

2273

RECEIVED
FILE COPY
NO. 100 100 000
STATE DEPARTMENT
GENERAL INVESTIGATIVE
DIVISION
WASHINGTON, D.C.

RECEIVED
AUG 24 1980

TOWN OF KENTWOOD
LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1980

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

Release Date AUG 08 1980

**TOWN OF KENTWOOD
LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1996**

TABLE OF CONTENTS

	Statement Schedule	Page
Independent Auditor's Report		5
Independent Auditor's Report on Schedules of Federal Financial Assistance		6
GENERAL PURPOSE FINANCIAL STATEMENTS:		
Combined Balance Sheet - All Fund Types and Account Groups	A	8
Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - All Governmental Fund Types	B	12
Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General and Special Revenue Fund Types	C	13
Statement of Revenue, Expenses, and Changes in Unreserved Retained Earnings - Proprietary Fund Type	D	14
Statement of Cash Flows - Proprietary Fund Type	E	15
Notes to Financial Statements		16
FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS		
GENERAL FUND		
Balance Sheet	1	18
Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	2	19
Schedule of Expenditures, Compared to Budget (GAAP Basis)	3	19
SPECIAL REVENUE FUNDS		
Combining Balance Sheet	4	23
Combining Schedule of Revenue, Expenditures, and Changes in Fund Balances	5	24

TOWNSHIP OF RESTWOOD
LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1990

TABLE OF CONTENTS
(Continued)

	Statement	Page
Public Housing Fund:		
Balance Sheet	6	45
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	7	46
Kennerly Volunteer Fire Department:		
Balance Sheet	8	47
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	9	48
ENTERPRISE FUNDS		
Water, Sewer and Gas Departments:		
Balance Sheet	10	51
Schedule of Changes in Unreserved Retained Earnings	11	52
Water Department:		
Schedule of Revenues and Expenses - Budget and Actual	12	54
Sewer Department:		
Schedule of Revenues and Expenses - Budget and Actual	13	55
Gas Department:		
Schedule of Revenues and Expenses - Budget and Actual	14	56
Schedule of Cash Flows - Proprietary Fund Type	15	57
Schedule of Changes in Assets Restricted for Rural Economic and Community Development/Farms Agency Revenue Bond Debt Service	16	58

**TOWN OF KENTWOOD
LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1990**

TABLE OF CONTENTS
(Continued)

	Statement Schedule	Page
Schedule of Gas Sales and Purchases	17	50
Schedule of Insurance	18	60
Schedule of Compensation Paid Board Members	19	61
Schedule of Federal Financial Assistance	20	63
Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards		66
Independent Auditor's Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs		67
Independent Auditor's Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards		68
Independent Auditor's Report on Compliance with the General Requirements Applicable to Federal Financial Assistance Programs		70
Independent Auditor's Report on Compliance with Specific Requirements Applicable to Major Federal Financial Assistance Programs		71
Independent Auditor's Report on Compliance with Specific Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions		72

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Bruce C. Harrell, CPA

Warren A. Wood, CPA
Michael T. Ryan, CPA
Dale E. Amis, CPA
Charles P. Belski, CPA
James E. Babin, CPA

P.O. Box 47
400 Park St.
Kennerly, LA. 70444
PHONE: (504) 228-0945
FAX: (504) 228-4941

MEMBER-OF-FCIA
100 W. Main Street, 7
Fifth Floor, Suite 7
New Orleans, LA 70119
PHONE: (504) 581-1111
FAX: (504) 581-1111

MEMBER OF
American Institute of CPAs
Institute of Management CPAs

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor, Bobby Hill
and Members of the Board of Aldermen
Town of Kennerly, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Kennerly, Louisiana, as of and for the year ended December 31, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Kennerly, Louisiana, 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 (OMB) Circular A-128, *Audit 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.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town of Kennerly, Louisiana, as of December 31, 1996, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

Our audit was made 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 Kennerly, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.


Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

April 28, 1997

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Bruce C. Harrell, CPA

Norman A. West, CPA
Michael F. Dancy, CPA
Dwight R. Jones, CPA
Charles C. Esham, CPA
James D. Hinkley, CPA

P. O. Box 45
602 P.O. B.

Kennerly, LA 70444
PHONE: (504) 219-9999
FAX: (504) 229-2824

MEMBER OF THE
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
STATE OF LOUISIANA
FEDERAL TAXPAYER
IDENTIFICATION
NUMBER: 25-1175

MEMBER OF
American Institute of CPAs
Institute of Certified Public Accountants (AICPA)

**INDEPENDENT AUDITOR'S REPORT ON SCHEDULE
OF FEDERAL FINANCIAL ASSISTANCE**

The Honorable Mayor, Bobby Gill
and Members of the Board of Aldermen
Town of Kennerly, Louisiana

We have audited the general purpose financial statements of the Town of Kennerly, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated April 29, 1997. These general purpose financial statements are the responsibility of the Town of Kennerly, Louisiana, 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-118, *Audit of State and Local Governments*. These standards and OMB Circular A-118, 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 conducted for the purpose of forming an opinion on the general purpose financial statements of the Town of Kennerly, 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.

Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

April 29, 1997

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

Town of Newwood

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 2006

	Governmental Funds		Proprietary	ACCOUNT GROUPS	
	General	Special	Fund	General	General
		Revenue	Enterprise	Fund Assets	Long-term Obligations
ASSETS					
Cash	\$ 235,747	\$ 299,853	\$ 267,219	\$ -	\$ -
Taxes Receivable, Net	77,284	-	-	-	-
Accounts Receivable, Net	-	-	158,844	-	-
Inventory	-	-	8,835	-	-
Due From Other Funds	1,500	-	8,293	-	-
Due From Other Governments	40,058	67,519	-	-	-
Other Receivables	9,183	332	-	-	-
Restricted Assets - Cash	-	-	142,874	-	-
Fixed Assets	-	16,198	4,844,335	2,658,756	-
Accumulated Depreciation	-	-	(1,852,983)	-	-
Amount to be Provided for Retirement of General Long-term Obligations	-	-	-	-	44,882
TOTAL ASSETS	\$ 483,734	\$ 377,872	\$ 3,607,817	\$ 2,658,756	\$ 44,882

(Continued on the following page.)

The accompanying notes are an integral part of these statements.

Statement A

		Total	
		Manufacturers Only	
		1996	1995
\$	682,397	\$	656,582
	77,284		38,666
	180,244		184,521
	3,658		7,769
	30,790		-
	187,251		50,831
	9,217		6,790
	142,674		85,067
	6,903,281		6,539,683
	(1,201,283)		(1,668,773)
	<u>44,687</u>		<u>65,373</u>
\$	<u>6,451,098</u>	\$	<u>6,080,119</u>

Town of Kentwood

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1996

	Governmental Funds		Proprietary	Account Group	
	General	Special Revenue	Fund	General Fixed Assets	General Long-term Obligations
			Enterprise		
LIABILITIES					
Accounts Payable	\$ 45,609	\$ 2,682	\$ 27,770	\$ -	\$ -
Other Accrued Expenses	27,086	-	11,691	-	-
Payable From Restricted Assets:					
Customer Deposits	-	-	62,993	-	-
Revenue Bonds	-	-	9,380	-	-
Accrued Interest Payable -	-	-	4,180	-	-
Contracts Payable	-	-	-	-	-
Due to Other Funds	9,293	1,580	-	-	-
Due to Other Governments	-	11,417	-	-	-
Deferred Revenues	16,873	-	-	-	-
Leases Payable	-	-	20,720	-	44,687
Revenue Bonds Payable	-	-	870,885	-	-
Total Liabilities	<u>98,861</u>	<u>15,969</u>	<u>1,018,529</u>	<u>-</u>	<u>44,687</u>
FUND EQUITY					
Contributed Equity	-	-	2,272,287	-	-
Accumulated Amortization	-	-	(618,843)	-	-
Investment in General Fixed Assets	-	-	-	2,058,756	-
Retained Earnings:					
Reserved for Contingencies	-	-	62,598	-	-
Reserved for Debt	-	-	-	-	-
Payments RBFD	-	-	11,823	-	-
Unreserved	-	-	892,513	-	-
Fund Balance:					
Reserved for Economic Development	62,800	-	-	-	-
Unreserved-Undesignated	<u>241,800</u>	<u>322,273</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Retained Earnings/Fund Equity	<u>304,600</u>	<u>322,273</u>	<u>687,834</u>	<u>-</u>	<u>-</u>
Total Fund Equity	<u>304,600</u>	<u>322,273</u>	<u>2,560,478</u>	<u>2,058,756</u>	<u>-</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 403,754</u>	<u>\$ 337,873</u>	<u>\$ 2,687,027</u>	<u>\$ 2,058,756</u>	<u>\$ 44,687</u>

(Continued)

The accompanying notes are an integral part of these statements.

Statement A
(Continued)

		Total	
		Measurement Only	
		1996	1995
\$	106,071	\$	86,885
	<u>38,757</u>		<u>38,412</u>
	62,083		58,678
	9,380		8,904
	4,180		3,778
	-		-
	18,783		-
	11,407		6,186
	16,673		-
	74,407		108,782
	<u>870,086</u>		<u>898,672</u>
	<u>1,285,686</u>		<u>1,185,385</u>
	2,171,287		2,112,732
	<u>(608,248)</u>		<u>(547,644)</u>
	2,058,756		1,975,615
	62,598		50,463
	11,823		8,982
	<u>831,313</u>		<u>792,823</u>
	62,808		48,080
	<u>381,178</u>		<u>415,673</u>
	<u>1,379,218</u>		<u>1,235,991</u>
	<u>3,286,418</u>		<u>4,814,724</u>
\$	<u>6,452,106</u>	\$	<u>6,080,119</u>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 1996**

	GOVERNMENTAL FUNDS		TOTALS (MEMORANDUM ONLY)	
	General	Special	1996	1995
		Revenue		
Revenues				
Taxes	\$ 504,804	\$ -	\$ 504,804	\$ 531,248
Licenses and Permits	95,887	-	95,887	96,398
Intergovernmental	202,241	313,945	516,186	584,218
Charges for Services	18,813	-	18,813	11,673
Fees and Forfeits	28,662	-	28,662	17,368
Miscellaneous	226,156	8,121	234,277	129,340
Total Revenues	<u>1,825,873</u>	<u>322,076</u>	<u>2,147,949</u>	<u>1,469,877</u>
Expenditures				
General and Administrative	318,634	18,538	337,172	359,338
Public Safety	348,985	75,188	424,173	389,338
Streets and Sanitation	325,851	-	325,851	294,334
Health	4,898	-	4,898	3,373
Housing Assistance Payments	-	158,231	158,231	188,023
Capital Outlays	388,222	3,457	391,679	56,200
Debt Service:				
Principal Payments	28,636	-	28,636	89,378
Interest and Fiscal Charges	3,941	-	3,941	4,681
Total Expenditures	<u>1,698,403</u>	<u>235,442</u>	<u>1,933,845</u>	<u>1,148,124</u>
Excess of Revenues (Expenditures)	<u>(27,530)</u>	<u>86,634</u>	<u>69,104</u>	<u>32,753</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	403	-	403	180
Operating Transfers In	97,808	8,688	106,496	157,680
Operating Transfers Out	(8,688)	-	(8,688)	(7,687)
Total Other Financing Sources (Uses)	<u>89,523</u>	<u>8,688</u>	<u>98,211</u>	<u>149,173</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>61,993</u>	<u>95,322</u>	<u>157,385</u>	<u>181,926</u>
Fund Balance, Beginning of Year	<u>288,715</u>	<u>228,659</u>	<u>517,374</u>	<u>388,741</u>
Fund Balance, End of Year	<u>\$ 350,708</u>	<u>\$ 323,981</u>	<u>\$ 674,689</u>	<u>\$ 570,667</u>

The accompanying notes are an integral part of these statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUND TYPES**
Year Ended December 31, 1998

	GENERAL FUND TYPE			SPECIAL REVENUE FUND TYPES		
	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)
Revenues						
Taxes	\$ 549,370	\$ 564,904	\$ 15,534	\$ -	\$ -	\$ -
Licenses and Permits	95,880	95,887	787	-	-	-
Intergovernmental	294,930	293,149	(1,781)	303,490	312,949	9,459
Charges for Services	16,115	16,619	(504)	-	-	-
Fees and Fines	19,880	20,662	782	-	-	-
Miscellaneous	317,980	126,136	(1,914)	8,208	8,131	(77)
Total Revenues	<u>907,815</u>	<u>1,005,877</u>	<u>10,888</u>	<u>320,698</u>	<u>324,096</u>	<u>3,398</u>
Expenditures						
General and Administrative	215,615	209,684	5,931	21,669	16,396	5,273
Public Safety	398,890	597,082	(1,808)	89,168	79,198	10,000
Streets and Sanitation	339,865	523,558	(4,914)	-	-	-
Health	5,865	4,499	1,367	-	-	-
Capital Outlay	309,980	183,212	4,278	118,008	9,457	112,549
Working Assistance Payments	-	-	-	138,937	138,231	706
Total Expenditures	<u>1,680,315</u>	<u>1,688,407</u>	<u>(8,092)</u>	<u>377,782</u>	<u>334,442</u>	<u>43,340</u>
Excess of Revenues (Expenditures)	<u>227,500</u>	<u>(31,530)</u>	<u>18,980</u>	<u>(157,084)</u>	<u>89,654</u>	<u>197,094</u>
Other Financing Sources (Uses)						
Sale of Fixed Assets	9,780	402	(9,378)	-	-	-
Operating Transfers In	97,880	97,088	-	18,008	8,688	(9,320)
Operating Transfers Out	(10,880)	(8,688)	2,192	-	-	-
Total Other Financing Sources (Uses)	<u>96,780</u>	<u>89,192</u>	<u>(7,588)</u>	<u>18,008</u>	<u>8,688</u>	<u>(9,320)</u>
Excess Revenues and Other Financing Sources (Expenditures and Other Financing Uses)	<u>7,500</u>	<u>66,192</u>	<u>11,392</u>	<u>(139,076)</u>	<u>98,342</u>	<u>206,414</u>
Fund Balance, Beginning of Year	<u>216,315</u>	<u>216,315</u>	<u>-</u>	<u>354,955</u>	<u>354,955</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 223,815</u>	<u>\$ 282,507</u>	<u>\$ 58,692</u>	<u>\$ 115,879</u>	<u>\$ 353,297</u>	<u>\$ 237,418</u>

The accompanying notes are an integral part of these statements.

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN UNRESERVED RETAINED EARNINGS
PROPRIETARY FUND-TYPE
Year Ended December 31, 1996**

Operating Revenues	
Charges for Services:	
Water Sales	\$ 258,699
Sewer Service Charges	211,794
Gas Sales	424,625
Service-Connection Charges	2,710
Delinquent Charges	15,830
Other Income	<u>1,135</u>
Total Operating Revenues	<u>914,793</u>
Operating Expenses	
Water Department Expenses	(88,086)
Gas Department Expenses	(55,120)
Sewer Department Expenses	<u>(116,817)</u>
Total Operating Expenses	<u>(259,023)</u>
Net Operating Income	<u>655,770</u>
Nonoperating Revenues (Expenses)	
Interest Income	15,704
Bad Debt Recovery	1,400
Sale of Fixed Assets	5,700
Bad Debt Expense	(7,212)
Interest Expense	<u>(48,797)</u>
Total Nonoperating Revenues (Expenses)	<u>(23,195)</u>
Net Income Before Operating Transfers	(26,425)
Operating Transfer to General Fund	<u>(70,800)</u>
Net Income	26,425
Unreserved Retained Earnings, Beginning of Year	792,873
Add: Amortization on Contributed Capital	71,218
Less: Increase in Reserved Retained Earnings	<u>(156,876)</u>
Unreserved Retained Earnings, End of Year	<u>\$ 707,215</u>

The accompanying notes are an integral part of these statements.

Times of Kentwood

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPE
 Year Ended December 31, 1998

Statement B

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 143,548
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	\$ 181,625
Change in Accounts Receivable	13,877
Change in Due From Others	(9,299)
Change in Inventory	(3,188)
Change in Current Liabilities	12,138
Change in Restricted Liabilities	<u>3,622</u>
Total Adjustments	<u>188,580</u>
Net Cash Provided by Operating Activities	332,128
Cash Flows from Capital and Related Financing Activities:	
Interest Income	19,756
Repayment of BECD Bonds	19,311
Repayment of Lease Payable	(13,789)
Payment for Capital Acquisitions	(111,883)
Interest Paid	(86,793)
Capital Contributions	<u>188,548</u>
Net Cash Used for Capital and Related Financing Activities	(103,698)
Cash Flows from Non-capital Financing Activities:	
Operating Transfers to Other Funds	(93,868)
Sale of Fixed Assets	8,293
Bad Debt Recoveries	1,888
Bad Debt Expense	<u>(2,212)</u>
Net Cash Used for Non-capital Financing Activities	<u>(95,499)</u>
Net Increase in Cash and Cash Equivalents	131,921
Cash and Cash Equivalents, Beginning of Year	<u>371,151</u>
Cash and Cash Equivalents, End of Year	<u>\$ 503,072</u>

The accompanying notes are an integral part of these statements.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS

December 31, 1998

Introduction

The Town of Kentwood was incorporated March, 1883, under the provisions of the Lawsaver Act. The Town operates under a Mayor-Board of Aldermen form of government. For financial reporting purposes, the Town includes all funds and account groups that are controlled by or dependent on the Town as determined on the basis of budget adoption, management oversight responsibility, taxing authority, or the Town's obligation to fund any deficits.

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Kentwood 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. The criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the municipality 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 municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
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.

Generally accepted accounting principles require the Town of Kentwood (the primary government) to present their general purpose financial statements with any component units. The Town of Kentwood has no component units to include in its general purpose financial statements.

Considered in the determination of component units of the reporting entity were the Tangipahoa Parish Council, Sheriff, Clerk of Court, Assessor, and School Board and the District Attorney and Judges of the 21st Judicial District. It was determined that these governmental entities are not component units of the Town of Kentwood reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Town of Kentwood.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1996

B. Fund Accounting

The Town of Kentwood uses fund types and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Town of Kentwood are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each fund type (if any):

Governmental Funds

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition or construction of general fund assets. Governmental funds include:

1. **General fund** - the general operating fund of the municipality and accounts for all financial transactions, except those required to be accounted for in other funds.
2. **Special revenue funds** - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Fund

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The proprietary fund is:

Enterprise fund - accounts for operations (a) where the intent of the governing body is that the cost (for prices, 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 determinations of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of those funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1996

Revenues

Governmental funds, unlike the modified accrual basis of accounting, recognize revenues in the accounting period in which they become both available and measurable. Licenses and permits, charges for services, fees and forfeits, and miscellaneous revenues are recorded as revenues when received in cash. General property taxes, self-assessed taxes, and investment earnings are recorded when earned (when they are measurable and available).

Expenditures

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service and other long-term obligations which are recognized when paid.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). The transfers are recorded at the time the money is transferred.

The proprietary fund is accounted for on a flow of economic resources measurement basis and a determination of net income and capital maintenance. With this measurement basis, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The proprietary fund uses the accrual basis of accounting. Revenues are recognized when they are earned, and its expenses are recognized when they are incurred.

D. Budgets and Budgetary Accounting

The Town of Kentwood follows these procedures and those required by the Local Budget Act No. 304 of the 1980 Legislature and its amendments in establishing the budgetary data reflected in these financial statements:

1. The Mayor and Town Clerk prepare a proposed budget and submit same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1996

6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General, Special Revenue, and Enterprise Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

E. Encumbrances

The Town of Kentwood does not use encumbrance accounting.

F. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those other investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

G. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

H. Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriations. The Town of Kentwood does not have any of these type advances.

I. Inventories

Purchases of various operating supplies are expensed at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

Inventory in the proprietary fund consists of natural gas reserves purchased and is recorded as an expense when consumed. The inventory is valued at the lower of cost (first-in, first-out) or market.

J. Prepaid Items

The Town of Kentwood does not have any prepaid items.

K. Restricted Assets

Certain portions of Enterprise Fund resource bonds, as well as certain resources set aside for their repayment, are classified as restricted assets in the balance sheet because their use is limited by applicable bond covenants.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1996

L. Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructure assets are not capitalized. Interest costs incurred during construction are capitalized. No depreciation has been provided on general fixed assets. All assets are stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Fixed assets used in the proprietary fund are included on the balance sheet of the funds. Depreciation of depreciable fixed assets used by the proprietary fund is charged to an expense against operations, and accumulated depreciation is reported on the proprietary fund's balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation.

M. Compensated Absences (Annual Vacation and Sick Leave)

The Town of Kentwood has the following policy related to annual vacation and sick leave:

All regular employees, after one year of employment, are entitled to the following annual vacation and sick leave:

All regular employees, except police with less than three years' service:

Annual leave	-	5 day per month
Sick leave	-	1 day per month

Police with less than six years' service:

Annual leave	-	2 weeks per year
Sick leave	-	1 day per month

All regular employees, except police with three years, but less than six years' service:

Annual leave	-	24 day per month
Sick leave	-	1 day per month

Police after six years' service:

Annual leave	-	3 weeks per year
Sick leave	-	1 day per month

All regular employees except police with ten years or more service:

Annual leave	-	1 day per month
Sick leave	-	1 day per month

Town of Eastwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1998

All regular employees are allowed to accumulate up to thirty (30) days of unused annual leave and an unlimited amount of unused sick leave.

When an employee's compensation is due as employee, that employee has the option of using accrued annual vacation and sick leave while drawing an employee's compensation, but must reimburse the town all workers' compensation benefits received.

A line officer disabled while performing duty of his/her nature may be granted a leave of absence by the Town with full pay during the period of disability, provided all workers' compensation benefits are reimbursed to the town.

As of December 31, 1998, the General Fund reported accrued annual vacation leave of \$18,542. The Employees Fund for the same period reported accrued vacation leave of \$4,057.

In accordance with Financial Accounting Standards Board (FASB) Statement Number 43, no liability has been accrued for unused sick leave.

N. Long-Term Obligations

Long-term obligations of the Town of Eastwood expected to be financed from governmental funds are reported in the general long-term obligations account group. Depreciation for principal and interest payments for long-term obligations are recognized in the governmental fund when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

O. Fund Equity

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition of or construction of capital assets. Contributed capital is amortized based on the depreciation recognized in that portion of the assets acquired or constructed from such resources.

Reserves

Reserve accounts consist of fund equity not appropriate for expenditures or legally segregated for a specific future use.

Designated Fund Balance

Designated fund balances represent tentative plans for future use of financial resources.

P. Interfund Transactions

Quasi-internal transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1996

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Reimbursements or nonreciprocal permanent transfers of equity are reported as residual equity transfers. All other interfund transfers of the Town of Kentwood are reported as operating transfers.

G. Bad Debts

The Town of Kentwood does not have an allowance for uncollectible or delinquent taxes because the amounts, if any, are immaterial. Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the direct write-off method. An allowance account of \$600 was set up in prior years to allow for the collectibility of certain receivables.

H. 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 represent financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Interfund transactions have not been eliminated from the total columns of each financial statement.

I. Cash and Cash Equivalents

At December 31, 1996, the Town has cash and cash equivalents (bank balances) totaling \$945,571, as follows:

Demand deposits	\$ 61,304
Interest-bearing demand deposits	688,477
Money market accounts	-
Time deposits	195,835
Total	<u>\$ 945,571</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The greater value of the pledged security plus the federal deposit insurance must, at all times, equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or controlled bank that is mutually acceptable to both parties. At December 31, 1996, the Town has \$856,041 in deposits (withheld bank balances). These deposits are secured from risk by \$493,240 of federal deposit insurance and \$463,800 of pledged securities held by the controlled bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provision of GASB Statement 8, Louisiana Revised Statute 38:1729 imposes a statutory requirement on the controlled bank to advise and call the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

Town of Kennerd
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1996

(B) Taxes

For the year ended December 31, 1996 taxes were levied as follows:

On December 14, 1990, the Town of Kennerd was authorized to levy a one percent (1%) sales and use tax. The proceeds of this one percent (1%) sales and use tax levied by the Town are for general corporate purposes. On June 14, 1984, the Town amended the provisions of this one percent (1%) sales and use tax as to the definitions, goods and services taxable, exemptions, penalties, interest, fines, etc.

In an election held April 7, 1984, the Town was authorized to levy and collect an additional tax of one percent (1%) in addition to a sales and use tax now levied and collected in the Town upon the sale at retail, the use, the lease or rental, the consumption, and storage for use or consumption, of tangible personal property and on sales of services in the Town, all as presently defined, in LRS - 47:217, inclusive for a period of twenty (20) years from date of the first levy of said tax, with the proceeds of the tax (after paying reasonable and necessary costs and expenses of collecting and administering) to be used for the following purposes: not to exceed fifty percent (50%) of the proceeds for the constructing, acquiring, improving, maintaining and operating solid waste collection and disposal facilities; the remainder of the proceeds for the purpose of paying policemen's and other Town employee salaries and other general operating costs of the Town; constructing and acquiring additions, extensions and improvements to the sewerage collection, disposal and treatment plant and system, the waterworks plant and system, and the natural gas system; connecting, paving, resurfacing and improving streets, sidewalks, roads, bridges, alleys, drains and drainage canals, and acquiring necessary equipment for the maintenance thereof; acquiring fire protection and public safety equipment and facilities; constructing and improving public buildings, jails, public parks, and recreation facilities, including the necessary equipment and furnishings thereof; title to said improvements shall be in the public. The additional one percent (1%) sales and use tax was levied effective July, 1984.

Sales and use taxes collected for the year ended December 31, 1996, was \$484,515.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes were levied by the Town on July 11, 1996, and actually billed to the taxpayers in November, 1996. Billed taxes were delinquent on January 1, 1997. Revenues from ad valorem taxes are budgeted in the year billed.

The Town of Kennerd bills and collects its own property taxes, using the assessed value determined by the tax assessor of Tangipahoa Parish, Louisiana.

For the year ended December 31, 1996, taxes of 6.48 mills were levied on property with assessed valuations totaling \$6,318,863 and were dedicated as follows:

	Mills	FY1 12/31/96
General Corporate Purposes	6.40	<u>\$ 40,618</u>

The Town does not have an allowance for uncollectible ad valorem taxes because the amounts, if any, are immaterial.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
 (Continued)
 December 31, 1996

The following public utilities were assessed a public utilities franchise tax for the privilege of providing services to the citizens of the Town of Kentwood. These taxes are dedicated for any general corporate purposes.

	BYE 12/31/96
Louisiana Power & Light Company	\$ 32,440
Cable TV	5,987
	<u>\$ 38,427</u>

Taxes receivable in the general fund at December 31, 1996, consisted of the following:

	BYE 12/31/96
Ad Valorem Taxes Receivable, Current Bill	\$ 79,870
Sales Tax Receivable	46,663
Public Utility Franchise Tax Receivable	33,171
Total Taxes Receivable, Net	<u>\$ 160,704</u>

(4) Accounts Receivable

The Water and Gas Department Enterprise Fund amounts receivable at December 31, 1996, consisted of the following:

	BYE 12/31/96
Accounts Receivable	\$ 157,444
Less: Allowance for Bad Debts	608
Accounts Receivable, Net	<u>\$ 156,836</u>

(5) Interfund Receivables, Payables

At December 31, 1996, the Town had the following interfund receivables/payables.

	Due to Other Funds	Due From Other Funds
General Fund	\$ 9,293	\$ 1,900
Special Revenue Fund	1,500	-
Enterprise Fund	-	8,293
Total	<u>\$ 10,793</u>	<u>\$ 10,793</u>

Town of Kentwood
 NOTES TO FINANCIAL STATEMENTS
 (Continued)
 December 31, 1996

A summary of proprietary fund type property, plant and equipment at December 31, 1996, follows:

Description	Life In Years	Cost	Accumulated Depreciation	Net	Depreciation This Year
Land		\$ 11,000	\$ -	\$ 11,000	\$ -
Buildings	33.3	25,880	13,222	12,658	1,218
Water System	Var.	961,929	503,209	458,720	57,548
Sewer System	Var.	2,883,577	368,816	2,514,761	158,333
Natural Gas System	Var.	788,250	448,827	339,423	9,843
Equipment	Var.	155,488	94,714	60,774	16,183
Computer System	3.0	8,193	7,235	958	343
Total		<u>\$ 4,844,335</u>	<u>\$ 1,832,883</u>	<u>\$ 3,011,452</u>	<u>\$ 161,625</u>

Description	Cost	Accumulated Depreciation	Net
Changes During the Year:			
Balance, Beginning of Year	\$ 4,156,358	\$ (1,694,716)	\$ 2,461,642
Additions	311,883	-	311,883
Deletions	(24,816)	24,816	-
Depreciation, Current	-	(161,625)	(161,625)
Balance, End of Year	<u>\$ 4,844,335</u>	<u>\$ (1,832,883)</u>	<u>\$ 3,011,452</u>

(8) Changes in Long-Term Debt

The following is a summary of note transactions of the Town of Kentwood for the year ended December 31, 1996:

	General Long-term Obligation	Proprietary Fund Type		Total
	Lease Payable	Lease Payable	Utility Revenue	
Notes Payable, January 1, 1996	\$ 63,313	\$ 49,458	\$ 689,576	\$ 802,347
Notes Retired	(23,646)	(13,319)	(9,800)	(46,765)
Notes Payable, December 31, 1996	<u>\$ 39,667</u>	<u>\$ 36,139</u>	<u>\$ 679,776</u>	<u>\$ 755,582</u>

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1998

Lease payable at December 31, 1998, is comprised of the following individual items:

Lease Payable:

\$84,000 Capital Lease dated 01/25/94; due in annual installments of \$11,136 through October 17, 1998; interest at 5.02% \$ 48,687

Lease Payable:

\$56,461 Capital Lease dated 01/25/94; due in annual installments of \$36,044 through January 25, 1999; interest at 5.43% \$ 20,718

Bonds payable at December 31, 1998, are comprised of the following individual issues:

Revenue Bonds Payable:

\$990,000 Street Revenue Bonds sold to Finance Home Administration, dated 6/9/92, due in monthly installments of \$4,631.70 starting July 1, 1993 through June 1, 2033; interest at 5% \$ 850,775

The annual requirements to amortize all debt outstanding as of December 31, 1998, including interest payments of \$1,063,247, are as follows:

Year Ending December 31,	Lease Payable	1993 Revenue	Total
1997	\$ 16,864	\$ 33,180	\$ 49,944
1998	16,864	33,180	49,944
1999	-	53,180	53,180
2000	-	53,180	53,180
2001	-	53,358	53,180
2002-2006	-	265,902	265,902
2006-2011	-	265,902	265,902
2012-2018	-	265,902	265,902
2019-2021	-	265,902	265,902
2022-2024	-	265,902	265,902
2025-2031	-	265,902	265,902
2032-2036	-	79,732	79,732
	<u>\$ 33,728</u>	<u>\$ 1,641,084</u>	<u>\$ 1,674,812</u>

Town of Keenewau
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1996

(18) Flow of Funds, Restrictions on Use 1992 RECD Sewer Revenue Bonds

The governing authority of the Town adopted a resolution on June 18, 1991, authorizing issuance of \$210,000 of Sewer Revenue Bonds. On June 1, 1992, the Town sold the \$210,000 authorized bonds to Rural Economic and Community Development/Farm Service Agency (RECD) of the United States of America. The bonds were issued for forty (40) years payable with interest at the rate of five percent (5%) per annum. The bonds and any installment may be paid prior to the due date and maturity thereof at a price of par and accrued interest to the date of payment. The proceeds of the bonds are restricted and are subject to the provisions of the above resolution adopted June 18, 1991. As of December 31, 1996, Rural Economic and Community Development/Farm Service Agency had advanced all of the bond proceeds to the Town.

Under the terms of the bond proceeds to the Town, the bonds are payable as to principal and interest solely from the income and revenues derived from the operation of the utility systems of the Town after provision has been made for payment of the reasonable and necessary expenses of administering, operating and maintaining, of the systems. The bonds do not constitute an indebtedness or pledge of the general assets of the Town within the meaning of any constitutional or statutory limitations of indebtedness.

The Town has established monthly sewer service charges as follows:

Residential	\$ 16
Commercial	\$ 32
Schools	\$200

Each month there will be set aside into a fund called "Bond and Interest Sinking (Redemption) Fund" a sum equal to one-twelfth (1/12) of the interest due on the next interest payment due date, in addition, a sum equal to one-twelfth (1/12) of the next principal payment due, together with such proportionate sum as may be required on the same quarterly become due on such date. Money in the sinking funds shall be deposited in trust funds and shall be fully available to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. Alternatively, RECD has set up a payment schedule of \$4,402 per month whereby the Town makes payments directly to its office. This eliminates the need of the "Bond and Interest Sinking Fund".

There shall also be set aside into "Utility System Revenue Bond Reserve Fund" a sum equal to 3% of the monthly bond payment after the construction becomes revenue producing, until there is accumulated therein an amount equal to the highest annual debt service payment in any future year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund or to which there would otherwise be default. As of December 31, 1996, the Town has accumulated \$11,923 in this account.

Funds will also be set into a "Depreciation and Contingency Fund" after completion of the project at the rate of \$250 per month. Money in this fund will be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition, enhance its revenue producing capacity or provide for a higher degree of service for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payments to the other bond funds. As of December 31, 1996, the "Depreciation and Contingency Fund" reserve had a balance of \$43,784.

All the revenues received in any fiscal year and not required to be paid in each fiscal year into any of the noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
 (Continued)
 December 31, 1986

(11) Contributions

At December 31, 1986, the following contributions toward the cost of the utility plant and engineering services had been received.

	<u>1986</u>
U. S. Government - HRPA	\$ 2,000
Mississippi Federated Corp., Arcola, LA	4,250
U. S. Government - Department of Interior and Environmental Protection Agency	38,500
Municipality - Original Sewerage System	15,200
Antiracism Fund Assistance Fund	15,665
U. S. Government - 1979 Community Development Block Grant Program	74,640
U. S. Government - 1978 Community Development Block Grant Program	88,880
U. S. Government - 1977 Community Development Block Grant Program	250,000
Special Revenue Fund - Federal Revenue Sharing	60,000
U. S. Government - Department of Interior and Environmental Protection Agency (Stop 1 Grant)	65,687
U. S. Government - 1981 Community Development Block Grant Program	411,387
William A. Tycor - Engineering Firm (KRA Stop 1 Sewer Project)	3,800
U. S. Department of Commerce, Economic Development Administration (EDA)	108,175
Kentwood Spring Water, Inc.	22,544
American Spring Water Municipality	2,860
State of La. - Rural Development Grant	25,800
RECD Sewerage Grant	324,800
LA Dept of Transportation & Development	150,535
U. S. Government - 1991 Louisiana Community Development Block Grant Program	<u>581,382</u>
Total Contributions	2,272,282
Less: Accumulated Amortization	618,840
Net Contributions	<u>\$1,653,442</u>

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1996

(12) Kentwood Volunteer Fire Department - Revenues

2% Fire Insurance Tax

The Town maintains an active-certified volunteer fire department as defined by Louisiana R.S. 22:1583 and is citywide and receives a pro-rata share of the fire insurance tax collected by the state. The amounts received by the fire department are based on the population in the Town and unincorporated area that it serves. In accordance with the Revised Statutes, such money shall be used only for the purpose of "rendering more efficient and effective" the active volunteer fire department in the Town shall direct.

Maintenance Allowance From Rural Fire District #2 of Tangipahoa Parish

The fire department receives a quarterly allowance from the Tangipahoa Parish Council funded through a property tax millage on assessed property located outside the incorporated area of the Town but within the service area of the Kentwood Volunteer Fire Department. These funds are to be used to help maintain equipment and supplies of the department.

The activity of this department is reported in the Special Revenue Funds section of this financial report.

(13) Kentwood Municipal Building

On August 2, 1988, the Town of Kentwood signed a lease with an option to sell, with a payment memorandum, for a term of three years commencing July 29, 1988, and terminating July 31, 1991, with an option to extend the lease for six consecutive, separate and additional periods of five years each. The rental price for the first term of the lease is \$3,120 per month. The company agreed to maintain and to pay premiums for liability insurance with a maximum combined single limit for bodily injury and property damage of not less than \$400,000 with the Town of Kentwood named as an additional insured under this policy. The company also agreed to maintain and pay premiums for fire and casualty insurance for the benefit of the Town of Kentwood in the amount of not less than \$500,000. In 1991, the manufacturer extended its term for an additional five-year term. In 1995, the manufacturer closed its operations at the plant, but has notified the Town of its plans to lease its facility until the Town can find a new tenant to replace them. The company's lease terminated July 31, 1996.

(14) HUD Section 8 Housing Assistance Payment Program

On November 1, 1978, the Town of Kentwood, acting as the Public Housing Agency (PHA) passed a resolution authorizing execution of an annual contributions contract under the Section 8 Housing Assistance Payments Program with the U.S. Department of Housing and Urban Development.

For the fiscal year ended December 31, 1996, the Town's PHA was authorized for fifty-five (55) housing units with a maximum HUD contribution of \$111,848. Only \$197,358 was required.

The Housing Assistance Payments Program provides rental subsidies for qualified low and very low income families who reside within the Town's corporate limits. The Town's Public Housing Agency administers the program.

The HUD Section 8 Housing Assistance Payments Program is reported in the Special Revenue Fund section of this financial report.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1996

(15) Pension Plan

Substantially all employees of the Town of Kentwood are members of the following statewide retirement: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 per cent of their final-average monthly salary for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but not less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 60, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 per cent of final-average salary. Final average salary is the employee's average salary over 10 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the age specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7017 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 521-4818.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 3 percent of annual covered payroll. Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each municipality, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System under Plan B for the years ended December 31, 1996, 1995, and 1994 were \$6,087, \$5,992 and \$6,218, respectively, equal to the required contribution for each year.

Town of Kenwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1994

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description: All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3.10 per cent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or jointed months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8481 United Plaza Boulevard, Baton Rouge, Louisiana 70804-2150, or by calling (225) 925-7421.

Funding Policy: Plan members are required by state statute to contribute 7.3 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered salary. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:183, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. The Town's contributions to the System for the years ending December 31, 1995, 1993, and 1994, were \$1,612, 39,149 and \$2,321, respectively, equal to the required contributions for each year.

C. Firefighters Retirement System of Louisiana

Plan Description: Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance by June 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3.10 per cent of their final-average salary for each year of creditable service, and to a maximum 300 per cent of their final-average salary. Final-average salary is the employee's average salary over 36 consecutive or jointed months that produce the highest average. Employees who terminate with at least 33 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Firefighters' Retirement System Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (224) 925-6060.

Funding Policy: Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 8.0 percent of annual covered salary. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:303, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. The Town's contributions to the System for the years ending December 31, 1995, 1993, and 1994, were \$1,451, \$3,036, and \$1,363, respectively, equal to the required contributions for each year.

Page 2

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Due to the limited number of personnel, the Town of Kentwood, Louisiana, did not have a proper segregation of duties for its internal control structure.

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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the management of the Town of Kentwood, the Legislative Authority and the cognizant Federal Agency. This restriction is not intended to limit the distribution of this report, which upon acceptance by the Town of Kentwood, Louisiana is a matter of public record.


Bruce Barrell & Company, CPAs
A Professional Accounting Corporation

April 29, 1997

BRUCE HARBILL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
a National Accounting Corporation

Steve C. Harbill, CPA

Woodsley, 3704, City
Michael P. King, CPA
Paul H. Jones, CPA
Richard J. Taylor, CPA
James H. Harbill, CPA

P. O. Box 48
402 Fifth St.

Kennerwood, LA 70444
PHONE: (504) 228-5853
FAX: (504) 228-0920

Richard D. Ford, III
Bill St. Maurice, PA
Paul Stone, PA
Shannon L.A. O'Neil
YOUNG (504) 262-4124
FAX: (504) 262-1120

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs

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

The Honorable Mayor, Bobby Gill
and Members of the Board of Aldermen
Town of Kennerwood, Louisiana

We have audited the general purpose financial statements of the Town of Kennerwood, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated April 28, 1997. We have also audited the compliance of the Town of Kennerwood, Louisiana, with requirements applicable to major federal financial assistance programs and have issued our report dated April 28, 1997.

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

In planning and performing our audit for the year ended December 31, 1995, we considered the internal control structure of the Town of Kennerwood, Louisiana, in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements of the Town of Kennerwood, Louisiana, and on the compliance of the Town of Kennerwood, Louisiana, with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated April 28, 1997.

The management of the Town of Kennerwood, 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 recorded 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 exist and not be detected. Also, projection of any evaluation 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.

Page 3

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

- 1) Cash receipts
- 2) Cash disbursements
- 3) Financial reporting

For all 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 December 31, 1996, the Town of Kentwood, Louisiana, expended 84 % of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-119, to evaluate the effectiveness of the design and operation of the internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing status for advances and reimbursements and amounts claimed or used for matching that are applicable to the Town of Kentwood, Louisiana's major federal financial assistance programs, which is identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters relating to our activities relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, would adversely affect the Town of Kentwood, Louisiana's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

Due to the lack of personnel, the Town of Kentwood, Louisiana, does not have a proper segregation of duties with respect to its federal financial assistance programs.

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.

Our examination 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 be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe some of the reportable conditions described above is a material weakness.

This report is intended for the information of the management of the Town of Kentwood, the Legislative Auditors and the recipient Federal Agency. This restriction is not intended to limit the distribution of this report, which upon acceptance by the Town of Kentwood, Louisiana, is a matter of public record.


Bruce Harrill & Company, CPAs
A Professional Accounting Corporation
April 29, 1997

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

James E. Harrell, CPA

Warren G. Hunt, CPA
Michael F. Sims, CPA
Dale H. Jones, CPA
Charles F. Nelson, CPA
James B. Robinson, CPA

P. O. Box 40

6001 PRRS St.
Kenner, LA 70044
PHONE (504) 228-9955
FAX (504) 229-6951

MEMBER-OF-FICE
100 W. Main Street
P.O. Box 100
Kenner, LA 70044
PHONE (504) 228-6671
FAX (504) 229-6672

MEMBER
American Institute of Certified Public Accountants

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

The Honorable Mayor, Bobby Gill
and Members of the Board of Aldermen
Town of Kenner, Louisiana

We have audited the general purpose financial statements of the Town of Kenner, Louisiana as of and for the year ended December 31, 1996, and have issued our report thereon dated April 29, 1997.

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, *Audit 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 Kenner, Louisiana, is the responsibility of the Town of Kenner'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 of Kenner, Louisiana's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests 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 indicate no instances of non-compliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of management, the Legislative Auditor and the cognizant Federal Agency. This restriction is not intended to limit the distribution of this report, which upon acceptance by the Town of Kenner, Louisiana, is a matter of public record.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

April 29, 1997

BRUCE HARRELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Accounting Corporation

Bruce G. Harrell, CPA

William A. West, CPA
Michael P. King, CPA
Dorothy Jones, CPA
David P. Eiland, CPA
James C. Roberts, CPA

P. O. Box 43

881 Fifth St.

Kennerwood, LA 70044

VOICE: (504) 279-9955

FAX: (504) 228-5811

BARRON'S WHITE
1017 W. Missouri Street
Fisk Place Station P
Baton Rouge, LA 70801
VOICE: (504) 384-4339
FAX: (504) 384-3339

MEMBER

American Institute of CPAs
Society of Accountants CPAs**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS
APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

The Honorable Mayor, Bobby Gill
and Members of the Board of Aldermen
Town of Kennerwood, Louisiana

We have audited the general purpose financial statements of the Town of Kennerwood, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated April 28, 1997.

We have applied procedures to test the Town of Kennerwood, 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 December 31, 1996:

- 1) Political activity
- 2) Davis-Bacon Act
- 3) Civil Rights
- 4) Cash management
- 5) Federal financial reports
- 6) Drug-Free Workplace Act
- 7) 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 Kennerwood, 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 these 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 Kennerwood, Louisiana, had not complied, in all material respects, with these requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with these requirements.

This report is intended for the information of the management of the Town of Kennerwood, the Legislative Auditor, and the recipient Federal Agency. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation
April 28, 1997

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
a Professional Accounting Corporation

David C. Harrell, CPA

Warren K. Harrell, CPA
Michael J. Jones, CPA
John S. Jones, CPA
Charles P. Harrell, CPA
Joseph A. Harrell, CPA

P. O. Box 45
600 Fifth St.
Kennerwood, LA 70444
PHONE: (504) 219-9999
FAX: (504) 229-8811

Established in 1941
201 St. Maurice Road
P.O. Box 500
Metairie, LA 70001
PHONE: (504) 885-1170
FAX: (504) 885-1126

MEMBERS OF
American Institute of CPAs
Institute of Certified Public Accountants of Louisiana

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

The Honorable Mayor, Bobby Gill
and Members of the Board of Aldermen
Town of Kennerwood, Louisiana

We have audited the general purpose financial statements of the Town of Kennerwood, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated April 29, 1997.

We have also audited the Town of Kennerwood, Louisiana's compliance with the requirements governing types of services allowed or disallowed, reporting requirements, special test and provisions, claims for advances and reimbursements that are applicable to its major federal financial assistance programs, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1996. The management of the Town of Kennerwood, Louisiana, is responsible for the Town of Kennerwood, Louisiana's compliance with these requirements. Our responsibility is to express an opinion on compliance with these requirements based on our audit.

We conducted our audit of compliance with these requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-129, *Standards of State and Local Government*. These standards and OMB Circular A-129 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town of Kennerwood, Louisiana's compliance with these requirements. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the Town of Kennerwood, Louisiana, complied, in all material respects, with the requirements governing types of services allowed or disallowed, reporting requirements, special test and provisions, claims for advances and reimbursements, and amounts claimed or used for matching that are applicable to its major federal financial assistance programs for the year ended December 31, 1996.

This report is intended for the information of the management of the Town of Kennerwood, the Legislative Auditors, and the appropriate Federal Agency. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation
April 29, 1997

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Bruce C. Harrell, CPA

Norman A. Wood, CPA
Michael J. Gray, CPA
Earl R. Jones, CPA
Charles P. Wilcox, CPA
James H. Babinich, CPA

P. O. Box 45
601 Fifth St.

Kennerly, LA 70444
YOCAL (204) 229-8900
FAX: (204) 229-9100

Established Office at
509 W. Main Street
P.O. Box 509
Thibodaux, LA 70450
YOCAL (204) 543-0770
FAX: (204) 543-0709

MEMBER OF
American Institute of Certified
Public Accountants (AICPA)

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

The Honorable Mayor, Bobby Gill
and Members of the Board of Aldermen
Town of Kennerly, Louisiana

We have audited the general purpose financial statements of the Town of Kennerly, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated April 28, 1997.

In connection with our audit of the general purpose financial statements of the Town of Kennerly, Louisiana, and with our responsibilities of the Town of Kennerly, Louisiana's, internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, *Audit of State and Local Governments*, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1996.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing eligibility; reporting; receiving contract costs and utility allowances; adjusting contract costs and amount of utility allowances annually; and conducting annual inspections that are applicable to these 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 Kennerly, Louisiana's, compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of these 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 Kennerly, Louisiana, had not complied, in all material respects, with these requirements. Also, the results of our procedures did not disclose any immaterial instance of noncompliance with these requirements.

This report is intended for the information of management, the Legislative Auditor, and the Federal Cognizant Agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

April 28, 1997

(16) Contingency

On March 6, 1993, a corporation, engaged to install and paint a water tank, filed suit against the Town and its engineer for damages as a result of discontinuance of the project. Once the repair work began, it was discovered that the tank was structurally sound. Based on these discoveries, the Town ordered the work and contract terminated. The corporation in its suit sought damages for losses it claims to have suffered from being unable to complete its awarded contract. In May 1993, a 19th Judicial District Judge rendered a judgment against the Town for the remaining contract balance of \$34,821, with interest and all costs. No liability for this judgment has been recorded in the Town's financial statements, since no appropriation to fund the judgment, has been made.

(17) Litigation

There is no outstanding litigation as of December 31, 1996.

(18) Subsequent Event

On December 19, 1996, the Town was chosen as a recipient of water improvement funds under FY 1996 Louisiana Community Development Grant (LCDBG) Program. The Office of Community Development within the Division of Administration has recommended a grant award of \$298,300 for the project.

(19) Local Service Agreement

On July 8, 1993, The Town approved a resolution to enter into a local service agreement with Road District No. 1 of the Parish of Tangipahoa, Louisiana, and Sub-Road District No. 1 of Road District No. 1 of the Parish of Tangipahoa, Louisiana. The local service agreement was for improvements to road, street and bridge improvements and provides for the maintenance thereof inside the Town's corporate boundaries. Each road district issued \$100,000 of general obligation bonds for this project, and the bonds will be repaid through existing parish property tax millages that were reserved by the voters within the district.

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

GENERAL FUND

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

Form of Numbered

Schedule I

General Fund

BALANCE SHEET

December 31, 1996

1996

ASSETS

Cash	\$ 215,747
Taxes Receivable	
Ad Valorem Tax	19,850
Sales Tax	46,663
Public Utility Franchise Tax	19,771
Due From Other Funds	1,580
Due From Other Governments:	
State of Louisiana Tobacco Tax	3,219
State of Louisiana Beer Tax	2,000
State of Louisiana Video Poker Tax	34,578
Other Receivables	<u>9,185</u>
Total Assets	\$ <u>483,754</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts Payable	\$ 45,619
Due to Other Funds	9,290
Other Accrued Expenses:	
Salaries, Wages, and Vacation Pay	27,066
Deferred Revenues	<u>16,873</u>
Total Liabilities	<u>98,851</u>

Fund Balance:

Reserve for Economic Development	62,000
Unassigned - Undesignated	<u>347,980</u>
Total Fund Balance	<u>409,980</u>
Total Liabilities and Fund Balance	\$ <u>483,754</u>

The accompanying notes are an integral part of these statements.

General Fund
**SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - BUDGET (DOLLAR BASIS) AND ACTUAL**
 Year Ended December 31, 1996

	1996		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes:			
Sales (Less Vendor's Comp.)	\$ 475,808	\$ 484,518	\$ 8,710
Ad Valorem	38,854	40,444	1,590
Public Utility Franchise	34,800	34,427	(373)
Chain Store	500	500	-
Licenses and Permits:			
Business Privilege and Insurance Licenses	60,400	60,057	(343)
Building Permits	2,700	2,040	(660)
Intergovernmental:			
Federal			
Highway Safety Grant	4,500	4,500	-
State of Louisiana			
Video Poker Tax	154,000	174,708	20,708
Tobacco Tax	13,000	12,839	(161)
Beer Tax	30,000	6,744	(23,256)
Commission on Law Enforcement	1,450	1,450	-
Charges for Services	36,100	36,813	(687)
Fines and Penalties	19,000	20,662	1,662
Miscellaneous:			
Interest Earned	9,000	9,812	812
Sanitation Fees	84,000	81,834	(2,166)
Rent	19,200	19,200	(0)
Other	3,800	3,814	(14)
Total Revenues	982,808	1,025,879	43,071

Continued on the following page.

The accompanying notes are an integral part of these statements.

General Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1996

	1996		Variance Favorable (Unfavorable)
	Budget	Actual	
Expenditures			
General and Administrative	\$ 219,635	\$ 256,500	\$ 36,865
Public Safety:			
Police Department	385,680	298,372	87,308
Fire Protection	178,790	158,883	19,907
Streets & Sanitation	97,886	162,591	64,705
Health:			
Dog Control	5,865	4,498	1,367
Total Expenditures	<u>1,888,751</u>	<u>1,848,602</u>	<u>40,149</u>
Excess of Revenues (Expenditures)	<u>(68,738)</u>	<u>(72,545)</u>	<u>3,807</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	9,700	400	(9,300)
Operating Transfer In:			
Enterprise Fund	93,800	93,800	-
Operating Transfer Out:			
Special Revenue Fund	(18,000)	(8,000)	10,000
Total Other Financing Sources (Uses)	<u>85,500</u>	<u>89,600</u>	<u>(3,900)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and other Financing Uses	<u>1,800</u>	<u>16,055</u>	<u>14,255</u>
Fund Balance, Beginning of Year	<u>338,315</u>	<u>338,315</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 340,115</u>	<u>\$ 354,370</u>	<u>\$ 14,255</u>

(Continued)

The accompanying notes are an integral part of these statements.

General Fund
SCHEDULE OF EXPENDITURES
 (COMPARED TO BUDGET (GAAP BASIS))
 Year Ended December 31, 1996

	1996		Variance Favorable (Unfavorable)
	Budget	Actual	
General and Administrative			
Salaries - Mayor and Aldermen	\$ 13,040	\$ 13,040	\$ -
Salaries - Clerical	31,000	30,742	258
Salaries - Seasonal	93,000	93,000	0
Payroll Tax (all General Fund Departments)	7,000	6,267	733
Municipal Employee Retirement Expense	2,680	2,584	96
Hospitalization Insurance (all General Fund Departments)	14,200	12,700	1,500
Workman's Compensation	1,600	1,000	600
Minor's Expense	1,600	1,622	(22)
Officials' Travel	2,400	2,020	380
City Hall & Civic Center Utilities and Telephone	13,500	15,200	(1,700)
Senior Citizens Building Utilities	4,500	3,700	800
Martin Luther King Park Utilities	2,500	1,535	965
Health Unit Utilities	2,000	1,897	103
Industrial Building Utilities	2,000	1,266	734
City Hall & Civic Center Maintenance	4,700	4,803	(103)
Senior Citizens Building Maintenance	1,800	874	926
Martin Luther King Park Maintenance	4,000	3,838	162
Health Unit Maintenance	925	743	182
Professional Services	28,800	28,800	0
Computer Expense	1,200	1,800	(600)
(Office) Journal and Other Advertising	2,500	2,800	(300)
Office Supplies & Postage	5,000	5,772	(772)
Insurance (all General Fund Departments)	30,000	25,100	4,900
Uniforms Expense	1,000	1,241	(241)
Fees & Subscriptions	1,100	615	485
Automobile Tax Fuel	1,800	1,323	477
Contractor's Fees	4,000	3,711	289
Promotion Expense	1,000	400	600
Community Development	600	381	219
Shared Cost of Public Service Program	3,120	3,120	0
Zoning Commission - Per Diem	300	250	50
Miscellaneous	5,000	5,084	(84)
Capital Outlay - Purchase of Fixed Assets	28,000	26,040	1,960
Total General & Administrative	273,625	258,582	15,043

Continued on the following page.

The accompanying notes are an integral part of these financial statements.

General Fund
**SCHEDULE OF EXPENDITURES,
 COMPARED TO BUDGET (GAAP BASIS)**
 Year Ended December 31, 1986

	1986		Variance Favorable (Unfavorable)
	Budget	Actual	
Public Safety			
Police Department:			
Salaries - Chief	\$ 30,000	\$ 28,093	\$ 1,908
Salaries - Deputies	138,000	139,006	(1,006)
Payroll Taxes	15,500	15,554	54
Police Retirement Contributions	4,700	5,602	(902)
Health Insurance	22,000	23,583	1,583
Workmen's Compensation	18,000	17,738	262
Office Expense	1,200	1,183	17
Computer Expense	500	379	121
Telephones	1,600	4,355	2,755
Dues & Subscriptions	400	218	182
Auto - Fuel	15,500	15,341	159
Auto - Repair & Maintenance	30,000	30,897	(897)
Housing Allowance	6,000	5,027	973
Supplies	4,400	4,086	314
Uniforms	2,000	1,584	416
Schools & Seminars	3,000	2,980	20
Miscellaneous	1,500	1,791	(291)
Capital Outlay - Purchase of Fixed Assets	28,000	23,628	4,372
Total Police Department	<u>362,600</u>	<u>398,777</u>	<u>3,178</u>
Fire Protection:			
Fireman Salaries	57,500	58,234	(734)
Payroll Taxes	4,650	4,669	(19)
Fireman Retirement Contributions	1,450	1,491	41
Health Insurance	15,000	15,463	463
Workmen's Compensation	7,000	7,225	(225)
Telephones	3,500	3,257	243
Computer Expense	500	305	195
Truck - Fuel	1,500	2,515	(1,015)
Truck - Repair & Maintenance	4,000	3,634	366
Miscellaneous	1,000	1,448	(448)
Debt Service - Principal	20,000	20,626	626
Debt Service - Interest	1,550	1,341	209
Capital Outlay - Purchase of Fixed Assets	18,500	16,145	2,355
Total Fire Department	<u>138,700</u>	<u>138,483</u>	<u>2,217</u>

Continued on the following page.

The accompanying notes are an integral part of these statements.

General Fund
SCHEDULE OF EXPENDITURES,
COMPARED TO BUDGET (GAAP BASIS)
Year Ended December 31, 1996

	1996		Variance Favorable (Unfavorable)
	Budget	Actual	
Streets and Sanitation			
Salaries and Wages	\$ 28,000	\$ 18,497	\$ 9,503
Payroll Taxes	1,700	1,217	483
Retirement Contributions	300	246	54
Health Insurance	-	48	(48)
Workman's Compensation	5,000	5,106	(106)
Waste Management	170,000	170,818	(818)
Street Materials & Supplies	9,000	8,813	187
Computer Expense	500	325	175
Equipment Fuel	5,000	4,362	638
Repairs & Maintenance	11,000	10,342	658
Uniforms	1,100	975	125
Miscellaneous	21,000	20,667	333
Street and Traffic Lights	28,000	26,409	1,591
Tree Planting Program	8,500	8,488	12
Maintenance Contract	14,000	13,992	8
Safety Grant	4,500	4,500	-
Equipment Rental	4,500	4,500	-
Cemetery Utilities	15	-	15
Cemetery Maintenance Contract	13,500	13,500	-
Cemetery Capital Outlay	22,000	26,600	(4,600)
	<u>317,800</u>	<u>302,910</u>	<u>1,890</u>
Total Streets and Sanitation			
	<u>317,800</u>	<u>302,910</u>	<u>1,890</u>
Health			
Dog Control			
Salaries	3,300	3,280	20
Payroll Taxes	200	237	(37)
Workman's Compensation	125	121	4
Expenses	5,100	648	4,452
	<u>8,725</u>	<u>4,286</u>	<u>4,439</u>
Total Health	<u>8,725</u>	<u>4,286</u>	<u>4,439</u>
Total Expenditures	<u>\$ 1,028,725</u>	<u>\$ 1,018,402</u>	<u>\$ 10,323</u>

(Continued)

The accompanying notes are an integral part of these statements.

SPECIAL REVENUE FUNDS

Public Housing Fund - To account for the Town's Housing Fund's administration of its contract with HUD under the Section 8 Housing Assistance Payments that provides rental subsidies for qualified low and very low income families who reside within the Town's corporate limits.

Rotwood Volunteer Fire Department - To account for the receipt and use of 2% fire insurance tax as defined by Louisiana R.S. 22:1583 and a maintenance allowance from Rural Fire District #3 of Tangipahoa Parish.

Special Revenue Funds

COMBINING BALANCE SHEET

December 31, 1996

	Public Hoarding No. 3	Kentwood Volunteer Fire Department	Total
Assets			
Cash	\$ 19,500	\$ 239,911	\$ 259,411
Interest Receivable	-	532	532
Due From Other Governments	-	67,519	67,519
Equipment	19,155	-	19,155
Other	-	35	35
Total Assets	\$ 38,655	\$ 307,797	\$ 357,672
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ -	\$ 2,682	\$ 2,682
Due to Other Funds	1,580	-	1,580
Due to HLB	11,417	-	11,417
Total Liabilities	12,997	2,682	15,679
Fund Balances:			
Unreserved - Undesignated	17,158	305,135	322,293
Total Liabilities and Fund Balances	\$ 30,055	\$ 307,797	\$ 337,852

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule B

Special Revenue Funds
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES**
 Year Ended December 31, 1996

	Public Housing Sec. 8	Kentwood Volunteer Fire Department	Total
Revenues			
Intergovernmental	\$ 157,268	\$ 158,585	\$ 315,853
Interest	804	7,127	8,131
Total Revenues	<u>158,072</u>	<u>165,712</u>	<u>323,784</u>
Expenditures			
General and Administrative:			
Administrative Salaries	11,228	-	11,228
Payroll Taxes	913	-	913
Office Expense	836	-	836
Computer Expense	608	-	608
Accounting & Auditing Fee	2,768	-	2,768
Insurance	125	-	125
Housing Assistance Payments	158,231	-	158,231
Public Safety:			
Current	-	75,198	75,198
Capital Outlay	-	1,457	1,457
Total Expenditures	<u>152,787</u>	<u>80,655</u>	<u>233,442</u>
Excess of Revenues (Expenditures)	5,285	85,057	90,342
Other Financing Sources (Used)			
Operating Transfer In	-	8,698	8,698
Excess of Revenues & Other Financing Sources Over Expenditures	5,285	93,755	99,040
Fund Balance, Beginning of Year	<u>11,681</u>	<u>213,278</u>	<u>224,959</u>
Fund Balance, End of Year	<u>\$ 16,966</u>	<u>\$ 307,013</u>	<u>\$ 323,979</u>

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule 5

Special Revenue Fund

Public Housing Fund

HUD Section 8 Housing Assistance Payments Program

BALANCE SHEET

December 31, 1996

Assets		<u>1995</u>
Cash	\$ 16,838	
Equipment	<u>18,075</u>	
Total Assets	\$ <u>34,913</u>	
Liabilities and Fund Balance		
Liabilities:		
Due to General Fund	\$ 1,500	
Due to HUD	<u>11,412</u>	
Total Liabilities	<u>12,912</u>	
Fund Balance:		
Unreserved - Undesignated	<u>21,588</u>	
Total Liabilities and Fund Balance	\$ <u>34,913</u>	

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule 3

Special Revenue Fund
Public Housing FundHUD Section 8 Housing Assistance Payments Program
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1996

	1996		Variance Favorably (Unfavorably)
	Budget	Actual	
Revenues			
Intergovernmental:			
Contributions Received From HUD	\$ 162,500	\$ 157,368	\$ (5,132)
Miscellaneous-Investment Earnings	1,000	804	(196)
Total Revenues	<u>163,500</u>	<u>158,172</u>	<u>(5,328)</u>
Expenditures			
Class I and Administrative:			
Administrative Salaries	12,080	11,220	760
Payroll Taxes	1,380	605	685
Office Expense	2,602	506	1,096
Computer Expense	600	600	-
Accounting & Audit Fee	7,000	3,368	3,632
Insurance	100	329	(229)
Housing Assistance Payments	139,817	136,233	3,584
Total Expenditures	<u>163,569</u>	<u>162,281</u>	<u>1,288</u>
Excess of Revenues (Expenditures)	-	5,891	5,473
Fund Balance, Beginning of Year	<u>11,681</u>	<u>11,681</u>	-
Fund Balance, End of Year	\$ <u>11,681</u>	\$ <u>17,158</u>	\$ <u>5,477</u>

The accompanying notes are an integral part of these statements.

Town of Kentwood
Special Revenue Fund
Kentwood Volunteer Fire Department

Schedule B

BALANCE SHEET
December 31, 1998

Assets	<u>1998</u>
Cash	
Interest Receivable	\$ 296,811
Due From Other Governments	302
Yamaguchi Parks Council - Maintenance Allowance	
Other Assets	67,919
	<u> </u>
Total Assets	\$ 365,032
	<small>and 207,766</small>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	\$ 3,682
	<u> </u>
Total Liabilities	3,682
	<small> </small>
Fund Balance:	
Unreserved - Undesignated	<u>361,350</u>
	<small> </small>
Total Liabilities and Fund Balance	\$ 365,032
	<small>and 207,766</small>

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule B

Special Revenue Fund
 Kentwood Volunteer Fire Department
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET (PLAAP BASIS) AND ACTUAL
 Year Ended December 31, 1986

Revenues	1986		Variance Favorable (Unfavorable)
	Budget	Actual	
Intergovernmental:			
Fire Insurance Tax -			
Town of Kentwood	\$ 1,600	\$ 4,819	\$ (3,219)
Tangipahoa Parish	9,500	9,811	311
St. Helena Parish	2,400	2,341	(59)
From Rural Fire Maintenance Allowance			
District #2 of Tangipahoa Parish	86,000	741,814	655,814
Miscellaneous - Interest Earned	5,100	7,227	2,127
Total Revenues	100,100	165,812	65,712
Expenditures			
Current:			
Firemen Expense	22,500	22,858	4,358
Small Tools, Equipment, and Hoist	12,800	14,216	(2,216)
Uniforms	2,500	-	2,500
Office Supplies	1,200	517	683
Gas & Oil Station #2	1,000	582	418
Decor and Signage/Signs	200	125	75
Professional Services	1,700	1,425	275
Insurance	26,000	24,016	1,984
Repairs	8,000	9,291	(1,291)
Supplies	2,800	1,462	1,338
Meals	-	38	(38)
Rent	1,200	-	1,200
Training and Tuition	1,800	375	1,425
Public Service Education	500	-	500
Utilities and Telephone	1,500	925	575
Miscellaneous	2,000	126	1,874
Total Current Expenditures	82,100	75,198	7,902
Capital Outlays:			
Equipment	120,000	7,415	112,585
Total Capital Outlays	120,000	7,415	112,585
Total Expenditures	202,100	82,615	119,485

Continued on the following page

The accompanying notes are an integral part of these statements.

Special Revenue Fund
 Kentwood Volunteer Fire Department
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 Year Ended December 31, 1996

	1996		Variance- Favorable (Unfavorable)
	Budget	Actual	
Excess of Revenues (Expenditures)	\$ (181,660)	\$ 81,307	\$ 184,307
Other Financing Sources (Uses)			
Operating Transfer In - General Fund	18,080	8,680	(11,300)
Total Other Financing Sources (Uses)	18,080	8,680	(11,300)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(91,660)	91,307	182,607
Fund Balance, Beginning of Year	203,278	203,278	-
Fund Balance, End of Year	\$ 122,218	\$ 294,585	\$ 182,607

(Continued)

The accompanying notes are an integral part of these statements.

ENTERPRISE FUND

Water, Sewer and Gas Fund - To account for the provision of water, sewer, and natural gas services to businesses and residents of the town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Town of Kentwood
 Enterprise Fund
 Water, Sewer and Gas Departments
BALANCE SHEET
 December 31, 1996

Schedule 10

ASSETS	1996
Current Assets:	
Cash	\$ 267,319
Receivables	
Accounts (Net of Allowance for Uncollectibles of \$680)	166,644
Due From Other Funds	9,293
Inventory	8,993
Total Current Assets	<u>452,249</u>
Restricted Assets:	
RECD Bond Reserve - Cash	11,603
RECD Bond Contingency - Cash	17,384
Contingency - Cash	49,814
Customers' Deposits - Cash	48,952
Total Restricted Assets	<u>127,753</u>
Property, Plant and Equipment:	
Land	11,080
Building	15,808
Water System	964,529
Gas System	768,190
Sewer System	2,885,477
Computer System	8,193
Equipment	155,438
Total Property, Plant and Equipment	<u>4,808,715</u>
Less: Accumulated Depreciation	<u>1,832,393</u>
Net Property, Plant and Equipment	<u>2,976,322</u>
Total Assets	<u>\$ 3,805,022</u>

Continued on the following page

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule 10
(Continued)Enterprise Fund
Water, Sewer and Gas Department
BALANCE SHEET
December 31, 1998

LIABILITIES AND FUND EQUITY

Liabilities:	<u>1998</u>
Current Liabilities (Payable From Current Assets):	
Accounts Payable	\$ 51,378
Accrued Vacation Payable	4,617
Accrued Salaries Payable	5,219
Accrued Interest Payable	2,465
Leases Payable	<u>14,675</u>
Total Current Liabilities (Payable From Current Assets)	<u>88,354</u>
Current Liabilities (Payable From Restricted Assets):	
Customers' Deposits	61,593
Revenue Bond Payable - RBCD	9,000
Accrued Interest Payable	<u>4,308</u>
Total Current Liabilities (Payable From Restricted Assets)	<u>74,901</u>
Long-Term Liabilities:	
Revenue Bonds Payable - RBCD	878,895
Leases Payable	<u>15,757</u>
Total Long-Term Liabilities	<u>894,652</u>
Total Liabilities	<u>1,088,157</u>
Fund Equity:	
Contributed Capital	
Less: Accumulated Amortization	2,271,297
Net Contributed Capital	<u>818,845</u>
Retained Earnings:	
Reserve for Contingencies	67,488
Reserve for Bond Payments	91,691
Unreserved	<u>821,714</u>
Total Retained Earnings	<u>980,893</u>
Total Fund Equity	<u>1,569,478</u>
Total Liabilities and Fund Equity	<u>\$ 2,657,635</u>

(Continued)

The accompanying notes are an integral part of these statements.

Terms of Reference

Schedule 11

Enterprise Fund
 Water, Sewer and Gas Departments
 SCHEDULE OF CHANGES IN UNRESERVED RETAINED EARNINGS
 December 31, 1996

	1996
Unreserved Retained Earnings, Beginning of Year	\$ <u>262,873</u>
Net Income (Loss) for the Year:	
Water Department	21,471
Sewer Department	(79,368)
Gas Department	<u>11,782</u>
Combined Operations	23,488
Add: Amortization on Contributed Capital	70,218
Less: Appropriations for RBCD Reserve	<u>(55,084)</u>
Unreserved Retained Earnings, End of Year	\$ <u>333,613</u>

The accompanying notes are an integral part of these statements.

Enterprise Fund
Water Department
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
Year Ended December 31, 1996

	1996		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Charges for Services			
Water Sales	\$ 224,500	\$ 228,699	\$ 4,199
Service Connections	2,800	3,830	(1,030)
Delinquent Charges	12,500	14,087	1,587
Other Revenues	138	138	-
Total Operating Revenues	<u>240,138</u>	<u>246,754</u>	<u>6,616</u>
Operating Expenses			
Salaries and Wages	57,730	58,911	1,181
Payroll Taxes	4,480	3,718	762
Municipal Employees' Retirement Expense	1,458	1,717	(259)
Health Insurance	6,000	5,806	194
Workers' Comp. Insurance	3,200	3,331	(131)
Office Expense	2,200	3,671	(1,471)
Computer Expense	700	541	159
Professional Services	18,000	1,988	16,012
Repairs and Maintenance	38,000	28,720	9,280
Equipment Fund	2,200	2,520	(320)
Equipment Repairs & Maintenance	5,000	3,463	1,537
Insurance	14,000	12,810	1,190
Pump Electricity	20,000	20,390	(390)
Cook Short	(200)	(200)	-
Miscellaneous	4,200	3,455	745
Uniforms	800	575	225
Depreciation	30,000	28,352	1,648
Total Operating Expenses	<u>202,200</u>	<u>180,396</u>	<u>21,804</u>
Net Operating Income	<u>37,938</u>	<u>66,358</u>	<u>28,420</u>
Nonoperating Revenues (Expenses)			
Sale of Fixed Assets	-	6,200	6,200
Interest Expense	(800)	(850)	150
Bad Debt Expense	(5,000)	(4,750)	250
Total Nonoperating Revenues (Expenses)	<u>(5,800)</u>	<u>2,600</u>	<u>(8,400)</u>
Net Income Before Operating Transfers	<u>32,138</u>	<u>68,758</u>	<u>36,658</u>
Operating Transfer to General Fund	<u>(68,000)</u>	<u>(68,000)</u>	<u>-</u>
Net Income (Loss)	<u>\$ (35,862)</u>	<u>\$ 2,758</u>	<u>\$ 38,620</u>

The accompanying notes are an integral part of these statements.

Enterprise Fund
Sewer Department
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
Year Ended December 31, 1996

	1996		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Charges for Services:			
Sewer Charges	\$ 218,000	\$ 211,294	\$ 6,706
Total Operating Revenues	<u>218,000</u>	<u>211,294</u>	<u>6,706</u>
Operating Expenses			
Salaries and Wages	11,500	11,312	188
Payroll Taxes	918	813	105
Municipal Employees' Retirement Expenses	408	363	45
Health Insurance	3,208	3,008	200
Workers' Comp. Insurance	1,200	1,188	12
Repairs and Maintenance	16,800	11,643	5,157
Electricity	29,000	28,340	660
Disposal	7,400	7,447	(47)
Maintenance Contract	13,200	13,200	-
Office & Computer	2,500	2,382	118
Equipment Fuel	1,500	1,096	404
Equipment Repairs	800	680	120
Analysis Fee	3,000	3,000	-
Insurance	8,000	7,248	752
Miscellaneous	4,400	5,111	(711)
Professional Services	4,500	3,292	1,208
Uniforms	800	555	245
Depreciation	115,000	118,915	(3,915)
Total Operating Expenses	<u>213,180</u>	<u>216,817</u>	<u>3,637</u>
Net Operating Income	<u>58,820</u>	<u>(5,523)</u>	<u>6,347</u>
Nonoperating Revenues (Expenses)			
Interest Income	18,500	18,755	255
Bad Debt Recovery	1,200	1,498	(298)
Interest Expense	(40,000)	(40,883)	883
Total Nonoperating Revenues (Expenses)	<u>(20,200)</u>	<u>(20,630)</u>	<u>430</u>
Net Income (Loss)	<u>\$ 38,620</u>	<u>\$ (26,087)</u>	<u>\$ 6,377</u>

The accompanying notes are an integral part of these statements.

Enterprise Fund
Gas Department

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
Year Ended December 31, 1996

	1996		Variance
	Budget	Actual	Favorable (Unfavorable)
Operating Revenues			
Gas Sales	\$ 434,800	\$ 424,829	\$ (9,971)
Cost of Gas Sales	<u>(294,275)</u>	<u>(216,151)</u>	<u>(78,124)</u>
Gross Profit on Gas Sales	239,725	208,678	(31,047)
Reconnect Fees	800	858	58
Penalties	10,580	11,343	843
Other Revenues	2,190	882	(1,308)
Total Operating Revenues	<u>253,125</u>	<u>221,879</u>	<u>(31,246)</u>
Operating Expenses			
Salaries and Wages	60,000	58,200	180
Payroll Taxes	3,000	4,284	(1,284)
Municipal Employees' Retirement Expense	2,000	1,999	1
Health Insurance	7,800	7,864	(64)
Workers' Comp. Insurance	3,000	2,985	15
Office Expense	2,000	1,670	330
Computer Expense	700	541	159
Professional Services	8,000	5,120	2,880
Repairs and Maintenance	12,000	14,715	(2,715)
Equipment Pool	2,500	2,190	310
Equipment Repairs & Maintenance	1,500	1,493	7
Cathodic Protection	4,000	3,281	719
Gas Leak Survey	2,250	2,250	-
odor Inspection	500	486	14
Uniforms	800	714	86
Insurance	7,800	6,452	1,348
Cash Short (Over)	-	(7)	7
Miscellaneous	4,800	3,881	919
Gas Meter Reading	4,500	4,167	333
Depreciation	14,000	12,350	(1,650)
Total Operating Expenses	<u>147,500</u>	<u>138,949</u>	<u>8,551</u>
Net Operating Income	<u>105,625</u>	<u>82,930</u>	<u>(22,695)</u>
Nonoperating Revenues (Expenses)			
Interest Expense	(800)	(852)	152
Bad Debt Expense	(2,800)	(1,442)	1,358
Total Nonoperating Revenues (Expenses)	<u>(3,600)</u>	<u>(2,294)</u>	<u>1,306</u>
Net Income Before Operating Transfers	<u>102,025</u>	<u>80,636</u>	<u>(21,389)</u>
Operating Transfer to General Fund	<u>(48,000)</u>	<u>(48,000)</u>	<u>-</u>
Net Income (Loss)	<u>\$ 54,025</u>	<u>\$ 32,636</u>	<u>\$ (21,389)</u>

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule 15

Enterprise Fund
Water, Sewer and Gas Departments
SCHEDULE OF CASH FLOWS
PROPRIETARY FUND TYPE
Year Ended December 31, 1996

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$ 143,950
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	\$ 161,628
Change in accounts receivable	17,637
Change in due from others	(9,200)
Change in inventory	(1,186)
Change in accounts payable	33,082
Change in accrued payables	2,088
Change in customer deposits payable	1,217
Change in accrued interest payable	<u>373</u>
Total adjustments	<u>184,759</u>
Net cash provided by operating activities	328,709
Cash flows from capital and related financing activities:	
Interest income	10,156
Repayment of R4432 bonds	(9,200)
Repayment of loans payable	(13,239)
Payment for capital acquisitions	(211,800)
Interest paid	(46,360)
Capital contributions	<u>158,535</u>
Net cash used for capital and related financing activities	(102,498)
Cash flows from noncapital financing activities:	
Operating transfers to other funds	(93,800)
Sale of Fixed Assets	8,200
Bad debt recoveries	1,498
Bad debt expense	<u>(7,212)</u>
Net cash used from noncapital financing activities	<u>(91,412)</u>
Net increase in cash and cash equivalents	134,879
Cash and cash equivalents, beginning of year	<u>321,213</u>
Cash and cash equivalents, end of year	<u>\$ 456,092</u>

The accompanying notes are an integral part of these statements.

Enterprise Fund
Water and Gas Department

SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR RURAL ECONOMIC
AND COMMUNITY DEVELOPMENT/FARM AGENCY REVENUE BOND DEBT SERVICE
Year Ended December 31, 1996

	<u>Revenues</u>	<u>Contingency</u>	<u>Total</u>
Cash Balance, January 1, 1996	\$ 8,982	\$ 10,463	\$ 19,445
Cash Receipts:			
Transfers From:			
Operating Account	2,941	3,321	6,262
Cash Disbursements	<u> </u>	<u> </u>	<u> </u>
Cash Balance, December 31, 1996	\$ <u>11,923</u>	\$ <u>13,784</u>	\$ <u>25,707</u>

The accompanying notes are an integral part of these statements.

Enterprise Fund
Gas Department
SCHEDULE OF GAS SALES AND PURCHASES
Year Ended December 31, 1996

	12/31/96	12/31/95	12/31/94	12/31/93
Gas Sales				
Volume (M.C.F.)	62,204	66,338	53,499	57,283
Dollar Amount	\$ 406,312	\$ 398,885	\$ 381,898	\$ 403,357
Gas Purchases				
Volume (M.C.F.)	63,868	68,843	57,566	67,433
Dollar Amount	\$ 318,839	\$ 358,831	\$ 352,883	\$ 359,700
Gross Profit	\$ 217,483	\$ 248,294	\$ 218,813	\$ 251,654
Percent of Sales	48.83%	68.08%	57.81%	61.96%
Unaccounted For Gas Purchases				
Volume (M.C.F.)	3,182	5,484	2,867	18,354
Average Cost of Unaccounted for Gas	\$ 18,529	\$ 15,487	\$ 8,878	\$ 24,865
Percent of Purchases	4.87%	9.71%	8.59%	15.87%
Number of Customers at Year End				
In Service-Industrial	1	1	1	1
In Service-Other	470	483	582	587
In Service-Commercial	85	85	85	87
Total	556	569	568	565
Average Sales for Period (Excludes Industrial Sales)				
Volume (M.C.F.)	87	81	73	77
Dollar Amount	\$ 679	\$ 602	\$ 527	\$ 685
Amounts For M.C.F.				
Gas Sales-Industrial	\$ 4.25	\$ 3.98	\$ 4.25	\$ 4.25
Gas Sales-Other	3.76	2.67	3.68	3.83
Gas Sales Combined	\$ 8.01	\$ 6.65	\$ 7.93	\$ 7.18
Gas Purchases	\$ 2.33	\$ 2.39	\$ 2.33	\$ 2.77
	3.68	4.74	4.85	4.81
Unaccounted for Gas	\$ 8.14	\$ 9.19	\$ 8.19	\$ 8.89
Gross Profit per M.C.F. Sold	\$ 2.48	\$ 4.01	\$ 3.95	\$ 4.41

The accompanying notes are an integral part of these statements.

SCHEDULE OF INSURANCE
Year Ended December 31, 1996

<u>Company Name</u>	<u>Coverage Dates</u>	<u>Description</u>
Western Surety Company	11/01/96 - 11/01/97 11/01/97 - 11/01/98	\$150,000 - Bond - Holly Gill, Mayor
Western Surety Company	7/01/96 - 7/01/97 7/01/97 - 7/01/98	\$150,000 - Bond - Julia Forest, Clerk
Western Surety Company	6/30/96 - 6/30/97 6/30/97 - 6/30/98	\$110,000 - Bond - Position Schedule
Titan Insurance Company	8/31/96 - 8/31/97 8/31/97 - 8/31/98	\$1,000,000 Commercial Property Policy
National Casualty Company	1/01/96 - 1/01/97 1/01/97 - 1/01/98	\$500,000 Commercial Auto Liability
Scottsdale Insurance Company	1/01/96 - 1/01/97 1/01/97 - 1/01/98	\$500,000 Public Officials Liability
Scottsdale Insurance Company	1/01/96 - 1/01/97 1/01/97 - 1/01/98	\$500,000 Comprehensive Law Enforcement Liability
Scottsdale Insurance Company	1/01/96 - 1/01/97 1/01/97 - 1/01/98	\$500,000 Officers, \$1,000,000 Aggregate General Liability \$1,000,000 Personal & Advertising Injury
Ranger Insurance Company	1/01/96 - 1/01/97 1/01/97 - 1/01/98	\$2,000,000 Aggregate \$2,000,000 Products - Completed Operations \$1,000,000 Each Occurrence Limit \$50,000 Fire Damage Limit \$5,000 Medical Expense-Any one person General Liability - Natural Gas Department
American National Fire Insurance Company	02/01/96 - 02/01/97	Inland Marine Policy
Louisiana Workers' Compensation Corporation	10/01/96 - 10/01/97 10/01/97 - 10/01/98	\$100,000 Each Accident \$500,000 Policy Limit \$100,000 Each Employee

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule IS

Schedule of Compensation Paid Board Members
For the Year Ended December 31, 1996

The Schedule of Compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1999 Session of the Louisiana Legislature.

	<u>FY1 12/31/96</u>
Bobby Gill, Mayor P O Box 559 Kentwood, LA 70444 (504) 279-7150	\$ 9,840
James E. Allen, Alderman P O Box 513 Kentwood, LA 70444 (504) 279-8100	2,640
Melvin B. Williams, Alderman 508 Ave. J Kentwood, LA 70444 (504) 279-0319	2,640
Dr. Carlton S. Feller, Alderman 309 Ave. A Kentwood, La 70444 (504) 279-7081	2,640
Ernest Blackmon, Alderman 710 Ave. K Kentwood, LA 70444 (504) 279-0805	2,640
Irene T. Gordon, Alderman 1697 1346 Street Kentwood, LA 70444 (504) 279-5228	2,640
	<u>\$ 27,840</u>

All Times Expire 12/31/96.

The accompanying notes are an integral part of these statements.

Town of Kenwood
Supplemental Information Schedule
For the Year Ended December 31, 1996

Federally Assisted Programs

In accordance with Office of Management and Budget Circular A-128, a schedule of federal financial assistance is presented.

Town of Kretzsch
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Year Ended December 31, 1998

Federal Grant/Pass-Through Grant/Program Title	Federal CFDA Number	Program or Award Amount	Grant Number	Grant Period
U.S. Department of HUD Direct Program: Lower-Income Housing Program (Sec. 8 Housing)	14.158	\$ 211,848	LA48-E206-804	8/18/96-12/31/98
Total U.S. Department of HUD				
U.S. Department of Transportation Passed Through Louisiana Highway Safety Commission - (Traffic Sign Program)	28.200	6,580	8662	10/01/95-09/30/98
Total U. S. Department of Transportation				
U. S. Department of Agriculture Through Rural Economic and Community Development/Farm Service Agency Direct Program:	18.818	993,690	21-685-07608643	8/18/96-12/31/98
Total U.S. Department of Agriculture				
U.S. Department of Justice Cops Ahead Program (Note 2)	16.730	95,873	96LDFW3212	10/01/96-09/30/97
Total U.S. Department of Justice				
Total Federal Assistance				

Note 1: The Schedule of Federal Financial Assistance presented above is a summary of the cash activity of the Town's federal award programs, and does not present transactions that would be included in the financial statements of the Town, based on the accrual basis.

Note 2: Receipts of \$16,873 were received at December 31, 1998, and recorded as deferred revenue.

The accompanying notes are an integral part of these statements.

Schedule 18

	Cash/ Account or (Debit)ed Revenue at Jan. 1, 1955	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cash/ Account or (Debit)ed Revenue at Dec. 31, 1955
\$	<u>8,732</u>	\$ <u>162,581</u>	\$ <u>158,802</u>	\$ <u>10,511</u>
	<u>8,732</u>	<u>162,581</u>	<u>158,802</u>	<u>10,511</u>
	<u>-</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>
	<u>-</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>
	<u>880,376</u>	<u>-</u>	<u>9,381</u>	<u>880,735</u>
	<u>880,376</u>	<u>-</u>	<u>9,381</u>	<u>880,735</u>
	<u>-</u>	<u>16,872</u>	<u>16,872</u>	<u>-</u>
	<u>-</u>	<u>16,872</u>	<u>16,872</u>	<u>-</u>
\$	<u>891,808</u>	\$ <u>185,654</u>	\$ <u>183,376</u>	\$ <u>898,186</u>

BRUCE BARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
L.P. (Member Louisiana Institute of Certified Public Accountants)

Bruce C. Barrell, CPA

Thomas A. Wick, CPA
Richard P. Sledge, CPA
Michael J. Galt, CPA
Charles P. Barlow, CPA
James H. Robinson, CPA

P. O. Box 41

6827 70th St.

Kenner, LA 70044

PHONE: (504) 226-2500

FAX: (504) 226-5651

BRUCE BARRELL & CO.
100 W. Magazine Park
Box 100000
Metairie, LA 70001
PHONE: (504) 885-2500
FAX: (504) 885-2500

MEMBER
American Institute of C.P.A.
Division of Louisiana CPAs

**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 Mayor, Bobby Gill
and Members of the Board of Aldermen
Town of Kenner, Louisiana

We have audited the general purpose financial statements of the Town of Kenner, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated April 29, 1997.

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 GPOB of Management and Budget Circular A-128, *Audit of State and Local Governments*. Those standards and GPOB 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 Kenner, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, evaluation 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 Kenner, Louisiana, for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the 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 assurance on the internal control structure. Accordingly, we do not express such an opinion.