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LEGISLATIVE AUDITOR

TOWN OF KENTWOOD

LOUISIANA

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1987**

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

Released Date JUN 07 1988 |

**TOWN OF KENTWOOD
LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1997**

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TOWN OF KENTWOOD
LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1997

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TOWN OF KENTWOOD
LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1997

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the Town of Kennerwood, Louisiana, as of and for the year ended December 31, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Kennerwood, 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-133, *Standards of State and Local Governments*. These standards and OMB Circular A-133, 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 for 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 Kennerwood, Louisiana, as of December 31, 1997, 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 Kennerwood, 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

June 12, 1998

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

Town of Kentwood

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1997

	Governmental Funds			Proprietary Fund
	General	Special Economic	Capital Projects	Enterprise
ASSETS				
Cash	\$ 107,302	\$ 208,662	\$ -	\$ 388,014
Taxes Receivable, Net	69,092	-	-	-
Accounts Receivable, Net	-	-	-	179,868
Inventory	-	-	-	3,532
Due From Other Funds	3,600	892	-	9,293
Due From Other Governments	46,528	40,422	100,427	-
Other Receivables	10,862	-	-	-
Restricted Assets - Cash	-	-	-	179,404
Fixed Assets	-	10,190	-	4,862,818
Accumulated Depreciation	-	-	-	(2,802,581)
Amount to be Provided for Retirement of General Long-Term Obligations	-	-	-	-
TOTAL ASSETS	\$ 484,876	\$ 350,176	\$ 181,427	\$ 3,585,180

(Continued on the following page.)

The accompanying notes are an integral part of these statements.

Statement A

ACCOUNT GROUP		Total	
General	General	Memorandum Only	
Fixed	Long-term	2007	2006
Assets	Liabilities		
\$ -	\$ -	\$ 933,979	\$ 802,887
-	-	69,381	77,184
-	-	175,089	166,848
-	-	3,352	8,995
-	-	13,148	30,793
-	-	171,369	187,357
-	-	10,662	9,517
-	-	179,404	142,674
2,128,333	-	7,081,363	6,918,281
-	-	(2,082,541)	(3,832,383)
-	21,943	21,873	44,687
<u>\$ 1,178,333</u>	<u>\$ 21,943</u>	<u>\$ 6,398,281</u>	<u>\$ 5,453,101</u>

Town of Kentwood

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1997

	Governmental Funds			Proprietary Fund
	General	Special Revenue	Capital Projects	Enterprise
LIABILITIES				
Accounts Payable	\$ 18,163	\$ 2,478	\$ 101,427	\$ 15,689
Other Accrued Expenses	15,903	-	-	13,577
Payable From Restricted Assets:				
Customer Deposits	-	-	-	68,696
Revenue Bonds	-	-	-	9,834
Accrued Interest Payable -	-	-	-	3,581
Contracts Payable	-	-	-	-
Due to Other Funds	16,148	3,809	1	-
Due to Other Governments	-	2,714	-	-
Deferred Revenues	18,811	-	-	-
Leases Payable	-	-	-	19,289
Revenue Bonds Payable	-	-	-	851,561
Total Liabilities	<u>85,684</u>	<u>8,191</u>	<u>101,428</u>	<u>1,028,121</u>
FUND EQUITY				
Contributed Equity	-	-	-	2,272,287
Accumulated Amortization	-	-	-	(688,280)
Investment in General Fund Assets	-	-	-	-
Retained Earnings:				
Reserved for Contingencies	-	-	-	96,696
Reserved for Bond	-	-	-	-
Payments R08	-	-	-	14,939
Unreserved	-	-	-	884,825
Fund Balances:				
Reserved for Economic Development	82,080	-	-	-
Unreserved-Undesignated	239,874	254,597	-	-
Total Fund Balance/Retained Earnings	<u>381,874</u>	<u>254,597</u>	<u>-</u>	<u>687,451</u>
Total Fund Equity	<u>381,874</u>	<u>254,597</u>	<u>-</u>	<u>2,367,451</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 486,876</u>	<u>\$ 263,128</u>	<u>\$ 181,428</u>	<u>\$ 3,395,572</u>

(Continued)

The accompanying notes are an integral part of these statements.

**Statement A
(Continued)**

<u>Account Group</u>		<u>Total</u>	
<u>General</u>	<u>General</u>	<u>Memorandum Only</u>	
<u>Fixed</u>	<u>Long-term</u>	<u>1997</u>	<u>1998</u>
<u>Assets</u>	<u>Obligations</u>		
\$ -	\$ -	\$ 197,856	\$ 185,071
-	-	49,340	38,757
-	-	68,646	82,993
-	-	9,824	9,380
-	-	3,381	4,108
-	-	-	-
-	-	15,149	10,799
-	-	3,714	11,417
-	-	80,611	16,873
-	22,933	38,198	74,417
-	-	461,461	170,875
-	21,933	1,151,682	1,208,696
-	-	2,171,283	2,171,283
-	-	(683,263)	(618,845)
2,128,320	-	2,128,320	2,898,794
-	-	60,608	62,598
-	-	14,818	11,923
-	-	864,815	832,518
-	-	62,000	62,000
-	-	964,809	965,136
-	-	1,632,292	1,714,789
2,128,320	-	2,242,589	2,248,632
\$ 2,128,320	\$ 21,933	\$ 4,958,281	\$ 4,452,186

Town of Kentwood

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 1997**

	GOVERNMENTAL FUNDS		
	General	Special Funds	Capital Projects
Revenues			
Taxes	\$ 585,418	\$ -	\$ -
Licenses and Permits	180,381	-	-
Intergovernmental	236,096	288,821	187,799
Charges For Services	18,189	-	-
Fees and Fines	17,234	-	-
Miscellaneous	135,239	9,288	-
Total Revenues	<u>1,071,796</u>	<u>298,110</u>	<u>187,799</u>
Expenditures			
General and Administrative	241,278	13,924	-
Public Safety	383,431	73,977	-
Streets and Sanitation	339,231	-	-
Health	4,784	-	-
Housing Assistance Payments	-	113,118	-
Capital Outlays	184,625	124,888	187,799
Debt Service:			
Principal Retirement	30,636	-	-
Interest and Fiscal Charges	2,541	-	-
Total Expenditures	<u>1,886,847</u>	<u>265,120</u>	<u>187,799</u>
Excess of Revenues (Expenditures)	<u>(815,051)</u>	<u>(36,910)</u>	<u>-</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	9,837	-	-
Operating Transfers In	100,080	9,679	-
Operating Transfers Out	(9,613)	-	-
Total Other Financing Sources (Uses)	<u>100,304</u>	<u>9,679</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>85,133</u>	<u>(27,231)</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>306,719</u>	<u>321,273</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 391,852</u>	<u>\$ 294,042</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

Statement B

TOTALS
(MEMORANDUM ONLY)

	1997	1996
\$	585,418	\$ 564,804
	180,393	95,897
	684,688	518,388
	18,109	16,813
	17,574	28,662
	<u>124,618</u>	<u>124,282</u>
	<u>1,511,707</u>	<u>1,748,949</u>
	257,532	236,200
	461,649	444,183
	236,231	325,691
	4,794	4,498
	115,100	186,231
	416,544	311,679
	20,636	20,636
	<u>3,441</u>	<u>3,441</u>
	<u>1,621,367</u>	<u>1,283,848</u>
	<u>(91,648)</u>	<u>66,168</u>
	8,837	482
	108,675	185,680
	<u>(9,675)</u>	<u>(8,680)</u>
	<u>108,837</u>	<u>87,482</u>
	17,797	183,393
	<u>628,003</u>	<u>463,674</u>
\$	<u>646,189</u>	\$ <u>627,176</u>

**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, 1997**

	GENERAL FUND TYPE			SPECIAL REVENUE FUND TYPES		
	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)
Revenues						
Taxes	\$ 398,028	\$ 382,418	\$(15,610)	\$ -	\$ -	\$ -
Licenses and Permits	98,000	108,192	1,002	-	-	-
Intergovernmental	216,000	256,066	40,066	388,145	388,821	678
Charges for Services	18,100	18,100	(241)	-	-	-
Fees and Fines	18,000	17,574	(426)	-	-	-
Miscellaneous	118,900	118,110	(791)	7,000	8,189	2,189
Total Revenues	<u>1,077,028</u>	<u>1,077,798</u>	<u>770</u>	<u>395,145</u>	<u>398,110</u>	<u>2,965</u>
Expenditures						
General and Administrative	257,725	340,578	82,853	22,850	13,984	7,879
Public Safety	438,898	402,648	36,244	304,468	77,977	25,485
Street and Sanitation	314,800	328,131	13,331	-	-	-
Health	9,800	4,764	5,036	-	-	-
Capital Outlay	112,000	104,825	7,175	360,800	158,088	2,012
Housing Assistance Payments	-	-	-	338,212	118,118	220,094
Total Expenditures	<u>1,142,923</u>	<u>1,081,946</u>	<u>60,977</u>	<u>415,400</u>	<u>367,171</u>	<u>48,229</u>
Excess of Revenues (Expenditures)	<u>(75,895)</u>	<u>(4,148)</u>	<u>55,711</u>	<u>(118,255)</u>	<u>77,941</u>	<u>51,240</u>
Other Financing Sources (Uses)						
Sale of Fixed Assets	9,400	9,857	457	-	-	-
Operating Transfers In	108,000	108,000	-	10,000	9,675	(325)
Operating Transfers Out	(118,000)	(9,675)	108,325	-	-	-
Total Other Financing Sources (Uses)	<u>9,400</u>	<u>108,182</u>	<u>117,725</u>	<u>10,000</u>	<u>9,675</u>	<u>(325)</u>
Excess Revenues and Other Financing Sources (Expenditures and Other Financing Uses)	<u>23,505</u>	<u>103,834</u>	<u>173,436</u>	<u>(108,255)</u>	<u>87,616</u>	<u>98,915</u>
Fund Balance, Beginning of Year	<u>306,718</u>	<u>308,718</u>	<u>2,000</u>	<u>312,278</u>	<u>312,278</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 330,223</u>	<u>\$ 392,552</u>	<u>\$ 62,329</u>	<u>\$ 204,023</u>	<u>\$ 354,901</u>	<u>\$ 150,878</u>

The accompanying notes are an integral part of these statements.

Town of Kentwood

Statement B

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN UNRESERVED RETAINED EARNINGS
PROPRIETARY FUND TYPE
Year Ended December 31, 1997**

Operating Revenues	
Charges for Services:	
Water Sales	\$ 231,797
Sewer Service Charges	231,771
Gas Sales	424,277
Service Connection Charges	1,271
Delinquent Charges	99,917
Other Income	<u>925</u>
Total Operating Revenues	<u>990,558</u>
Operating Expenses	
Water Department Expenses	189,349
Gas Department Expenses	371,330
Sewer Department Expenses	<u>319,433</u>
Total Operating Expenses	<u>880,112</u>
Net Operating Income	<u>110,446</u>
Nonoperating Revenues (Expenses)	
Interest Income	19,541
Bad Debt Recoveries	1,269
Sale of Fixed Assets	-
Bad Debt Expense	(2,840)
Interest Expense	<u>(44,643)</u>
Total Nonoperating Revenues (Expenses)	<u>(22,633)</u>
Net Income Before Operating Transfers	100,977
Operating Transfer to General Fund	<u>(100,000)</u>
Net Income	6,977
Unreserved Retained Earnings, Beginning of Year	832,503
Add: Amortization on Contributed Capital	76,449
Less: Increase in Reserved Retained Earnings	<u>(21,181)</u>
Unreserved Retained Earnings, End of Year	<u>\$ 887,871</u>

The accompanying notes are an integral part of these statements.

Town of Kentwood

Statement E

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPE**
Year Ended December 31, 1997

Reconciliation of Operating Income to Net

Cash Provided by Operating Activities:	
Operating Income	\$ 129,661
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities:	
Depreciation Expense	\$ 170,198
Change in Accounts Receivable	(8,218)
Change in Due From Others	-
Change in Inventory	1,400
Change in Current Liabilities	(218)
Change in Restricted Liabilities	<u>3,334</u>
Total Adjustments	<u>171,303</u>
Net Cash Provided by Operating Activities	301,564
Cash Flows from Capital and Related Financing Activities:	
Interest Income	13,541
Equipment of RECD Bonds	(8,880)
Equipment of Loans Payable	(14,473)
Payment for Capital Acquisitions	(18,503)
Interest Paid	(44,648)
Capital Contributions	<u>-</u>
Net Cash Used for Capital and Related Financing Activities	(62,963)
Cash Flows from Non-capital Financing Activities:	
Operating Transfers to Other Funds	(100,000)
Sale of Fixed Assets	-
Bad Debt Recoveries	1,263
Bad Debt Expense	<u>(1,263)</u>
Net Cash Used for Non-capital Financing Activities	<u>(100,000)</u>
Net Increase in Cash and Cash Equivalents	137,435
Cash and Cash Equivalents, Beginning of Year	<u>408,283</u>
Cash and Cash Equivalents, End of Year	<u>\$ 545,718</u>

The accompanying notes are an integral part of these statements.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS

December 31, 1997

Introduction

The Town of Kentwood was incorporated March, 1893, under the provisions of the Lawton Act. The Town operates under a Mayor-Council or Alderman 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 which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (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 includes:

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 financially 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 these 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 Tappahoc 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 financially independent of the Town of Kentwood.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1997

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 follows:

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 fixed assets. Governmental funds include:

1. General fund - the general operating fund of the municipality and accounts for all financial resources, 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 (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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 these 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, 1997

Revenues

Governmental funds, utilize the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable. Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash. Casualty 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 focus and a determination of net income and capital maintenance. With this measurement focus, 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.

B. Budgets and Budgetary Accounting

The Town of Kentwood follows the provisions and those required by the Local Budget Act No. 384 of the 1989 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.
6. All budgetary appropriations lapse at the end of each fiscal year.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1997

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 regarded as expenditures 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 proceeds of Enterprise Fund revenue 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, 1997

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 infrastructures 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 as 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, earn:

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

Police with less than six years earn:

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

All regular employees, except police with three years, but less than five years earn:

Annual leave - 34 day per month
Sick leave - 1 day per month

Police after six years earn:

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

All regular employees except police with two years or more earn:

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

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1997

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

A law officer disabled while performing duty of hazardous nature may be granted a leave of absence by the Town with full pay during the period of disability, provided all workman's compensation benefits are reimbursed to the town.

As of December 31, 1997, the General Fund reported accrued annual vacation leave of \$13,516. The Enterprise Fund for the same period reported accrued vacation leave of \$5,628.

In accordance with Financial Accounting Standards Board (FASB) Statement Number 41, no liability has been accrued for unused sick leave.

N. Long-term Obligations

Long-term obligations of the Town of Kentwood expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures 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.

Reserve

Reserves represent those portions of fund equity not appropriate for expenditure 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, 1997

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

Q. Bad Debts

The Town of Kentwood does not have an allowance for uncollectible accounts receivable from business 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 100% was set up in prior years to allow for the uncollectibility of certain receivables.

R. Total Columns on Combined Statements

Total Columns on the combined statements are captioned "Miscellaneous 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.

2. Cash and Cash Equivalents

At December 31, 1997, the Town has cash and cash equivalents (bank balances) totaling \$1,113,383, as follows:

Demand deposits	\$ 88,006
Interest-bearing demand deposit	768,142
Money market accounts	-
Time deposits	257,035
Total	<u>\$ 1,113,383</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 market value of the pledged securities 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 custodial bank that is mutually acceptable to both parties. At December 31, 1997, the Town has \$1,323,414 in deposits (collected bank balances). These deposits are secured from risk by \$434,518 of federal deposit insurance and \$892,898 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GA588 Cat. 7).

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

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1997

(3) Taxes

For the year ended December 31, 1997 taxes were levied as follows:

On December 14, 1970, the Town of Kentwood 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 - 47:317, 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 tax) 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 employees salaries and other general operating costs of the Town; constructing and acquiring additions, alterations and improvements to the sewerage collection, disposal and treatment plant and system, the waterworks plant and system; and the natural gas system; constructing, 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, with in 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 year ended December 31, 1997, was \$581,328.

All valuation taxes attach as an enforceable lien on property as of January 1 of each year. Taxes were levied by the Town on May 1, 1997, and actually billed to the taxpayers in November, 1997. Billed taxes were delinquent on January 1, 1997. Revenues from all valuation taxes are budgeted in the year billed.

The Town of Kentwood 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, 1997, taxes of 6-40 mills were levied on property with assessed valuations totaling \$8,945,020 and were dedicated as follows:

	Mills	PYE 12/31/97
General Corporate Purposes	6.40	\$ 46,264

The Town does not have an allowance for uncollected valuation taxes because the amount, if any, are immaterial.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
 (Continued)
 December 31, 1997

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 purpose.

	FYE 12/31/97
Energy	\$ 32,819
Cable TV	4,787
	\$ 37,606

Taxes receivable in the general fund at December 31, 1997, consisted of the following:

	FYE 12/31/97
Ad Valorem Taxes Receivable, Current Roll	\$ 18,240
Sales Tax Receivable	57,780
Public Utility Franchise Tax Receivable	12,366
Total Taxes Receivable, Net	\$ 88,386

(4) Accounts Receivable

The Water and Gas Department Enterprise Fund accounts receivable at December 31, 1997, consisted of the following:

	FYE 12/31/97
Accounts Receivable	\$ 175,069
Less: Allowance for Bad Debts	600
Accounts Receivable, Net	\$ 174,469

(5) Interfund Receivables, Payables

At December 31, 1997, the Town had the following interfund receivables/payables.

	Due to Other Funds	Due from Other Funds
General Fund	\$ 10,148	\$ 3,080
Special Revenue Fund	3,080	800
Enterprise Fund	-	9,283
Total	\$ 13,228	\$ 13,143

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
 (Continued)
 December 31, 1997

(6) Due From Other Governments

Accounts due from other governmental units consisted of the following:

	<u>12/31/97</u>
General Fund:	
Taxes due from the State of Louisiana	\$ 46,828
Special Revenue Funds:	
Thangpachon Parish Council Maintenance Allowance	41,403
Capital Projects Fund:	
LCDBO	181,427
Total Due From Other Governments	<u><u>\$ 191,368</u></u>

(7) Restricted Assets - Proprietary Fund Type

Restricted assets were applicable to the following at December 31, 1997:

	<u>12/31/97</u>
Bond Reserve Account	\$ 14,900
Bond Contingency Account	17,178
Contingency Account	31,618
Customers' Deposits	73,778
	<u><u>\$ 179,494</u></u>

(8) Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance December 31, 1996	Additions	Deletions	Balance December 31, 1997
Land	\$ 181,150	\$ -	\$ -	\$ 181,150
Buildings	1,084,406	11,778	-	1,106,215
Equipment	783,120	17,890	-	806,920
Total General Fixed Assets	<u><u>\$ 2,058,756</u></u>	<u><u>\$ 29,778</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,128,733</u></u>

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1997

A summary of proprietary fund type property, plant and equipment at December 31, 1997, follows:

Description	Life in Years	Cost	Accumulated Depreciation	Net	Depreciation This Year
Land		\$ 11,808	\$ -	\$ 11,808	\$ -
Buildings	33.3	31,898	18,989	18,929	1,747
Water System	Var.	867,815	500,187	417,668	27,178
Sewer System	Var.	2,898,857	879,169	2,028,718	189,453
Natural Gas System	Var.	788,218	404,522	333,718	34,983
Equipment	Var.	363,213	111,189	24,266	35,413
Computer System	3.0	8,193	7,133	658	980
Total		\$ 4,862,818	\$ 2,082,181	\$ 2,860,217	\$ 170,198

Description	Cost	Accumulated Depreciation	Net
Changes During the Year			
Balance, Beginning of Year	\$ 4,844,316	\$(1,812,282)	\$ 3,011,662
Additions	18,500	-	18,500
Deletions	-	-	-
Depreciation, Current	-	(178,148)	(178,098)
Balance, End of Year	\$ 4,862,818	\$(2,082,181)	\$ 2,860,217

(5) Changes in Long-Term Debt

The following is a summary of note transactions of the Town of Kentwood for the year ended December 31, 1997:

	General - Long-Term Obligations	Proprietary Fund Type		Total
	Lease Payable	Lease Payable	Utility Revenue	
Notes Payable, January 1, 1997	\$ 44,687	\$ 29,738	\$ 880,173	\$ 954,602
Notes Retired	(21,794)	(14,473)	(8,888)	(45,155)
Notes Payable, December 31, 1997	\$ 22,893	\$ 15,265	\$ 871,285	\$ 909,443

Terms of Renewal
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1997

Lease payable at December 31, 1997, is comprised of the following individual leases:

Lease Payable:

\$24,888 Capital Lease dated 01/25/94; due in annual installments of \$21,176 through October 17, 1998; interest at 5.42% \$ 21,813

Lease Payable:

\$35,481 Capital Lease dated 01/25/94; due in annual installments of \$16,084 through January 25, 1998; interest at 5.42% \$ 15,217

Bonds payable at December 31, 1997, are comprised of the following individual issues:

Revenue Bonds Payable:

\$818,000 General Revenue Bonds sold to Rural Utilities Service, dated 6/01/92; due in monthly installments of \$4,611.78 starting July 1, 1999 through June 1, 2033; interest at 7% \$ 871,385

The annual requirements to amortize all debt outstanding as of December 31, 1997, including interest payments of \$1,077,372, are as follows:

Year Ending December 31,	Lease Payable	1992 Revenue	Total
1998	\$ 16,084	\$ 53,180	\$ 69,264
1999	-	53,180	53,180
2000	-	53,180	53,180
2001	-	53,180	53,180
2002	-	53,180	53,180
2003-2007	-	265,980	265,980
2008-2012	-	265,980	265,980
2013-2017	-	265,980	265,980
2018-2022	-	265,980	265,980
2023-2027	-	265,980	265,980
2028-2032	-	265,980	265,980
2033	-	36,390	36,390
	<u>\$ 16,084</u>	<u>\$ 1,587,800</u>	<u>\$ 1,603,884</u>

Town of Kirtwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1997

(08) Flow of Funds, Restrictions on Last 1992 RUS Sewer Revenue Bonds

The governing authority of the Town adopted a resolution on June 18, 1991, authorizing issuance of \$918,000 of Sewer Revenue Bonds. On June 1, 1992, the Town sold the \$918,000 authorized bonds to USDB, Rural Development (RUS). 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, 1995, USDB, Rural Development 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 system of the Town after provision has been made for the payment of the reasonable and necessary expenses of administering, operating and maintaining of the system. The bonds do not constitute an indebtedness or pledge of the general credit of the Town within the meaning of any constitutional or statutory limitation of indebtedness.

The Town has established monthly sewer service charges as follows:

Residential	\$ 18
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 and, 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 as the same proportionally become due on such date. Money in the sinking funds shall be deposited as trust funds and shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. Alternately, RUS has set up a payment schedule of \$4,431 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 5% of the monthly bond payment after the construction business 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 so to which there would otherwise be default. As of December 31, 1997, the Town has accumulated \$14,838 in this account.

Funds will also be set into a "Depreciation and Contingency Fund" after completion of the project at the rate of \$218 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 in the other bond funds. As of December 31, 1997, the "Depreciation and Contingency Fund" reserve had a balance of \$17,378.

All the revenues received in any fiscal year and not required to be paid in such 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, 1997

(11) Contributions

At December 31, 1997, the following contributions toward the cost of the utility plant and engineering services had been received:

	1997
U. S. Government - HDEA	\$ 2,441
Mississippi Federated Coop; Arreola, LA	4,128
U. S. Government - Department of Interior and Environmental Protection Agency	39,199
Municipality - Original Sewerage System	15,289
Antirecession Fiscal Assistance Fund	15,663
U. S. Government - 1974 Community Development Block Grant Program	74,418
U. S. Government - 1976 Community Development Block Grant Program	89,808
U. S. Government - 1977 Community Development Block Grant Program	250,698
Special Revenue Fund - Federal Revenue Sharing	60,814
U. S. Government - Department of Interior and Environmental Protection Agency (Stop I Grant)	63,637
U. S. Government - 1981 Community Development Block Grant Program	411,287
William A. Tyson - Engineering Firm (EPA Stop I Sewer Project)	3,866
U. S. Department of Commerce, Economic Development Administration (EDA)	118,175
Kentwood Spring Water, Inc.	28,244
American Spring Water	2,060
Municipality	282
State of La - Rural Development Grant	25,080
EISR Sewerage Grant	334,681
LA Dept of Transportation & Development	138,535
U. S. Government - 1981 Louisiana Community Development Block Grant Program	581,381
Total Contributions	2,272,287
Less: Accumulated Amortization	695,283
Net Contributions	\$1,577,004

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1997

(12) Kentwood Volunteer Fire Department - Barrow

2% Fire Insurance Tax

The Town maintains an active certified volunteer fire department as defined by Louisiana R.S. 22:1580 and is eligible 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 an incorporated area that it serves. In accordance with the Revised Statutes, such money shall be used only for the purpose of "rendering more efficient and efficacious" the active volunteer fire department as 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 garment manufacturer, for a term of three years commencing July 26, 1988, and terminating July 31, 1991, with an option to extend the lease for six successive, separate and additional periods of five years each. The rental price for the first term of the lease was \$2,170 per month. The company agreed to maintain and to pay premiums for liability insurance with a minimum combined single limit for bodily injury and property damage of not less than \$500,000 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 1993, the manufacturer closed its operations at the plant, but honored its lease until it terminated on 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, 1997, the Town's PHA was authorized for fifty-five (55) housing units with a maximum HUD contribution of \$193,245. Only \$122,480 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, 1997

(B) 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 percent 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 60 percent of final-average salary. Final average salary is the employee's average salary over 36 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 ages 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, 7857 Officer Park Boulevard, Baton Rouge, Louisiana 70808, or by calling (504) 923-4810.

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 11:183, 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 fiscal year. The Town's contributions to the System under Plan B for the years ended December 31, 1997, 1996, and 1995 were \$1,244, \$6,087 and \$5,892, respectively, equal to the required contributions for each year.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1997

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 55 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 1.1% 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 joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not, within one year of 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, 8381 United Plaza Boulevard, Baton Rouge, Louisiana 70809-0258, or by calling (504) 928-3411.

Funding Policy. Plan members are required by state statute to contribute 7.5 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 11:193, the employee 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, 1993, 1996, and 1995, were \$7,957, \$5,612 and \$4,149, 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 before January 1, 1990, 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 58 with at least 28 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 1.1% per cent of their final-average salary for each year of creditable service, not to exceed 108 per cent of their final-average salary. Final-average salary is the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 58 with at least 28 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 94993, Baton Rouge, Louisiana 70894, or by calling (504) 923-4090.

Funding Policy. Plan members are required by state statute to contribute 9.0 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 11:300, the employee 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, 1997, 1996, and 1995, were \$1,310, \$1,451, and \$1,408, respectively, equal to the required contributions for each year.

(16) Contingency

On March 6, 1995, a corporation, engaged to install and paint a water tank, filed suit against the Town and its engineers for damages as a result of discontinuance of the project. Once the repair work began, it was discovered that the tank was structurally unsound. 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 1995, a 19th Judicial District Judge rendered a judgment against the Town for the remaining contract balance of \$34,021, 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, 1997.

(18) Construction Commitment

On December 18, 1996, the Town was chosen as a recipient of water improvements funds under FY 1996 Louisiana Community Development Block Grant (LCDBG) Program. The Office of Community Development within the Division of Administration has recommended a grant award of \$598,780 for the project. As of December 31, 1997, the Town has spent \$167,799 on the LCDBG Program.

(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 \$318,000 of general obligation bonds for this project, and the bonds will be repaid through existing parish property tax millages that were received by the voters within the districts.

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

GENERAL FUND

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

General Fund

BALANCE SHEET

December 31, 1997

	<u>0987</u>
ASSETS	
Cash	\$ 217,902
Taxes Receivable:	
Ad Valorem Tax	19,240
Sales Tax	37,780
Public Utility Franchise Tax	12,566
Due From Other Funds	3,000
Due From Other Governments:	
State of Louisiana Tobacco Tax	3,210
State of Louisiana Beer Tax	4,785
State of Louisiana Video Poker Tax	38,525
Other Receivables	<u>18,062</u>
Total Assets	\$ 496,875
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	\$ 38,262
Due to Other Funds	18,148
Other Accrued Expenses:	
Salaries, Wages, and Vacation Pay	35,980
Deferred Revenue	<u>18,611</u>
Total Liabilities	<u>65,004</u>
Fund Balance:	
Reserved for Economic Development	62,808
Unreserved - Undesignated	<u>318,872</u>
Total Fund Balance	<u>391,872</u>
Total Liabilities and Fund Balance	\$ 496,875

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, 1997

	1997		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes:			
Sales (Less Vendors' Comp.)	\$ 510,000	\$ 501,218	\$ (8,782)
Ad Valorem	44,500	46,264	1,764
Public Utility Franchise	35,000	37,806	2,806
Chain Store	320	518	-
Licenses and Permits:			
Business Privilege and Insurance License	97,180	98,708	1,528
Building Permits	1,300	1,584	84
Intergovernmental:			
Federal:			
Highway Safety Grant	9,000	9,000	-
COPS Block Grant	16,800	8,282	(8,518)
State of Louisiana:			
Video Poker Tax	180,000	158,547	8,547
Tobacco Tax	12,800	12,839	39
Beer Tax	7,000	8,824	1,824
Commissions on Law Enforcement	1,800	584	(1,216)
Charges for Services	18,250	18,189	(61)
Fines and Penalties	13,800	17,574	(4,774)
Miscellaneous:			
Interest Earned	13,800	13,880	800
Substation Fees	93,500	93,856	356
Rent	4,200	4,280	-
Other	8,248	4,197	(4,051)
Total Revenues	<u>1,078,810</u>	<u>1,025,798</u>	<u>(53,012)</u>

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, 1997

	1997		Variance Favorable (Unfavorable)
	Budget	Actual	
Expenditures			
General and Administrative	\$ 287,725	\$ 265,145	\$ 22,580
Public Safety:			
Police Department	326,308	319,421	6,887
Fire Protection	132,208	127,193	5,015
Streets & Sanitation	282,808	281,181	1,627
Health:			
Dog Control	5,865	4,784	1,081
Total Expenditures	<u>1,040,914</u>	<u>1,008,845</u>	<u>32,069</u>
Excess of Revenues (Expenditures)	<u>(75,875)</u>	<u>(11,849)</u>	<u>64,026</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	9,180	9,837	757
Operating Transfer In:			
Enterprise Fund	180,000	178,000	2,000
Operating Transfer Out:			
Special Revenue Fund	<u>(130,000)</u>	<u>(13,075)</u>	<u>116,925</u>
Total Other Financing Sources (Uses)	<u>99,180</u>	<u>174,762</u>	<u>74,887</u>
Excess of Revenues and Other Financing Sources Over Expenditures and other Financing Uses	<u>23,305</u>	<u>162,913</u>	<u>139,608</u>
Fund Balance, Beginning of Year	<u>306,739</u>	<u>306,739</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 330,044</u>	<u>\$ 469,652</u>	<u>\$ 139,608</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, 1997

	1997		Variance Favorable (Unfavorable)
	Budget	Actual	
General and Administrative			
Salaries - Mayor and Aldermen	\$ 23,640	\$ 23,920	\$ 279
Salaries - Clerical	51,000	50,681	319
Salaries - Janitorial	10,113	10,193	(220)
Payroll Tax (all General Fund Departments)	7,000	6,241	759
Municipal Employees Retirement Expenses	2,600	2,077	523
Hospitalization Insurance (all General Fund Departments)	21,600	19,876	1,724
Workman's Compensation	1,600	1,561	39
Mayor's Expenses	2,600	1,417	2,183
Officials' Travel	2,500	1,811	789
City Hall & Civic Center Utilities and Telephones	15,000	15,045	525
Senior Citizens Building Utilities	4,000	3,610	370
Martin Luther King Park Utilities	2,000	1,999	11
Health Unit Utilities	2,100	2,011	89
Industrial Building Utilities	2,000	2,815	(815)
Museum Utilities	1,500	1,544	(44)
City Hall & Civic Center Maintenance	5,400	4,292	1,108
Senior Citizens Building Maintenance	1,000	543	457
Martin Luther King Park Maintenance	4,000	2,487	2,513
Health Unit Maintenance	500	253	247
Industrial Building Maintenance	1,000	-	1,000
Museum Maintenance	2,000	1,807	193
Meeting Expense	1,000	898	102
Professional Services	12,000	12,596	(1,064)
Computer Expense	1,000	782	218
Official Journal and Other Advertising	2,000	1,293	277
Office Supplies & Postage	5,000	4,655	345
Insurance (all General Fund Departments)	40,000	39,718	282
Uniforms Expense	1,000	1,648	(152)
Dues & Subscriptions	1,100	1,138	(38)
Assessor Tax Roll	1,000	1,264	264
Citizen's Fees	4,500	4,247	253
Promotion Expense	1,000	916	84
Community Development	1,000	474	526
Election Expense	8,000	7,845	155
Shared Cost of Public Service Programs	3,120	2,860	260
Zoning Committee - Per Diem	400	310	90
Miscellaneous	5,000	5,165	(165)
Capital Outlay - Purchase of Fixed Assets	28,000	21,567	6,433
Total General & Administrative	287,725	265,145	22,580

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, 1997

	1997		Variance Favorable (Unfavorable)
	Budget	Actual	
Public Safety			
Police Department:			
Salaries - Chief	\$ 30,000	\$ 28,200	\$ 1,800
Salaries - Deputies	150,000	150,100	(100)
Payroll Taxes	15,000	16,861	(1,861)
Police Retirement Contributions	8,000	7,997	3
Health Insurance	30,000	29,184	816
Workman's Compensation	16,000	16,100	(100)
Office Expense	1,700	1,682	18
Computer Expense	500	488	12
Telephone	5,500	4,147	1,353
Dues & Subscriptions	500	597	(97)
Auto - Fuel	16,000	12,862	3,138
Auto - Repairs & Maintenance	11,000	9,997	1,003
Heating Expenses	1,000	1,086	(86)
Supplies	4,500	3,489	1,011
Uniforms	2,500	2,457	43
Schools & Seminars	500	383	117
Special Fund	1,000	750	250
Miscellaneous	1,000	965	35
CDPS Block Grant	16,000	-	16,000
Capital Outlay - Purchase of Fixed Assets	22,000	21,331	669
Total Police Department	778,500	710,423	68,077
Fire Protection:			
Fireman Salaries	68,000	60,990	(7,010)
Payroll Taxes	4,700	4,840	(140)
Fireman Retirement Contributions	1,500	1,333	167
Health Insurance	13,100	12,238	862
Workman's Compensation	7,000	6,637	363
Telephone	3,500	3,026	474
Computer Expense	500	193	307
Truck - Fuel	2,700	2,297	403
Truck - Repairs & Maintenance	4,000	1,086	2,914
Miscellaneous	3,000	1,891	1,109
Debt Service - Principal	21,000	20,636	364
Debt Service - Interest	2,000	3,341	(1,341)
Capital Outlay - Purchase of Fixed Assets	5,000	8,217	(3,217)
Total Fire Department	133,200	127,405	5,795

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, 1997

	1997		Variance Favorable (Unfavorable)
	Budget	Actual	
Streets and Sanitation			
Salaries and Wages	\$ 28,800	\$ 18,008	\$ 9,792
Payroll Taxes	1,250	1,379	379
Retirement Contributions	300	87	13
Health Insurance	200	215	85
Workman's Compensation	4,200	3,994	206
Waste Management	191,800	165,165	(4,355)
Street Materials & Supplies	6,800	5,474	528
Computer Expenses	600	486	104
Equipment Fund	4,800	3,184	816
Repairs & Maintenance	7,800	5,665	1,235
Utilities	1,250	756	504
Miscellaneous	8,500	7,624	868
Street and Traffic Lights	32,800	34,219	780
Tree Planting Program	12,800	18,220	1,767
Maintenance-Contract	14,000	13,994	6
Safety Grant	12,800	11,818	182
Equipment Rental	1,500	1,580	-
Cemetery Maintenance-Contract	12,500	12,580	-
Street Capital Delay	53,000	50,950	80
Total Streets and Sanitation	<u>285,800</u>	<u>181,181</u>	<u>4,819</u>
Health			
Dog Control			
Salaries	3,268	3,125	15
Payroll Taxes	288	258	12
Workman's Compensation	135	166	19
Expenses	2,100	1,075	1,025
Total Health	<u>3,891</u>	<u>4,764</u>	<u>1,108</u>
Total Expenditures	<u>\$ 1,148,888</u>	<u>\$ 1,088,047</u>	<u>\$ 68,133</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.

Kentwood Volunteer Fire Department - To account for the receipt and use of 2% fire insurance tax as defined by Louisiana R.S.22:1586 and a maintenance allowance from Rural Fire District #2 of Tangipahoa Parish.

Special Revenue Funds

COMBINING BALANCE SHEET

December 31, 1997

	Public Housing Sec. 8	Kentwood Volunteer Fire Department	Total
Assets			
Cash	\$ 15,032	\$ 180,630	\$ 195,662
Due From Other Funds	-	885	885
Due From Other Governments	-	43,422	43,422
Equipment	18,135	-	18,135
Other	-	35	35
Total Assets	<u>\$ 33,167</u>	<u>\$ 224,942</u>	<u>\$ 258,109</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ -	\$ 2,478	\$ 2,478
Due to Other Funds	3,808	-	3,808
Due to HUD	2,714	-	2,714
Total Liabilities	<u>6,522</u>	<u>2,478</u>	<u>8,999</u>
Fund Balances:			
Unreserved - Undesignated	18,473	215,464	233,937
Total Liabilities and Fund Balances	<u>\$ 24,995</u>	<u>\$ 217,942</u>	<u>\$ 242,937</u>

The accompanying notes are an integral part of these statements.

Special Revenue Funds
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended December 31, 2007

	Public Housing Sec. 8	Kentwood Volunteer Fire Department	Total
Revenues			
Intergovernmental	\$ 131,408	\$ 148,421	\$ 280,829
Interest	878	8,330	9,208
Total Revenues	<u>132,286</u>	<u>156,751</u>	<u>289,037</u>
Expenditures			
General and Administrative:			
Administrative Salaries	11,228	-	11,228
Payroll Taxes	892	-	892
Office Expense	581	-	581
Computer Expense	-	-	-
Accounting & Auditing Fee	2,750	-	2,750
Insurance	191	-	191
Housing Assistance Payments	105,110	-	105,110
Public Safety:			
Current	-	77,977	77,977
Capital Outlay	-	158,000	158,000
Total Expenditures	<u>121,084</u>	<u>236,977</u>	<u>358,061</u>
Excess of Revenues (Expenditures)	2,315	(79,226)	(77,001)
Other Financing Sources (Uses)			
Operating Transfer In	-	9,622	9,622
Excess of Revenues & Other Financing Sources Over Expenditures	2,315	(69,604)	(67,289)
Fund Balance, Beginning of Year	<u>17,158</u>	<u>285,115</u>	<u>302,273</u>
Fund Balance, End of Year	<u>\$ 18,473</u>	<u>\$ 225,484</u>	<u>\$ 243,957</u>

The accompanying notes are an integral part of these statements.

Town of Kimbwood

Schedule G

Special Revenue Fund

Public Housing Fund

HUD Section 8 Housing Assistance Payments Program

BALANCE SHEET

December 31, 1997

Assets		<u>1997</u>
Cash	\$	19,832
Equipment		<u>18,355</u>
Total Assets	\$	<u>38,187</u>
Liabilities and Fund Balance		
Liabilities		
Due to General Fund	\$	5,080
Due to HUD		<u>2,704</u>
Total Liabilities		<u>7,784</u>
Fund Balance:		
Unreserved - Undesignated		<u>30,473</u>
Total Liabilities and Fund Balance	\$	<u>38,187</u>

The accompanying notes are an integral part of these statements.

Special Revenue Fund
Public Housing Fund
HUD Section 8 Housing Assistance Payments Program
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1997

	1997		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Intergovernmental:			
Contributions Received From HUD	\$ 132,245	\$ 132,480	\$ (20,845)
Miscellaneous-Interest Earned	1,080	979	(101)
Total Revenues	<u>134,245</u>	<u>133,379</u>	<u>(20,895)</u>
Expenditures			
General and Administrative:			
Administrative Salaries	12,080	11,230	790
Payroll Taxes	1,200	882	388
Office Expense	2,580	981	2,419
Computer Expenses	-	-	-
Accounting & Audit Fee	2,000	2,760	4,240
Insurance	200	144	132
Housing Assistance Payments	<u>138,712</u>	<u>115,149</u>	<u>15,282</u>
Total Expenditures	<u>154,242</u>	<u>133,964</u>	<u>22,181</u>
Excess of Revenues (Expenditures)	-	2,915	2,915
Fund Balance, Beginning of Year	<u>17,138</u>	<u>17,138</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 17,138</u>	<u>\$ 19,473</u>	<u>\$ 2,915</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, 1987

	<u>1987</u>
Assets	
Cash	\$ 193,638
Due From Other Funds	835
Due From Other Governments:	
Tangipahoa Parish Council -	
Maintenance Allowance	43,412
Other Assets	<u>35</u>
Total Assets	\$ <u>237,942</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	\$ <u>2,478</u>
Total Liabilities	<u>2,478</u>
Fund Balance:	
Unreserved - Undesignated	<u>235,464</u>
Total Liabilities and Fund Balance	\$ <u>237,942</u>

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, 1997

Revenues	1997		Variance- Favorable (Unfavorable)
	Budget	Actual	
Intergovernmental:			
Fire Insurance Tax -			
Town of Kentwood	\$ 3,000	\$ 4,884	\$ (1,116)
Tangipahoa Parish	9,300	9,345	(215)
St. Helena Parish	1,400	1,233	(67)
From Rural Fire Maintenance Allowance			
District #1 of Tangipahoa Parish	118,808	121,858	31,959
Miscellaneous - Interest Earned	6,800	8,218	2,518
Total Revenues	132,808	156,738	23,831
Expenditures			
Current:			
Financial Expenses	23,500	21,818	(2,796)
Small Tools, Equipment, and Fleet	15,800	14,613	187
Uniforms	2,500	-	2,500
Office Supplies	1,200	838	362
Gas & Oil Station #2	1,800	389	637
Dues and Subscriptions	200	218	(30)
Professional Services	1,700	1,425	275
Insurance	24,000	14,277	11,723
Repairs	12,000	14,867	933
Supplies	2,900	299	1,710
Meals	-	-	-
Rent	1,200	-	1,200
Training and Tuition	1,800	1,177	623
Public Service Education	500	-	500
Utilities and Telephone	1,500	878	626
Miscellaneous	2,000	-	2,000
Total Current Expenditures	104,160	77,817	26,183
Capital Outlays:			
Equipment	168,000	178,000	1,000
Total Capital Outlays	168,000	178,000	1,000
Total Expenditures	262,160	255,817	25,183

Continued on the following page

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule 9
(Continued)

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, 1997

	1997		Variance- Favorable (Unfavorable)
	Budget	Actual	
Excess of Revenues (Expenditures)	\$ (128,260)	\$ (70,126)	\$ 48,134
Other Financing Sources (Uses)			
Operating Transfer In - General Fund	18,000	9,671	(8,329)
Total Other Financing Sources (Uses)	18,000	9,671	(8,329)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(110,260)	(60,455)	48,805
Fund Balance, Beginning of Year	305,115	305,115	-
Fund Balance, End of Year	\$ 194,855	\$ 244,660	\$ 48,805

(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 customers 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, 1997

Schedule 10

	<u>1997</u>
ASSETS	
Current Assets:	
Cash	\$ 368,014
Receivables:	
Accounts (Net of Allowance for Uncollectible of \$600)	175,060
Due From Other Funds	9,285
Inventory	<u>3,452</u>
Total Current Assets	<u>555,811</u>
Restricted Assets:	
RUS Bond Reserve - Cash	14,500
RUS Bond Contingency - Cash	17,176
Contingency - Cash	71,318
Customers' Deposits - Cash	<u>93,776</u>
Total Restricted Assets	<u>196,770</u>
Property, Plant and Equipment:	
Land	11,000
Building	55,000
Water System	867,214
Gas System	568,250
Sewer System	1,896,087
Computer System	8,190
Equipment	<u>665,596</u>
Total Property, Plant and Equipment	<u>4,861,337</u>
Less: Accumulated Depreciation	<u>(2,800,581)</u>
Net Property, Plant and Equipment	<u>2,060,757</u>
Total Assets	\$ <u>3,585,380</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 Departments
BALANCE SHEET
December 31, 1997

LIABILITIES AND FUND EQUITY

Liabilities	<u>1997</u>
Current Liabilities (Payable From Current Assets):	
Accounts Payable	\$ 58,688
Accrued Vacation Payable	3,828
Accrued Salaries Payable	3,158
Accrued Interest Payable	778
Lease Payable	<u>15,217</u>
Total Current Liabilities (Payable From Current Assets)	<u>81,569</u>
Current Liabilities (Payable From Restricted Assets):	
Customers' Deposits	68,646
Revenue Bond Payable - RUS	9,824
Accrued Interest Payable	<u>3,581</u>
Total Current Liabilities (Payable From Restricted Assets)	<u>82,051</u>
Long-Term Liabilities:	
Revenue Bonds Payable - RUS	861,561
Leases Payable	<u>-</u>
Total Long-Term Liabilities	<u>861,561</u>
Total Liabilities	<u>1,825,125</u>
Fund Equity:	
Contributed Capital	1,372,287
Less: Accumulated Amortization	<u>(695,283)</u>
Net Contributed Capital	<u>677,004</u>
Retained Earnings:	
Reserve for Contingencies	99,696
Reserve for Bond Payments	14,718
Unreserved	<u>884,825</u>
Total Retained Earnings	<u>999,239</u>
Total Fund Equity	<u>1,592,033</u>
Total Liabilities and Fund Equity	<u>\$ 3,595,588</u>

(Continued)

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule 11

Enterprise Fund
Water, Sewer and Gas Departments
SCHEDULE OF CHANGES IN UNRESERVED RETAINED EARNINGS
December 31, 1997

	<u>1997</u>
Unreserved Retained Earnings, Beginning of Year	\$ <u>832,213</u>
Net Income (Loss) for the Year:	
Water Department	5,643
Sewer Department	(6,997)
Gas Department	<u>2,842</u>
Combined Operations	6,977
ADD: Amortization on Contributed Capital	76,448
Less: Appropriations for RUS Reserve	<u>(71,305)</u>
Unreserved Retained Earnings, End of Year	\$ <u>884,815</u>

The accompanying notes are an integral part of these statements.

Enterprise Fund
Water DepartmentSCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
Year Ended December 31, 1997

	1997		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Charges for Services:			
Water Sales	\$ 284,000	\$ 251,797	\$ (2,203)
Service Connections	1,800	1,315	(75)
Delinquent Charges	9,500	10,078	1,178
Other Revenues	150	404	254
Total Operating Revenues	<u>295,450</u>	<u>263,594</u>	<u>(31,856)</u>
Operating Expenses			
Salaries and Wages	37,750	38,156	(406)
Payroll Taxes	4,482	4,287	178
Municipal Employees' Retirement Expense	1,450	1,324	126
Health Insurance	6,400	6,834	1,566
Workers' Comp. Insurance	3,800	3,603	(197)
Office Expense	1,800	1,443	(445)
Computer Expense	500	630	270
Professional Services	10,900	8,846	1,954
Repairs and Maintenance	25,000	21,866	3,134
Equipment Fuel	2,800	2,527	273
Equipment Repairs & Maintenance	3,500	2,148	1,352
Insurance	12,000	11,198	802
Pump Electricity	32,000	28,713	2,277
Cash Short (Over)	200	(294)	494
Miscellaneous	3,500	2,813	677
Utilities	1,000	888	112
Depreciation	40,000	37,389	2,611
Total Operating Expenses	<u>207,189</u>	<u>189,145</u>	<u>18,044</u>
Net Operating Income	<u>37,461</u>	<u>35,099</u>	<u>17,204</u>
Nonoperating Revenues (Expenses)			
Sale of Fixed Assets	-	-	-
Interest Expenses	(150)	(183)	257
Bad Debt Expenses	(5,000)	(1,420)	4,350
Total Nonoperating Revenues (Expenses)	<u>(5,150)</u>	<u>(1,713)</u>	<u>4,837</u>
Net Income Before Operating Transfers	<u>30,911</u>	<u>30,348</u>	<u>22,431</u>
Operating Transfer to General Fund	<u>(18,000)</u>	<u>(18,304)</u>	<u>(304)</u>
Net Income (Loss)	<u>\$ 12,911</u>	<u>\$ 12,044</u>	<u>\$ 12,137</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, 1997

	1997		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenue			
Charges for Services			
Sewer Charge	\$ 290,080	\$ 291,371	\$ 1,291
Total Operating Revenue	<u>290,080</u>	<u>291,371</u>	<u>1,291</u>
Operating Expenses			
Salaries and Wages	11,500	11,814	(314)
Payroll Taxes	760	816	(56)
Municipal Employees' Retirement Expense	480	334	146
Health Insurance	2,400	2,188	212
Workers' Comp. Insurance	1,580	1,324	256
Repairs and Maintenance	19,000	12,077	5,923
Electricity	31,000	31,271	(271)
Expenses	6,500	5,202	1,298
Maintenance Contract	13,200	13,200	-
Office & Computer	2,500	1,740	760
Equipment Fund	1,200	1,110	90
Equipment Repairs	500	145	355
Analysis Fee	4,000	3,680	320
Insurance	5,000	4,544	456
Miscellaneous	3,000	3,943	(943)
Professional Services	8,500	9,834	(1,334)
Uniforms	1,000	801	199
Depreciation	120,000	115,673	4,327
Total Operating Expenses	<u>231,858</u>	<u>218,421</u>	<u>14,239</u>
Net Operating Income (Loss)	<u>58,222</u>	<u>72,950</u>	<u>16,218</u>
Nonoperating Revenue (Expense)			
Interest Income	20,800	22,241	1,441
Bad Debt Recovery	1,200	1,283	83
Interest Expense	(28,333)	(44,081)	15,748
Total Nonoperating Revenue (Expense)	<u>(6,333)</u>	<u>(20,557)</u>	<u>9,977</u>
Net Income (Loss)	<u>\$ 51,889</u>	<u>\$ 52,393</u>	<u>\$ 503</u>

The accompanying notes are an integral part of these statements.

Enterprise Fund
Gas DepartmentSCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
Year Ended December 31, 1997

	1997		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Gas Sales	\$ 415,080	\$ 404,377	\$ 14,377
Cost of Gas Sales	<u>1184,580</u>	<u>1188,041</u>	<u>(13,263)</u>
Gross Profit on Gas Sales	215,280	216,334	714
Reconnect Fees	580	(94)	(554)
Penalties	3,000	3,239	239
Other Revenues	<u>2,434</u>	<u>521</u>	<u>(2,084)</u>
Total Operating Revenues	<u>217,294</u>	<u>219,040</u>	<u>(1,283)</u>
Operating Expenses			
Salaries and Wages	72,080	71,993	7
Payroll Taxes	6,030	5,216	814
Municipal Employees' Retirement Expenses	1,800	1,724	76
Health Insurance	8,700	8,807	93
Workers' Comp. Insurance	1,800	2,739	241
Office Expenses	8,800	1,447	4,553
Computer Expenses	1,800	548	452
Professional Services	8,800	7,496	1,304
Repairs and Maintenance	11,800	12,823	(2,177)
Equipment Fuel	1,500	1,863	437
Equipment Repair & Maintenance	1,500	1,588	(88)
Cathodic Protection	1,800	2,484	514
Gas Leak Survey	1,200	1,210	58
Other Inspection	300	304	64
Uniforms	800	853	(53)
Insurance	12,800	11,723	277
DOT Drug Testing	-	450	(450)
Miscellaneous	5,100	3,338	1,762
Gas Meter Reading	4,500	3,994	396
Depreciation	<u>20,000</u>	<u>21,126</u>	<u>(1,126)</u>
Total Operating Expenses	<u>177,730</u>	<u>163,888</u>	<u>(14,082)</u>
Net Operating Income	<u>49,734</u>	<u>65,152</u>	<u>12,477</u>
Nonoperating Revenues (Expenses)			
Interest Expenses	(550)	(294)	256
Bud. Debt Expenses	<u>(2,530)</u>	<u>(3,420)</u>	<u>580</u>
Total Nonoperating Revenues (Expenses)	<u>(2,530)</u>	<u>(3,714)</u>	<u>836</u>
Net Income Before Operating Transfers	<u>47,215</u>	<u>61,518</u>	<u>14,313</u>
Operating Transfer to General Fund	<u>(51,808)</u>	<u>(51,899)</u>	<u>804</u>
Net Income (Loss)	<u>\$ -4,593</u>	<u>\$ -8,842</u>	<u>\$ 13,613</u>

The accompanying notes are an integral part of these statements.

Enterprise Fund
Water, Sewer and Gas Departments
SCHEDULE OF CASH FLOWS
PROPRIETARY FUND TYPE
Year Ended December 31, 1997

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 129,661
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>	
Depreciation expense	\$ 178,098
Change in accounts receivable	(8,216)
Change in due from others	-
Change in inventory	3,400
Change in accounts payable	(2,084)
Change in accrued payables	1,868
Change in customer deposits payable	5,623
Change in accrued interest payable	(519)
	<u>171,300</u>
Total adjustments	171,300
Net cash provided by operating activities	301,864
Cash flows from capital and related financing activities:	
Interest income	21,541
Repayment of RUS bonds	(8,800)
Repayment of notes payable	(14,473)
Payment for capital acquisitions	(18,503)
Interest paid	(44,648)
Capital contributions	-
	<u>(62,962)</u>
Net cash used for capital and related financing activities	(62,962)
Cash flows from noncapital financing activities:	
Operating transfers to other funds	(308,808)
Sale of Fixed Assets	-
Bad debt recoveries	1,263
Bad debt expense	(2,848)
	<u>(111,572)</u>
Net cash used from noncapital financing activities	(111,572)
Net increase in cash and cash equivalents	127,425
Cash and cash equivalents, beginning of year	489,693
Cash and cash equivalents, end of year	\$ 617,118

The accompanying notes are an integral part of these statements.

Enterprise Fund
Water and Gas Department
SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR
USDA RURAL DEVELOPMENT REVENUE BOND DEBT SERVICE
Year Ended December 31, 1997

	<u>Revenue</u>	<u>Contingency</u>	<u>Total</u>
Cash Balance, January 1, 1997	\$ 11,923	\$ 13,764	\$ 25,707
Cash Receipts:			
Transfers From			
Operating Account	3,807	3,304	6,401
Cash Disbursements	<u>-</u>	<u>-</u>	<u>-</u>
Cash Balance, December 31, 1997	\$ <u>14,830</u>	\$ <u>17,078</u>	\$ <u>32,188</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, 1997

	<u>12/31/97</u>	<u>12/31/96</u>	<u>12/31/95</u>	<u>12/31/94</u>
Gas Sales				
Volume (M.C.F.)	58,818	62,904	68,559	51,498
Dollar Amount	\$ 453,738	\$ 436,313	\$ 399,885	\$ 361,888
Gas Purchases				
Volume (M.C.F.)	63,909	63,668	68,845	57,568
Dollar Amount	\$ 308,943	\$ 218,819	\$ 159,631	\$ 163,843
Gross Profit	\$ <u>247,685</u>	\$ <u>217,483</u>	\$ <u>240,254</u>	\$ <u>218,843</u>
Percent of Sales	54.35%	48.85%	60.88%	57.31%
Unaccounted for Gas Purchases				
Volume (M.C.F.)	5,340	3,162	6,484	2,967
Average Cost of				
Unaccounted for Gas	\$ 17,350	\$ 30,829	\$ 13,497	\$ 5,880
Percent of Purchases	8.34%	4.81%	6.31%	3.38%
Number of Customers at Year End:				
In Service-Industrial	1	1	1	1
In Service-Other	482	470	483	502
In Service-Commercial	85	83	82	82
Total	<u>568</u>	<u>554</u>	<u>566</u>	<u>585</u>
Average Sales for Period (Excludes Industrial Sales)				
Volume (M.C.F.)	81	83	81	73
Dollar Amount	\$ <u>682</u>	\$ <u>879</u>	\$ <u>682</u>	\$ <u>552</u>
Amounts Per M.C.F.				
Gas Sales-Industrial	\$ 5.26	\$ 4.25	\$ 3.96	\$ 4.23
Gas Sales-Other	<u>8.87</u>	<u>7.16</u>	<u>7.87</u>	<u>7.68</u>
Gas Sales Combined	\$ <u>7.38</u>	\$ <u>6.88</u>	\$ <u>6.63</u>	\$ <u>6.88</u>
Gas Purchases	<u>(3.24)</u>	<u>(3.32)</u>	<u>(2.39)</u>	<u>(3.82)</u>
	4.53	3.85	4.24	4.05
Unaccounted for Gas	<u>(0.27)</u>	<u>(0.35)</u>	<u>(0.21)</u>	<u>(0.35)</u>
Gross Profit per M.C.F. Sold	\$ <u>4.26</u>	\$ <u>3.49</u>	\$ <u>4.01</u>	\$ <u>3.85</u>

The accompanying notes are an integral part of these statements.

SCHEDULE OF INSURANCE
Year Ended December 31, 1997

<u>Company Name</u>	<u>Coverage Dates</u>	<u>Description</u>
Western Surety Company	11/01/95 - 11/01/97 11/01/97 - 11/01/98	\$150,000 - Bond - Bobby Gill, Mayor
Western Surety Company	7/01/96 - 7/01/97 7/01/97 - 7/01/98	\$150,000 - Bond - Julia Forrest, Clerk
Workers Surety Company	6/01/96 - 6/01/97 6/01/97 - 6/01/98	\$318,808 - Bond - Position Schedule
Titan Insurance Company	8/24/96 - 8/24/97 8/24/97 - 8/24/98	\$1,118,180 Commercial Property Policy
National Casualty Company	2/8/96 - 2/8/97 2/8/97 - 2/8/98	\$998,000 Commercial Auto Liability
National Casualty Company	2/8/96 - 2/8/97 2/8/97 - 2/8/98	\$500,000 Public Officials Liability
National Casualty Company	2/8/96 - 2/8/97 2/8/97 - 2/8/98	\$500,000 Comprehensive Law Reformation Liability
Scottsdale Insurance Company	2/01/96 - 2/01/97 2/01/97 - 2/01/98	\$1,000,000 General Aggregate, \$1,000,000 Completed Operations, \$500,000 Occurrence, \$180,000 Personal Injury
Farport Insurance Company	1/01/96 - 1/01/97 1/01/97 - 1/01/98	\$2,808,000 Aggregate \$2,808,000 Products - Completed Operations \$1,808,000 Each Occurrence Limit \$50,000 Fire Damage Limit \$2,808 Medical Expense-Any one person General Liability - National Gas Department
Louisiana Workers' Compensation Corporation	10/01/96 - 10/01/97 10/01/97 - 10/01/98	\$108,000 Each Accident, \$308,000 Policy Limit \$108,000 Each Employee

The accompanying notes are an integral part of these statements.

Town of Kennerd

**Schedule of Compensation Paid Board Members
For the Year Ended December 31, 1997**

Schedule 18

The Schedule of Compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

	FY98 <u>12/31/97</u>
Bobby Gill, Mayor P.O. Box 558 Kennerd, LA 70444 (504) 229-3158	\$ 9,840
James K. Allen, Council Member P.O. Box 513 Kennerd, LA 70444 (504) 229-8368	2,640
Kathleen Bryson, Council Member 304 Ave. B Kennerd, LA 70444 (504) 229-2133	1,560
Dr. Carlton S. Falter, Council Member 389 Ave. A Kennerd, LA 70444 (504) 229-1683	2,640
Ernest Blackburn, Council Member 718 Ave. K Kennerd, LA 70444 (504) 229-3085	1,560
Fannie Blackburn, Council Member 718 Ave. K Kennerd, LA 70444 (504) 229-3085	1,560
Robert Day, Council Member 613 Ave. J Kennerd, LA 70444 (504) 229-3336	880
Irma T. Gordon, Council Member 1687 13th Street Kennerd, LA 70444 (504) 229-3238	1,640
	<u>3,27,820</u>

All Terms Expire 12/31/98.

The accompanying notes are an integral part of these statements.

Town of Kentwood
Supplemental Information Schedules
For the Year Ended December 31, 1997

Federally Assisted Programs

In accordance with Office of Management and Budget Circular A-113, a Schedule of Expenditures of Federal Awards is presented.

Town of Kentwood
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 1997

<u>Federal Grant/Pass-Through Grant/Program Title</u>	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Grant Number</u>	<u>Grant Period</u>
U.S. Department of HUD Direct Programs:				
Community Development Block Grant/Local Cities	14.219	\$ 199,700	LA20-CCD0-083	1996
Section 8 Rental Certificate Program	14.837	211,848	LA48-R206-804	01/01/97-12/31/97
Total U.S. Department of HUD				
U.S. Department of Transportation:				
Passed Through Louisiana Highway Safety Commission - (Traffic Sign Program)	20.340	9,800	9761	10/01/96-12/30/99
Total U. S. Department of Transportation				
U.S. Department of Justice				
Cops Ahead Program	16.718	18,875	96-LB-703-3112	10/01/96-08/30/98
Total U.S. Department of Justice				
Total Federal Awards				

The accompanying notes are an integral part of these statements.

Schedule 50

<u>Cash/ Accrued or (Deferred) Revenue at Jan. 1, 1997</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>	<u>Cash/ Accrued or (Deferred) Revenue at Dec. 31, 1997</u>
\$ -	\$ 187,799	\$ 187,799	\$ -
<u>19,811</u>	<u>137,408</u>	<u>137,589</u>	<u>19,812</u>
<u>19,811</u>	<u>325,207</u>	<u>325,088</u>	<u>19,812</u>
<u>-</u>	<u>9,808</u>	<u>9,080</u>	<u>-</u>
<u>-</u>	<u>9,808</u>	<u>9,080</u>	<u>-</u>
<u>-</u>	<u>6,262</u>	<u>6,362</u>	<u>-</u>
<u>-</u>	<u>6,262</u>	<u>6,362</u>	<u>-</u>
\$ <u>19,811</u>	\$ <u>315,461</u>	\$ <u>320,150</u>	\$ <u>19,812</u>

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL STRUCTURE OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT ACCOUNTING STANDARDS**

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

We have audited the financial statements of the Town of Kennerwood, Louisiana, as of and for the year ended December 31, 1997, and have issued our report thereon dated June 12, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance:

As part of obtaining reasonable assurance about whether the Town of Kennerwood, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Kennerwood's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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


Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

June 12, 1998

BRUCE HARRELL & CO.
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Society of Louisiana CPAs

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the Town of Kennerwood, Louisiana with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 1997. The Town of Kennerwood, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Kennerwood, Louisiana's management. Our responsibility is to express an opinion on the Town of Kennerwood, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit involves examining, on a test basis, evidence about the Town of Kennerwood, Louisiana's compliance with these requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Kennerwood, Louisiana's compliance with these requirements.

In our opinion, the Town of Kennerwood, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1997.

Internal Control Over Compliance

The management of the Town of Kennerwood, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Kennerwood, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Legislative Auditors, 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

Page 12, 1998