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TOWN OF KINDER, LOUISIANA

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 1999

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Release Date DEC 15 1999



Mires & Company
A Professional Corporation

Certified Public Accountants

TOWN OF KINDER, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 1999

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Mires & Company
A Professional Corporation

Certified Public Accountants

Members:
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants
Private Company Practice Section AICPA

INDEPENDENT AUDITORS' REPORT

The Honorable Fred Ashy, Mayor
and Members of the Town Council
Town of Kinder, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Kinder, Louisiana, as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Kinder, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Kinder, Louisiana, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 1999, on our consideration of the Town of Kinder, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Mires & Company, CPAs, APC

Mires & Company, CPAs, APC
November 2, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

TOWN OF KINDER, LOUISIANA
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 June 30, 1999

	GOVERNMENTAL FUND TYPES			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS				
Cash	\$ 308,108	\$ 581,301	\$ -	\$ 3,130
Investments	-	-	-	-
Receivables:				
Taxes	-	68,241	-	-
Leases	-	190	-	-
Interest	-	2,022	-	-
Accounts	18,362	-	-	-
Special assessments	-	12,061	-	-
Other	-	-	-	-
Due from other funds	266	13,566	-	-
Due from other governments	6,347	3,955	-	-
Restricted assets:				
Cash	-	-	122,183	-
Investments	-	-	-	-
Interest receivable	-	-	-	-
Fixed assets (net)	-	-	-	-
Amount available in debt service fund	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
TOTAL ASSETS	<u>\$ 333,083</u>	<u>\$ 681,336</u>	<u>\$ 122,183</u>	<u>\$ 3,130</u>

See accompanying notes.

PROPRIETARY FUND TYPE	ACCOUNT GROUP		TOTALS	
	General Fixed Assets	General Long-Term Debt	(Memorandum Only)	
Enterprise			1999	1998
\$ 459,001	\$ -	\$ -	\$ 1,351,540	\$ 1,574,944
282,894	-	-	282,894	271,235
-	-	-	68,241	71,050
-	-	-	190	916
3,540	-	-	5,562	3,510
116,847	-	-	135,209	123,380
-	-	-	12,061	12,445
11,673	-	-	11,673	-
-	-	-	13,832	13,832
-	-	-	10,302	61,678
83,223	-	-	205,406	148,944
96,716	-	-	96,716	118,235
814	-	-	814	850
3,855,820	1,646,678	-	5,502,498	4,959,030
-	-	122,183	122,183	74,566
-	-	535,272	535,272	650,522
<u>\$ 4,910,528</u>	<u>\$ 1,646,678</u>	<u>\$ 657,455</u>	<u>\$ 8,354,393</u>	<u>\$ 8,085,137</u>

TOWN OF KINDER, LOUISIANA
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 June 30, 1999

	GOVERNMENTAL FUND TYPES			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
LIABILITIES				
Accounts payable	\$ 12,984	\$ 104,374	\$ -	\$ -
Due to other funds	-	1,010	-	-
Deferred revenue	-	7,264	-	-
Payable from restricted assets:				
Current maturities of revenue				
bonds	-	-	-	-
Accrued interest	-	-	-	-
Bank overdraft	-	-	-	-
Customer deposits	-	-	-	-
Revenue bonds payable, long-term .	-	-	-	-
Capital lease payable	-	-	-	-
General obligation bonds payable .	-	-	-	-
TOTAL LIABILITIES	<u>12,984</u>	<u>112,648</u>	<u>-</u>	<u>-</u>
FUND EQUITY				
Contributed capital	-	-	-	-
Investment in general fixed assets	-	-	-	-
Retained earnings:				
Reserved for revenue bonds . .	-	-	-	-
Unreserved	-	-	-	-
Fund balances:				
Reserved for debt service . . .	-	-	122,183	-
Unreserved	<u>320,099</u>	<u>568,688</u>	<u>-</u>	<u>3,130</u>
TOTAL FUND EQUITY	<u>320,099</u>	<u>568,688</u>	<u>122,183</u>	<u>3,130</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 333,083</u>	<u>\$ 681,336</u>	<u>\$ 122,183</u>	<u>\$ 3,130</u>

See accompanying notes.

EXHIBIT 1

PROPRIETARY FUND TYPE	ACCOUNT GROUP		TOTALS	
	General Fixed Assets	General Long-Term Debt	(Memorandum Only)	
Enterprise			1999	1998
\$ 41,592	\$ -	\$ -	\$ 158,950	\$ 102,206
12,822	-	-	13,832	13,832
-	-	-	7,264	8,186
23,286	-	-	23,286	37,150
-	-	-	-	148
-	-	-	-	4,051
110,045	-	-	110,045	109,370
468,245	-	-	468,245	491,531
-	-	6,473	6,473	24,106
-	-	650,982	650,982	700,982
<u>655,990</u>	<u>-</u>	<u>657,455</u>	<u>1,439,077</u>	<u>1,491,562</u>
2,997,721	-	-	2,997,721	3,090,574
-	1,646,678	-	1,646,678	900,075
24,548	-	-	24,548	70,668
1,232,269	-	-	1,232,269	1,119,291
-	-	-	122,183	74,566
-	-	-	891,917	1,338,401
<u>4,254,538</u>	<u>1,646,678</u>	<u>-</u>	<u>6,915,316</u>	<u>6,593,575</u>
<u>\$ 4,910,528</u>	<u>\$ 1,646,678</u>	<u>\$ 657,455</u>	<u>\$ 8,354,393</u>	<u>\$ 8,085,137</u>

TOWN OF KINDER, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 Year Ended June 30, 1999

	<u>General</u>	<u>Special Revenue</u>
Revenues:		
Taxes	\$ 153,794	\$ 455,608
Licenses and permits	86,879	-
Intergovernmental	68,201	135,697
Fines	103,018	-
Special assessments	-	8,716
Leases	-	2,272
Interest	9,284	8,175
Miscellaneous	1,071	802
Gaming revenue	<u>401,441</u>	<u>-</u>
TOTAL REVENUES	<u>823,688</u>	<u>611,270</u>
Expenditures:		
Current:		
General government	237,071	83,050
Project expenses	-	-
Public safety	445,773	-
Streets	82,282	-
Culture and recreation	-	699
Section 8 housing	-	118,838
Capital outlay	111,284	175,959
Debt service:		
Principal retirement	17,302	-
Interest	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>893,712</u>	<u>378,546</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(70,024)</u>	<u>232,724</u>
Other financing sources (uses):		
Operating transfers in	97,514	-
Operating transfers out	-	(153,854)
Proceeds from certificates of indebtedness	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>97,514</u>	<u>(153,854)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	27,490	78,870
FUND BALANCE, BEGINNING	<u>292,609</u>	<u>489,818</u>
FUND BALANCE, ENDING	<u>\$ 320,099</u>	<u>\$ 568,688</u>

See accompanying notes.

Debt Service	Capital Projects	TOTALS (Memorandum Only)	
		1999	1998
\$ -	\$ -	\$ 609,402	\$ 557,748
-	-	86,879	63,537
-	-	203,898	246,588
-	-	103,018	50,928
-	-	8,716	9,707
-	-	2,272	4,759
3,223	10,420	31,102	19,215
-	-	1,873	13,615
-	-	401,441	269,832
<u>3,223</u>	<u>10,420</u>	<u>1,448,601</u>	<u>1,235,929</u>
-	-	320,121	274,935
-	-	-	-
-	-	445,773	375,745
-	-	82,282	71,933
-	-	699	1,237
-	-	118,838	117,599
-	563,264	850,507	179,908
50,000	-	67,302	37,265
34,460	-	34,460	19,759
<u>84,460</u>	<u>563,264</u>	<u>1,919,982</u>	<u>1,078,381</u>
<u>(81,237)</u>	<u>(552,844)</u>	<u>(471,381)</u>	<u>157,548</u>
128,854	-	226,368	254,242
-	-	(153,854)	(146,965)
-	-	-	550,000
<u>128,854</u>	<u>-</u>	<u>72,514</u>	<u>657,277</u>
47,617	(552,844)	(398,867)	814,825
<u>74,566</u>	<u>555,974</u>	<u>1,412,967</u>	<u>598,142</u>
<u>\$ 122,183</u>	<u>\$ 3,130</u>	<u>\$1,014,100</u>	<u>\$ 1,412,967</u>

TOWN OF KINDER, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND
 ACTUAL-GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUNDS
 Year Ended June 30, 1999

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 177,224	\$ 153,794	\$ (23,430)
Licenses and permits	73,873	86,879	13,006
Intergovernmental	27,990	68,201	40,211
Fines	78,770	103,018	24,248
Special assessments	-	-	-
Leases	-	-	-
Interest	3,500	9,284	5,784
Miscellaneous	34,563	1,071	(33,492)
Gaming revenue	<u>253,396</u>	<u>401,441</u>	<u>148,045</u>
TOTAL REVENUES	<u>649,316</u>	<u>823,688</u>	<u>174,372</u>
Expenditures:			
General government	308,180	237,071	71,109
Project expenses	-	-	-
Public safety	509,070	445,773	63,297
Streets	112,820	82,282	30,538
Culture and parks	-	-	-
Section 8 housing	-	-	-
Principal retirement	-	17,302	(17,302)
Interest	-	-	-
Capital outlay	<u>-</u>	<u>111,284</u>	<u>(111,284)</u>
TOTAL EXPENDITURES	<u>930,070</u>	<u>893,712</u>	<u>36,358</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(280,754)</u>	<u>(70,024)</u>	<u>210,730</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers	<u>-</u>	<u>97,514</u>	<u>97,514</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(280,754)	27,490	308,244
FUND BALANCE, BEGINNING	<u>292,609</u>	<u>292,609</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 11,855</u>	<u>\$ 320,099</u>	<u>\$ 308,244</u>

See accompanying notes.

SPECIAL REVENUE FUND			DEBT SERVICE FUND		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 444,287	\$ 455,608	\$ 11,321	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	135,697	135,697	-	-	-
-	-	-	-	-	-
198	8,716	8,518	-	-	-
-	2,272	2,272	-	-	-
27,568	8,175	(19,393)	12,352	3,223	(9,129)
139	802	663	-	-	-
-	-	-	-	-	-
<u>472,192</u>	<u>611,270</u>	<u>139,078</u>	<u>12,352</u>	<u>3,223</u>	<u>(9,129)</u>
89,249	83,050	6,199	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	699	(699)	-	-	-
-	118,838	(118,838)	-	-	-
-	-	-	78,640	50,000	28,640
-	-	-	45,905	34,460	11,445
17,360	175,959	(158,599)	-	-	-
<u>106,609</u>	<u>378,546</u>	<u>(271,937)</u>	<u>124,545</u>	<u>84,460</u>	<u>40,085</u>
<u>365,583</u>	<u>232,724</u>	<u>(132,859)</u>	<u>(112,193)</u>	<u>(81,237)</u>	<u>30,956</u>
<u>(124,540)</u>	<u>(153,854)</u>	<u>(29,314)</u>	<u>40,000</u>	<u>128,854</u>	<u>88,854</u>
241,043	78,870	(162,173)	(72,193)	47,617	119,810
<u>489,818</u>	<u>489,818</u>	<u>-</u>	<u>74,566</u>	<u>74,566</u>	<u>-</u>
<u>\$ 730,861</u>	<u>\$ 568,688</u>	<u>\$ (162,173)</u>	<u>\$ 2,373</u>	<u>\$ 122,183</u>	<u>\$ 119,810</u>

TOWN OF KINDER, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 Year Ended June 30, 1999

EXHIBIT 4

	<u>1999</u>	<u>1998</u>
Operating revenues:		
Gas sales	\$ 577,291	\$ 569,780
Water sales	229,537	229,297
Sewer service charges	169,596	154,751
Late payment penalty charges	3,390	7,394
Service charges	2,532	3,371
Miscellaneous income	<u>4,222</u>	<u>19,356</u>
TOTAL OPERATING REVENUES	<u>986,568</u>	<u>983,949</u>
Operating expenses:		
Gas department	459,154	526,082
Water and sewer department	<u>489,190</u>	<u>470,633</u>
TOTAL OPERATING EXPENSES	<u>948,344</u>	<u>996,715</u>
OPERATING INCOME (LOSS)	<u>38,224</u>	<u>(12,766)</u>
Non-operating revenues (expenses):		
Interest income	33,987	34,019
Amortization of bond discount	-	7
Interest expense	(25,691)	(27,663)
Paying agents' fees	-	(179)
Rural development grant	<u>-</u>	<u>-</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>8,296</u>	<u>6,184</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	46,520	(6,582)
Operating transfers	<u>(72,514)</u>	<u>(107,277)</u>
NET INCOME (LOSS)	(25,994)	(113,859)
Add current year's depreciation on fixed assets acquired by funds externally restricted for capital expenditures that reduce contributed capital	<u>92,852</u>	<u>92,852</u>
Increase (decrease) in retained earnings	66,858	(21,007)
RETAINED EARNINGS, BEGINNING	<u>1,189,959</u>	<u>1,210,966</u>
RETAINED EARNINGS, ENDING	<u>\$ 1,256,817</u>	<u>\$ 1,189,959</u>

See accompanying notes.

TOWN OF KINDER, LOUISIANA
 COMBINED STATEMENT OF CASH FLOWS -
 ALL PROPRIETARY FUND TYPES
 Year Ended June 30, 1999

EXHIBIT 5

	<u>1999</u>	<u>1998</u>
Cash Flows From Operating Activities:		
Operating income (loss)	\$ 38,224	\$ (12,766)
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	204,935	205,695
(Increase) decrease in:		
Accounts receivable	(31,778)	(28,036)
Accrued interest receivable	(1,612)	914
Increase (decrease) in:		
Accounts payable	2,986	(6,356)
Accrued interest payable	(148)	(147)
Customer deposits	675	10,390
NET CASH FROM OPERATING ACTIVITIES	<u>213,282</u>	<u>169,694</u>
Cash Flows From Noncapital Financing Activities:		
Operating transfers	<u>(72,514)</u>	<u>(110,739)</u>
Cash Flows From Capital and Related Financing Activities:		
Purchase of fixed assets	(1,800)	(16,024)
Principal paid on bonds	(37,150)	(36,069)
Interest paid on bonds	<u>(25,691)</u>	<u>(27,663)</u>
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(64,641)</u>	<u>(79,756)</u>
Cash Flows From Investing Activities:		
Interest on investments	33,987	34,019
Sale (Purchase) of cash investments	<u>9,859</u>	<u>(16,070)</u>
NET CASH FROM INVESTING ACTIVITIES	<u>43,846</u>	<u>17,949</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	119,973	(2,852)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>422,251</u>	<u>425,103</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 542,224</u>	<u>\$ 422,251</u>

See accompanying notes.

INTRODUCTION

The Town of Kinder was created by the Lawrason Act. The purpose of the Town is to provide services to its citizens, which include sewer, water and gas utilities; police protection and other services. The Town has a board of five elected councilmen which are compensated. The Town is located in Allen Parish, Louisiana and its population is approximately 2,300. There are approximately 30 employees of the Town of Kinder.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the Town of Kinder have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Town to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Town of Kinder (the primary government) and its component units. By applying the above requirements, the Town has no component units.

Considered in the determination of component units of the reporting entity were the Allen Parish Police Jury, Sheriff, Clerk of Court, Assessor, and School Board, and the District Attorney and Judges for the 33rd Judicial District. It was determined that these governmental entities are not component units of the Town of Kinder reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Town of Kinder.

C. Fund Accounting

The Town uses funds 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 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 existing fund type follow:

Governmental Funds

Governmental funds are used to account for all or most of the Town's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General Fund--the general operating fund of the Town 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 specified purposes.
3. Debt service funds--account for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.
4. Capital projects funds--account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Proprietary Funds

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 funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

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

D. 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.

TOWN OF KINDER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services. Sales taxes collected and held by the parish at year end on behalf of the government also are recognized as revenue. Fines, permits and tobacco and beer taxes revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Town reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

All proprietary funds are 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 these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

TOWN OF KINDER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financial sources (uses). These are recorded at the time of occurrence.

E. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, debt service and enterprise funds. All annual appropriations lapse at fiscal year end.

Prior to the beginning of each fiscal year, the Mayor submits a budget to the Town Council. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The Town Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated or the revenue estimates must be changed by an affirmative vote of a majority of the government's council.

Expenditures may not legally exceed budgeted appropriations at the activity level.

F. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

G. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or

TOWN OF KINDER, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

less, they are classified as cash equivalents. Investments consist of nonnegotiable certificates of deposit with redemption terms that do not consider market rates. Therefore, the investments are stated at cost.

H. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided 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.

I. 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 fixed assets are valued at historical cost or estimated cost if historical cost is not available.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight-line method. Estimated useful lives are as follows:

Water and sewer:	
Wells	50 years
Tanks, lines and meters	50 years
Sewerage plant and improvement	20 - 66 years
Other equipment	5 - 25 years
Gas:	
System and improvements	50 years
Meters and regulators	25 years
Autos and trucks	3 years
Other equipment	5 - 25 years

TOWN OF KINDER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

J. Statement of Cash Flows

For the purpose of the statement of cash flows, for the enterprise fund, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The statement reflects ending cash and cash equivalents of \$542,224 which represents unrestricted and restricted amounts of \$459,001 and \$83,223, respectively.

K. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vacation and sick leave cannot be carried forward to succeeding years.

L. Long-Term Obligations

Long-term obligations 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 funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

M. 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 or construction of capital assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

Reserves

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements 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.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Sales Taxes

1% Sales Tax

A 1% sales tax is collected for the following purposes:

1. 75% to be used for capital improvements and retirement of the \$326,462 sales tax refunding bonds.
2. 25% to be used for repairs and maintenance.

The tax expires on June 30, 2003.

.3% Sales Tax

A .3% sales tax is collected for the construction of a library within the Town's boundaries.

The tax expires on December 31, 2007.

TOWN OF KINDER, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. Total Columns on Combined Statements

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

Q. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

NOTE 2 - FUND DEFICITS

The following individual funds have deficits in unreserved fund balance or retained earnings at June 30, 1999:

<u>Fund</u>	<u>Deficit</u> <u>Amount</u>
Special Revenue - Park Fund	<u>\$ 123</u>

NOTE 3 - EXPENDITURES/EXPENSES - ACTUAL AND BUDGET

The following individual funds have actual expenditures/expenses over budgeted expenditures/expenses for the year ended June 30, 1999:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable</u> <u>Variance</u>	<u>%</u>
Special Revenue Fund	\$ 231,149	\$ 532,400	\$ 301,251	130.33%
Enterprise Fund	884,735	1,049,703	164,968	18.65%

TOWN OF KINDER, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999

NOTE 4 - PROPERTY TAXES

For the year ended June 30, 1999, taxes of 12.63 mills were levied on property with assessed valuations totaling \$6,683,270 and were dedicated as follows:

General purposes	12.63 mills
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Total taxes levied were \$84,410.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15 of the current year, and become delinquent after December 31. Property taxes not paid by February 28th are subject to property lien.

NOTE 5 - CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at June 30, 1999:

Demand deposits	\$ 501,923
Interest-bearing demand deposits	664,238
Time deposits	<u>390,785</u>
Total	<u>\$ 1,556,946</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 June 30, 1999, the Town has \$1,957,519 in deposits (collected bank balances). These deposits are secured from risk by \$486,802 of federal deposit insurance and \$1,470,717 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

TOWN OF KINDER, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1999

NOTE 6 - INVESTMENTS

The following is a summary of investments at June 30, 1999:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Certificates of deposit	<u>\$ 379,610</u>	<u>\$ 379,610</u>

The investments of the Town are in the name of the Town and are held at various banks selected by the Town. Because the investments are in the name of the Town and are held by the Town or its agent, the investments are considered insured and registered, Category 1, in applying the credit risk of GASB Codification Section 150.164.

NOTE 7 - RECEIVABLES

The following is a summary of receivables for June 30, 1999:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Proprietary Funds</u>
Taxes:			
Ad valorem	\$ -	\$ -	\$ -
Sales and use	-	68,241	-
Other	24,709	2,211	121,201
Intergov't-grants:			
Federal	-	3,955	-
State	-	-	-
Special Assessments:			
Current	-	936	-
Delinquent	-	3,862	-
Deferred	-	7,264	-
Total	<u>\$ 24,709</u>	<u>\$ 86,469</u>	<u>\$ 121,201</u>

Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectable. This method does not result in a charge to bad debts that is materially different from the amount that would be charged if the reserve method were used.

TOWN OF KINDER, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999

NOTE 8 - FIXED ASSETS

A. General Fixed Assets:

A summary of changes in general fixed assets for the year ended June 30, 1999 is as follows:

	Balance July 1, <u>1998</u>	Net Additions	Balance June 30, <u>1999</u>
Land	\$ 77,124	\$ 125,000	\$ 202,124
Building	194,164	563,264	757,428
Equipment	<u>628,787</u>	<u>58,339</u>	<u>687,126</u>
	<u>\$ 900,075</u>	<u>\$ 746,603</u>	<u>\$ 1,646,678</u>

B. Proprietary Fund Fixed Assets

A summary of changes in proprietary fund fixed assets for the year ended June 30, 1999 is as follows:

	Balance July 1, <u>1998</u>	Net Additions (Deletions)	Balance June 30, <u>1999</u>
Gas Utility:			
Gas systems and improvements	\$ 440,470	\$ -	\$ 440,470
Gas meters and regulators	32,710	-	32,710
Autos and trucks	16,165	-	16,165
Other equipment	4,361	1,800	6,161
Water and sewer utility:			
Wells and water district systems	154,609	-	154,609
Water tanks and line extensions	1,770,995	-	1,770,995
Water meters	24,870	-	24,870
Other equipment	64,984	-	64,984
Sewer plant and improvements	<u>3,103,672</u>	<u>-</u>	<u>3,103,672</u>
	5,612,836	1,800	5,614,636
Less accumulated depreciation	<u>1,553,881</u>		<u>1,758,816</u>
	<u>\$ 4,058,955</u>		<u>\$ 3,855,820</u>

Depreciation expense was \$204,935 for the year ended June 30, 1999.

TOWN OF KINDER
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1999

NOTE 9 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

The following is a summary of payables at June 30, 1999:

<u>Class of Payable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Proprietary Funds</u>
Salaries	\$ -	\$ -	\$ -
Withholdings	475	-	-
Accounts	12,509	-	40,330
Other	-	104,374	1,262
Total	<u>\$ 12,984</u>	<u>\$ 104,374</u>	<u>\$ 41,592</u>

NOTE 10 - PENSION PLAN

All employees of the Town of Kinder are members of the Federal Social Security System.

Police officers are eligible to participate in the Municipal Police Employees' Retirement System of Louisiana, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent 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 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 supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

TOWN OF KINDER, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999

NOTE 10 - PENSION PLAN

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Kinder is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town of Kinder are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Kinder contributions to the System for the years ending June 30, 1999, 1998, and 1997 were \$3,008, \$2,984, and \$2,210, respectively, equal to the required contributions for each year.

NOTE 11 - LEASES

The Town records items under capital leases as assets and obligations in the accompanying financial statements. Capital leases at June 30, 1999 are comprised of the following:

General Fund - Lease-purchase agreement for the purchase of a backhoe, entered into on December 30, 1997, due in 24 monthly installments of \$1,097 through December 28, 1999, with an interest rate of 5.9% per annum.

General Fund - Lease-purchase agreement for the purchase of a copy machine entered into on January 15, 1998, due in monthly installments of \$739 through January 21, 1999, with an interest rate of 20.64% per annum.

The following is a schedule of future minimum lease payments under capital leases and the present value of the net minimum lease payments as of June 30, 1999:

2000	\$ 6,582
Total future minimum lease payments	6,582
Less amount representing interest	<u>109</u>
Present value of future minimum lease payments	<u>\$ 6,473</u>

NOTE 12 - CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended June 30, 1999:

Long-term debt at July 1, 1998	\$ 1,253,769
Deductions	104,783
Additions	<u>-</u>
Long-term debt at June 30, 1999	<u>\$ 1,148,986</u>

TOWN OF KINDER, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999

NOTE 12 - CHANGES IN LONG-TERM OBLIGATIONS

Long-term debt payable at June 30, 1999 is comprised of the following individual issues:

Revenue Bonds:

\$329,000 Sewer Revenue Bonds dated 02/28/94; due in annual installments of \$3,486 - \$25,312 through February 28, 2014; interest at 5% \$ 278,817

\$251,000 Sewer Revenue Bonds dated 02/28/94; due in annual installments of \$2,660 - \$19,311 through February 28, 2014; interest at 5% 212,714

Capital leases 6,473

General Obligation Bond:

\$326,462 Sales Tax Refunding Bonds dated 04/11/89; due in annual installments of \$18,885 - \$44,083 through April 1, 2002; interest at 11.0% (this issue secured by 1% sales tax) 150,982

Certificate of Indebtedness:

\$550,000 Certificate of Indebtedness dated 04/01/98; due in annual installments of \$50,000 - \$75,000 through April 1, 2007; interest at 4.75% (this issue secured by .3% sales tax) 500,000
\$1,148,986

At June 30, 1999, the Town has accumulated \$122,183 in the debt service fund for future debt requirements. The annual requirements to amortize all bonds and/or certificates outstanding at June 30, 1999, including interest of \$352,327 is as follows:

<u>Fiscal Year</u>	<u>Sewer Revenue Bond</u>	<u>Sewer Revenue Bond</u>	<u>General Obligation Bond</u>	<u>Certificate of Indebtedness</u>	<u>Total</u>
2000	\$ 26,886	\$ 20,512	\$ 89,043	\$ 73,750	\$ 210,191
2001	26,886	20,512	48,407	76,375	172,180
2002	26,886	20,512	48,932	78,763	175,093
2003	26,886	20,512	-	75,913	123,311
2004	26,886	20,512	-	78,063	125,461
Thereafter . .	<u>259,897</u>	<u>198,282</u>	<u>-</u>	<u>230,425</u>	<u>688,604</u>
Total	<u>\$ 394,327</u>	<u>\$ 300,842</u>	<u>\$ 186,382</u>	<u>\$ 613,289</u>	<u>\$1,494,840</u>

TOWN OF KINDER, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999

NOTE 12 - CHANGES IN LONG-TERM OBLIGATIONS

General obligation bonds, \$186,382, are secured by an annual ad valorem tax levy. In accordance with R. S. 39:562, the Town is legally restricted from incurring long-term bonded debt in excess of 35 percent of the assessed value of taxable property in the Town. At June 30, 1999, the statutory limit is \$2,339,145.

NOTE 13 - DEDICATION OF SALES TAX PROCEEDS

Proceeds of the 1% sales and use tax levied by the Town of Kinder, Louisiana are dedicated to the following purposes:

1. 25% of the proceeds is to be used for repairs and maintenance.
2. 75% of the proceeds is to be used for capital improvements and for retiring the \$326,462 Sales Tax Refunding Bonds.

Proceeds of the .3% sales and use tax levied by the Town of Kinder, Louisiana are dedicated to the following purpose:

1. Construction of a library within the Town and payment of the \$550,000 Certificate of Indebtedness.

NOTE 14 - COMPONENTS OF RESTRICTED ASSETS

	Revenue Bond <u>Sinking</u>	Revenue Bond <u>Reserve</u>	Revenue Bond <u>Contingency</u>	Customer <u>Deposits</u>	<u>Totals</u>
Cash and investments	\$ 4,086	\$ 12,796	\$ 42,216	\$ 120,841	\$ 179,939
Interest rec.	-	-	152	662	814
	<u>\$ 4,086</u>	<u>\$ 12,796</u>	<u>\$ 42,368</u>	<u>\$ 121,503</u>	<u>\$ 180,753</u>

Sewer Revenue Bonds:

Under the terms of the bond indenture on outstanding Sewer Revenue Bonds dated February 28, 1997 all income and revenues earned or derived from operation of the Sewer System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Each month there will be set aside into a "Bond and Interest Redemption Account" an amount equal to the principal and interest falling due on the next payment date. Such transfers 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.

TOWN OF KINDER, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1999

NOTE 14 - COMPONENTS OF RESTRICTED ASSETS

There shall also be set aside into a "Bond Reserve Account" an amount equal to 5% of the payments made into the Sinking Fund until such time as there has been accumulated there in a sum equal to the highest combined principal and interest requirements for any year on bonds payable from the Sinking Fund, which amount attributable to the Bonds shall not exceed 10% of the Bond proceeds and will be less than 125% of average debt service on the Bond. None of the proceeds of the Agreement of the Bond shall be used to fund the Reserve Fund. Monies in the Reserve Fund will be used solely for the purpose of paying principal of and interest on such bonds as to which there would otherwise be a default.

Funds will also be set aside into a "Depreciation and Contingency Account" to care for depreciation, extensions, additions, improvements and replacements necessary to operate properly the system. The Fund may be used for the purpose of payment of debt service on bonds for which there is not sufficient money in the Sinking Fund or the Reserve Fund.

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

The amount of retained earnings reserved for revenue bond retirement is detailed as follows:

Restricted assets: revenue bond sinking, reserve and contingency funds	\$ 47,834
Less:	
Current maturities of revenue bonds, payable from restricted assets	23,286
Accrued interest, payable from restricted assets	<u> -</u>
Retained Earnings Reserved	<u>\$ 24,548</u>

NOTE 15 - INTERFUND ASSETS/LIABILITIES

Due from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue Fund	General Fund	\$ 734
Special Revenue Fund	Enterprise Fund	11,822
General Fund	Enterprise Fund	<u>266</u>
Total		<u>\$ 12,822</u>

TOWN OF KINDER, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999

NOTE 15 - INTERFUND ASSETS/LIABILITIES

Interfund receivable/payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sales Tax Fund	Park Fund	<u>\$ 1,010</u>

NOTE 16 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 17 - INTEREST EXPENSE

Total amount of interest charged to expense for the year ended June 30, 1999 was \$61,182.

NOTE 18 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There are a number of limitations and restrictions contained in the various bond indentures. The Town was not in compliance with the bond covenant for its Sewer Revenue Bond and General Obligation Bond. Required deposits to the sinking, reserve, and contingency funds were not made in a timely manner and did not equal the required balance at June 30, 1999 for the Sewer Revenue Bond and the April 1999 principal and interest payment was not made for the General Obligation Bond.

Revenues and expenditures exceeded appropriations for the Special Revenue Fund and Enterprise Fund for the year ended June 30, 1999. Closer attention to the budgeting process will be demonstrated in the following year.

The Schedule of Findings details other noncompliance issues that occurred during the year ended June 30, 1999.

TOWN OF KINDER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 19 - CONTRIBUTED CAPITAL

During the year, contributed capital changed by the following amount:

Government - Depreciation of fixed assets acquired by funds externally restricted for capital expenditures	\$ <u>92,852</u>
CONTRIBUTED CAPITAL, BEGINNING	<u>3,090,573</u>
CONTRIBUTED CAPITAL, ENDING	<u>\$2,997,721</u>

NOTE 20 - CONTINGENCIES

The Town participates in a number of federal and state grant programs that are either partially or fully funded by grants received from other governmental units. Such grants are subject to audit by the grantor agencies which could result in requests for reimbursement to the granting agency for expenditures that are disallowed under the terms of the grant. Based on past experience, the Town believes that any disallowed costs as a result of such audits will be immaterial.

NOTE 21 - LOCAL SERVICES AGREEMENT

On September 8, 1997, the Town of Kinder entered into a local services agreement with the Allen Parish Libraries Board of Control, a subdivision of the Allen Parish Police Jury. The purpose was to construct a building in the Town of Kinder to be used as a public library. The Town agreed to purchase land for the building, build a building, be responsible for certain repairs, insure the building against loss, provide liability insurance, and borrow money to accomplish the purposes of the agreement.

COMBINING, INDIVIDUAL FUND
AND ACCOUNT GROUP STATEMENTS AND SCHEDULES

GENERAL FUND

To account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

TOWN OF KINDER, LOUISIANA
 General Fund
 Comparative Balance Sheet
 June 30, 1999 and 1998

EXHIBIT A-1

	<u>1999</u>	<u>1998</u>
ASSETS		
Cash	\$ 308,108	\$ 285,977
Receivables:		
Accounts	18,362	26,638
Intergovernmental	6,347	32,938
Due from other funds	<u>266</u>	<u>266</u>
TOTAL ASSETS	<u>\$ 333,083</u>	<u>\$ 345,819</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	<u>\$ 12,984</u>	<u>\$ 53,210</u>
	12,984	53,210
Fund balance:		
Unreserved	<u>320,099</u>	<u>292,609</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 333,083</u>	<u>\$ 345,819</u>

See accompanying notes.

TOWN OF KINDER

EXHIBIT A-2

General Fund

Comparative Statement of Revenues, Expenditures, and

Changes in Fund Balance - Budget and Actual

Year Ended June 30, 1999

(With Comparative Totals for Year Ended June 30, 1998)

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Revenues:				
Taxes:				
Ad valorem	\$ 110,000	\$ 83,349	\$ (26,651)	\$ 78,312
Public utility franchise	67,224	70,445	3,221	73,913
Licenses and permits:				
Licenses	70,927	83,694	12,767	60,227
Permits	2,946	3,185	239	3,310
Intergovernmental:				
Tobacco and beer	15,476	20,323	4,847	19,465
Video poker	12,514	24,733	12,219	24,065
Grant-LA Comm. on Law Enf.	-	23,145	23,145	11,805
State of Louisiana	-	-	-	25,195
Fines:				
Court fines	53,680	77,439	23,759	29,079
Police special	19,689	16,893	(2,796)	8,802
Driver's license	2,003	3,376	1,373	1,409
DWI	3,398	5,310	1,912	11,638
Other:				
Interest	3,500	9,284	5,784	4,258
Miscellaneous	34,563	1,071	(33,492)	12,618
Gaming revenue	253,396	401,441	148,045	269,832
TOTAL REVENUES	<u>649,316</u>	<u>823,688</u>	<u>174,372</u>	<u>633,928</u>
Expenditures:				
General and administrative	308,180	237,071	71,109	168,873
Street department	112,820	82,282	30,538	71,933
Police department	509,070	445,773	63,297	375,745
Debt service	-	17,302	(17,302)	8,619
Capital outlay	-	111,284	(111,284)	87,768
TOTAL EXPENDITURES	<u>930,070</u>	<u>893,712</u>	<u>36,358</u>	<u>712,938</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(280,754)</u>	<u>(70,024)</u>	<u>210,730</u>	<u>(79,010)</u>
Other financing sources (uses):				
Operating transfers from (to):				
Special revenue fund	-	25,000	25,000	19,000
Capital project fund	-	-	-	10
Enterprise fund	-	72,514	72,514	107,144

See accompanying notes.

TOWN OF KINDER, LOUISIANA

EXHIBIT A-2

General Fund

Comparative Statement of Revenues, Expenditures, and

Changes in Fund Balance - Budget and Actual

Year Ended June 30, 1999

(With Comparative Totals for Year Ended June 30, 1998)

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ 97,514	\$ 97,514	\$ 126,154
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(280,754)	27,490	308,244	47,144
FUND BALANCE, BEGINNING	292,609	292,609	-	245,465
FUND BALANCE, ENDING	\$ 11,855	\$ 320,099	\$ 308,244	\$ 292,609

See accompanying notes.

General Fund

Comparative Statement of Departmental Expenditures - Budget and Actual

Year Ended June 30, 1999

(With Comparative Totals for Year Ended June 30, 1998)

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
General and administrative department:				
Advertising - notices	\$ -	\$ 2,382	\$ (2,382)	\$ 1,603
Appropriation - Allen Parish:				
Health Unit	250	-	250	500
Accounting	-	4,698	(4,698)	-
Audit fees	15,656	8,350	7,306	5,795
Consulting - accounting	-	7,758	(7,758)	-
Court cost	-	6,000	(6,000)	6,000
Dues	780	1,286	(506)	1,091
Election expense	341	284	57	-
Employees' car allowance	4,584	8,725	(4,141)	2,040
Engineer fees	1,282	1,995	(713)	7,976
Insurance	43,452	41,062	2,390	33,630
Interest expense	-	255	(255)	661
Janitor services	2,081	-	2,081	3,488
Legal fees	13,721	1,650	12,071	4,654
Materials and supplies	4,663	5,080	(417)	1,418
Miscellaneous	30,950	11,651	19,299	9,248
Office	21,056	16,946	4,110	13,531
Payroll tax	28,819	6,234	22,585	3,896
Penalties	-	5,786	(5,786)	-
Repairs and maintenance	2,087	3,449	(1,362)	2,011
Salaries	116,082	80,519	35,563	57,580
Telephone	6,347	6,860	(513)	4,270
Travel	10,591	10,400	191	5,451
Utilities	5,438	5,701	(263)	4,030
TOTAL GENERAL AND ADMINISTRATIVE EXPENDITURES	\$ 308,180	\$ 237,071	\$ 71,109	\$ 168,873
Street department:				
Car allowance	\$ -	\$ -	\$ -	\$ 1,112
Contract labor	-	-	-	10,261
Gas, oil and tires	6,760	6,901	(141)	7,050
Insurance	3,655	127	3,528	3,223
Interest expense	-	776	(776)	663
Materials and supplies	35,048	22,407	12,641	13,839
Miscellaneous	10,167	9,219	948	6,405

See accompanying notes.

TOWN OF KINDER, LOUISIANA

EXHIBIT A-3

General Fund

Comparative Statement of Departmental Expenditures - Budget and Actual

Year Ended June 30, 1999

(With Comparative Totals for Year Ended June 30, 1998)

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Payroll tax	\$ 1,718	\$ 7	\$ 1,711	\$ -
Recycling	-	1,872	(1,872)	2,122
Repairs and maintenance	13,586	19,537	(5,951)	9,787
Salaries	22,469	3,315	19,154	-
Street lights	18,913	17,609	1,304	16,507
Utilities	504	512	(8)	964
TOTAL STREET EXPENDITURES	<u>\$ 112,820</u>	<u>\$ 82,282</u>	<u>\$ 30,538</u>	<u>\$ 71,933</u>
Police department:				
Auxiliary officers	\$ -	\$ 4,681	\$ (4,681)	\$ 9,310
Care of prisoners	3,007	1,960	1,047	4,761
Dues	442	368	74	484
Intergovernmental	5,518	5,309	209	1,723
Gas, oil and repairs	18,146	15,173	2,973	12,955
Insurance	33,773	40,390	(6,617)	29,555
Insurance - dispatchers	14,927	18,749	(3,822)	9,877
Miscellaneous	20,458	8,680	11,778	3,335
Payroll taxes	15,725	18,167	(2,442)	15,380
Payroll taxes - dispatchers	5,258	5,242	16	4,670
Police special	34,453	6,928	27,525	15,976
Repairs and maintenance	9,936	12,618	(2,682)	3,953
Retirement	-	3,008	(3,008)	2,984
Salaries	264,012	211,400	52,612	180,256
Salaries - dispatchers	68,728	66,621	2,107	60,618
Supplies	3,568	9,066	(5,498)	5,893
Telephone	2,428	8,035	(5,607)	6,882
Travel	1,682	2,980	(1,298)	1,446
Uniforms	7,009	6,398	611	5,342
Uniforms - dispatchers	-	-	-	345
TOTAL POLICE EXPENDITURES	<u>\$ 509,070</u>	<u>\$ 445,773</u>	<u>\$ 63,297</u>	<u>\$ 375,745</u>

See accompanying notes.

SPECIAL REVENUE FUNDS

To account for special revenues that are legally restricted to expenditures for particular purposes.

Sales Tax Fund - To account for the receipt and use of proceeds of the Town's sales and use tax. Seventy-five percent of such proceeds are to be used for capital improvement and the retirement of the \$326,462 Sales Tax Refunding Bonds. The remaining twenty-five percent is to be used for repairs and maintenance.

Park Fund - To account for the receipt and expenditure of funds for the Town's park.

Motor Vehicle Fund - To account for the receipt and expenditure of funds collected on transactions within the motor vehicle department.

Library Sales Tax Fund - To account for the receipt and use of proceeds of the Town's .3% sales and use tax. Proceeds are to be used for the construction of a library within the Town's boundaries.

Section 8 Housing Fund - To account for the receipt and expenditure of federal financial assistance for low-income housing.

Library Sales Tax Fund	Motor Vehicle Fund	Section 8 Housing Fund	Totals	
			1999	1998
\$ 74,158	\$ 26,874	\$ 87,164	\$ 581,301	\$ 385,120
8,214	-	-	68,241	71,050
-	-	-	190	916
-	-	3,955	3,955	28,740
-	-	-	12,061	12,445
-	-	-	2,022	1,618
-	-	-	13,566	13,566
<u>\$ 82,372</u>	<u>\$ 26,874</u>	<u>\$ 91,119</u>	<u>\$ 681,336</u>	<u>\$ 513,455</u>
\$ -	\$ -	\$ -	\$ 104,374	\$ 14,441
-	-	-	7,264	8,186
-	-	-	1,010	1,010
-	-	-	112,648	23,637
<u>82,372</u>	<u>26,874</u>	<u>91,119</u>	<u>568,688</u>	<u>489,818</u>
<u>\$ 82,372</u>	<u>\$ 26,874</u>	<u>\$ 91,119</u>	<u>\$ 681,336</u>	<u>\$ 513,455</u>

Library Sales Tax Fund	Motor Vehicle Fund	Section 8 Housing Fund	Totals	
			1999	1998
\$ 97,390	\$ -	\$ -	\$ 455,608	\$ 405,523
-	6,747	-	6,747	8,122
-	-	135,697	135,697	166,058
-	-	-	1,969	1,585
-	-	-	2,272	4,759
746	495	-	8,175	7,155
-	-	-	802	997
<u>98,136</u>	<u>7,242</u>	<u>135,697</u>	<u>611,270</u>	<u>594,199</u>
-	-	-	8,350	2,270
-	-	-	1,226	-
-	-	13,951	21,451	18,863
-	-	-	6,643	15,983
-	-	-	45,380	68,946
-	-	-	699	1,237
-	-	117,185	118,838	117,599
-	-	-	175,959	30,643
-	-	<u>131,136</u>	<u>378,546</u>	<u>255,541</u>
<u>98,136</u>	<u>7,242</u>	<u>4,561</u>	<u>232,724</u>	<u>338,658</u>
-	-	-	(25,000)	(19,000)
(76,125)	-	-	(128,854)	(66,458)
-	-	-	-	133
-	-	-	-	(61,497)
<u>(76,125)</u>	<u>-</u>	<u>-</u>	<u>(153,854)</u>	<u>(146,822)</u>
22,011	7,242	4,561	78,870	191,836
<u>60,361</u>	<u>19,632</u>	<u>86,558</u>	<u>489,818</u>	<u>297,982</u>
<u>\$ 82,372</u>	<u>\$ 26,874</u>	<u>\$ 91,119</u>	<u>\$ 568,688</u>	<u>\$ 489,818</u>

TOWN OF KINDER, LOUISIANA
Special Revenue Funds - Sales Tax Fund
Comparative Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 1999
(With Comparative Totals for Year Ended June 30, 1998)

EXHIBIT B-3

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Revenues:				
Sales tax revenues	\$ 362,027	\$ 369,908	\$ 7,881	\$ 318,984
Less collection fees	(10,860)	(11,690)	(830)	(7,212)
Intergovernmental	-	-	-	25,000
Special assessments	198	1,969	1,771	1,585
Interest income	15,216	6,934	(8,282)	6,155
Miscellaneous	139	517	378	972
TOTAL REVENUES	<u>366,720</u>	<u>367,638</u>	<u>918</u>	<u>345,484</u>
Expenditures:				
Audit fees	6,144	8,350	(2,206)	1,325
Accounting	-	613	(613)	-
Administrative	-	7,500	(7,500)	-
Engineer fees	-	6,643	(6,643)	15,983
Repairs and maintenance	83,105	42,934	40,171	67,784
Capital outlay	17,360	175,959	(158,599)	29,790
TOTAL EXPENDITURES	<u>106,609</u>	<u>241,999</u>	<u>(135,390)</u>	<u>114,882</u>
Excess (deficiency) of revenues over expenditures	<u>260,111</u>	<u>125,639</u>	<u>(134,472)</u>	<u>230,602</u>
Other financing sources (uses):				
Operating transfers from (to):				
Debt service fund	(48,415)	(52,729)	(4,314)	(53,770)
General fund	-	(25,000)	(25,000)	-
Water and sewer fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(48,415)</u>	<u>(77,729)</u>	<u>(29,314)</u>	<u>(53,770)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	211,696	47,910	(163,786)	176,832
FUND BALANCE, BEGINNING	<u>320,536</u>	<u>320,536</u>	<u>-</u>	<u>143,704</u>
FUND BALANCE, ENDING	<u>\$ 532,232</u>	<u>\$ 368,446</u>	<u>\$ (163,786)</u>	<u>\$ 320,536</u>

See accompanying notes.

TOWN OF KINDER, LOUISIANA
 Special Revenue Funds - Park Fund
 Comparative Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 1999
 (With Comparative Totals for Year Ended June 30, 1998)

EXHIBIT B-4

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Revenues:				
Leases	\$ -	\$ 2,272	\$ 2,272	\$ 4,759
Intergovernmental	-	-	-	-
Miscellaneous	-	285	285	25
TOTAL REVENUES	-	2,557	2,557	4,784
Expenditures:				
Audit fees	-	-	-	945
Accounting	-	613	(613)	-
Insurance	-	-	-	133
Miscellaneous	-	111	(111)	530
Repairs and maintenance	-	2,446	(2,446)	1,162
Rent payments	-	1,653	(1,653)	-
Utilities	-	588	(588)	574
Capital outlay	-	-	-	853
TOTAL EXPENDITURES	-	5,411	(5,411)	4,197
Excess (deficiency) of revenues over expenditures	-	(2,854)	(2,854)	587
Other financing sources (uses):				
Operating transfers from (to):				
Water and sewer fund	-	-	-	133
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	133
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(2,854)	(2,854)	720
FUND BALANCE, BEGINNING	2,731	2,731	-	2,011
FUND BALANCE, ENDING	\$ 2,731	\$ (123)	\$ (2,854)	\$ 2,731

See accompanying notes.

TOWN OF KINDER, LOUISIANA
Special Revenue Funds - Library Sales Tax Fund
Comparative Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 1999
(With Comparative Totals for Year Ended June 30, 1998)

EXHIBIT B-5

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Revenues:				
Sales tax revenues	\$ 96,000	\$ 99,377	\$ 3,377	\$ 95,683
Less collection fees	(2,880)	(1,987)	893	(1,932)
Interest income	<u>12,352</u>	<u>746</u>	<u>(11,606)</u>	<u>654</u>
TOTAL REVENUES	<u>105,472</u>	<u>98,136</u>	<u>(7,336)</u>	<u>94,405</u>
Expenditures:				
Administrative	-	-	-	-
Project expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>105,472</u>	<u>98,136</u>	<u>(7,336)</u>	<u>94,405</u>
Other financing sources (uses):				
Operating transfers from (to):				
Debt service fund	(76,125)	(76,125)	-	(12,688)
Library capital projects fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,497)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(76,125)</u>	<u>(76,125)</u>	<u>-</u>	<u>(74,185)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	29,347	22,011	(7,336)	20,220
FUND BALANCE, BEGINNING	<u>60,361</u>	<u>60,361</u>	<u>-</u>	<u>40,141</u>
FUND BALANCE, ENDING	<u>\$ 89,708</u>	<u>\$ 82,372</u>	<u>\$ (7,336)</u>	<u>\$ 60,361</u>

See accompanying notes.

TOWN OF KINDER, LOUISIANA
 Special Revenue Funds - Motor Vehicle Fund
 Comparative Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 1999
 (With Comparative Totals for Year Ended June 30, 1998)

EXHIBIT B-6

	1999		Variance	1998
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Assessments	\$ -	\$ 6,747	\$ 6,747	\$ 8,122
Interest income	-	495	495	346
TOTAL REVENUES	-	7,242	7,242	8,468
Expenditures:				
Administrative	-	-	-	-
Project expenses	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	7,242	7,242	8,468
Other financing sources (uses):				
Operating transfers from (to):				
General fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	7,242	7,242	8,468
FUND BALANCE, BEGINNING	19,632	19,632	-	11,164
FUND BALANCE, ENDING	\$ 19,632	\$ 26,874	\$ 7,242	\$ 19,632

See accompanying notes.

DEBT SERVICE FUND

To account for the accumulation of resources and payment of general obligation bond and certificate of indebtedness principal and interest from governmental resources.

TOWN OF KINDER, LOUISIANA
 Debt Service Funds
 Combining Balance Sheet
 June 30, 1999

EXHIBIT C-1

(With Comparative Totals for Year Ended June 30, 1998)

	1989	1998	<u>Totals</u>	
	<u>Sales Tax</u>	<u>Certificate</u>	<u>1999</u>	<u>1998</u>
	<u>Refunding Bond</u>	<u>of Indebtedness</u>		
 ASSETS				
Restricted assets:				
Cash - bond sinking fund	\$ 57,482	\$ 14,007	\$ 71,489	\$ 25,093
Cash - bond reserve	<u>50,694</u>	<u>-</u>	<u>50,694</u>	<u>49,473</u>
TOTAL ASSETS	<u>\$ 108,176</u>	<u>\$ 14,007</u>	<u>\$ 122,183</u>	<u>\$ 74,566</u>
 LIABILITIES AND FUND BALANCE				
Fund Balance:				
Reserved for debt service.	<u>\$ 108,176</u>	<u>\$ 14,007</u>	<u>\$ 122,183</u>	<u>\$ 74,566</u>

See accompanying notes.

TOWN OF KINDER, LOUISIANA
Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 1999
(With Comparative Totals for Year Ended June 30, 1998)

EXHIBIT C-2

	1989	1998	<u>Totals</u>	
	<u>Sales Tax</u>	<u>Certificate</u>	<u>1999</u>	<u>1998</u>
	<u>Refunding Bond</u>	<u>of Indebtedness</u>		
Revenues:				
Interest	\$ <u>2,025</u>	\$ <u>1,198</u>	\$ <u>3,223</u>	\$ <u>1,828</u>
Expenditures:				
Principal retirement	-	50,000	50,000	28,646
Interest	<u>8,304</u>	<u>26,156</u>	<u>34,460</u>	<u>19,759</u>
TOTAL EXPENDITURES	<u>8,304</u>	<u>76,156</u>	<u>84,460</u>	<u>48,405</u>
Excess (Deficiency) of revenues over expenditures	(6,279)	(74,958)	(81,237)	(46,577)
Other financing sources (uses):				
Operating transfers from (to):				
Special revenue fund	<u>52,729</u>	<u>76,125</u>	<u>128,854</u>	<u>66,458</u>
Excess (deficiency) of revenues and other sources over expenditures . .	46,450	1,167	47,617	19,881
FUND BALANCES, BEGINNING	<u>61,726</u>	<u>12,840</u>	<u>74,566</u>	<u>54,685</u>
FUND BALANCES, ENDING	<u>\$ 108,176</u>	<u>\$ 14,007</u>	<u>\$ 122,183</u>	<u>\$ 74,566</u>

See accompanying notes.

TOWN OF KINDER, LOUISIANA

EXHIBIT C-3

Debt Service Funds - 1989 Sales Tax Refunding Bond
and 1998 Certificate of Indebtedness

Comparative Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual

Year Ended June 30, 1999

(With Comparative Totals for Year Ended June 30, 1998)

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Revenues:				
Interest	\$ 12,352	\$ 3,223	\$ (9,129)	\$ 1,828
Expenditures:				
Principal retirement	78,640	50,000	28,640	28,646
Interest	45,905	34,460	11,445	19,759
TOTAL EXPENDITURES	124,545	84,460	40,085	48,405
Excess (deficiency) of revenues over expenditures	(112,193)	(81,237)	30,956	(46,577)
Other financing sources (uses):				
Operating transfers	40,000	128,854	88,854	66,458
Excess (deficiency) of revenues and other sources over expenditures	(72,193)	47,617	119,810	19,881
Fund Balance, Beginning	74,566	74,566	-	54,685
Fund Balance, Ending	\$ 2,373	\$ 122,183	\$ 119,810	\$ 74,566

See accompanying notes.

CAPITAL PROJECTS FUND

To account for the acquisition and construction of major capital facilities other than those financed by proprietary funds:

Library - To account for financial resources to be used for the construction of the library.

TOWN OF KINDER, LOUISIANA
 Capital Projects Fund
 Combining Balance Sheet
 June 30, 1999

EXHIBIT D-1

(With Comparative Totals for Year Ended June 30, 1998)

	<u>Library</u>	<u>Totals</u>	
		<u>1999</u>	<u>1998</u>
ASSETS:			
Cash	\$ <u>3,130</u>	\$ <u>3,130</u>	\$ <u>555,974</u>
FUND BALANCE	\$ <u>3,130</u>	\$ <u>3,130</u>	\$ <u>555,974</u>

See accompanying notes.

TOWN OF KINDER, LOUISIANA
 Capital Projects Fund
 Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 1999
 (With Comparative Totals for Year Ended June 30, 1998)

EXHIBIT D-2

	<u>Library</u>	<u>Totals</u>	
		<u>1999</u>	<u>1998</u>
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Interest	<u>10,420</u>	<u>10,420</u>	<u>5,974</u>
Total Revenues	<u>10,420</u>	<u>10,420</u>	<u>5,974</u>
Expenditures:			
Contractor expense	550,214	550,214	-
Architect fees	4,563	4,563	-
Engineer fees	-	-	33,697
Land purchase	-	-	25,000
Legal fees	<u>8,487</u>	<u>8,487</u>	<u>2,800</u>
Total Expenditures	<u>563,264</u>	<u>563,264</u>	<u>61,497</u>
Deficiency of revenues over expenditures	<u>(552,844)</u>	<u>(552,844)</u>	<u>(55,523)</u>
Other financing sources (uses):			
Operating transfers from (to):			
General fund	-	-	(10)
Sales tax fund - library	-	-	61,497
Proceeds from certificate of indebtedness	<u>-</u>	<u>-</u>	<u>550,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>611,487</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(552,844)	(552,844)	555,964
Fund Balance, Beginning	<u>555,974</u>	<u>555,974</u>	<u>10</u>
Fund Balance, Ending	<u>\$ 3,130</u>	<u>\$ 3,130</u>	<u>\$ 555,974</u>

See accompanying notes.

ENTERPRISE FUND

To account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

TOWN OF KINDER, LOUISIANA
 Enterprise Fund
 Combining Balance Sheet
 June 30, 1999

(With Comparative Totals for Year Ended June 30, 1998)

	Water & Sewer Fund	Gas Fund	<u>Totals</u>	
			<u>1999</u>	<u>1998</u>
ASSETS				
Current assets:				
Cash	\$ 196,638	\$ 262,363	\$ 459,001	\$ 347,873
Investments	-	282,894	282,894	271,235
Receivables:				
Accounts	50,035	66,812	116,847	96,742
Accrued interest	556	2,984	3,540	1,892
Other	<u>11,673</u>	<u>-</u>	<u>11,673</u>	<u>-</u>
TOTAL CURRENT ASSETS	<u>258,902</u>	<u>615,053</u>	<u>873,955</u>	<u>717,742</u>
Restricted assets:				
Bond and interest redemption:				
Cash	4,086	-	4,086	8,824
Bond reserve:				
Cash	12,796	-	12,796	9,183
Investments	-	-	-	25,585
Depreciation and contingency:				
Investments	12,955	29,261	42,216	38,150
Accrued interest receivable	-	152	152	164
Customer deposit account:				
Cash	18,003	48,338	66,341	56,371
Investments	16,500	38,000	54,500	54,500
Accrued interest receivable	<u>163</u>	<u>499</u>	<u>662</u>	<u>686</u>
TOTAL RESTRICTED ASSETS	<u>64,503</u>	<u>116,250</u>	<u>180,753</u>	<u>193,463</u>
Fixed assets, at cost, net of accumulated depreciation (1999 - \$1,758,816, 1998 - \$1,553,881)				
	<u>3,611,380</u>	<u>244,440</u>	<u>3,855,820</u>	<u>4,058,955</u>
TOTAL ASSETS	<u>\$ 3,934,785</u>	<u>\$ 975,743</u>	<u>\$ 4,910,528</u>	<u>\$ 4,970,160</u>

See accompanying notes.

	Water & Sewer Fund	Gas Fund	<u>Totals</u>	
			1999	1998
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current liabilities (payable from current assets):				
Accounts payable	\$ 12,524	\$ 29,068	\$ 41,592	\$ 34,555
Due to other funds	7,906	4,916	12,822	12,822
TOTAL CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)	<u>20,430</u>	<u>33,984</u>	<u>54,414</u>	<u>47,377</u>
Current liabilities (payable from restricted assets):				
Revenue bonds payable, current portion	23,286	-	23,286	37,150
Accrued interest	-	-	-	148
Bank overdraft	-	-	-	4,051
Customer deposits	33,180	76,865	110,045	109,370
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	<u>56,466</u>	<u>76,865</u>	<u>133,331</u>	<u>150,719</u>
Long-term liabilities:				
Revenue bonds payable, net of current portion	468,245	-	468,245	491,531
TOTAL LIABILITIES	<u>545,141</u>	<u>110,849</u>	<u>655,990</u>	<u>689,627</u>
Fund equity:				
Contributed capital	2,982,261	15,460	2,997,721	3,090,574
Retained earnings:				
Reserved for revenue bonds . .	24,548	-	24,548	70,668
Unreserved	382,835	849,434	1,232,269	1,119,291
TOTAL FUND EQUITY	<u>3,389,644</u>	<u>864,894</u>	<u>4,254,538</u>	<u>4,280,533</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 3,934,785</u>	<u>\$ 975,743</u>	<u>\$ 4,910,528</u>	<u>\$ 4,970,160</u>

TOWN OF KINDER, LOUISIANA
 Enterprise Fund
 Combining Statement of Revenues, Expenses,
 and Changes in Retained Earnings
 Year Ended June 30, 1999

EXHIBIT E-2

(With Comparative Totals for Year Ended June 30, 1998)

	Water & Sewer Fund	Gas Fund	Totals	
			1999	1998
Operating revenues:				
Charges for services	\$ 399,133	\$ 577,291	\$ 976,424	\$ 953,828
Late payment penalty charges . .	-	3,390	3,390	7,394
Service charges	138	2,532	2,670	3,371
Miscellaneous income	<u>3,584</u>	<u>500</u>	<u>4,084</u>	<u>19,356</u>
TOTAL OPERATING REVENUES	<u>402,855</u>	<u>583,713</u>	<u>986,568</u>	<u>983,949</u>
Operating expenses	<u>489,190</u>	<u>459,154</u>	<u>948,344</u>	<u>996,715</u>
OPERATING INCOME (LOSS)	<u>(86,335)</u>	<u>124,559</u>	<u>38,224</u>	<u>(12,766)</u>
Non-operating revenues (expenses):				
Interest income	9,142	24,845	33,987	34,019
Amortization of bond discount . .	-	-	-	7
Interest expense	(25,248)	(443)	(25,691)	(27,663)
Paying agents' fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>(179)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(16,106)</u>	<u>24,402</u>	<u>8,296</u>	<u>6,184</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>(102,441)</u>	<u>148,961</u>	<u>46,520</u>	<u>(6,582)</u>
Operating transfers from (to):				
General fund	147	(72,661)	(72,514)	(107,144)
Water and sewer fund	-	-	-	5,954
Gas fund	-	-	-	(5,954)
Park fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(133)</u>
TOTAL OPERATING TRANSFERS FROM (TO)	<u>147</u>	<u>(72,661)</u>	<u>(72,514)</u>	<u>(107,277)</u>
NET INCOME (LOSS)	(102,294)	76,300	(25,994)	(113,859)

See accompanying notes.

TOWN OF KINDER, LOUISIANA
 Enterprise Fund
 Combining Statement of Revenues, Expenses,
 and Changes in Retained Earnings
 Year Ended June 30, 1999
 (With Comparative Totals for Year Ended June 30, 1998)

EXHIBIT E-2

	Water & Sewer Fund	Gas Fund	Totals	
			1999	1998
Add current year's depreciation on fixed assets acquired by funds externally restricted for capital expenditures that reduce contributed capital	\$ 92,074	\$ 778	\$ 92,852	\$ 92,852
Increase (decrease) in retained earnings	(10,220)	77,078	66,858	(21,007)
RETAINED EARNINGS, BEGINNING	<u>417,603</u>	<u>772,356</u>	<u>1,189,959</u>	<u>1,210,966</u>
RETAINED EARNINGS, ENDING	<u>\$ 407,383</u>	<u>\$ 849,434</u>	<u>\$1,256,817</u>	<u>\$1,189,959</u>

See accompanying notes.

TOWN OF KINDER, LOUISIANA
 Enterprise Fund
 Combining Statement of Cash Flows
 Year Ended June 30, 1999

EXHIBIT E-3

(With Comparative Totals for Year Ended June 30, 1998)

	Water & Sewer Fund	Gas Fund	Totals	
			1999	1998
Cash flows from operating activities:				
Operating income (loss)	\$ (86,335)	\$ 124,559	\$ 38,224	\$ (12,766)
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation	191,560	13,375	204,935	205,695
(Increase) decrease in:				
Accounts receivable	(14,394)	(17,384)	(31,778)	(28,036)
Accrued interest receivable	63	(1,675)	(1,612)	914
Increase (decrease) in:				
Accounts payable	(3,861)	6,847	2,986	(6,356)
Accrued interest payable	-	(148)	(148)	(147)
Customer deposits	2,540	(1,865)	675	10,390
NET CASH FROM OPERATING ACTIVITIES	<u>89,573</u>	<u>123,709</u>	<u>213,282</u>	<u>169,694</u>
Cash flows from noncapital financing activities:				
Operating transfers	147	(72,661)	(72,514)	(110,739)
Cash flows from capital and related financing activities:				
Purchase of fixed assets	-	(1,800)	(1,800)	(16,024)
Principal paid on bonds	(22,150)	(15,000)	(37,150)	(36,069)
Interest paid on bonds	(25,248)	(443)	(25,691)	(27,663)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(47,398)</u>	<u>(17,243)</u>	<u>(64,641)</u>	<u>(79,756)</u>
Cash flows from investing activities:				
Interest on investments	9,142	24,845	33,987	34,019
Sales (Purchases) of cash investments	(2,837)	12,696	9,859	(16,070)
NET CASH FROM INVESTING ACTIVITIES	<u>6,305</u>	<u>37,541</u>	<u>43,846</u>	<u>17,949</u>

See accompanying notes.

TOWN OF KINDER, LOUISIANA
 Enterprise Fund
 Combining Statement of Cash Flows
 Year Ended June 30, 1999

EXHIBIT E-3

(With Comparative Totals for Year Ended June 30, 1998)

	Water & Sewer Fund	Gas Fund	<u>Totals</u>	
			<u>1999</u>	<u>1998</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 48,627	\$ 71,346	\$ 119,973	\$ (2,852)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>182,896</u>	<u>239,355</u>	<u>422,251</u>	<u>425,103</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 231,523</u>	<u>\$ 310,701</u>	<u>\$ 542,224</u>	<u>\$ 422,251</u>

See accompanying notes.

Water and Sewer Fund

Comparative Statement of Revenues, Expenses, and
Changes in Retained Earnings - Budget and Actual
Year Ended June 30, 1999

(With Comparative Totals for Year Ended June 30, 1998)

	1999		Variance	1998
	Budget	Actual (Unfavorable)	Favorable	Actual
Operating revenues:				
Charges for services:				
Water sales	\$ 240,907	\$ 229,537	\$ (11,370)	\$ 229,297
Sewer service charges	165,683	169,596	3,913	154,751
Miscellaneous income	2,207	3,722	1,515	2,356
TOTAL OPERATING REVENUES	<u>408,797</u>	<u>402,855</u>	<u>(5,942)</u>	<u>386,404</u>
Operating expenses:				
Water and sewer department	<u>429,876</u>	<u>489,190</u>	<u>(59,314)</u>	<u>470,633</u>
OPERATING INCOME (LOSS)	<u>(21,079)</u>	<u>(86,335)</u>	<u>(65,256)</u>	<u>(84,229)</u>
Non-operating revenues (expenses):				
Interest income	-	9,142	9,142	7,881
Interest expense	-	(25,248)	(25,248)	(26,328)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>-</u>	<u>(16,106)</u>	<u>(16,106)</u>	<u>(18,447)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(21,079)	(102,441)	(81,362)	(102,676)
Operating transfers in (out)	<u>-</u>	<u>147</u>	<u>147</u>	<u>(63,231)</u>
NET INCOME (LOSS)	(21,079)	(102,294)	(81,215)	(165,907)
Add current year's depreciation on fixed assets acquired by funds externally restricted for capital expenditures that reduce contributed capital	<u>93,000</u>	<u>92,074</u>	<u>(926)</u>	<u>92,074</u>

See accompanying notes.

TOWN OF KINDER, LOUISIANA

EXHIBIT E-4

Water and Sewer Fund

Comparative Statement of Revenues, Expenses, and
Changes in Retained Earnings - Budget and Actual
Year Ended June 30, 1999

(With Comparative Totals for Year Ended June 30, 1998)

	1999		1998	
	Budget	Actual (Unfavorable)	Variance Favorable	Actual
Increase (decrease) in retained earnings	\$ 71,921	\$ (10,220)	\$ (82,141)	\$ (73,833)
RETAINED EARNINGS, BEGINNING . . .	417,603	417,603	-	491,436
RETAINED EARNINGS, ENDING	\$ 489,524	\$ 407,383	\$ (82,141)	\$ 417,603

See accompanying notes.

Water and Sewer Fund

Comparative Schedule of Operating Expenses - Budget and Actual

Year Ended June 30, 1999

(With Comparative Totals for Year Ended June 30, 1998)

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Operating expenses:				
Audit fees	\$ -	\$ 8,350	\$ (8,350)	\$ 8,000
Accounting	-	1,227	(1,227)	-
Bad debts	4,800	1,334	3,466	3,406
Consulting - accounting	-	7,108	(7,108)	-
Contract labor	12,000	13,672	(1,672)	11,500
Depreciation	160,000	191,560	(31,560)	191,798
Dues	-	150	(150)	150
Engineer fees	180	9,419	(9,239)	8,953
Equipment rental	847	855	(8)	940
Insurance	19,058	16,673	2,385	8,512
Legal fees	12,586	1,267	11,319	300
Miscellaneous	3,631	3,698	(67)	307
Office	-	3,224	(3,224)	2,593
Payroll tax	-	3,333	(3,333)	3,452
Repairs and maintenance	-	4,512	(4,512)	9,078
Salaries	14,267	43,567	(29,300)	42,851
Supplies	27,912	26,438	1,474	37,459
Telephone	-	-	-	407
Travel	108	150	(42)	520
Truck	-	422	(422)	1,401
Utilities	41,240	40,474	766	44,233
Water chemicals	36,529	8,153	28,376	4,864
Water purchases	94,762	98,244	(3,482)	84,969
Water testing	<u>1,956</u>	<u>5,360</u>	<u>(3,404)</u>	<u>4,940</u>
TOTAL OPERATING EXPENSES	<u>\$ 429,876</u>	<u>\$ 489,190</u>	<u>\$ (59,314)</u>	<u>\$ 470,633</u>

See accompanying notes.

TOWN OF KINDER, LOUISIANA

EXHIBIT E-6

Gas Fund

Comparative Statement of Revenues, Expenses, and
Changes in Retained Earnings - Budget and Actual
Year Ended June 30, 1999

(With Comparative Totals for Year Ended June 30, 1998)

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Operating revenues:				
Charges for services	\$ 574,640	\$ 577,291	\$ 2,651	\$ 569,780
Late payment penalty charges . .	4,068	3,390	(678)	7,394
Service charges	2,646	2,532	(114)	3,371
Miscellaneous income	<u>2,207</u>	<u>500</u>	<u>(1,707)</u>	<u>17,000</u>
TOTAL OPERATING REVENUES	<u>583,561</u>	<u>583,713</u>	<u>152</u>	<u>597,545</u>
Operating expenses	<u>424,859</u>	<u>459,154</u>	<u>(34,295)</u>	<u>526,082</u>
OPERATING INCOME (LOSS)	<u>158,702</u>	<u>124,559</u>	<u>(34,143)</u>	<u>71,463</u>
Non-operating revenues (expenses):				
Interest income	-	24,845	24,845	26,138
Amortization of bond discount . .	-	-	-	7
Interest expense	(30,000)	(443)	29,557	(1,335)
Paying agents' fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>(179)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(30,000)</u>	<u>24,402</u>	<u>54,402</u>	<u>24,631</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	128,702	148,961	20,259	96,094
Operating transfers in (out) . . .	<u>-</u>	<u>(72,661)</u>	<u>(72,661)</u>	<u>(44,046)</u>
NET INCOME (LOSS)	128,702	76,300	(52,402)	52,048
Add current year's depreciation on fixed assets acquired by funds externally restricted for capital expenditures that reduce contributed capital	<u>-</u>	<u>778</u>	<u>778</u>	<u>778</u>
Increase (decrease) in retained earnings	128,702	77,078	(51,624)	52,826
RETAINED EARNINGS, BEGINNING . . .	<u>772,356</u>	<u>772,356</u>	<u>-</u>	<u>719,530</u>
RETAINED EARNINGS, ENDING	<u>\$ 901,058</u>	<u>\$ 849,434</u>	<u>\$ (51,624)</u>	<u>\$ 772,356</u>

See accompanying notes.

TOWN OF KINDER, LOUISIANA

EXHIBIT E-7

Gas Fund

Comparative Schedule of Operating Expenses - Budget and Actual

Year Ended June 30, 1999

(With Comparative Totals for Year Ended June 30, 1998)

	<u>1999</u>		Variance	<u>1998</u>
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)	<u>Actual</u>
Operating expenses:				
Audit fees	\$ 11,760	\$ 8,350	\$ 3,410	\$ 8,000
Accounting	-	1,227	(1,227)	-
Bad debts	4,800	8,289	(3,489)	6,887
Consulting - accounting	-	7,108	(7,108)	-
Contract labor	12,000	983	11,017	2,758
Dues	11,400	11,405	(5)	12,240
Depreciation	12,000	13,375	(1,375)	13,897
Engineer fees	6,637	580	6,057	6,506
Gas purchases	249,713	254,711	(4,998)	275,866
Insurance	18,642	19,530	(888)	25,742
Legal fees	7,411	634	6,777	3,400
Meter reading services	12,000	12,000	-	11,872
Miscellaneous	7,050	7,768	(718)	4,046
Office	3,331	3,737	(406)	2,578
Payroll tax	1,577	4,855	(3,278)	7,270
Penalties	1,494	1,245	249	-
Protection survey	5,941	4,951	990	6,712
Repairs and maintenance	13,478	13,751	(273)	13,926
Supplies	14,684	18,456	(3,772)	18,013
Salaries	27,004	62,356	(35,352)	94,386
Telephone	474	464	10	297
Travel	258	230	28	-
Truck	2,987	2,925	62	11,463
Utilities	218	224	(6)	223
TOTAL OPERATING EXPENSES	<u>\$ 424,859</u>	<u>\$ 459,154</u>	<u>\$ (34,295)</u>	<u>\$ 526,082</u>

See accompanying notes.

GENERAL FIXED ASSETS ACCOUNT GROUP

TOWN OF KINDER, LOUISIANA
 Comparative Schedule of General Fixed Assets - By Source
 June 30, 1999 and 1998

EXHIBIT F

	<u>1999</u>	<u>1998</u>
General fixed assets:		
Land	\$ 202,124	\$ 77,124
Building	757,428	194,164
Equipment	<u>687,126</u>	<u>628,787</u>
TOTAL GENERAL FIXED ASSETS	<u>\$ 1,646,678</u>	<u>\$ 900,075</u>
Investments in general fixed assets by source:		
General fund	\$ 724,806	\$ 613,522
Special revenue fund	358,608	286,553
Capital projects fund	<u>563,264</u>	<u>-</u>
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u>\$ 1,646,678</u>	<u>\$ 900,075</u>

See accompanying notes.

GENERAL LONG-TERM DEBT
ACCOUNT GROUP

TOWN OF KINDER, LOUISIANA
 Combining Statement of General Long-Term Debt
 June 30, 1999 and 1998

EXHIBIT G

	<u>1999</u>	<u>1998</u>
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT		
Amount available in debt service fund	\$ 122,183	\$ 74,566
Amount to be provided for general long-term debt	<u>535,272</u>	<u>650,522</u>
	<u>\$ 657,455</u>	<u>\$ 725,088</u>
GENERAL LONG-TERM DEBT PAYABLE		
Bonds payable	\$ 150,982	\$ 150,982
Certificate of indebtedness	500,000	550,000
Capital leases	<u>6,473</u>	<u>24,106</u>
	<u>\$ 657,455</u>	<u>\$ 725,088</u>

See accompanying notes.

TOWN OF KINDER, LOUISIANA
Schedule of Compensation Paid Mayor and Council Members
For the Year Ended June 30, 1999

EXHIBIT H

Fred Ashy - Mayor	\$ 9,925
Betty Wilhelmi	1,500
Irving Prudhomme	645
Estes LeDoux, Jr.	3,000
Susan Doumite	3,000
Johnny Savant	1,500
Daniel Hamilton	1,500
Lowell Keys	1,500
Bennie Pelican	<u>1,500</u>
Total	<u>\$ 24,070</u>

See accompanying notes.

Town of Kinder, Louisiana
Year 2000 Issue (Unaudited)
For the Year Ended June 30, 1999

The Town of Kinder is aware of possible problems that the Year 2000 issue could present to its computer system and its utility distribution systems. The Town is in the process of establishing a committee to ensure that all possible problems that could occur will be corrected before December 31, 1999.

See accompanying notes.

TOWN OF KINDER, LOUISIANA
 SCHEDULE OF FINDINGS
 For the Year Ended June 30, 1999

We have audited the financial statements of the Town of Kinder, Louisiana as of and for the year ended June 30, 1999, and have issued our report dated November 2, 1999. 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. Our audit of the financial statements as of June 30, 1999 resulted in an unqualified opinion.

Section I Summary of Auditors' Reports

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weaknesses	<u> X </u>	Yes	<u> </u>	No
Reportable Conditions	<u> X </u>	Yes	<u> </u>	No

Compliance:

Compliance Material to Financial Statements	<u> X </u>	Yes	<u> </u>	No
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Section II Financial Statement Findings

99-1 I/C (Material weakness)

Segregation of duties: Because of the lack of a large staff, more specifically accounting personnel, there is a problem with segregation of duties necessary for proper controls. We do note that this situation is inherent to most entities of this type and is difficult to solve due to the funding limitations of the Town. We recommend that the Mayor as well as the Town Council take an active interest in the review of all of the financial information. This was also a prior year finding.

99-2 I/C

Subsidiary ledger not agreed to general ledger:

Condition: Customer meter deposit subsidiary ledger not balanced to the general ledger cash or liability account balances.

Criteria: Subsidiary ledgers should be agreed to the general ledger on a monthly basis.

Effect: Inadequate control over general ledger account balances.

Cause: Administrative oversight.

Recommendation: The Town should reconcile the customer meter deposit subsidiary ledger to the general ledger on a monthly basis.

TOWN OF KINDER, LOUISIANA
SCHEDULE OF FINDINGS
For the Year Ended June 30, 1999

99-3 I/C (Material weakness)

99-1 C

Violation of bond covenant for General Obligation Bond:

Condition: The April 1, 1999 principal and interest payment for the General Obligation Bond was not paid.

Criteria: Payments of principal and interest on the General Obligation bond must be made in accordance with the bond indenture.

Effect: The Town has violated its bond covenant.

Cause: The Bond paying agent did not send an invoice to notify the Town that the April 1, 1999 principal and interest payment was due. In the past, the Town received an invoice and remitted payment when due.

Recommendation: Although the Town did not receive an invoice to notify it that the payment was due, the Town has a bond payment schedule for this indenture and the Town should review it on a monthly basis. This bond has been outstanding since 1989. It is of the utmost importance that bond indenture requirements be met.

99-4 I/C (Material weakness)

99-2 C Control over expenditures/purchase orders

Noncompliance with LA Const. Art. 7, §14 - Donation of Public Funds:

Condition: The Town's Assistant Chief of Police purchased four tires for his personal vehicle with Town funds. A purchase order was given authorizing the purchase, however the Town employee issuing the purchase order assumed it was for Town use. The employee did not ask what the purchase order was requested for nor did the Assistant Chief tell what he was purchasing. The Town paid the invoice when due and sometime after this the Assistant Chief told the accounts payable clerk that the purchase was for his personal vehicle. He then instructed the office staff to make monthly deductions from his paycheck until the Town would be reimbursed. The total purchase equaled \$208.00. The Town made four monthly deductions of \$45 each and a final deduction of \$28. We questioned the Mayor as to his knowledge of this incident and he stated he had no knowledge of this situation and assured us that if he had he would have not allowed it. We also questioned the Chief of Police as to his knowledge of this incident. He could not recall being notified of this situation and assured us that if he had he would have not allowed it. Due to the fact that the Town loaned the Assistant Chief public funds, a donation of public funds occurred.

TOWN OF KINDER, LOUISIANA

SCHEDULE OF FINDINGS

For the Year Ended June 30, 1999

- Criteria:** Funds credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. Purchase orders should only be issued after an itemized list of items to be purchased has been received and reviewed by the Mayor or Chief of Police.
- Effect:** The Town was not in compliance with state law and control over expenditures/purchase orders is not adequate.
- Cause:** The Mayor and Chief of Police were not aware of this incident.
- Recommendation:** Purchase orders should only be issued before the actual purchase, an itemized list of items requested should be presented, and approval of all purchases beforehand should be done by either the Mayor or Chief of Police.

99-3 C

Violation of Town of Kinder Ordinance 742 - Paving Assessments:

Condition: Delinquent paving assessments have not been filed suit on (First reported at 6/30/97).

Criteria: If not paid in full upon date of ordinance, pay in 15 annual equal amounts. If delinquent, suit is to be filed within 30 days.

Effect: Nine of the original total of 18 paving assessments are delinquent and no liens have been filed.

Cause: Administration failed to give Town Attorney list of delinquent assessments.

Recommendation: The administration should present a list of delinquent paving assessments to the Town Attorney so that suits can be filed in accordance with the ordinance.

99-4 C

Noncompliance with LA Revised Statute 39:1310 - Budgetary authority and control:

Condition: The following funds were over/under budget by 5% or more:

Special Revenue Fund - expenditures and other uses exceeded budget by 130.33%.

Enterprise Fund - expenditures and other uses exceeded budget by 18.65%.

TOWN OF KINDER, LOUISIANA
SCHEDULE OF FINDINGS
For the Year Ended June 30, 1999

Criteria: Whenever total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more, the budget should be amended.

Whenever total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more, the budget should be amended.

Effect: The Town was not in compliance with state law. Control over expenditures and revenues were not used effectively

Cause: Accounting records were not maintained on a monthly basis.

Recommendation: The Town should review actual revenues and expenditures with budgeted totals on a monthly basis and amend the budget when necessary. We note this was also a prior year finding.

TOWN OF KINDER, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS (UNAUDITED)
For the Year Ended June 30, 1999

Section I Internal Control and Compliance Material to the Financial Statements

99-1 I/C Segregation of duties:

This is an ongoing finding that cannot be corrected due to lack of financial resources.

Contact person - Fred Ashy, Mayor of the Town of Kinder

99-2 I/C Subsidiary ledger not agreed to general ledger:

Recommendation: Town should reconcile the customer meter deposit subsidiary ledger to the general ledger on a monthly basis.

Planned action: The Town will reconcile the customer meter deposit subsidiary ledger to the general ledger on a monthly basis. This corrective action will be taken by December 31, 1999.

Contact person - Fred Ashy, Mayor of the Town of Kinder

99-3 I/C

99-1 C Violation of bond covenant for General Obligation Bond:

Recommendation: The Town must pay its principle and interest installments when due.

Planned action: The Town has paid the past due installment and all future installments will be made when due.

Contact person - Fred Ashy, Mayor of the Town of Kinder

99-4 I/C

99-2 C Control over expenditures/purchase orders and noncompliance with LA Const. Art. 7, §14 - Donation of Public Funds:

Recommendation: Purchase orders should only be issued before the actual purchase, an itemized list of items requested should be presented, and approval of all purchases beforehand should be done either by the Mayor or Chief of Police.

Planned action: Depending on department, either the Mayor or the Chief of Police will review all requests for purchase orders before they are issued. An itemized list of items will be required at this time. There will be no more instances of personal expenses paid by Town funds. This corrective action was instituted on September 2, 1999.

Contact person - Fred Ashy, Mayor of the Town of Kinder

TOWN OF KINDER, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS (UNAUDITED)
For the Year Ended June 30, 1999

99-3 C Delinquent paving assessments:

Recommendation: A list of delinquent paving assessments should be presented to the Town Attorney so that suits can be filed in accordance with the ordinance.

Planned action: A list has been prepared of delinquent paving assessments and will be presented to the Town Attorney. The Town Attorney is researching the issue and will report to the Council on the correct action to take. This corrective action will be taken by December 31, 1999.

Contact person - John Demoruelle, Attorney for the Town of Kinder

99-4 C Budgetary authority and control:

Recommendation: Monthly review of actual revenues and expenditures with budgeted totals on a monthly basis and amend the budget when necessary.

Planned action: It is the Town Clerk's responsibility to review the monthly financial statements and compare to budgeted totals. A monthly report will be given each regularly scheduled council meeting of any revenue or expense category not meeting the budget amount by 5% or more. The budget will be amended whenever necessary. This corrective action will be taken by December 31, 1999.

Contact person - Fred Ashy, Mayor of the Town of Kinder

TOWN OF KINDER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 1999

Section I - Internal Control and Compliance Material to the Financial Statements

98-1 I/C (Ongoing finding) Segregation of duties:

Corrective action taken - Due to lack of sufficient financial resources, this finding cannot be resolved. See. 99-1 I/C.

98-2 I/C (6/30/98) Accounts receivable collections:

The Town should bill all customers on a monthly basis in a timely manner.

Corrective action taken - Yes

98-3 I/C (6/30/98) Unpaid fines:

The Town should:

1. Review unpaid fines on a monthly basis.
2. Require a monthly report at council meetings on fine revenue, fine collections, and unpaid fines.
3. Issue bench warrants for unpaid fines.
4. Limit dismissal of tickets.

Corrective action taken - Yes

98-4 I/C (6/30/98) Employee vacation and sick leave schedule:

Town should maintain a schedule showing each employee's unused sick leave and vacation leave and this should be updated continuously.

Corrective action taken - Yes

98-5 I/C (6/30/98) Control over checks:

No checks should be signed until the check has been filled out and all supporting documentation has been reviewed.

Corrective action taken - Yes

98-6 I/C (6/30/98) Cash deposits:

Deposits should be made daily and cash drawers should be balanced at the close of each day.

Corrective action taken - Yes

TOWN OF KINDER, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 1999

98-7 I/C (6/30/97) Accounting records not timely:

The Town should institute an accounting procedures manual detailing job descriptions; assigning duties; a work schedule which includes due dates for each function; and procedures for overseeing accounting personnel. If the present accounting staff is not qualified to perform these duties they should be replaced.

Corrective action taken - Yes

98-8 I/C (6/30/97) Bank reconciliations:

The Town clerk should delegate the job of monthly bank reconciliations to another person and then review all bank reconciliations and signify that she reviewed and the date of review.

Corrective action taken - Yes

98-9 I/C (6/30/98) Fixed asset inventory:

98-10 C

The Town should update its fixed assets inventory to bring to actual balances. This should be the responsibility of the Town Clerk. All assets should be tagged with a unique identification number. The Mayor and Council should monitor this situation by requiring a report on the progress of this project at each council meeting until the task is accomplished. The Mayor should periodically review this list and check the accuracy of it.

Corrective action taken - Yes

98-10 I/C (6/30/98) Supporting documentation for disbursements:

The Town must organize its filing system to allow for invoices of expenditures to be readily accessible.

Corrective action taken - Yes

98-1 C (6/30/98) Violation of bond covenants for Sewer Revenue Bond and Gas Revenue Bond:

The Town must comply with these bond covenants.

Corrective action taken - No

Planned corrective action - The Town Clerk will review all bond payment schedules on a monthly basis to correct this problem. This planned corrective action will be taken by December 15, 1999.

TOWN OF KINDER, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 1999

98-2 C (6/30/98) Violation of Town of Kinder Ordinance 742 - Paving Assessments:

The administration should present a list of delinquent paving assessments to the Town Attorney so that suits can be filed in accordance with the ordinance.

Corrective action taken - Partially. Town Attorney is researching matter.

98-3 C (6/30/98) Noncompliance with LA Rev. Stat. §39:1219 - Fiscal agent banks; trust fund and security:

The Town should stress to each bank the importance of this law and management should review the coverage each month.

Corrective action taken - Yes

98-4 C (6/30/98) Noncompliance with LA Const. Art. 7, §14 - Donation of Public Funds:

The Town should cease all instances of donation of public funds. The Mayor and Aldermen should review all expenditures for possible violations in the future.

Corrective action taken - Yes

98-5 C (6/30/98) Quarterly IRS payroll forms:

All payroll reports must be filed on time.

Corrective action taken - Yes

98-6 C (6/30/98) Issuance of IRS Form 1099-Misc:

The Town should review its expenditures at each calendar year end and prepare all necessary 1099-Misc.

Corrective action taken - Yes

98-7 C (6/30/97) Noncompliance with LA Revised Statute 39:1310 - Budgetary authority and control:

The Town should review actual revenues and expenditures with budgeted totals on a monthly basis and amend the budget when necessary.

Corrective action taken - No

Planned corrective action - The Town clerk will review the monthly financial statements and compare to budgeted totals. A monthly report will be given at each regularly scheduled council meeting. See management's corrective action plan for current year audit findings 99-4 C.

TOWN OF KINDER, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 1999

98-8 C (6/30/97) Noncompliance with LSA R.S. 32:2955 - Written Investment Policy:
The Mayor, Aldermen, and Town Attorney should formulate a written investment policy.

Corrective action taken - Yes

98-9 C (6/30/97) Noncompliance with LSA R.S. 42:63D - Dual office holding:
The Town and Alderman should request an Attorney General's opinion and an ethics opinion
on this if they feel it is necessary to interpret this law.

Corrective action taken - Yes

INDEPENDENT AUDITORS' REPORT SECTION



Mires & Company
A Professional Corporation
Certified Public Accountants

Members:
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants
Private Company Practice Section AICPA

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

The Honorable Fred Ashy, Mayor
and the Town Council
Town of Kinder, Louisiana

We have audited the general purpose financial statements of the Town of Kinder, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated November 2, 1999. 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 Kinder, Louisiana's general purpose 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 99-1C, 99-2C, 99-3C and 99-4C.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Kinder, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Town of Kinder, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings as items 99-1 I/C, 99-2 I/C, 99-3 I/C and 99-4 I/C.

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

The Honorable Fred Ashy, Mayor
and the Town Council
Town of Kinder, Louisiana
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misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 99-1 I/C, 99-3 I/C, and 99-4 I/C to be material weaknesses.

This report is intended solely for the information and use of management, the Town Council and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Mires & Company, CPAs, APC

Mires & Company, CPAs, APC
November 2, 1999

M & Co.