</u>	<u>829,927</u>	<u>815,871</u>
Retained Earnings - End of Year	<u>\$ 345,689</u>	<u>\$ 442,215</u>	<u>\$787,904</u>	<u>\$ 829,927</u>

See auditor's report.

City of Ponchatoula
 PROPRIETARY FUND
 WATER AND SEWER ENTERPRISE FUNDS

EXHIBIT J-2

COMBINING STATEMENT OF CASH FLOWS

for the Year Ended June 30, 1996
 With Comparative Totals for the Year Ended June 30, 1995

	WATER FUND	SEWER FUND	TOTALS	
			1996	1995
Cash Flows From Operating Activities:				
Operating Income (Loss)	\$ (80,115)	\$ 75,026	\$ (5,089)	\$ 54,695
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	40,655	150,332	190,987	160,737
Provision for Uncollectible Accounts	5,000	16,000	21,000	7,500
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(4,021)	(18,822)	(22,843)	(10,301)
Increase (Decrease) in Accounts Payable/ Accrued Expenses	(1,693)	(11,907)	(13,600)	(4,901)
Increase (Decrease) in Customer Deposits	<u>19,549</u>	<u>-</u>	<u>19,549</u>	<u>(4,717)</u>
Net Cash Provided by Operating Activities	\$ (20,625)	\$ 210,629	\$ 190,004	\$ 203,013
Cash Flows From Noncapital Financing Activities:				
(Increase) Decrease in Due from Sewer Fund	\$ -	\$ -	\$ -	\$ 21,906
Decrease in Due from General Fund	-	-	-	5,288
Operating Transfers In From Other Funds	5,904	9,249	15,153	13,062
Operating Transfers Out To Other Funds	(4,552)	-	(4,552)	(12,117)
Increase in Due to Water Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,906)</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	\$ 1,352	\$ 9,249	\$ 10,601	\$ 6,233
Cash Flows From Capital and Related Financing Activities:				
Capital Grants Received	\$ 342,749	\$ -	\$ -	\$ -
Construction of Capital Assets	(401,893)	(145,894)	(547,787)	(929,244)
Purchase of Equipment	(64,078)	-	(64,078)	(62,036)
Contributed Capital-Municipality	-	78,277	78,277	839,234
Proceeds from Revenue Bonds Issued	-	76,884	76,884	96,640
Principal Paid on Revenue Bonds	-	(85,000)	(85,000)	(80,000)
Interest Paid on Revenue Bonds	<u>-</u>	<u>(104,094)</u>	<u>(104,094)</u>	<u>(102,543)</u>
Net Cash Used in Capital and Related Financing Activities	\$ (123,222)	\$ (179,827)	\$ (303,049)	\$ (237,949)

(CONTINUED)

City of Ponchatoula
 PROPRIETARY FUND
 WATER AND SEWER ENTERPRISE FUNDS

EXHIBIT J-2
 (CONTINUED)

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

for the Year Ended June 30, 1996
 With Comparative Totals for the Year Ended June 30, 1995

	WATER FUND	SEWER FUND	TOTALS	
			1996	1995
Cash Flows From Investing Activities:				
Interest Earned on Investments	\$ 5,977	\$ 14,379	\$ 20,356	\$ 26,469
Purchase of Investments	(59,000)	(180,000)	(239,000)	(104,500)
Proceeds from Maturities of Investments	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>104,500</u>
Net Cash Provided by Investing Activities	<u>\$ (3,023)</u>	<u>\$ (165,621)</u>	<u>\$ (168,644)</u>	<u>\$ 26,469</u>
Increase (Decrease) in Cash	\$ (145,518)	\$ (125,570)	\$ (271,088)	\$ (2,234)
Cash - Beginning of Year	<u>302,333</u>	<u>366,862</u>	<u>669,195</u>	<u>671,429</u>
Cash - End of Year	<u>\$ 156,815</u>	<u>\$ 241,292</u>	<u>\$ 398,107</u>	<u>\$ 669,195</u>
Reconciliation of Cash Accounts:				
Unrestricted Cash	\$ 156,815	\$ 20,629	\$ 177,444	\$ 303,855
Restricted Cash	<u>-</u>	<u>220,663</u>	<u>220,663</u>	<u>365,340</u>
	<u>\$ 156,815</u>	<u>\$ 241,292</u>	<u>\$ 398,107</u>	<u>\$ 669,195</u>

See auditor's report.

FIDUCIARY FUND
NONEXPENDABLE TRUST FUND

Cemetery Endowment Fund - To account for monies provided by private donors to defray expenses of cleaning and maintaining the Ponchatoula Cemetery. The principal amount of each gift is to be maintained intact and invested. Investment earnings are dedicated to cleaning and maintaining the cemetery. Funds collected are managed by the Ponchatoula Cemetery Endowment Board. This Board consists of five members, each of whom are branch managers of the five financial institutions located in the City, and are approved by the Mayor and Board of Aldermen. This fund was established upon adoption of Ordinance 408 by the Mayor and Board of Aldermen on July 12, 1989.

City of Ponchatoula
 NONEXPENDABLE TRUST FUND
 CEMETERY ENDOWMENT FUND

EXHIBIT K

COMPARATIVE BALANCE SHEETS

June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
<u>ASSETS</u>		
Current Assets:		
Investments	\$ 70,537	\$ 65,437
Accrued Interest Receivable	<u>259</u>	<u>259</u>
Total Assets	<u>\$ 70,796</u>	<u>\$ 65,696</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities	\$ -	\$ -
Total Liabilities	\$ -	\$ -
Fund Balance:		
Reserved for Endowment Principal	\$ 70,537	\$ 65,437
Reserved for Cemetery Maintenance	<u>259</u>	<u>259</u>
Total Fund Balance	<u>\$ 70,796</u>	<u>\$ 65,696</u>
Total Liabilities and Fund Balance	<u>\$ 70,796</u>	<u>\$ 65,696</u>

See auditor's report.

City of Ponchatoula
NONEXPENDABLE TRUST FUND
CEMETERY ENDOWMENT FUND

EXHIBIT K-1

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN FUND BALANCE

for the Years Ended June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Operating Revenues:		
Contributions	\$ 5,100	\$ 5,100
Interest	<u>3,543</u>	<u>3,091</u>
Total Operating Revenues	\$ 8,643	\$ 8,191
Operating Expenses:		
Cemetery Maintenance	\$ 3,543	\$ 3,091
Total Operating Expenses	<u>\$ 3,543</u>	<u>\$ 3,091</u>
Net Income	\$ 5,100	\$ 5,100
Fund Balance at Beginning of Year	<u>65,696</u>	<u>60,596</u>
Fund Balance at End of Year	<u>\$ 70,796</u>	<u>\$ 65,696</u>

See auditor's report.

City of Ponchatoula
 NONEXPENDABLE TRUST FUND
 CEMETERY ENDOWMENT FUND

EXHIBIT K-2

COMPARATIVE STATEMENTS OF CASH FLOWS

for the Years Ended June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Cash Flows From Operating Activities:		
Net Income	\$ 5,100	\$ 5,100
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
(Increase) Decrease in Accrued Interest Receivable	—	—
Net Cash Provided by Operating Activities	\$ 5,100	\$ 5,100
Cash Flows From Investing Activities:		
Proceeds from Maturities of Investments	\$ -	\$ -
Purchase of Investments	<u>(5,100)</u>	<u>(5,100)</u>
Net Cash Used in Investing Activities	<u>(5,100)</u>	<u>(5,100)</u>
Increase in Cash	\$ -	\$ -
Cash at Beginning of Year	—	—
Cash at End of Year	<u>\$ -</u>	<u>\$ -</u>

See auditor's report.

City of Ponchatoula

EXHIBIT L

COMPARATIVE STATEMENTS OF GENERAL FIXED ASSETS - BY SOURCES

June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
General Fixed Assets, at Cost:		
Land	\$ 313,733	\$ 313,733
Buildings	1,740,018	1,662,064
Improvements Other Than Buildings	3,849,779	3,720,155
Equipment	571,586	535,772
Construction in Progress	-	-
Total General Fixed Assets	<u>\$6,475,116</u>	<u>\$6,231,724</u>
Investment in General Fixed Assets from:		
General Obligation Bonds	\$1,350,737	\$1,142,121
Federal Grants	1,953,540	1,953,540
State Grants	787,005	787,005
General Fund Revenues	977,624	962,933
Sales Tax Revenues	913,541	913,541
Equipment Millage	115,403	95,318
Federal Shared Revenues	238,318	238,318
Special Assessments	45,948	45,948
Gifts	<u>93,000</u>	<u>93,000</u>
Total Investment in General Fixed Assets	<u>\$6,475,116</u>	<u>\$6,231,724</u>

See auditor's report.

City of Ponchatoula

EXHIBIT L-1

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS

for the Year Ended June 30, 1996

	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
General Fixed Assets, Beginning of Year	\$ 313,733	\$1,662,064	\$3,720,155	\$ 535,772	\$ -	\$6,231,724
Additions:						
General Fund Revenues	\$ -	-	\$ -	\$ 14,691	\$ -	\$ 14,691
Equipment Millage	-	-	-	20,085	-	20,085
Sales Tax Revenues	-	-	-	1,038	-	1,038
Federal Grants	-	-	-	-	-	-
General Obligation Bonds Transfers	-	77,954	129,624	-	-	207,578
Total Additions	\$ -	\$ 77,954	\$ 129,624	\$ 35,814	\$ -	\$ 243,392
Total Balances and Additions	\$ 313,733	\$1,740,018	\$3,849,779	\$ 571,586	\$ -	\$6,475,116
Deductions:						
Assets Sold Transferred	\$ -	-	\$ -	-	\$ -	\$ -
General Fixed Assets, End of Year	\$ 313,733	\$1,740,018	\$3,849,779	\$ 571,586	\$ -	\$6,475,116

See auditor's report.

GENERAL LONG-TERM DEBT
ACCOUNT GROUP

To account for unmatured principal amounts on general long-term debt expected to be financed from governmental type funds. Payment of maturing obligations, including interest, are accounted for in the debt service funds.

City of Ponchatoula

EXHIBIT M

STATEMENTS OF GENERAL LONG-TERM DEBT

June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE PAYMENT OF GENERAL LONG-TERM DEBT		
Amount Available in Debt Service Funds	\$ 254,352	\$ 242,512
Amount to be Provided in Future		
Years from:		
Sales and Use Tax	\$1,315,648	\$1,407,488
General Fund Revenues	90,435	135,449
Repayment of Note Receivable	<u>176,594</u>	<u>204,579</u>
	<u>1,582,677</u>	<u>1,747,516</u>
 Total Available and to be Provided	 <u>\$1,837,029</u>	 <u>\$1,990,028</u>
 GENERAL LONG-TERM DEBT PAYABLE		
Public Improvement Bonds Payable	\$1,570,000	\$1,650,000
Certificate of Obligation	90,000	130,000
Obligation Under Capital Leases	435	5,449
Obligation Under Grant Agreement	<u>176,594</u>	<u>204,579</u>
	<u>\$1,837,029</u>	<u>\$1,990,028</u>

See auditor's report.

OTHER SUPPLEMENTARY INFORMATION SCHEDULES

SCHEDULE OF COMPENSATION PAID ELECTED OFFICIALS

City of Ponchatoula

SCHEDULE 1

SCHEDULE OF COMPENSATION PAID ELECTED OFFICIALS

June 30, 1996

Term of Office - July 1, 1996 Through June 30, 2000

<u>NAME AND ADDRESS</u>	<u>POSITION</u>	<u>SALARY</u>
Julian E. Dufreche 125 Woodhaven Drive Ponchatoula, LA 70454 (504)386-6281	Mayor	\$ 30,000
Danny Pepitone * 280 West Willow Street Ponchatoula, LA 70454 (504)386-3888	Alderman District A	3,000
C. W. Kinchen ** 248 West Hickory Ponchatoula, LA 70454 (504)386-6275	Alderman District A	-
Frank Self 484 North 11th street Ponchatoula, LA 70454 (504)386-6348	Alderman District B	3,500
James McKnight 333 West Magnolia Ponchatoula, LA 70454 (504)386-6779	Alderman District C	3,500
Ora Lee Pea 1120 South First RR Ave Ponchatoula, LA 70454 (504)386-7693	Alderman District D	3,500
Gary Stanga 175 Highland Road Ponchatoula, LA 70454 (504)386-3742	Alderman District E Mayor Pro-tem	3,500
Timothy J. Gideon 575 East Pine Ponchatoula, LA 70454 (504)386-2152	Police Chief	25,572
		<u>\$ 72,572</u>

* Term of office expired June 30, 1996.

** Term of office commenced July 1, 1996.

See auditor's report.

SCHEDULE OF CHANGES IN CASH ACCOUNTS
CREATED PURSUANT TO ARTICLE V, SECTION 5 OF
THE \$2,400,000 SEWER REVENUE BONDS SERIES 1991
LOAN AND PLEDGE AGREEMENT

SCHEDULE 2

City of Ponchatoula

SCHEDULE OF CHANGES IN CASH ACCOUNTS
CREATED PURSUANT TO ARTICLE V, SECTION 5 OF
THE \$2,400,000 SEWER REVENUE BONDS SERIES 1991
LOAN AND PLEDGE AGREEMENT

for the Year Ended June 30, 1996

	REVENUE FUND SEC. 5.01	OPERATION AND MAINTENANCE FUND SEC. 5.02	SINKING FUND SEC. 5.03	RESERVE FUND SEC. 5.04	RENEWAL AND REPLACEMENT FUND SEC. 5.05	CONSTRUCTION FUND SEC. 5.06	TOTAL
Balance at Beginning of Year	\$ 33,265	\$ -	\$ 108,901	\$ 165,290	\$ 52,697	\$ 350	\$ 360,503
Cash Receipts:							
Sewer Fees Received	\$ 461,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 461,021
Transfers from:							
Revenue Fund	-	237,319	195,600	41,000	-	-	473,919
Sewer Escrow Fund	-	-	-	-	-	6,460	6,460
Sewer Renewal & Replacement Fund	-	8,364	-	-	-	-	8,364
Sewer Bond Reserve Fund	18,195	-	-	-	-	-	18,195
Loan From Water Fund	-	-	-	-	-	-	-
Proceeds from Issuance of Bonds	-	-	-	-	-	76,884	76,884
Interest	1,089	-	-	-	1,822	13	14,345
Total Receipts	\$ 480,305	\$ 245,749	\$ 3,938	\$ 7,417	\$ 1,822	\$ 83,357	\$ 1,059,188
Total Available	\$ 513,570	\$ 245,749	\$ 308,439	\$ 213,707	\$ 54,519	\$ 83,707	\$ 1,419,691
Cash Disbursements:							
Transfers to:							
Operating and Maintenance	\$ 237,319	\$ -	\$ -	\$ -	\$ 8,364	\$ -	\$ 245,683
Sinking Fund	195,600	-	-	-	-	-	195,600
Reserve Fund	41,000	-	-	-	-	-	41,000
Renewal and Replacement Fund	-	-	-	18,195	-	-	-
Sewer Revenue Fund	-	-	-	-	-	83,548	83,548
Construction Costs	-	-	-	-	-	-	-
Operating Expenses	-	225,279	-	-	-	-	225,279
Bond Paid	-	-	85,000	-	-	-	85,000
Interest Paid	-	-	104,094	-	-	-	104,094
Equipment Purchased	-	-	-	-	-	-	-
Total Disbursements	\$ 473,919	\$ 225,279	\$ 189,094	\$ 18,195	\$ 8,364	\$ 83,548	\$ 998,399
Balance at End of Year	\$ 39,651	\$ 20,470	\$ 119,345	\$ 195,512	\$ 46,155	\$ 159	\$ 421,292

See auditor's report.

SCHEDULE OF INSURANCE COVERAGE IN FORCE (UNAUDITED)

City of Ponchatoula

SCHEDULE 3

SCHEDULE OF INSURANCE COVERAGE IN FORCE (UNAUDITED)
June 30, 1996

<u>INSURANCE COMPANY</u>	<u>COVERAGE</u>	<u>AMOUNT</u>	<u>EXPIRATION DATE</u>
LA Municipal Risk Management Agency	Automobile Liability Bodily Injury/Physical Damage	\$ 500,000	5/01/97
LA Municipal Risk Management Agency	Commercial General Liability Premises/Operations Products/Completed Operations Medical Payments Per Person Per Occurrence Fire Legal Liability Per Occurrence	\$ 500,000 \$ 500,000 \$ 1,000 \$ 10,000 \$ 50,000	5/01/97 5/01/97 5/01/97 5/01/97 5/01/97
LA Municipal Risk Management Agency	Police Professional Liability Personal Injury/Physical Damage	\$ 500,000	5/01/97
LA Municipal Risk Management Agency	Public Officials Errors and Omissions	\$ 500,000	5/01/97
LA Municipal Risk Management Agency	Workmen's Compensation		1/01/97
Commercial Union	Commercial Policy City Hall Building City Hall Contents Fire Station #2 Building Fire Station #2 Contents Police Station Building Police Station Contents Community Center Building Community Center Contents Mausoleum Building Storage/Meeting Room Equipment Building Water Treatment Plant Building Water Treatment Plant Equipment Flat Car/Comb. Storage Building Flat Car/Comb. Storage Building City Hall Annex (Bohning Building)	\$ 341,000 \$ 34,900 \$ 140,700 \$ 6,600 \$ 108,200 \$ 11,100 \$1,212,700 \$ 55,400 \$ 113,600 \$ 25,600 \$ 60,000 \$ 10,000 \$ 100,000 \$ 10,000 \$ 25,000 \$ 200,000	7/12/96 7/12/96 7/12/96 7/12/96 7/12/96 7/12/96 7/12/96 7/12/96 7/12/96 7/12/96 7/12/96 7/12/96 7/12/96 7/12/96 7/12/96 7/12/96
Commercial Union	Automobile Policy Comprehensive and Collision	ACV	11/23/96
Commercial Union	Ponchatoula Collinswood Museum Building Contents	\$ 34,000 \$ 10,000	8/03/96 8/03/96
Commercial Union	Employee Fidelity Bonds Julian Dufreche Gary Stanga Elizabeth LeSaicherre Ramona Umbach Lynette Carter Sue Davis Marcia Sandifer	\$ 40,000 \$ 20,000 \$ 40,000 \$ 40,000 \$ 20,000 \$ 20,000 \$ 20,000	12/05/96 12/05/96 12/05/96 12/05/96 12/05/96 12/05/96 12/05/96
TMG Life Insurance	Accident and Health Ponchatoula Volunteer Fireman Loss of Life, Limb, etc. Medical Payments	\$ 10,000 \$ 2,500	3/21/97
TMG Life Insurance	Accident and Health Ponchatoula Civil Defense Loss of Life, Limb, etc. Medical Payments	\$ 4,000 \$ 1,000	4/23/97

See auditor's report.

SCHEDULE OF CHANGES IN SEWER FUND FIXED ASSETS

City of Ponchatoula

SCHEDULE 4

SCHEDULE OF CHANGES IN SEWER FUND FIXED ASSETS

for the Year Ended June 30, 1996

	<u>BUILDINGS</u>	<u>SEWER LINES</u>	<u>MACHINERY AND EQUIPMENT</u>	<u>WASTEWATER TREATMENT PLANT</u>	<u>LAND</u>	<u>CONSTRUCTION IN PROGRESS</u>	<u>TOTAL</u>
Fixed Assets, Beginning of Year	\$ 2,000	\$ 2,057,407	\$ 138,598	\$ 2,299,454	\$ 3,170	\$ 1,005,899	\$ 5,506,528
Additions:							
Sewer Extension North Highway 51 Generator, Pumps, etc.	-	963,228	-	-	-	-	963,228
North 6th Street Extension	-	-	-	-	-	-	-
Lift Station Rehab	-	-	-	-	-	-	-
Sewer Smoking Rehab Contract	-	188,563	-	-	-	-	188,563
Deductions:							
Assets Sold	-	-	-	-	-	-	-
Construction Costs Capitalized	-	-	-	-	-	(1,005,899)	(1,005,899)
Fixed Assets, End of Year	<u>\$ 2,000</u>	<u>\$ 3,209,198</u>	<u>\$ 138,598</u>	<u>\$ 2,299,454</u>	<u>\$ 3,170</u>	<u>\$ -</u>	<u>\$ 5,652,420</u>

See auditor's report.

SCHEDULE OF SEWER FUND USERS, RATES AND BILLINGS

City of Ponchatoula

SCHEDULE 5

SCHEDULE OF SEWER USERS, RATES AND BILLINGS

June 30, 1996

TYPE OF USER	RATES ESTABLISHED BY ORDINANCE 422		ACTUAL BILLINGS FOR JUNE, 1995		AVERAGE MONTHLY BILLING	ESTIMATED ANNUAL BILLING
	UNIT	CHARGE PER UNIT	UNIT	NUMBER OF UNITS		
1) Single Family Residents	Each	\$17.50	Each	1,355	\$23,720	\$284,635
2) Commercial Units:						
a) Similar to Residential	Each	\$17.50	Each	170	\$2,975	\$35,700
b) Laundry (Coin Operated Washers)	Washer	\$4.08	Each	3	\$1,290	\$15,485
c) Bars, Lounges and Restaurants	Seat	\$1.02	Each	13	\$468	\$5,616
d) Service Stations (Full Service)	Each	\$40.78	Each	1	\$18	\$216
3) Institutional:						
a) Elementary Schools	Student	\$.41	Each	3	\$386	\$4,632
b) Parochial School	Student	\$.41	Student	206	\$85	\$1,020
c) Junior High Schools	Student	\$.41	Each	1	\$128	\$1,536
d) Apartments and Mobile Homes	Unit	\$17.50	Unit	399	\$6,983	\$83,796
4) Industrial:						
a) Industry No. 1	Gallons	\$1.36	Each	1	\$82	\$984
b) Industry No. 2	Employee	\$.82	Each	1	\$58	\$696
					<u>\$36,193</u>	<u>\$434,311</u>

Special Note: The City's present computerized utility billing system does not have the ability to accumulate year-to-date charges by customer. This schedule required by Section 12.03(h) of the \$2,400,000 Sewer Revenue Bond, Series 1991, Loan and Pledge Agreement was prepared by multiplying the actual number of customers billed for service in June 1996, by the actual rates in effect and computed an average monthly billing. This average monthly billing was multiplied by twelve months in the fiscal year to arrive at the estimated billings for the fiscal year ended June 30, 1996.

See auditor's report.

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS
AND OMB CIRCULAR A-128

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Durnin & James

•CERTIFIED PUBLIC ACCOUNTANTS•

John N. Durnin, CPA*
Dennis E. James, CPA*

Member
American Institute of
Certified Public Accountants

*A Professional
Corporation

Member
Society of Louisiana
Certified Public Accountants

July 31, 1996

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

The Honorable Julian E. Dufreche, Mayor
and the Members of the Board of Aldermen
City of Ponchatoula, Louisiana

We have audited the general purpose financial statements of the City of Ponchatoula, Louisiana, for the year ended June 30, 1996, and have issued our report thereon dated July 31, 1996.

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

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

In planning and performing our audit of the financial statements of the City of Ponchatoula, Louisiana, for the year ended June 30, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our 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.

CITY OF PONCHATOULA

ACCOUNTING APPLICATIONS

In applying our testing procedures to your accounting applications, we noted the following areas which need to be strengthened in an effort to increase internal control over your resources:

1. Service Revenue and Receivables - Proprietary Fund Types
2. Revenue, Receivables and Receipts - Governmental Funds

SERVICE REVENUES AND RECEIVABLES - PROPRIETARY FUND TYPES

Sewer Rates:

Condition: During our audit and testing of sewer rates we noted that operating receipts for the sewer fund for the fiscal year ended June 30, 1996, totaled \$462,110. For the same period operating disbursements including required deposits into the various debt service funds totaled \$455,724. Although the City was in compliance with the rate covenant for the year ended June 30, 1996, this excess is not sufficient to provide for normal increases in the cost of operations and unforeseen events that could require additional operating funds. This condition was noted in the prior year audit. We also noted the City's present delinquent fee of \$1.00 does not comply with the charge for delinquent accounts contained in the bond resolution adopted on August 14, 1991. This condition was also noted in our prior year audit report. Improvement in this area is needed to insure the City is in full compliance with the Sewer Use Ordinance as required by various covenants contained in the Series 1991 \$2,400,000 Sewer Revenue Bond Resolution, and Loan and Pledge Agreement. The cause of this condition appears to be major repairs to the sewer system and operational costs exceeding the amounts originally budgeted in Ordinance No. 422. The effect of this condition is the City was not in compliance with certain covenants contained in the Sewer Revenue Bond Resolution and Loan and Pledge Agreement at June 30, 1996.

Recommendation: We recommend the City review its present rate structure and operating expenses to insure revenues are sufficient as required by Ordinance No. 422. We also recommend the City increase its present delinquent fee to the amount required by Ordinance No. 422.

Management's Response: In a letter dated November 22, 1996, the City stated the Sewer Reserve Fund and the Renewal and Replacement Fund required under Sections 5.04 and 5.05, respectively, of the Sewer Revenue Bond Resolution and Loan and Pledge Agreement are now fully funded. No further transfers from the Sewer Revenue Fund to each of these two funds will be required. This will result in an annual savings of \$56,700. In addition, the City has purchased the water rights to a section of the City presently on the City's sewer system but served by a private water system. A contractor has been secured to begin connecting these customers to the city water system. This action placed the city in a position to enforce, by disconnecting their water services, the collection of these past due accounts which, without water rights, the City was previously unable to do. The increase in collections from these accounts plus a decrease in the required transfers to the Sewer Reserve Fund and the Sewer Renewal & Replacement Fund is expected to resolve this condition in the current fiscal year without raising sewer rates. The City intends to raise the present delinquent fee from \$1.00 to \$2.25 as required.

Water Rates:

Condition: During our audit and testing of water rates, we noted that operating receipts for the water fund for the fiscal year ended June 30, 1996, totaled \$139,250. For the same period, operating expenses totaled \$219,365, resulting in an operating loss of \$80,115. Excluding depreciation expense, totaling \$40,655, the water system reported an operating loss of \$39,460. Improvement is needed in this area to make sure the water fund has sufficient financial resources to pay operating expenses and capital improvements as they come due. The cause of this condition appears to be rising operating expenses while at the same time water rates have remained fixed. As a result, the water system is presently operating at a cash deficit. As of June 30, 1996, cash reserves totaled \$156,815. If this condition is not corrected soon, the cash surplus within the water fund

CITY OF PONCHATOULA

will be depleted within the next four years. If this occurs, the water fund will not be able to pay operating expenses as they become due.

Recommendation: At a minimum the City should immediately review the present rates for water service and increase the rates to eliminate the current cash deficit. We further recommend the City set water rates at sufficient levels to fund depreciation. This would allow the water fund to accumulate financial resources to provide for major repairs and renovations and future expansions to the system.

Management's Response: In a letter dated November 22, 1996, the City stated it recently purchased the water rights to a section of the City which was previously served by a private water system. The acquisition of these additional water customers is expected to increase revenues with little incremental increase in expenses. The City plans to hold a work session to review the present rates for water service. It is anticipated that there will be a slight increase in water rates to offset this cash shortfall.

Delinquent Customer Accounts:

Condition: During our audit and testing of City service revenue, we noted delinquent accounts increased from \$63,448 at June 30, 1995, to \$90,492 at June 30, 1996. This condition was noted during the prior year audit. Of this total \$24,378 is from customers who have had their service terminated but the City did not apply security deposits on a timely basis; and, \$32,087 is from delinquent customers presently receiving sewer service but who, as of June 30, 1996, are on a private water system and are not able to be terminated from the system by the City. Improvement is needed in this area to make sure all residents pay their bills in accordance with the water and sewer ordinances adopted by the City and accounts are collected on a timely basis.

Recommendation: We recommend the City apply security deposits to accounts of terminated customers on a monthly basis. We also recommend customers who have had their service terminated be purged from the current accounts receivable aging report and placed on a cutoff customer list. We also recommend the City investigate alternative methods of enforcing collections for those customers who previously were not on the city water system.

Management's Response: In a letter dated November 22, 1996, the City stated that it has reviewed its policy and procedure terminating service to delinquent accounts and applying security deposits to terminated accounts on a timely basis. Changes were made to the policy as appropriate. In the future, the City will apply security deposits to terminated accounts on a monthly basis with a proper write off of any uncollected balance. With respect to the delinquent customers previously served by a private water system, the Mayor and Board intend to hold a work session to determine the City's policy regarding the collection of these accounts, many of which are more than one year old. Now that we have acquired the water rights, these customers receive a current bill and must pay on a timely basis or be disconnected. The delinquent amount accumulated prior to the City acquiring the water rights.

A material weakness is a reportable condition in which the design or operation of one or more of the specific 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 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.

Our 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. However, we noted the following reportable conditions which we believe to be material weaknesses.

REVENUE, RECEIVABLE AND RECEIPTS - GOVERNMENTAL FUNDS

Condition: During our audit of fines and bonds revenue, we noted the City is not forwarding form DPSMV 1794 and the blue copy of the ticket to Baton Rouge as required by

CITY OF PONCHATOULA

state law. This condition was noted in the prior year audit. Improvement is needed in this area to insure the City maintains adequate controls over fines and bonds revenue. The cause of this condition appears to be an oversight on the part of the court clerk.

Recommendation: We recommend the City forward form DPSMV 1794 and the blue copy of the ticket to Baton Rouge as required by state law.

Management's Response: In a letter dated November 22, 1996, the City stated that in the future, the City intends to complete and forward form DPSMV and the blue copy of the ticket to Baton Rouge as required by state law.

Prior Year Audit Findings

In our prior audit for the year ended June 30, 1995, we reported certain other findings relating to the system of internal accounting control. We commend the City's efforts during the past year which have resolved those prior findings except for the matters addressed previously in this report.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the City of Ponchatoula, Louisiana, in a separate letter dated July 31, 1996.

This report is for the information of management, the Louisiana Legislative Auditor and the Census Bureau. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Mayor and Board of Aldermen of the City of Ponchatoula, Louisiana, is a matter of public record.

Respectfully submitted,

Durnin + James
DURNIN & JAMES, CPA'S

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

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July 31, 1996

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

The Honorable Julian E. Dufreche, Mayor
and the Members of the Board of Aldermen
City of Ponchatoula, Louisiana

We have audited the general purpose financial statements of the City of Ponchatoula, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated July 31, 1996.

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

Compliance with laws, regulations, contracts, and grants applicable to the City of Ponchatoula, Louisiana, is the responsibility of the City of Ponchatoula, Louisiana's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City of Ponchatoula's compliance with certain provisions of laws, regulations, contracts, and grants. However, it should be noted that our objective was not to provide an opinion on overall compliance with such provisions.

Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in laws, regulations, contracts, or grants, that cause us to conclude that the aggregation of misstatements resulting from those failures or violations is material to the general purpose financial statements. The results of our tests of compliance disclosed the following material instance of noncompliance.

COMPLIANCE WITH STATE LAW

Local Governmental Budget Law

The City of Ponchatoula did not comply with certain budget requirements imposed by state law. Budget procedures applicable to the City are specified in state law, Louisiana Revised Statutes (LSA-R.S.) 39:1301-1314. The pertinent parts of the law and the manner in which the City failed to comply with the law are as follows:

State law, (LSA-R.S.) 1304-1308 requires the City to adopt a budget for the general fund and each special revenue fund each year. No later than fifteen days prior to the beginning of each new fiscal year, the Mayor is required to prepare and present to the Board of Alderman a budget document to include a budget message and proposed budget for the general fund and each special revenue fund for the ensuing fiscal year. At least ten days prior to the holding of a public hearing on the proposed budget, a summary of the proposed budget and notice of public hearing must be published in the City's

CITY OF PONCHATOULA

official journal. Prior to the end of the fiscal year in progress, the Board of Aldermen are required to adopt the proposed budget by resolution or ordinance in an open meeting.

Finding: The City did not adopt a budget for the fiscal year ended June 30, 1996, for the following special revenues funds; Solid Waste Collection Fund, Mausoleum Trust Fund, Emergency Housing Rehabilitation Fund, Fire Millage Fund, Police Millage Fund and the Equipment Millage Fund. Adoption of a budget for each of these special revenue funds is required by state law.

Recommendation: We recommend the City adopt a budget for each special revenue fund to include the Solid Waste Collection Fund, Mausoleum Trust Fund, Emergency Housing Rehabilitation Fund, Fire Millage Fund, Police Millage Fund and the Equipment Millage Fund.

Management's Response: In a letter dated November 22, 1996, the City stated that in the future, the City will adopt a budget for each special fund to include the Solid Waste Collection Fund, Mausoleum Trust Fund, Emergency Housing Rehabilitation Fund, Fire Millage Fund, Police Millage Fund and the Equipment Millage Fund.

We considered these material instances of noncompliance in forming our opinion on whether the 1996 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated July 31, 1996, on these general purpose financial statements.

This report is intended for the information of management, the Louisiana Legislative Auditor and the Census Bureau. This restriction is not intended to limit the distribution of the report, which upon acceptance by the City of Ponchatoula, Louisiana, is a matter of public record.

Respectfully submitted,

Durnin & James
DURNIN & JAMES, CPA'S

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

Durnin & James

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July 31, 1996

Independent Auditor's Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs

The Honorable Julian E. Dufreche, Mayor
and the Members of the Board of Aldermen
City of Ponchatoula, Louisiana

We have audited the general purpose financial statements of the City of Ponchatoula, Louisiana, for the year ended June 30, 1996, and have issued our report thereon dated July 31, 1996. We have also audited the compliance of City of Ponchatoula with requirements applicable to major federal financial assistance programs and have issued our report thereon dated July 31, 1996.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether City of Ponchatoula, complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the year ended June 30, 1996, we considered the internal control structure of the City of Ponchatoula, in order to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements of the City of Ponchatoula and on the compliance of the City of Ponchatoula with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated July 31, 1996.

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

CITY OF PONCHATOULA

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

Accounting Applications

- Cash
- Revenue, Receivables and Receipts - Governmental Funds
- Expenditures for Goods and Services and Accounts Payable
- Grant and Similar Programs

General Requirements

- Political Activity
- Davis-Bacon Act
- Civil Rights
- Cash Management
- Federal Financial Reports
- Allowable Costs/Cost Principles
- Drug-Free Workplace Act
- Administrative Requirements

Specific Requirements

- Types of Costs Allowed or Unallowed
- Reporting
- Claims for Advances and Reimbursements
- Amounts Claimed or Used for Matching

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

During the year ended June 30, 1996, City of Ponchatoula had expended 74% of its total federal financial assistance under the following major federal financial assistance program:

U.S. Department of Housing and Urban Development -
Small Cities Program
FY 94 L.C.D.B.G. Contract 101-5086

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

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material

CITY OF PONCHATOULA

weaknesses as defined above.

This report is intended for the information of management, the Louisiana Legislative Auditor and the Census Bureau. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the City of Ponchatoula, Louisiana, is a matter of public record.

Respectfully submitted,

Durnin & James
DURNIN & JAMES, CPA'S

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

Durnin & James

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July 31, 1996

Independent Auditor's Report on Compliance
with the General Requirements Applicable to
Federal Financial Assistance Programs

The Honorable Julian E. Dufreche, Mayor
and the Members of the Board of Aldermen
City of Ponchatoula, Louisiana

We have audited the general purpose financial statements of the City of Ponchatoula, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated July 31, 1996.

We have applied procedures to test the City of Ponchatoula, Louisiana's, compliance with the following requirements applicable to its federal financial assistance program, which is identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996:

- Political Activity
- Davis-Bacon Act
- Civil Rights
- Federal Financial Reports
- Cash Management
- Allowable Costs/Cost Principles
- Drug-Free Workplace Act
- Administrative Requirements

Our procedures were limited to those set forth in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City of Ponchatoula, Louisiana's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Ponchatoula, had not complied, in all material respects, with those requirements.

This report is intended for the information of management, the Louisiana Legislative Auditor and the Census Bureau. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the City of Ponchatoula, Louisiana, is a matter of public record.

Respectfully submitted,

Durnin + James
DURNIN & JAMES, CPA's

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

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July 31, 1996

Independent Auditor's Report on Compliance
with Specific Requirements Applicable to Major
Federal Financial Assistance Programs

The Honorable Julian E. Dufreche, Mayor
and the Members of the Board of Aldermen
City of Ponchatoula, Louisiana

We have audited the general purpose financial statements of City of Ponchatoula, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated July 31, 1996.

We have also audited the City of Ponchatoula, Louisiana's compliance with the requirements governing types of services allowed or unallowed; reporting; special tests and provisions; and claims for advances and reimbursements that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended June 30, 1996. The management of the City of Ponchatoula, Louisiana is responsible for the City of Ponchatoula, Louisiana's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

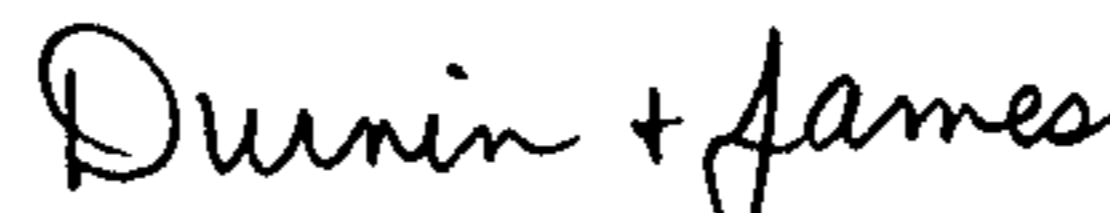
We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about City of Ponchatoula, Louisiana's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the City of Ponchatoula, Louisiana, complied, in all material respects with the requirements governing types of services allowed or unallowed; reporting; special tests and provisions; and claims for advances and reimbursements that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1996.

This report is intended for the information of management, the Louisiana Legislative Auditor and the Census Bureau. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Mayor and Board of Aldermen of the City of Ponchatoula, Louisiana, is a matter of public record.

Respectfully submitted,


DURNIN & JAMES, CPA'S

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

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July 31, 1996

Independent Auditor's Report on Compliance
with Specific Requirements Applicable to Nonmajor
Federal Financial Assistance Program Transactions

The Honorable Julian E. Dufreche, Mayor
and the Members of the Board of Aldermen
City of Ponchatoula, Louisiana

We have audited the general purpose financial statements of the City of Ponchatoula, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated July 31, 1996.

In connection with our audit of the general purpose financial statements of the City of Ponchatoula, Louisiana, and with our consideration of the City of Ponchatoula, Louisiana's internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; level of effort, and/or earmarking requirements; and reporting requirements that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City of Ponchatoula, Louisiana's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that City of Ponchatoula, had not complied, in all material respects, with those requirements.

This report is intended for the information of management, the Louisiana Legislative Auditor and the Census Bureau. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Mayor and Board of Aldermen of the City of Ponchatoula, Louisiana, is a matter of public record.

Respectfully submitted,

Durnin & James
DURNIN & JAMES, CPA'S

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL
FINANCIAL ASSISTANCE

Durnin & James

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July 31, 1996

Independent Auditor's Report on Schedule of Federal Financial Assistance

The Honorable Julian E. Dufreche, Mayor
and the Members of the Board of Aldermen
City of Ponchatoula, Louisiana

We have audited the general purpose financial statements of the City of Ponchatoula, Louisiana, for the year ended June 30, 1996, and have issued our report thereon dated July 31, 1996. These general purpose financial statements are the responsibility of the City of Ponchatoula, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

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

Respectfully submitted,

Durnin + James
DURNIN & JAMES, CPA's

City of Ponchatoula

SCHEDULE 6

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

for the Year Ended June 30, 1996

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PROGRAM OR AWARD AMOUNT	CASH/INVESTMENTS NOTES RECEIVABLE ACCRUED REVENUE AT JULY 1, 1995	RECEIPTS OR PROGRAM INCOME FEDERAL GRANT/LOAN RECOGNIZED	PRINCIPAL FROM LOAN REPAYMENTS	INTEREST INCOME	RECEIPTS NOT RECOGNIZED AS REVENUE	DISBURSEMENTS/ EXPENDITURES OTHER REDUCTIONS	CASH/NOTES RECEIVABLE/ ACCRUED REV AT JUNE 30, 1996
U. S. Department of Housing and Urban Development									
Passed through Louisiana Division of Administration: Community Development Block Grant - Small Cities Program LCDBG Contract #101-208 (3) 14.219		\$ 476,865	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RLF 1991 LCDBG Contract #101-2 14.219		\$ 250,000	\$ 205,680	\$ 27,985	\$ 27,985	\$ 11,440	\$ -	\$ 95,395	\$ 177,695
		\$ 726,865	\$ 205,680	\$ 27,985	\$ 27,985	\$ 11,440	\$ -	\$ 95,395	\$ 177,695
Community Development Block Grant - Small Cities Program									
LCDBG Contract #501-7005 (2) 14.219		N/A	8,197	-	345	223	-	348	8,417
Community Development Block Grant-Small Cities Program									
FY 1994 LCDBG Contract#101-5086 14.219		344,371	-	342,533	-	-	-	342,533	-
Passed through Louisiana Housing Finance Authority:									
Home Program 14.239		200,000	101	-	-	-	-	101	-
Total U. S. Department of Housing and Urban Development									
		\$1,271,236	\$213,978	\$ 370,518	\$28,330	\$11,663	\$ -	\$ 438,377	\$ 186,112
U. S. Environmental Protection Agency									
Passed Through Louisiana Department of Environmental Quality: Municipal Facilities Revolving Fund Loan Program DEQ Loan Number CS-221002-1 (1) 16.458		\$2,400,000	-	76,884	-	-	-	76,884	-
U. S. Department of the Interior									
Passed Through The Louisiana Department of Culture, Recreation and Tourism FY 1992 Historic Preservation Fund 15.904		\$ 5,750	-	5,750	-	-	-	5,750	-
Passed Through the Louisiana Department of Agriculture and Forestry									
FY 1994 Urban and Community Forestry Grant		\$ 9,400	-	9,400	-	-	-	9,400	-
			\$213,978	\$ 462,552	\$28,330	\$11,663	\$ -	\$ 530,411	\$ 186,112

NOTES:

(1) Indicates \$2,400,000 Sewer Revenue Bond issued by the City of Ponchatoula held by the State of Louisiana, Department of Environmental Quality for improvements to the sewer system and wastewater treatment plant. Funding is provided from the Municipal Facilities Revolving Fund Loan Program. Bonds outstanding at June 30, 1995, totaled \$2,087,040. Additional drawdowns during the fiscal year ended June 30, 1996, totaled \$71,884. Principal repayments during the fiscal year ended June 30, 1996, totaled \$80,000. Bonds outstanding as of June 30, 1996, totaled \$2,078,924.

(2) Indicates Community Development Block Grant low interest loan program for emergency home repairs to benefit low income residents. The contract with the State Division of Administration has expired but we continue to maintain and service these low interest loans. Total notes receivable at June 30, 1995, was \$13,597. New loans during the fiscal year ended June 30, 1996, totaled \$-0-. Principal payments during the fiscal year ended June 30, 1996, totaled \$346. Total notes receivable as of June 30, 1996, were \$13,251. Delinquent notes receivable as of June 30, 1996, totaled \$11,261.

(3) Indicates Community Development Block Grant for Economic Development. This grant is for roadway, lighting, water and sewer infrastructure improvements in the Ponchatoula Industrial Park and a low interest loan to assist J & M Industries, Inc. to relocate. Their total loans advanced to J & M Industries, Inc. as of June 30, 1996, were \$250,000. Principal and interest received during year ended June 30, 1996, totaled \$39,424. Notes receivable as of June 30, 1996, totaled \$176,594. See auditor's report.

Durnin & James

•CERTIFIED PUBLIC ACCOUNTANTS•

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July 31, 1996

The Honorable Julian E. Dufreche, Mayor
and Members of the Board of Aldermen
City of Ponchatoula, Louisiana

We have audited the general purpose financial statements of the City of Ponchatoula, Louisiana, for the year ended June 30, 1996, and have issued our report thereon dated July 31, 1996. In planning and performing our audit of the financial statements, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal control and operating efficiency. We previously reported on the City's internal control structure in our report dated July 31, 1996. This letter does not affect our report dated July 31, 1996, on the general purpose financial statements of the City. The following summarizes our comment and suggestions regarding the matter.

Garbage Fee Revenue:

For the fiscal year ended June 30, 1996, garbage collection fee revenue totaled \$197,442. For the same period, fees paid to the contractor to provide garbage collection services totaled \$202,015. Without the availability of garbage escrow funds, the City would be required to subsidize garbage collection services by \$4,573. At this rate, the garbage escrow funds will be depleted within a short period of time. At that time, the General Fund will begin subsidizing garbage collection service.

We believe the City should review the present rates for garbage collection services and adjust rates to eliminate any subsidy by the General Fund when the escrow funds are depleted.

Prior Year Management Letter Comments:

In our prior management letter for the audit for the year ended June 30, 1995, we made certain recommendations relating to investment of excess cash, maintaining an investment ledger and voiding outstanding checks over twelve months old. We commend the City's efforts during the past year which have resolved these prior management letter comments.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestions with Mayor Julian Dufreche and City Clerk Elizabeth LeSaicherre, and will be pleased to discuss them in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation. We wish to express our thanks and appreciation to your staff for the help and assistance they provided during the audit.

Respectfully submitted,

Durnin & James
DURNIN & JAMES, CPA'S

dej/DJ

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