



**JOHN S. DOWLING & COMPANY**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Gary Soileau, Mayor  
and Members of the Board of Aldermen  
Town of Krotz Springs, Louisiana

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

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

Because of the inadequacy of accounting records for the years prior to July 1, 1982, we were unable to form an opinion regarding the amounts at which fixed assets are recorded in the accompanying balance sheet of the General Fixed Assets Account Group at June 30, 1996 (stated at \$1,716,530).

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had prior years' accounting records concerning the General Fixed Assets Account Group been adequate, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town of Krotz Springs, Louisiana, as of June 30, 1996, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

TOWN OF KROTZ SPRINGS, LOUISIANA  
GENERAL FUND  
BALANCE SHEET  
JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>ASSETS</u>		
Cash	\$149,275	\$170,875
Investments	242,450	190,320
Receivables, net of allowance for uncollectibles		
Property taxes	223	350
From other governments	2,540	4,599
Franchise taxes	18,126	15,728
Interest receivable	876	854
Restricted assets		
Cash	22,836	24,371
Investments	85,133	82,825
Interest receivable	15	
Due from operating account	<u>882</u>	<u>882</u>
<u>Total assets</u>	<u>522,356</u>	<u>490,804</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts payable	\$8,002	\$6,626
Retirement payable	1,131	895
Accrued compensated absences	2,964	3,507
Due to restricted assets	882	882
Due to other funds	5,639	9,747
Street assessment payable	<u>2,603</u>	<u>1,736</u>
<u>Total liabilities</u>	<u>21,221</u>	<u>23,393</u>
<u>FUND BALANCE</u>		
Reserved	108,866	108,078
Unreserved, undesignated	<u>392,269</u>	<u>359,333</u>
<u>Total fund balance</u>	<u>501,135</u>	<u>467,411</u>
<u>Total liabilities and fund balance</u>	<u>522,356</u>	<u>490,804</u>

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TOWN OF KROTZ SPRINGS, LOUISIANA  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>1996</u>	<u>1995</u>
<u>OPERATING REVENUES</u>					
Charges for services					
Total operating revenues	\$152,540	\$37,289	\$50,676	\$240,503	212,503
	<u>152,540</u>	<u>37,289</u>	<u>50,676</u>	<u>240,503</u>	<u>212,503</u>
<u>OPERATING EXPENSES</u>					
Personal services	44,382	20,375	26,790	91,547	86,391
Contractual services	62,344		2,120	64,464	37,031
Supplies	4,958	2,103	1,745	8,806	9,211
Other expenses	10,252	19,106	22,511	51,869	44,034
Depreciation	27,494	19,943	54,980	102,417	97,640
Total operating expenses	<u>149,430</u>	<u>61,527</u>	<u>108,146</u>	<u>319,103</u>	<u>274,307</u>
<u>OPERATING INCOME (LOSS)</u>	<u>3,110</u>	<u>(24,238)</u>	<u>(57,470)</u>	<u>(78,598)</u>	<u>(61,804)</u>
<u>NONOPERATING REVENUES</u>					
Interest income	20,624	13,713	1,523	35,860	19,816
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	23,734	(10,525)	(55,947)	(42,738)	(41,988)
<u>OPERATING TRANSFERS IN (OUT)</u>	<u>(415)</u>	<u>17,012</u>	<u>—</u>	<u>16,597</u>	<u>(5,493)</u>
<u>NET INCOME (LOSS)</u>	23,319	6,487	(55,947)	(26,141)	(47,481)
Add depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital					
<u>INCREASE (DECREASE) IN RETAINED EARNINGS</u>	<u>27,305</u>	<u>18,891</u>	<u>37,014</u>	<u>83,210</u>	<u>79,484</u>
<u>RETAINED EARNINGS, beginning of year</u>	50,624	25,378	(18,933)	57,069	32,003
	<u>448,993</u>	<u>175,295</u>	<u>(54,628)</u>	<u>569,660</u>	<u>537,657</u>
<u>RETAINED EARNINGS, end of year</u>	<u>499,617</u>	<u>200,673</u>	<u>(73,561)</u>	<u>626,729</u>	<u>569,660</u>

TOWN OF KROTZ SPRINGS, LOUISIANA  
SPECIAL REVENUE FUND  
SALES TAX FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	<u>JUNE 30, 1996</u>		VARIANCE	JUNE 30,
	<u>BUDGET</u>	<u>ACTUAL</u>	FAVORABLE	<u>1995</u>
			(UNFAVORABLE)	<u>ACTUAL</u>
<u>REVENUES</u>				
Taxes				
Sales tax collections	\$126,342	\$125,751	\$(591)	\$133,525
Interest income	<u>12,153</u>	<u>12,365</u>	<u>212</u>	<u>14,539</u>
<u>Total revenues</u>	<u>138,495</u>	<u>138,116</u>	<u>(379)</u>	<u>148,064</u>
<u>EXPENDITURES</u>				
Current operating				
General and administrative				
Collection fees	1,263	1,262	1	1,340
Legal and professional				100
<u>Total expenditures</u>	<u>1,263</u>	<u>1,262</u>	<u>1</u>	<u>1,440</u>
<u>EXCESS OF REVENUES OVER</u>				
<u>(UNDER) EXPENDITURES</u>	<u>137,232</u>	<u>136,854</u>	<u>(378)</u>	<u>146,624</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers out	(53,339)	(57,553)	(4,214)	
<u>Total other financing</u>	<u>(53,339)</u>	<u>(57,553)</u>	<u>(4,214)</u>	<u>-0-</u>
<u>sources (uses)</u>				
<u>EXCESS OF REVENUES AND OTHER</u>				
<u>SOURCES OVER (UNDER)</u>	<u>83,893</u>	79,301	(4,592)	146,624
<u>EXPENDITURES AND OTHER USES</u>				
<u>FUND BALANCE, beginning of year</u>		<u>632,125</u>		<u>485,501</u>
<u>FUND BALANCE, end of year</u>		<u>711,426</u>		<u>632,125</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group accounts for fixed assets not used in proprietary fund operations or accounted for in trust funds.



FINANCIAL STATEMENTS OF ACCOUNT GROUPS

TOWN OF KROTZ SPRINGS, LOUISIANA  
AGENCY FUND - PAYROLL ACCOUNT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 1996

	BALANCE JUNE 30, <u>1995</u>	NET ADDITIONS	NET DEDUCTIONS	BALANCE JUNE 30, <u>1996</u>
<u>ASSETS</u>				
Cash	\$630	\$5,619		\$6,249
Due from other funds	<u>9,747</u>	<u>          </u>	\$4,132	<u>5,615</u>
<u>Total assets</u>	<u>10,377</u>	<u>5,619</u>	<u>4,132</u>	<u>11,864</u>
<u>LIABILITIES</u>				
Payroll taxes payable	\$1,550		\$133	\$1,417
Retirement payable	1,492	\$16		1,508
Due to other funds	<u>7,335</u>	<u>1,604</u>	<u>          </u>	<u>8,939</u>
<u>Total liabilities</u>	<u>10,377</u>	<u>1,620</u>	<u>133</u>	<u>11,864</u>

TOWN OF KROTZ SPRINGS, LOUISIANA  
FIDUCIARY FUND TYPES  
BALANCE SHEET  
JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>ASSETS</u>		
Cash	\$6,249	\$630
Due from other funds	<u>5,615</u>	<u>9,747</u>
<u>Total assets</u>	<u>11,864</u>	<u>10,377</u>
<u>LIABILITIES</u>		
Payroll taxes payable	\$1,417	\$1,550
Retirement payable	1,508	1,492
Due to other funds	<u>8,939</u>	<u>7,335</u>
<u>Total liabilities</u>	<u>11,864</u>	<u>10,377</u>

FIDUCIARY FUND TYPES

Fiduciary Fund Types include Trust and Agency funds which are used to account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Payroll account is used to account for the Town's payroll and related expenses.

TOWN OF KROTZ SPRINGS, LOUISIANA  
ENTERPRISE FUNDS  
SCHEDULE OF OPERATING EXPENSES (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>WATER FUND EXPENSES - Continued</u>		
Repairs and maintenance	\$1,578	\$315
Insurance	4,942	5,638
Legal and accounting	2,943	1,683
Utilities	8,551	6,763
Bad debt expense	68	1,120
Telephone	710	
Workshops	100	
Miscellaneous	64	
<u>Depreciation</u>	<u>19,943</u>	<u>15,166</u>
<u>Total water fund expenses</u>	<u>61,527</u>	<u>57,964</u>
 <u>SEWER FUND EXPENSES</u>		
<u>Personal services</u>		
Salaries	\$24,930	\$21,376
Payroll taxes	1,993	1,742
Compensated absences	(133)	486
<u>Contractual services</u>		
Survey expense	2,120	1,868
<u>Supplies</u>		
Office supplies and postage	1,745	2,084
<u>Other</u>		
Repairs and maintenance	2,209	2,613
Insurance	4,942	5,638
Legal and accounting	4,543	883
Utilities	9,394	9,838
Miscellaneous	1,023	267
Dues and subscriptions	70	
Bad debt expense	330	
<u>Depreciation</u>	<u>54,980</u>	<u>54,980</u>
<u>Total sewer fund expenses</u>	<u>108,146</u>	<u>101,775</u>

TOWN OF KROTZ SPRINGS, LOUISIANA  
ENTERPRISE FUNDS  
SCHEDULE OF OPERATING EXPENSES  
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>GAS FUND EXPENSES</u>		
<u>Personal services</u>		
Salaries	\$40,613	\$34,649
Payroll taxes	3,252	2,824
Compensated absences	517	962
<u>Contractual services</u>		
Gas purchases	60,856	34,213
Survey expense	1,488	950
<u>Supplies</u>		
Materials and supplies	3,604	2,654
Office supplies and postage	997	1,546
Meters and regulators	158	150
Uniforms	199	188
<u>Other</u>		
Repairs and maintenance	210	93
Insurance	4,306	4,754
Miscellaneous	138	1,324
Legal and accounting	3,743	2,083
Bad debt expense		684
Workshops	775	
Drug testing	1,080	
<u>Depreciation</u>	<u>27,494</u>	<u>27,494</u>
<u>Total gas fund expenses</u>	<u>149,430</u>	<u>114,568</u>
<u>WATER FUND EXPENSES</u>		
<u>Personal services</u>		
Salaries	\$19,375	\$22,068
Payroll taxes	1,549	1,798
Compensated absences	(549)	486
<u>Supplies</u>		
Materials and supplies	2,103	2,777
<u>Other</u>		
Dues and subscriptions	150	150

This schedule continued on next page.

TOWN OF KROTZ SPRINGS, LOUISIANA  
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS  
FOR THE YEAR ENDED JUNE 30, 1996

	<u>LAND</u>	<u>BUILDINGS</u>	<u>IMPROVEMENTS OTHER THAN BUILDINGS</u>	<u>EQUIPMENT</u>	<u>FURNITURE AND FIXTURES</u>	<u>OTHER STRUCTURES AND IMPROVEMENTS</u>	<u>TOTALS</u>
<u>GENERAL FIXED ASSETS, beginning of year</u>	\$294,898	\$222,082	\$131,690	\$178,635	\$6,725	\$843,447	\$1,677,477
<u>ADDITIONS</u>							
General Fund revenues							
Roof for Town Hall		8,663					8,663
Park concession building		4,000					4,000
1991 Chevrolet Caprice				1,506			1,506
Computer				1,496			1,496
Printer				378			378
Computer monitor				265			265
Fax machine				877			877
Edger				650			650
1996 Ford Crown Victoria				18,313			18,313
2 drinking fountains				2,905			2,905
<u>DEDUCTIONS</u>							
Assets sold							
<u>GENERAL FIXED ASSETS, end of year</u>	<u>294,898</u>	<u>234,745</u>	<u>131,690</u>	<u>205,025</u>	<u>6,725</u>	<u>843,447</u>	<u>1,716,530</u>

TOWN OF KROTZ SPRINGS, LOUISIANA  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 1996

	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTALS</u>
<u>CASH FLOWS FROM OPERATING</u>				
<u>ACTIVITIES</u>				
Cash received from customers	\$151,258	\$37,196	\$50,179	\$238,633
Cash payments to suppliers for goods and services	(79,391)	(21,691)	(27,535)	(128,617)
Cash payments to employees for services	(43,865)	(20,925)	(26,922)	(91,712)
<u>Net cash provided (used)</u> <u>by operating activities</u>	<u>28,002</u>	<u>(5,420)</u>	<u>(4,278)</u>	<u>18,304</u>
<u>CASH FLOWS FROM NONCAPITAL</u>				
<u>FINANCING ACTIVITIES</u>				
Operating transfers - out to other funds	(439)		(1,073)	(1,512)
Operating transfers - in from other funds	—	16,481	—	16,481
<u>Net cash provided (used)</u> <u>by noncapital financing</u> <u>activities</u>	<u>(439)</u>	<u>16,481</u>	<u>(1,073)</u>	<u>14,969</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED</u>				
<u>FINANCING ACTIVITIES</u>				
Purchase of fixed assets		(19,540)		(19,540)
Contribution from customers		—	6,497	6,497
<u>Net cash provided by</u> <u>capital and related</u> <u>financing activities</u>	<u>-0-</u>	<u>(19,540)</u>	<u>6,497</u>	<u>(13,043)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of investments	(10,940)			(10,940)
Interest on investments	20,504	13,817	1,389	35,710
<u>Net cash provided (used)</u> <u>by investing activities</u>	<u>9,564</u>	<u>13,817</u>	<u>1,389</u>	<u>24,770</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	37,127	5,338	2,535	45,000
<u>CASH, July 1, 1995</u>	<u>104,510</u>	<u>32,326</u>	<u>32,167</u>	<u>169,003</u>
<u>CASH, June 30, 1996</u>	<u>141,637</u>	<u>37,664</u>	<u>34,702</u>	<u>214,003</u>

This statement continued on next page.



GENERAL LONG-TERM DEBT ACCOUNT GROUP

The General Long-Term Debt Account Group accounts for long-term debt intended to be financed from governmental funds.

TOWN OF KROTZ SPRINGS, LOUISIANA  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 1996 AND 1995

	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>1996</u>	<u>1995</u>
<u>LIABILITIES AND FUND EQUITY</u>					
<u>CURRENT LIABILITIES (from current assets)</u>					
Accounts payable	\$597		\$584	\$1,742	\$3,606
Accrued compensated absences	3,202	882	1,298	5,382	5,547
Due to other funds		18,907	13,771	32,678	32,679
<u>Total</u>	<u>3,799</u>	<u>20,350</u>	<u>15,653</u>	<u>39,802</u>	<u>41,832</u>
<u>CURRENT LIABILITIES (from restricted assets)</u>					
Customers' deposits	16,845			16,845	17,442
Due to operating account	330			330	350
<u>Total</u>	<u>17,175</u>	<u>-0-</u>	<u>-0-</u>	<u>17,175</u>	<u>17,792</u>
<u>Total liabilities</u>	<u>20,974</u>	<u>20,350</u>	<u>15,653</u>	<u>56,977</u>	<u>59,624</u>
<u>FUND EQUITY</u>					
Contributed capital					
Contribution from municipality	2,307			665,292	665,292
Contribution from customers		582,153	26,366	26,366	26,366
Contribution from grants	566,500	(147,800)	1,480,488	2,629,141	2,350,303
Less amortization	(225,195)	(434,353)	(351,392)	(724,387)	(641,176)
<u>Total contributed capital</u>	<u>343,612</u>	<u>434,353</u>	<u>1,818,447</u>	<u>2,596,412</u>	<u>2,400,785</u>
Retained earnings					
Reserved for customers' deposits	8,890			8,890	8,158
Unreserved retained earnings	490,727	200,673	(73,561)	617,839	561,502
<u>Total retained earnings</u>	<u>499,617</u>	<u>200,673</u>	<u>(73,561)</u>	<u>626,729</u>	<u>569,660</u>
<u>Total fund equity</u>	<u>843,229</u>	<u>635,026</u>	<u>1,744,886</u>	<u>3,223,141</u>	<u>2,970,445</u>
<u>Total liabilities and fund equity</u>	<u>864,203</u>	<u>655,376</u>	<u>1,760,539</u>	<u>3,280,118</u>	<u>3,030,069</u>

TOWN OF KROTZ SPRINGS, LOUISIANA  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 1996 AND 1995

	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>1996</u>	<u>1995</u>
<u>ASSETS</u>					
<u>CURRENT ASSETS</u>					
Cash and cash equivalents	\$130,712	\$37,664	\$34,702	\$203,078	\$158,241
Investments	353,287	155,441	33,721	542,449	531,509
Receivables, net of allowance for uncollectibles					
Accounts	7,558	4,372	6,046	17,976	16,701
Assessments			7,925	7,925	14,422
Interest receivable	620	543	134	1,297	1,098
From other funds	24	926	2,475	3,425	1,797
Due from meter deposit account	330			330	350
Prepaid insurance	3,549	3,590	3,590	10,729	9,117
<u>Total current assets</u>	<u>496,080</u>	<u>202,536</u>	<u>88,593</u>	<u>787,209</u>	<u>733,235</u>
<u>RESTRICTED ASSETS</u>					
Cash	10,925			10,925	10,761
Investments	15,140			15,140	15,140
Interest receivable					49
<u>Total restricted assets</u>	<u>26,065</u>	<u>-0-</u>	<u>-0-</u>	<u>26,065</u>	<u>25,950</u>
<u>PROPERTY AND EQUIPMENT</u>					
Utility plant, net	342,058	452,840	1,671,946	2,466,844	2,270,884
<u>Total assets</u>	<u>864,203</u>	<u>655,376</u>	<u>1,760,539</u>	<u>3,280,118</u>	<u>3,030,069</u>

This statement continued on next page.

ENTERPRISE FUNDS

The Enterprise Funds are used to account for operations that are financed and operated in a manner 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.

TOWN OF KROTZ SPRINGS, LOUISIANA  
CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	<u>WATER WELL</u>	<u>WATER TOWER</u>	<u>1996</u>	<u>1995</u>
<u>REVENUES</u>				
Intergovernmental Community Development Block Grants				
<u>Total revenues</u>	<u>\$76,786</u>	<u>\$55,361</u>	<u>\$132,147</u>	<u>\$146,690</u>
	76,786	55,361	132,147	146,690
<u>EXPENDITURES</u>				
Capital projects				
Contractor fees	64,844		64,844	111,202
Engineering fees	5,232	46,104	51,336	18,488
Land purchase		3,000	3,000	
Attorney fees		680	680	
Testing and inspection		2,877	2,877	
Appraisal costs		2,700	2,700	
Administrative fees	1,341		1,341	17,000
Shells	1,403		1,403	
Salaries	2,355		2,355	
Audit	1,200		1,200	
Workshops, publications	411		411	
<u>Total expenditures</u>	<u>76,786</u>	<u>55,361</u>	<u>132,147</u>	<u>146,690</u>
	76,786	55,361	132,147	146,690
<u>EXCESS OF REVENUES OVER (UNDER)</u> <u>EXPENDITURES</u>				
<u>FUND BALANCE</u> , beginning of year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>FUND BALANCE</u> , end of year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

TOWN OF KROTZ SPRINGS, LOUISIANA  
SCHEDULE OF INSURANCE IN FORCE  
JUNE 30, 1996  
 (UNAUDITED)

<u>POLICY NUMBER</u>	<u>INSURER</u>	<u>ASSETS COVERED</u>	<u>TYPE OF COVERAGE</u>	<u>LIMITS OF COVERAGE</u>		<u>EFFECTIVE DATES</u>	
				<u>FROM</u>	<u>TO</u>	<u>FROM</u>	<u>TO</u>
FER496920	Commercial Union Insurance	Blanket policy on building occupied as police station, jail and city hall and contents, and buildings in parks	Fire, lightning and extended coverage	\$232,000	3/14/96	3/14/96	3/14/97
WC-0250	Louisiana Municipal Risk Management Agency	Workmen's compensation	Workmen's compensation	\$700,000	3/14/96	3/14/96	3/14/97
LML-270	Louisiana Municipal Risk Management Agency and Audubon Insurance Company	1987 Ford pickup - 1988 Chevrolet 1991 Ford 1992 Ford 1993 Ford pickup 1994 Chevrolet 1995 Ford F150	Bodily injury Uninsured motorists Collision Property coverage Property damage	\$500,000	3/14/96	3/14/96	3/14/97
LML-331	Louisiana Municipal Risk Management Agency	Law Enforcement Professional Liability	Bodily injury Property damage Personal injury	\$500,000 \$1,000 deductible	3/14/96	3/14/96	3/14/97
LML-331	Louisiana Municipal Risk Management Agency	Public Official's Liability Policy	Blanket Bond	\$500,000 \$5,000 deductible	3/14/96	3/14/96	3/14/97
90-MP-02254	Titan Indemnity Company	Short-term policy for summer recreation program	Bodily injury Property damage	\$300,000 \$250 deductible	3/14/96	3/14/96	3/14/97
MHP0030285	Audubon Insurance Company	1981 Wellington mobile home and contents	Property damage	\$11,000 \$250 deductible	3/14/96	3/14/96	3/14/97
LML-331	Louisiana Municipal Risk Management Agency	General liability	General liability	\$500,000	3/14/96	3/14/96	3/14/97

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

The Town's Capital Projects Fund accounts for two Louisiana Community Development Block Grants received for water system improvements. One grant was received for a water tower project and the other for a water well project.

TOWN OF KROTZ SPRINGS, LOUISIANA  
DEBT SERVICE FUND  
BALANCE SHEET  
JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>ASSETS</u>		
Cash		
Assessments receivable	\$6,018	\$11,820
Current		
Delinquent	5,763	6,141
Deferred	5,222	3,129
	<u>5,846</u>	<u>12,310</u>
<u>Total assets</u>	<u>22,849</u>	<u>33,400</u>
 <u>LIABILITIES AND FUND BALANCE</u>  		
<u>LIABILITIES</u>		
Deferred revenue		
<u>Total liabilities</u>	<u>\$5,846</u>	<u>\$12,310</u>
	<u>5,846</u>	<u>12,310</u>
<u>FUND BALANCE</u>		
Reserved		
<u>Total fund balance</u>	<u>17,003</u>	<u>21,090</u>
	<u>17,003</u>	<u>21,090</u>
<u>Total liabilities and fund balance</u>	<u>22,849</u>	<u>33,400</u>



DEBT SERVICE FUND

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

TOWN OF KROTZ SPRINGS, LOUISIANA  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 1996

	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTALS</u>
<u>RECONCILIATION OF OPERATING INCOME</u>				
<u>TO NET CASH PROVIDED (USED) BY</u>				
<u>OPERATING ACTIVITIES</u>				
Operating income (loss)	<u>\$3,110</u>	<u>\$(24,238)</u>	<u>\$(57,470)</u>	<u>\$(78,598)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	27,494	19,943	54,980	102,417
(Increase) decrease in accounts receivable	(754)	(93)	(497)	(1,344)
(Increase) decrease in sales tax receivable	69			69
(Increase) decrease in prepaid insurance	(917)	(348)	(348)	(1,613)
Increase (decrease) in accounts payable	(920)	(134)	(811)	(1,865)
Increase (decrease) in accrued compensated absences	517	(550)	(132)	(165)
Increase (decrease) in customers' meter deposits	<u>(597)</u>			<u>(597)</u>
<u>Total adjustments</u>	<u>24,892</u>	<u>18,818</u>	<u>53,192</u>	<u>96,902</u>
 <u>Net cash provided (used)</u> <u>by operating activities</u>	 <u>28,002</u>	 <u>(5,420)</u>	 <u>(4,278)</u>	 <u>18,304</u>

The Honorable Gary Soileau, Mayor  
and Members of the Board of Aldermen  
Page 2

Inadequate Records for Fixed Assets

Condition:

The Town of Krotz Springs, Louisiana did not maintain adequate records for general fixed assets prior to July 1, 1982. Annual physical inventories are not conducted.

Criteria:

Adequate records for general fixed assets are essential to prepare reliable financial statements. Annual physical inventories of property are required by LSA-RS 39:24.

Effect:

The amounts reported as general fixed assets may not be accurate for financial statement purposes.

We considered this noncompliance finding 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 September 6, 1996, on those general purpose financial statements.

This report is intended for the information of the Mayor and Board of Aldermen of the Town of Krotz Springs, Louisiana. However, this report is a matter of public record and its distribution is not limited.



Opelousas, Louisiana  
September 6, 1996

TOWN OF KROTZ SPRINGS, LOUISIANA  
COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS  
JUNE 30, 1996

<u>GENERAL FUND</u>	<u>INTEREST RATES</u>	<u>MATURITY DATES</u>	<u>TOTAL BOOK VALUE</u>
Certificate of Deposit American Bank and Trust Co.	5.25%	7/3/96	\$100,000
Certificate of Deposit American Bank and Trust Co.	5.25%	7/3/96	50,000
Certificate of Deposit American Bank and Trust Co.	5.00%	10/1/96	13,723
Certificate of Deposit American Bank and Trust Co.	5.30%	12/8/96	75,000
Certificate of Deposit American Bank and Trust Co.	5.00%	10/1/96	<u>3,727</u>
			<u>242,450</u>
 <u>SALES TAX FUND</u>			
Certificate of Deposit American Bank and Trust Co.	5.30%	12/8/96	100,000
Certificate of Deposit American Bank and Trust Co.	5.00%	10/1/96	1,467
Certificate of Deposit American Bank and Trust Co.	5.30%	12/8/96	150,000
Certificate of Deposit American Bank and Trust Co.	5.30%	12/8/96	<u>150,000</u>
			<u>401,467</u>
 <u>ENTERPRISE FUNDS</u>			
Certificate of Deposit American Bank and Trust Co.	5.00%	10/1/96	59,421
Certificate of Deposit American Bank and Trust Co.	5.00%	10/1/96	83,190
Certificate of Deposit American Bank and Trust Co.	5.00%	10/1/96	57,867
Certificate of Deposit American Bank and Trust Co.	5.00%	10/1/96	15,140
Certificate of Deposit American Bank and Trust Co.	5.30%	12/8/96	96,019
Certificate of Deposit American Bank and Trust Co.	5.00%	10/1/96	33,721
Investment in Louisiana Asset Management Pool	N/A	N/A	<u>212,231</u>
			<u>557,589</u>
 <u>Total</u>			 <u>1,201,506</u>

TOWN OF KROTZ SPRINGS, LOUISIANA  
 COMBINED SCHEDULE OF BONDS PAYABLE  
 JUNE 30, 1996

RATES	INTEREST		PAYMENT DATE	ISSUE DATE	FINAL MATURITY DATE	ANNUAL SERIAL PAYMENTS	BONDS		
							AUTHORIZED	ISSUED	RETIRED
8.75%			5/1	5/1/88	5/1/98	\$8,991 (1990-1998)	\$89,910	\$71,928	\$17,982

GENERAL OBLIGATION BONDS  
 Public improvement  
 (street paving)

TOWN OF KROTZ SPRINGS, LOUISIANA  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 1996

<u>SOURCE OF FEDERAL ASSISTANCE/ AGENCY NAME(S)</u>	<u>PROGRAM NAME</u>	<u>CFDA NUMBER</u>	<u>DISBURSEMENTS</u>
INDIRECT ASSISTANCE			
United States Department of Housing and Urban Development - State of Louisiana Office of Community Development	Community Development Block Grants	14.219	\$132,147
National Highway Traffic Safety Administration - Louisiana Highway Safety Commission	Safe and Sober Program	20.600	1,296
United States Department of Justice	Cops Fast Program	16.710	<u>5,301</u>
			<u>138,744</u>

TOWN OF KROTZ SPRINGS, LOUISIANA  
NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
JUNE 30, 1996

NOTE 1 - GENERAL

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal financial assistance programs of the Town of Krotz Springs, Louisiana. The Town's reporting entity is defined in Note 1 to the general purpose financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the Schedule.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Federal Financial Assistance is presented using the modified accrual basis of accounting for the federal assistance. The basis of accounting is described in Note 1 to the general purpose financial statements.

NOTE 3 - RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Of the total amount of the federal financial assistance revenue, only the reimbursement amount is recorded in the general purpose financial statements as revenues. Also, only the expenditures which were later reimbursed are recorded in the general purpose financial statements as expenses. Federal financial assistance revenue is reported in the Town of Krotz Spring's general purpose financial statements as follows:

	Intergovernmental Revenues
General Fund	\$6,597
Capital Projects Fund	<u>132,147</u>
	<u>138,744</u>

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS



OTHER SUPPLEMENTARY DATA

The Honorable Gary Soileau, Mayor  
and Members of the Board of Aldermen  
Page 2

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Krotz Springs, Louisiana. Such information, except for the Schedule of Insurance in Force marked "unaudited," and the financial statements presented in the General Fixed Assets Account Group 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.

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

*John Dentling & Co*  
Opelousas, Louisiana  
September 6, 1996



**JOHN S. DOWLING & COMPANY**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF  
FEDERAL FINANCIAL ASSISTANCE

The Honorable Gary Soileau, Mayor  
and Members of the Board of Aldermen  
Town of Krotz Springs, Louisiana

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

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB 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 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 made for the purpose of forming an opinion on the general purpose financial statements of the Town of Krotz Springs, Louisiana, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that Schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*John S. Dowling & Co.*

Opelousas, Louisiana  
September 6, 1996

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TOWN OF KROTZ SPRINGS, LOUISIANA  
STATEMENT OF GENERAL FIXED ASSETS  
JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>GENERAL FIXED ASSETS AT COST</u>		
Land	\$294,898	\$294,898
Building	234,745	222,082
Improvements other than building	131,690	131,690
Equipment	205,025	178,635
Furniture and fixtures	6,725	6,725
Other structures and improvements	<u>843,447</u>	<u>843,447</u>
<u>Total general fixed assets</u>	<u>1,716,530</u>	<u>1,677,477</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>		
General fund	\$715,739	\$676,686
Special assessments	198,349	198,349
Federal revenue sharing fund	207,871	207,871
Sales tax fund	304,949	304,949
Federal grants	184,281	184,281
State grants	<u>105,341</u>	<u>105,341</u>
<u>Total investments in general fixed assets</u>	<u>1,716,530</u>	<u>1,677,477</u>



**JOHN S. DOWLING & COMPANY**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Gary Soileau, Mayor  
and Members of the Board of Aldermen  
Town of Krotz Springs, Louisiana

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

We have applied procedures to test the Town of Krotz Springs, Louisiana's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996: political activity, Davis-Bacon Act, civil rights, cash management, allowable costs/cost principles, Drug-free Workplace Act and administrative requirements.

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

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

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

*John S. Dowling & Co.*

Opelousas, Louisiana  
September 6, 1996

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TOWN OF KROTZ SPRINGS, LOUISIANA  
DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	<u>JUNE 30, 1996</u>		<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>	<u>JUNE 30,</u> <u>1995</u> <u>ACTUAL</u>
	<u>BUDGET</u>	<u>ACTUAL</u>		
<u>REVENUES</u>				
Assessments collected	\$9,500	\$7,373	\$(2,127)	\$9,145
<u>Total revenues</u>	<u>9,500</u>	<u>7,373</u>	<u>(2,127)</u>	<u>9,145</u>
<u>EXPENDITURES</u>				
Debt service				
Bond principal paid	8,991	8,991		8,991
Interest expense	2,360	2,360		3,147
Legal and paying agent fees		109	(109)	109
<u>Total expenditures</u>	<u>11,351</u>	<u>11,460</u>	<u>(109)</u>	<u>12,247</u>
<u>EXCESS OF REVENUES OVER</u> <u>(UNDER) EXPENDITURES</u>	<u>(1,851)</u>	<u>(4,087)</u>	<u>(2,236)</u>	<u>(3,102)</u>
<u>FUND BALANCE</u> , beginning of year		<u>21,090</u>		<u>24,192</u>
<u>FUND BALANCE</u> , end of year		<u>17,003</u>		<u>21,090</u>



**JOHN S. DOWLING & COMPANY**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Gary Soileau, Mayor  
and Members of the Board of Aldermen  
Town of Krotz Springs, Louisiana

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

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget 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.

Compliance with laws, regulations, contracts and grants applicable to the Town of Krotz Springs, Louisiana, is the responsibility of the Town's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed the following instances of noncompliance that are required to be reported herein under Government Auditing Standards for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the 1996 Town of Krotz Springs, Louisiana's general purpose financial statements.

The Honorable Gary Soileau  
and Members of the Board of Aldermen  
Page 3

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 reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

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

*John Dawling & Co*  
Opelousas, Louisiana  
September 6, 1996



The Honorable Gary Soileau, Mayor  
and Members of the Board of Aldermen  
Page 2

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

Administrative Controls

General

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Allowable costs/cost principles
- Drug-free Workplace Act
- Administrative requirements

Specific

- Types of services allowed or not allowed
- Eligibility
- Reporting

Claims for advances and reimbursements

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

During the year ended June 30, 1996, the Town of Krotz Springs, Louisiana, had no major federal financial assistance programs and expended 100 percent of its total federal financial assistance under the following nonmajor programs: Community Development Block Grants, Safe and Sober Program and the Cops Fast Program.

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 have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements that are applicable to the aforementioned nonmajor programs. 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.



**JOHN S. DOWLING & COMPANY**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Gary Soileau, Mayor  
and Members of the Board of Aldermen  
Town of Krotz Springs, Louisiana

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

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget 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.

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

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

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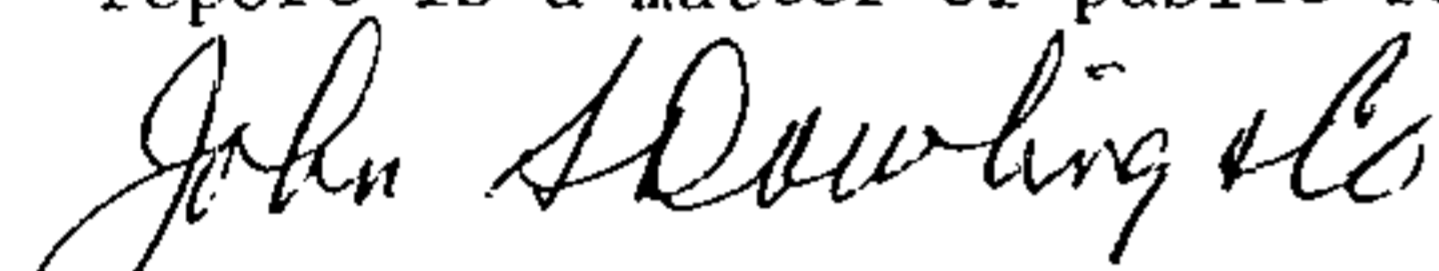
• Harold Dupre, CPA • Joel Lanclos, Jr., CPA • Dwight Ledoux, CPA • Russell J. Stelly, CPA • John Newton Stout, CPA •  
• Chizal S. Fontenot, CPA • James L. Nicholson, Jr., CPA • G. Kenneth Pavy, II, CPA •

The Honorable Gary Soileau, Mayor  
and Members of the Board of Aldermen  
Page 2

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

However, we noted certain matters involving the internal control structure and its operation that we have reported to management of the Town of Krotz Springs, Louisiana, in a separate letter dated September 6, 1996.

This report is intended solely for the use of the Town of Krotz Springs, Louisiana and its Board of Aldermen and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Opelousas, Louisiana  
September 6, 1996



**JOHN S. DOWLING & COMPANY**  
 A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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 Gary Soileau, Mayor  
 and Members of the Board of Aldermen  
 Town of Krotz Springs, Louisiana

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

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

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

P.O. Box 433 4766 I-49 North Service Road Opelousas, Louisiana 70571-0433 Telephone 318-948-4848 Telefax 318-948-6109

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 • Chizal S. Fontenot, CPA • James L. Nicholson, Jr., CPA • G. Kenneth Pavy, II, CPA •

RELATED REPORTS

TOWN OF KROTZ SPRINGS, LOUISIANA  
STATEMENT OF GENERAL LONG-TERM DEBT  
JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>AMOUNT AVAILABLE AND TO BE PROVIDED</u>		
<u>FOR THE PAYMENT OF GENERAL LONG-TERM DEBT</u>		
Amount available in Debt Service Fund for debt retirement	\$17,003	\$21,090
Amount to be provided for retirement of general long-term obligations	<u>979</u>	<u>5,883</u>
<u>Total available and to be provided</u>	<u>17,982</u>	<u>26,973</u>
<u>GENERAL LONG-TERM DEBT</u>		
Bonds payable		
Due within one year	\$8,991	\$8,991
Due after one year	<u>8,991</u>	<u>17,982</u>
<u>Total general long-term debt</u>	<u>17,982</u>	<u>26,973</u>



**JOHN S. DOWLING & COMPANY**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Gary Soileau, Mayor  
and Members of the Board of Aldermen  
Town of Krotz Springs, Louisiana

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

In connection with our audit of the general purpose financial statements of the Town of Krotz Springs, Louisiana, and with our consideration of the Town of Krotz Springs, Louisiana's 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 and eligibility 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 Town of Krotz Springs, 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 the Town of Krotz Springs, Louisiana, had not complied, in all material respects, with those requirements.

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

Opelousas, Louisiana  
September 6, 1996

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

	<u>1996</u>	<u>1995</u>
<u>OPERATING REVENUES</u>		
Charges for services	\$ <u>240,505</u>	\$ <u>212,503</u>
<u>OPERATING EXPENSES</u>		
Personal services	91,547	86,391
Contractual services	64,464	37,031
Supplies	8,805	9,211
Other expenses	51,870	44,034
Depreciation	<u>102,417</u>	<u>97,640</u>
<u>Total operating expenses</u>	<u>319,103</u>	<u>274,307</u>
<u>OPERATING INCOME (LOSS)</u>	<u>(78,598)</u>	<u>(61,804)</u>
<u>NONOPERATING REVENUES</u>		
Interest income	<u>35,860</u>	<u>19,816</u>
<u>Total nonoperating revenues</u>	<u>35,860</u>	<u>19,816</u>
<u>INCOME BEFORE OPERATING TRANSFERS</u>	<u>(42,738)</u>	<u>(41,988)</u>
<u>OPERATING TRANSFERS IN (OUT)</u>	<u>16,597</u>	<u>(5,493)</u>
<u>NET INCOME (LOSS)</u>	<u>(26,141)</u>	<u>(47,481)</u>
Amortization of Contributed Capital - Grants	83,210	79,484
<u>RETAINED EARNINGS, beginning of year</u>	<u>569,660</u>	<u>537,657</u>
<u>RETAINED EARNINGS, end of year</u>	<u>626,729</u>	<u>569,660</u>

The accompanying notes are an integral part of this statement.



TOWN OF KROTZ SPRINGS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

TOTAL COLUMNS ON COMBINED STATEMENTS

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

NOTE (2) - INTERFUND RECEIVABLES, PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund		\$5,639
Special Revenue Funds		
Sales Tax	\$38,216	
Enterprise Funds	3,425	32,678
Agency Fund		
Payroll Account	<u>5,615</u>	<u>8,939</u>
	<u>47,256</u>	<u>47,256</u>

NOTE (3) - RETIREMENT

General. The Town participates in funding a retirement plan. This plan is a cost sharing multi-employer statewide funded plan which covers substantially all full-time employees. The payroll covered by the system for the year ended June 30, 1996 was comprised of the following:

Municipal Employees' Retirement System	\$ <u>120,192</u>
	<u>120,192</u>

The Town's total payroll for the year ended June 30, 1996 was \$264,649.

The contribution requirements for the year ended June 30, 1996 were as follows:

	<u>Town</u>	<u>% of Covered Payroll</u>	<u>Employees</u>	<u>% of Covered Payroll</u>	<u>Total</u>
Municipal Employees' Retirement System	\$4,507	3.75%	\$6,012	5%	\$10,519

TOWN OF KROTZ SPRINGS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BUDGETS AND BUDGETARY ACCOUNTING - Continued

2. A public meeting is scheduled by the Town Council after allowing for at least 10 days notice to the public at the time the budget is initially submitted to the Town Council.
3. The budget must be finally adopted by the Council no later than the last day of the preceding fiscal year.
4. The Mayor and Town Council may authorize transfers of budgetary amounts within departments and revisions requiring alteration of levels of expenditures or transfers between departments.
5. Operating appropriations, to the extent not expended or encumbered, lapse at year-end. Capital appropriations continue in force until the project is completed or deemed abandoned.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

ENCUMBRANCES

The Town does not employ the encumbrance system of accounting.

INVENTORY

The Town practices the policy of recording materials and supplies as expenditures or expenses when acquired. The Town does not record any of these items as inventory because the amount of the items in stock is insignificant.

COMPENSATED ABSENCES

Employees of the Town of Krotz Springs earn vacation and sick leave on a calendar year basis. Unused vacation and sick leave can be carried forward to the next calendar year. Upon termination, unused vacation is paid to employees at the employee's current rate of pay. Unused sick leave is forfeited upon termination.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Town considers all highly liquid debt instruments purchased with a maturity of three months or less that is considered available funds to be cash equivalents.

TOWN OF KROTZ SPRINGS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

FIXED ASSETS AND LONG-TERM LIABILITIES

All items of property, plant, and equipment (including infrastructure general fixed assets) which do not constitute assets of the Enterprise Funds are recorded in the General Fixed Assets Account Group. Such assets are maintained on the basis of original cost (cash paid plus trade-in allowance, if applicable) and no depreciation is computed or recorded thereon.

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

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

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

Property, plant, and equipment which constitute assets of the Enterprise Funds are recorded at cost and depreciation is computed thereon under the straight-line method of depreciation based on estimated useful lives of the individual assets.

Interest costs during construction, where applicable, are capitalized.

BAD DEBTS

Uncollectible amounts due for ad valorem taxes, miscellaneous liens, and sundry claims are recorded as bad debts through the establishment of an allowance account at the time information available indicates the uncollectibility of the particular receivable.

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the adjustment of an allowance account to the balance of individual accounts over 90 days old at the end of each fiscal year.

Allowance for uncollectible accounts receivable in the Enterprise Funds at June 30, 1996 is \$1,092.

BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. At least 30 days prior to the beginning of the fiscal year the Mayor submits to the Town Council an operating and capital budget for the succeeding year.

TOWN OF KROTZ SPRINGS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The modified accrual basis of accounting is used by all governmental fund types and fiduciary funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund type revenues.

Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary 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.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is for principal and interest on general long-term debt which is recognized when due. Expenditures for insurance and similar services which extend over more than one accounting period are accounted for as expenditures of the period of acquisition.

The proprietary fund type is accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned, and its expenses are recognized when they are incurred.

CASH AND INVESTMENTS

Louisiana statutes authorize the Town to invest in United States bonds, treasury notes or certificates, time certificates of deposit in state and national banks, or any other federally insured investment.

At year-end, the carrying amount of the Town's cash and investments was \$1,956,076. The bank balance of cash was \$762,413 and of investments was \$1,201,506. Investments are stated at cost or amortized cost, which approximates market. Investments consist of time certificates of deposit and direct investment in the Louisiana Asset Management Pool (LAMP). Cash and certificates of deposits are fully secured through the pledge of bank-owned securities or federal deposit insurance. Investments in certificates of deposit at June 30, 1996 was \$989,276. The Louisiana Asset Management Pool (LAMP) is a cooperative endeavor designed to create a local government investment vehicle. The cooperative endeavor was created at the initiative of the Louisiana State Treasurer's Office. With investment advice provided by a professional investment manager and custody of the assets maintained by a major Louisiana bank, (LAMP) has been established to improve administrative efficiency and increase investment yield for all Depositing Members. Investment in (LAMP) at June 30, 1996 was \$212,231.

TOWN OF KROTZ SPRINGS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Debt Service Funds. Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principals, interest, and related costs.

Capital Projects Fund. The Capital Projects Fund is used to account for all resources for the construction of capital facilities by the Town.

Proprietary Fund

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 and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund

Agency Funds. Agency Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

BASIS OF ACCOUNTING

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

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

TOWN OF KROTZ SPRINGS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE (3) - RETIREMENT - Continued

Pension Benefit Obligation. The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the system's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons between public employee retirement systems and employers. The systems do not make separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation for the systems as a whole, determined through an actuarial valuation performed were as follows:

	<u>Municipal Employees'</u> <u>Retirement System</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$27,661,489
Current employees	<u>37,920,074</u>
Total pension benefit obligation	65,581,563
Net assets available for benefits at amortized cost	<u>59,345,360</u>
Unfunded pension benefit obligation	<u>6,236,203</u>
Date of last actuarial valuation	6/30/95
Actuarial cost method	Attained Age Normal

Retirement System. The Town provides pension benefits for substantially all of its full-time employees except the police department, through the Municipal Employees' Retirement System of Louisiana, Plan B. In addition to employee payroll deductions, Town funds are remitted to the retirement system and are recorded as expenditures. The retirement system is administered and controlled by a separate board of trustees. Contributions of participating agencies are pooled within the system to fund accrued benefits, with contribution rates approved by the Louisiana Legislature.

TOWN OF KROTZ SPRINGS, LOUISIANA  
SPECIAL REVENUE FUND  
BALANCE SHEET  
JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>ASSETS</u>		
Cash		
Investments	\$271,056	\$191,200
Receivables	401,467	401,467
Interest receivable		
From other funds	1,175	1,341
	<u>38,216</u>	<u>38,216</u>
<u>Total assets</u>	<u>711,914</u>	<u>632,224</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts payable		
Refunds payable		\$99
<u>Total liabilities</u>	<u>\$488</u>	<u>99</u>
<u>FUND BALANCE</u>		
Unreserved, undesignated		
<u>Total fund balance</u>	<u>711,426</u>	<u>632,125</u>
	<u>711,426</u>	<u>632,125</u>
<u>Total liabilities and fund balance</u>	<u>711,914</u>	<u>632,224</u>

TOWN OF KROTZ SPRINGS, LOUISIANA  
COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1996

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash received from customers	\$238,633
Cash payment to suppliers for goods and services	(128,617)
Cash payments to employees for services	(91,712)
<u>Net cash provided by operating activities</u>	<u>18,304</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Operating transfers-in from other funds (net)	14,969
<u>Net cash used for noncapital financing activities</u>	<u>14,969</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Purchase of fixed assets	(19,540)
Contribution from customers	6,497
<u>Net cash provided for capital and related financing activities</u>	<u>(13,043)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchase of investments	(10,940)
Interest on investments	35,710
<u>Net cash used by investing activities</u>	<u>24,770</u>
<u>NET INCREASE IN CASH</u>	45,000
<u>CASH, July 1, 1995</u>	<u>169,003</u>
<u>CASH, June 30, 1996</u>	<u>214,003</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	
Operating loss	\$(78,598)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	102,417
(Increase) decrease in accounts receivable	(1,344)
(Increase) decrease in sales tax receivable	69
(Increase) decrease in prepaid insurance	(1,613)
Increase (decrease) in accounts payable	(1,865)
Increase (decrease) in accrued compensated absences	(165)
Increase (decrease) in customer meter deposits	(597)
<u>Total adjustments</u>	<u>96,902</u>
<u>Net cash provided by operating activities</u>	<u>18,304</u>

The accompanying notes are an integral part of these statements.



TOWN OF KROTZ SPRINGS, LOUISIANA  
CAPITAL PROJECTS FUND  
BALANCE SHEET  
JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>ASSETS</u>	<u>-0-</u>	<u>-0-</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>-0-</u>	<u>-0-</u>

TOWN OF KROTZ SPRINGS, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
GENERAL AND SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 1996

	GENERAL FUND		SPECIAL REVENUE FUNDS		TOTALS	
	BUDGET	ACTUAL	BUDGET	ACTUAL	(Memorandum Only)	Actual
<u>REVENUES</u>						
Taxes	\$256,799	\$257,851				\$383,602
Licenses and permits	13,969	22,359	\$126,342	\$125,751		22,359
Intergovernmental	30,062	27,340				27,340
Charges for services	11,496	11,334				11,334
Fines and forfeits	73,688	70,404				70,404
Investment income	31,226	32,164	12,153	12,365		44,529
Miscellaneous	18,493	19,001				19,001
Total revenues	435,733	440,453	138,495	138,116		578,569
<u>EXPENDITURES</u>						
Current operating						
General and administrative	193,424	151,903				
Street	36,341	42,100	1,263	1,262		153,165
Police	206,587	229,307				42,100
Recreation	12,759	24,499				229,307
Total expenditures	449,111	447,809	1,263	1,262		24,499
OTHER FINANCING SOURCES (USES)						
Operating transfers in	53,339	49,768				
Operating transfers out		(8,813)				
Sale of fixed assets	1,205	125				
Total other financing sources (uses)	54,544	41,080	(53,339)	(57,553)		49,768
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	41,166	33,724	83,893	79,301		(66,366)
FUND BALANCE, beginning of year						125
Prior period adjustment		454,529				(16,473)
FUND BALANCE, end of year		12,882				113,025
		501,135				1,086,654
						12,882
						1,212,561

The accompanying notes are an integral part of this statement.

TOWN OF KROTZ SPRINGS, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 1996

	<u>GOVERNMENTAL FUND TYPES</u>				<u>TOTALS</u> (Memorandum Only)
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	
<u>REVENUES</u>					
Taxes	\$257,851	\$125,751			\$383,602
Licenses and permits	22,359				22,359
Intergovernmental	27,340			\$132,147	159,487
Charges for services	11,334				11,334
Fines and forfeits	70,404				70,404
Investment income	32,164	12,365			44,529
Miscellaneous	19,001		\$7,373		26,374
<u>Total revenues</u>	<u>440,453</u>	<u>138,116</u>	<u>7,373</u>	<u>132,147</u>	<u>718,089</u>
<u>EXPENDITURES</u>					
Current					
General and administrative	151,903	1,262			153,165
Street	42,100				42,100
Police	229,307				229,307
Recreation	24,499				24,499
Capital projects				132,147	132,147
Debt service					
Principal retirement			8,991		8,991
Interest and fiscal charges			2,469		2,469
<u>Total</u> <u>expenditures</u>	<u>447,809</u>	<u>1,262</u>	<u>11,460</u>	<u>132,147</u>	<u>592,678</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in	49,768				49,768
Sale of fixed assets	125				125
Operating transfers out	(8,813)	(57,553)			(66,366)
<u>Total other</u> <u>financing sources</u> <u>(uses)</u>	<u>41,080</u>	<u>(57,553)</u>	<u>-0-</u>	<u>-0-</u>	<u>(16,473)</u>
<u>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>					
	<u>33,724</u>	<u>79,301</u>	<u>(4,087)</u>	<u>-0-</u>	<u>108,938</u>
<u>FUND BALANCE, beginning of year</u>					
	<u>454,529</u>	<u>632,125</u>	<u>21,090</u>	<u>-0-</u>	<u>1,107,744</u>
Prior period adjustment	12,882				12,882
<u>FUND BALANCE, end of year</u>					
	<u>501,135</u>	<u>711,426</u>	<u>17,003</u>	<u>-0-</u>	<u>1,229,564</u>

The accompanying notes are an integral part of this statement.

GENERAL PURPOSE FINANCIAL STATEMENTS

TOWN OF KROTZ SPRINGS, LOUISIANA  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)  
 JUNE 30, 1996

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE TRUST AND AGENCY	ACCOUNT GROUPS		TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE PROJECTS		GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	(Memorandum Only) JUNE 30, 1996	JUNE 30, 1995
<b>LIABILITIES</b>								
Accounts payable	\$8,002						\$9,744	\$10,331
Accrued expenses								895
Payroll taxes payable				\$1,417			1,417	3,042
Retirement payable	1,131	\$488		1,508			2,639	
Refunds payable	2,964						488	
Accrued compensated absences	5,639						8,346	9,055
Due to other funds	882			8,939			47,256	49,760
Due to restricted assets							882	
Payable from restricted assets								
Customers' deposits								
Due to operating account								
Street assessment payable	2,603						16,845	17,442
Deferred revenue							330	350
Long-term debt			\$5,846				2,603	1,736
Public improvement bonds payable							5,846	12,310
<b>Total liabilities</b>	<u>21,221</u>	<u>488</u>	<u>-0-</u>	<u>11,864</u>	<u>-0-</u>	<u>\$17,982</u>	<u>17,982</u>	<u>26,972</u>
<b>FUND EQUITY</b>								
Contributed capital								
Investment in general fixed assets								
Retained earnings								
Reserved								
Unreserved								
Fund balance								
Reserved	108,866						8,890	569,661
Unreserved, undesignated	392,269						617,839	
<b>Total fund equity</b>	<u>501,135</u>	<u>711,426</u>	<u>-0-</u>	<u>-0-</u>	<u>\$1,716,530</u>	<u>-0-</u>	<u>125,869</u>	<u>128,285</u>
		<u>711,426</u>	<u>-0-</u>	<u>-0-</u>	<u>1,716,530</u>	<u>-0-</u>	<u>1,103,695</u>	<u>979,458</u>
<b>Total liabilities and fund equity</b>	<u>522,356</u>	<u>711,914</u>	<u>-0-</u>	<u>11,864</u>	<u>1,716,530</u>	<u>17,982</u>	<u>6,169,235</u>	<u>5,755,666</u>
		<u>22,849</u>	<u>-0-</u>	<u>3,280,118</u>	<u>1,716,530</u>	<u>17,982</u>	<u>6,283,613</u>	<u>5,888,442</u>

The accompanying notes are an integral part of this statement.

TOWN OF KROTZ SPRINGS, LOUISIANA  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 1996

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPE ENTERPRISE	FIDUCIARY FUND TYPE TRUST AND AGENCY	ACCOUNT GROUPS			TOTALS (Memorandum Only) JUNE 30, 1996      JUNE 30, 1995
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS			GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT		
<u>ASSETS</u>										
Cash	\$149,275	\$271,056	\$6,018		\$203,078	\$6,249			\$635,676	\$532,766
Investments	242,450	401,467			542,449				1,186,365	1,123,296
Receivables, net of allowance for uncollectibles										
Property taxes	223				17,976			223		350
Franchise taxes	18,126				7,925			18,126		2,847
Accounts					1,297			17,976		16,700
Assessment	876	1,175						24,756		36,002
Interest	2,540		16,831					3,348		3,293
From other governments					330			2,540		4,599
Due from meter deposit account					3,425			330		350
Due from other funds					10,729	5,615		47,256		49,760
Prepaid insurance								10,729		9,117
Restricted assets										
Cash	22,836									
Investments	85,133				10,925			33,761		35,132
Interest receivable	15				15,140			100,273		97,965
Due from operating account	882							15		49
Property and equipment, net of accumulated depreciation								882		882
Amount available in Debt Service Fund					2,466,844			\$1,716,530	4,183,374	3,948,361
Amount to be provided for retirement of general long-term debt								\$17,003	17,003	21,090
									979	5,883
<u>Total assets</u>	<u>522,356</u>	<u>711,914</u>	<u>22,849</u>	<u>-0-</u>	<u>3,280,118</u>	<u>11,864</u>		<u>1,716,530</u>	<u>17,982</u>	<u>6,283,613</u>
										<u>5,888,442</u>

This statement continued on next page.

TOWN OF KROTZ SPRINGS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practices of the Town of Krotz Springs conform to generally accepted accounting principles as applicable to governments.

The following is a summary of certain significant accounting policies and practices of the Town of Krotz Springs.

REPORTING ENTITY

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Town of Krotz Springs 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 Town 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 Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
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.

The Town of Krotz Springs is a primary government and the accompanying general purpose financial statements present information only on the funds maintained by the Town and do not present information on any other governmental unit.

FUND ACCOUNTING

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the 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 Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF KROTZ SPRINGS, LOUISIANA  
GENERAL FUND  
DETAILED SCHEDULE OF REVENUES  
BUDGET AND ACTUAL  
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	<u>JUNE 30, 1996</u>		<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>	<u>JUNE 30,</u> <u>1995</u> <u>ACTUAL</u>
	<u>BUDGET</u>	<u>ACTUAL</u>		
<u>TAXES</u>				
Property taxes	\$116,812	\$116,804	\$(8)	\$104,081
Franchise - Electric	135,781	136,622	841	146,539
Franchise - Telephone	650	650		450
Franchise - Cable television	<u>3,556</u>	<u>3,775</u>	<u>219</u>	<u>3,499</u>
<u>Total taxes</u>	<u>256,799</u>	<u>257,851</u>	<u>1,052</u>	<u>254,569</u>
<u>LICENSES AND PERMITS</u>				
Occupational licenses	13,969	21,189	7,220	20,881
Building permits		20	20	20
Video poker licenses		<u>1,150</u>	<u>1,150</u>	
<u>Total licenses and permits</u>	<u>13,969</u>	<u>22,359</u>	<u>8,390</u>	<u>20,901</u>
<u>INTERGOVERNMENTAL</u>				
State beer tax	2,935	2,294	(641)	1,860
State tobacco tax	3,343	6,685	3,342	6,692
Housing Authority	1,565	1,100	(465)	2,750
Federal grant	12,219	6,597	(5,622)	187
State grants	<u>10,000</u>	<u>10,664</u>	<u>664</u>	
<u>Total intergovernmental</u>	<u>30,062</u>	<u>27,340</u>	<u>(2,722)</u>	<u>11,489</u>
<u>CHARGES FOR SERVICES</u>				
Medical building rental	4,308	4,287	(21)	2,969
Recreation income	<u>7,188</u>	<u>7,047</u>	<u>(141)</u>	<u>3,629</u>
<u>Total charges for services</u>	<u>11,496</u>	<u>11,334</u>	<u>(162)</u>	<u>6,598</u>
<u>FINES AND FORFEITS</u>				
Court fines	<u>73,688</u>	<u>70,404</u>	<u>(3,284)</u>	<u>36,293</u>
<u>INVESTMENT INCOME</u>				
Interest income	<u>31,226</u>	<u>32,164</u>	<u>938</u>	<u>14,577</u>
<u>MISCELLANEOUS</u>				
Video poker fees	10,585	13,396	2,811	7,210
Other	<u>7,908</u>	<u>5,605</u>	<u>(2,303)</u>	<u>2,278</u>
<u>Total miscellaneous</u>	<u>18,493</u>	<u>19,001</u>	<u>508</u>	<u>9,488</u>
<u>Total revenues</u>	<u>435,733</u>	<u>440,453</u>	<u>4,720</u>	<u>353,915</u>



TOWN OF KROTZ SPRINGS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE (3) - RETIREMENT - Continued

Municipal Employees' Retirement System:

Any member is eligible for normal retirement providing he meets one of the following criteria:

1. Age fifty-five (55) with thirty (30) years of creditable service.
2. Age sixty (60) with a minimum of ten (10) years of creditable service.
3. Under age sixty (60) with ten (10) of creditable service eligible for disability benefits.
4. Survivor's benefits require twenty (20) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member shall consist of an amount equal to 2% 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.

NOTE (4) - AD VALOREM TAXES

For the year ended June 30, 1996, the Town of Krotz Springs levied a general tax of 6.42 mills, the statutory maximum, on property with assessed valuation totaling \$18,232,340. Total tax levied was \$117,052. Taxes receivable at June 30, 1996 totaled \$223.

The Town's ad valorem tax, levied for the calendar year, is due on or before December 31 and becomes delinquent on January 1.

TOWN OF KROTZ SPRINGS, LOUISIANA  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	<u>JUNE 30, 1996</u>		<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>JUNE 30, 1995 ACTUAL</u>
	<u>BUDGET</u>	<u>ACTUAL</u>		
<u>STREET DEPARTMENT</u>				
<u>Personal services</u>				
Salaries and wages	\$16,358	\$19,719	\$(3,361)	\$19,584
Payroll taxes	1,333	1,573	(240)	1,596
Compensated absences	480	(861)	1,341	475
<u>Supplies</u>				
Materials and supplies	6,062	5,473	589	2,104
Uniforms	169	141	28	345
<u>Other</u>				
Repairs and maintenance	4,804	4,447	357	2,333
Miscellaneous		945	(945)	468
Shells, gravel, culverts, etc.	860	913	(53)	2,417
Utilities	550		550	442
Insurance	2,000	4,833	(2,833)	2,033
Gasoline	3,725	4,267	(542)	4,285
<u>Capital outlay</u>				
Equipment		650	(650)	
<u>Total street department</u>	<u>36,341</u>	<u>42,100</u>	<u>(5,759)</u>	<u>36,082</u>
 <u>POLICE DEPARTMENT</u>				
<u>Personal services</u>				
Salaries	119,412	121,114	(1,702)	120,040
Payroll taxes	9,732	9,688	44	9,784
Compensated absences	100	100		(708)
Retirement				317
<u>Supplies</u>				
Office supplies and postage	4,634	5,909	(1,275)	2,268
Uniforms	2,047	1,587	460	1,579
Gasoline	9,125	8,972	153	7,799
<u>Other</u>				
Insurance	44,827	41,629	3,198	40,321
Telephone	2,641	2,846	(205)	2,106
Repairs - radio and radar	1,063	2,233	(1,170)	1,388

This schedule continued on next page.

TOWN OF KROTZ SPRINGS, LOUISIANA  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	<u>JUNE 30, 1996</u>		VARIANCE FAVORABLE (UNFAVORABLE)	<u>JUNE 30,</u> <u>1995</u>
	<u>BUDGET</u>	<u>ACTUAL</u>		<u>ACTUAL</u>
<u>GENERAL AND ADMINISTRATIVE</u>				
<u>Personal Services</u>				
Salaries	\$30,377	\$31,202	\$(825)	\$31,637
Mayor and council	11,550	12,038	(488)	11,288
Payroll taxes	2,863	2,614	249	2,731
Compensated absences	75	217	(142)	(72)
Retirement	5,137	4,517	620	3,569
<u>Supplies</u>				
Office supplies and postage	13,005	12,341	664	9,520
Uniforms	655	546	109	117
<u>Other</u>				
Insurance	29,428	24,083	5,345	30,166
Utilities	4,177	4,119	58	3,533
Travel expenses	687	628	59	662
Conventions and conferences	3,350	4,734	(1,384)	5,447
Telephone	2,726	2,976	(250)	2,018
Legal and accounting	14,419	13,045	1,374	2,874
Repairs and maintenance	5,263	5,237	26	16,136
Miscellaneous	5,794	6,368	(574)	3,518
Publications and notices	320	419	(99)	470
Dues and subscriptions	1,494	1,479	15	782
Pest control	476	469	7	423
Election expense				767
Bayou Latanier expenditures	11,686	11,686		629
<u>Capital outlay</u>				
Buildings, improvements, and equipment	<u>49,942</u>	<u>13,185</u>	<u>36,757</u>	<u>21,850</u>
<u>Total general and administrative</u>	<u>193,424</u>	<u>151,903</u>	<u>41,521</u>	<u>148,065</u>

This schedule continued on next page.

TOWN OF KROTZ SPRINGS, LOUISIANA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	<u>JUNE 30, 1996</u>		<u>VARIANCE</u>	<u>JUNE 30,</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE</u>	<u>1995</u>
			<u>(UNFAVORABLE)</u>	<u>ACTUAL</u>
<u>REVENUES</u>				
Taxes	\$256,799	\$257,851	\$1,052	\$241,687
Licenses and permits	13,969	22,359	8,390	28,111
Intergovernmental	30,062	27,340	(2,722)	11,489
Charges for services	11,496	11,334	(162)	6,598
Fines and forfeits	73,688	70,404	(3,284)	36,293
Investment income	31,226	32,164	938	14,536
Miscellaneous	<u>18,493</u>	<u>19,001</u>	<u>508</u>	<u>2,319</u>
Total revenues	<u>435,733</u>	<u>440,453</u>	<u>4,720</u>	<u>341,033</u>
<u>EXPENDITURES</u>				
Current operating				
General and administrative	193,424	151,903	41,521	148,065
Street department	36,341	42,100	(5,759)	36,082
Police department	206,587	229,307	(22,720)	195,098
Recreation department	<u>12,759</u>	<u>24,499</u>	<u>(11,740)</u>	<u>14,110</u>
Total expenditures	<u>449,111</u>	<u>447,809</u>	<u>1,302</u>	<u>393,355</u>
<u>EXCESS OF REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES</u>	<u>(13,378)</u>	<u>(7,356)</u>	<u>6,022</u>	<u>(52,322)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	53,339	49,768	(3,571)	5,493
Gain on sale of fixed assets	1,205	125	(1,080)	725
Operating transfers out	-----	<u>(8,813)</u>	<u>(8,813)</u>	-----
Total other financing sources (uses)	<u>54,544</u>	<u>41,080</u>	<u>(13,464)</u>	<u>6,218</u>
<u>EXCESS OF REVENUES AND OTHER</u>				
<u>SOURCES OVER (UNDER)</u>				
<u>EXPENDITURES AND OTHER USES</u>	<u>41,166</u>	33,724	<u>(7,442)</u>	(46,104)
<u>FUND BALANCE, beginning of year</u>		454,529		500,633
Prior period adjustment - Electric franchise revenue restated		<u>12,882</u>		-----
<u>FUND BALANCE, end of year</u>		<u>501,135</u>		<u>454,529</u>

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for resources legally restricted to expenditures for specified current operating purposes or the acquisition of furniture, fixtures, machinery, equipment, or other relatively minor or comparatively short lived assets.

The Sales Tax Fund is used to account for the collection and expenditure of the Town's 1% sales tax.

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund. The General Fund has a greater number and variety of revenue sources than any other fund, and its resources normally finance a wider range of activities. The resources of the General Fund are ordinarily largely expended and replenished on an annual basis.

TOWN OF KROTZ SPRINGS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE (8) - PROPRIETARY FUNDS - RESTRICTED ASSETS

Certain assets of the Enterprise Funds have been restricted for customers' deposits. These assets consist of cash and short-term investments totaling \$26,065.

NOTE (9) - CONTRIBUTED CAPITAL

Contributed capital on June 30, 1996 consists of:

Gas Fund

Contributions from federal agencies	\$566,500	
Contributions from Town of Krotz Springs Special Revenue Funds	2,307	
	568,807	

Accumulated depreciation of property, plant, and equipment acquired with contributed capital from federal agencies	(225,195)	\$343,612
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Water Fund

Contributions from federal agencies	582,153	
Accumulated depreciation of property, plant, and equipment acquired with contributed capital from federal and state grants	(147,800)	434,353

Sewer Fund

Contributions from federal and state agencies	1,480,488	
Contributions from customers	26,366	
Contributions from Town of Krotz Springs Special Revenue Funds	662,985	
	2,169,839	

Accumulated depreciation of property, plant, and equipment acquired with contributed capital from federal and state agencies	(351,392)	1,818,447
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2,596,412

TOWN OF KROTZ SPRINGS, LOUISIANA  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	<u>JUNE 30, 1996</u>			<u>JUNE 30,</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>	<u>1995</u>
				<u>ACTUAL</u>
<u>RECREATION DEPARTMENT - Continued</u>				
<u>Capital outlay</u>				
Park structure	<u>          </u>	<u>\$6,905</u>	<u>\$(6,905)</u>	<u>\$750</u>
<u>Total recreation</u>				
<u>department</u>	<u>\$12,759</u>	<u>24,499</u>	<u>(11,740)</u>	<u>14,110</u>
<u>Total expenditures</u>	<u>449,111</u>	<u>447,809</u>	<u>1,302</u>	<u>393,355</u>



TOWN OF KROTZ SPRINGS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE (5) - ACCOUNTS RECEIVABLE - ENTERPRISE FUNDS

The accounts receivable consist of gas, water and sewer billings uncollected as of June 30, 1996. An accounts receivable aging schedule is as follows:

<u>Days</u>	<u>June 30, 1996</u>
Unbilled	
0 - 30	\$1,897
31 - 60	13,291
61 - 90	1,272
91 and older	586
	<u>103</u>
<u>Total accounts receivable</u>	<u>17,149</u>
Plus: sales tax receivable	
penalty	648
Less: allowance for uncollectible accounts	1,271
	<u>(1,092)</u>
<u>Net accounts receivable</u>	<u>17,976</u>

NOTE (6) - RESERVES OF FUND EQUITY

The Town records reserves 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 of the Town.

	<u>Balance at</u> <u>June 30, 1996</u>
General Fund	
Reserved for surfacing emergency route	\$10,151
Due to operating account	882
Reserved for Bayou Latanier Project	<u>97,833</u>
	<u>108,866</u>
Debt Service Fund	
Reserved for debt retirement	<u>\$17,003</u>
Enterprise Funds	
Reserved for customers' deposits	<u>\$8,890</u>

NOTE (7) - DEBT SERVICE

Public Improvement Bonds dated May 1, 1988, issued for the purpose of financing the street paving project, are secured as to payment by collections of special assessments levied.

The amount of delinquent assessments at June 30, 1996 totaled \$5,222.

TOWN OF KROTZ SPRINGS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE (15) - COMMUNITY DEVELOPMENT BLOCK GRANTS - Continued

WATER TOWER PROJECT

During the fiscal year ended June 30, 1996, the Town of Krotz Springs was awarded a Louisiana Community Development Block Grant in the total amount of \$597,500 for a new water tower for the Town. At June 30, 1996, the Town has expended and drawn down \$55,361 of the total grant as follows:

Engineering	\$46,104
Land purchase	3,000
Legal and appraisal costs	3,380
Testing and inspection	<u>2,877</u>
<u>Total expended</u>	<u>55,361</u>
Total grant award	\$597,500
Cumulative expenditures as of June 30, 1996	<u>55,361</u>
Remaining grant amount available as of June 30, 1996	<u>542,139</u>

NOTE (16) - PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made in the General Fund as follows:

Fund balance as of June 30, 1995	\$454,529
Electric franchise receivable not recorded	<u>12,882</u>
Restated fund balance as of June 30, 1995	<u>467,411</u>

TOWN OF KROTZ SPRINGS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE (10) - PROPERTY, PLANT, AND EQUIPMENT - ENTERPRISE FUNDS

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

<u>Description</u>	<u>Life in Years</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Depreciation This Year *</u>
Waterworks and gas system	15-20	\$1,279,618	\$540,081	\$739,537	\$47,437
Sewer plant and equipment	40	2,190,473	518,527	1,671,946	54,980
Construction in progress		<u>55,361</u>	<u>          </u>	<u>55,361</u>	<u>          </u>
<u>Total</u>		<u>3,525,452</u>	<u>1,058,608</u>	<u>2,466,844</u>	<u>102,417</u>

Changes during the year

<u>BALANCE</u> , beginning of year		\$3,227,075	\$956,191		
Additions:					
Water well		223,476			
Waterwork equipment		19,540			
Construction in progress		202,051			
Depreciation			102,417		
Deductions:					
Completed construction in progress		<u>(146,690)</u>	<u>          </u>		
<u>BALANCE</u> , end of year		<u>3,525,452</u>	<u>1,058,608</u>		

\* All assets depreciated under the straight-line method.

NOTE (11) - GENERAL FIXED ASSETS

The Town of Krotz Springs did not have an adequate property control system prior to July 1, 1982 for the General Fixed Assets Account Group. For the fiscal year ending June 30, 1983, the Town began maintaining proper records to account for fixed assets owned and instituted proper procedures to account for fixed assets' additions and retirements.

TOWN OF KROTZ SPRINGS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE (12) - FUNDS TO BE PROVIDED FOR INTEREST ACCRUING IN FUTURE PERIODS ON LONG-TERM DEBT

Under normal conditions, various bond issues are not retired prior to their maturity. Although, for accounting purposes, interest coupons in connection with the sale of various bond issues become obligations/expenditures of the municipality only with the passage of time, for all practical purposes they constitute fixed and determinable obligations which must be retired from dedicated revenues. The following table indicates unmatured interest coupons outstanding at June 30, 1996, and the amounts which can be presumed to be required in future years for retirement of both outstanding bonds and interest coupons which will become due and payable over the remaining life of the bond issue:

	Amount To Be Provided, Per Financial <u>Statements</u>	Unmatured Interest <u>Coupons</u>	<u>Total</u>
Public Improvement Bonds dated 5/1/88 - to be retired from collections of special assessments levied	\$979	\$2,360	\$3,339

NOTE (13) - CHANGES IN LONG-TERM DEBT

The general long-term debt as of June 30, 1996 follows:

<u>Description of Debt</u>	<u>Balance at July 1, 1995</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance at June 30, 1996</u>
General Obligation Bond - 1988 Series	\$26,973	—	\$8,991	\$17,982
	<u>26,973</u>	<u>-0-</u>	<u>8,991</u>	<u>17,982</u>

TOWN OF KROTZ SPRINGS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE (13) - CHANGES IN LONG-TERM DEBT - Continued

The annual requirements to retire general long-term debt as of June 30, 1996 are as follows:

Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
1997	\$8,991	\$1,573	\$10,564
1998	<u>8,991</u>	<u>787</u>	<u>9,778</u>
	<u>17,982</u>	<u>2,360</u>	<u>20,342</u>

NOTE (14) - CHANGES IN GENERAL FIXED ASSETS

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

	Balance <u>7/1/95</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>6/30/96</u>
Land	\$294,898			\$294,898
Buildings	222,082	\$12,663		234,745
Improvements other than buildings	131,690			131,690
Equipment	178,635	26,390		205,025
Furniture and fixtures	6,725			6,725
Other structures and improvements	<u>843,447</u>			<u>843,447</u>
<u>Totals</u>	<u>1,677,477</u>	<u>39,053</u>	<u>-0-</u>	<u>1,716,530</u>

NOTE (15) - COMMUNITY DEVELOPMENT BLOCK GRANTS

WATER WELL PROJECT

During the fiscal year ended June 30, 1995, the Town of Krotz Springs was awarded a Louisiana Community Development Block Grant in the total amount of \$224,670 for improvements to the Town's water well. At June 30, 1996, the Town has expended and drawn down \$76,786 of the total grant as follows:

Stamm Scheele, Inc. - contractor	\$64,844
<u>Total contractor</u>	<u>64,844</u>
Aucoin & Associates	5,232
Administration	<u>6,710</u>
<u>Total expended</u>	<u>76,786</u>
Total grant award	\$224,670
Cumulative expenditures as of June 30, 1996	<u>223,476</u>
Remaining grant amount available as of June 30, 1996	<u>1,194</u>

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ANNUAL FINANCIAL REPORT  
OF THE  
TOWN OF KROTZ SPRINGS, LOUISIANA  
FOR THE YEAR ENDED JUNE 30, 1996



**JOHN S. DOWLING & COMPANY**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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LEGISLATIVE AUDITOR  
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September 6, 1996

The Honorable Gary Soileau, Mayor  
and Members of the Board of Aldermen  
Town of Krotz Springs, Louisiana

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

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

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

P.O. Box 433 4766 I-49 North Service Road Opelousas, Louisiana 70571-0433 Telephone 318-948-4848 Telefax 318-948-6109

• Harold Dupre, CPA • Joel Lanclos, Jr., CPA • Dwight Ledoux, CPA • Russell J. Stelly, CPA • John Newton Stout, CPA •  
• Chizal S. Fontenot, CPA • James L. Nicholson, Jr., CPA • G. Kenneth Pavy, II, CPA •

The Honorable Gary Soileau, Mayor  
and Members of the Board of Aldermen  
Town of Krotz Springs, Louisiana  
Page 2

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

The following suggestions are for improving your system, procedures, and operations:

Fixed Assets

A physical inventory should be taken for all movable property owned by the Town as of June 30, 1997. We recommend that the Town place a value on all of the assets inventoried in order to obtain reasonable assurance that the amounts reported as general fixed assets are accurate for financial statement purposes. To further ensure that accurate records are maintained, we also recommend that all of the fixed assets records be reconstructed from July 1, 1982 and all assets prior to this date be given an estimated value.

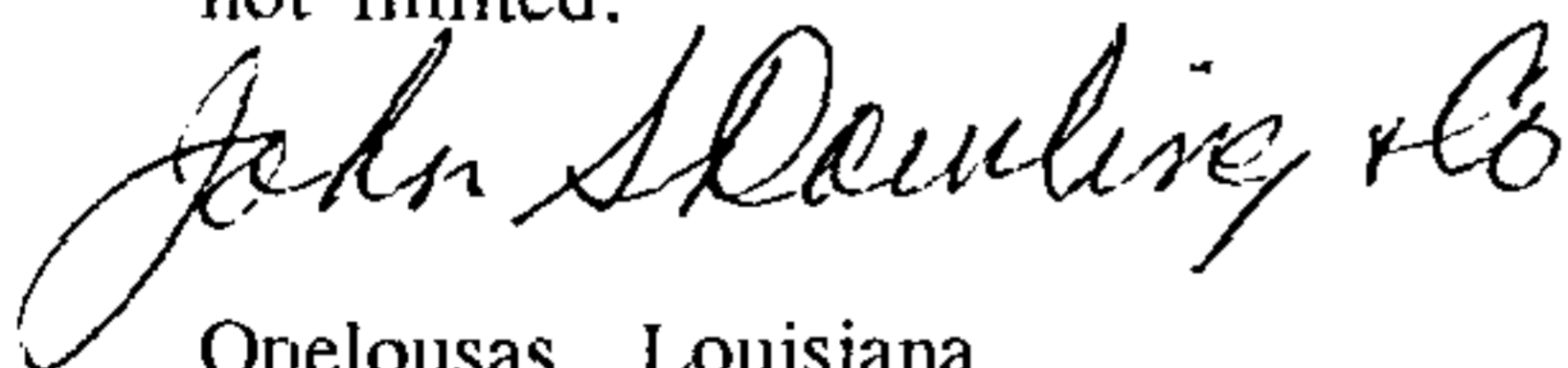
Billing Adjustments

The billing adjustments should be approved by the mayor or a council member prior to recording.

Street Assessments

The Town should institute a policy to pay the Town's portion of street assessment payments each year.

This report is intended solely for the information of management and the appropriate regulatory agency. However, this report is a matter of public record and its distribution is not limited.



Opelousas, Louisiana  
September 6, 1996