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TOWN OF KENTWOOD

LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1995

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

Release Date _____

**TOWN OF KENTWOOD
LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1995**

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**TOWN OF KENTWOOD
LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS
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**TOWN OF KENTWOOD
LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS
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MEMBERS
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Society of Louisiana CPAs

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of the Town of Kentwood, Louisiana, as of and for the year ended December 31, 1995, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Kentwood, Louisiana, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town of Kentwood, Louisiana, as of December 31, 1995, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Kentwood, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

June 7, 1996

BRUCE HARRELL & CO.

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

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

We have audited the general purpose financial statements of the Town of Kentwood, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated June 7, 1996. These general purpose financial statements are the responsibility of the Town of Kentwood, Louisiana, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

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



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

June 7, 1996

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

Statement A

Total	
Memorandum Only	
<u>1995</u>	<u>1994</u>
\$ 696,302	\$ 402,007
58,666	58,233
184,521	127,618
7,769	20,117
-	2,923
50,871	40,696
6,720	14,320
85,067	151,685
6,539,653	6,465,736
(1,694,773)	(1,535,722)
<u>65,323</u>	<u>84,898</u>
<u>\$ 6,000,119</u>	<u>\$ 5,832,511</u>

**Statement A
(Continued)**

Total	
Memorandum Only	
1995	1994
\$ 86,985	\$ 68,240
30,412	36,466
59,676	58,729
8,904	35,531
3,778	4,798
-	-
-	2,923
6,186	17,146
108,782	141,379
880,672	930,873
1,185,395	1,296,085
2,112,732	2,072,732
(547,614)	(481,032)
1,973,615	1,931,704
10,463	28,507
8,982	32,217
792,873	650,554
48,000	24,000
415,673	277,744
1,275,991	1,013,022
4,814,724	4,536,426
\$ 6,000,119	\$ 5,832,511

Town of Kentwood

Statement B

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 1995**

	GOVERNMENTAL FUNDS		TOTALS (MEMORANDUM ONLY)	
	General	Special Revenue	1995	1994
Revenues				
Taxes	\$ 531,249	\$ -	\$ 531,249	\$ 482,719
Licenses and Permits	90,796	-	90,796	90,790
Intergovernmental	154,712	229,998	384,710	305,781
Charges for Services	11,672	-	11,672	8,828
Fines and Forfeits	17,705	-	17,705	11,450
Miscellaneous	122,265	7,476	129,741	115,295
Total Revenues	<u>928,399</u>	<u>237,474</u>	<u>1,165,873</u>	<u>1,014,863</u>
Expenditures				
General and Administrative	236,731	13,822	250,553	231,889
Public Safety	345,239	54,116	399,355	432,019
Streets and Sanitation	294,354	-	294,354	291,221
Health	5,372	-	5,372	4,325
Housing Assistance Payments	-	118,022	118,022	108,376
Capital Outlays	46,927	9,365	56,292	117,358
Debt Service:				
Principal Retirement	19,575	-	19,575	-
Interest and Fiscal Charges	4,601	-	4,601	-
Total Expenditures	<u>952,799</u>	<u>195,325</u>	<u>1,148,124</u>	<u>1,185,188</u>
Excess of Revenues (Expenditures)	<u>(24,400)</u>	<u>42,149</u>	<u>17,749</u>	<u>(170,325)</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	180	-	180	1,755
Operating Transfers In	144,000	9,695	153,695	195,581
Operating Transfers Out	(9,695)	-	(9,695)	(9,365)
Proceeds from Lease Purchase	-	-	-	84,898
Total Other Financing Sources (Uses)	<u>134,485</u>	<u>9,695</u>	<u>144,180</u>	<u>272,869</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	110,085	51,844	161,929	102,544
Fund Balance, Beginning of Year	<u>128,629</u>	<u>173,115</u>	<u>301,744</u>	<u>201,011</u>
Fund Balance, End of Year	<u>\$ 238,714</u>	<u>\$ 224,959</u>	<u>\$ 463,673</u>	<u>\$ 303,555</u>

The accompanying notes are an integral part of these statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUND TYPES
Year Ended December 31, 1995**

	<u>GENERAL FUND TYPE</u>			<u>SPECIAL REVENUE FUND TYPES</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues						
Taxes	\$ 490,970	\$ 531,249	\$ 40,279	\$ -	\$ -	\$ -
Licenses and Permits	91,500	90,796	(704)	-	-	-
Intergovernmental	145,650	154,712	9,062	238,349	229,998	(8,351)
Charges for Services	11,250	11,672	422	-	-	-
Fines and Forfeits	16,500	17,705	1,205	-	-	-
Miscellaneous	121,350	122,265	915	6,200	7,476	1,276
Total Revenues	<u>877,220</u>	<u>928,399</u>	<u>51,179</u>	<u>244,549</u>	<u>237,474</u>	<u>(7,075)</u>
Expenditures						
General and Administrative	240,998	236,731	4,267	13,900	13,822	78
Public Safety	371,900	369,415	2,485	83,460	54,116	29,344
Streets and Sanitation	301,670	294,354	7,316	-	-	-
Health	5,865	5,372	493	-	-	-
Capital Outlays	59,800	46,927	12,873	10,000	9,365	635
Housing Assistance Payments	-	-	-	118,000	118,022	(22)
Total Expenditures	<u>980,233</u>	<u>952,799</u>	<u>27,434</u>	<u>225,360</u>	<u>195,325</u>	<u>30,035</u>
Excess of Revenues (Expenditures)	<u>(103,013)</u>	<u>(24,400)</u>	<u>78,613</u>	<u>19,189</u>	<u>42,149</u>	<u>22,960</u>
Other Financing Sources (Uses)						
Sale of Fixed Assets	1,000	180	(820)	-	-	-
Operating Transfers In	144,000	144,000	-	10,000	9,695	(305)
Operating Transfers Out	(10,000)	(9,695)	305	-	-	-
Total Other Financing Sources (Uses)	<u>135,000</u>	<u>134,485</u>	<u>(515)</u>	<u>10,000</u>	<u>9,695</u>	<u>(305)</u>
Excess Revenues and Other Financing Sources (Expenditures and Other Financing Uses)	31,987	110,085	78,098	29,189	51,844	22,655
Fund Balance, Beginning of Year	<u>128,629</u>	<u>128,629</u>	<u>-</u>	<u>173,115</u>	<u>173,115</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 160,616</u>	<u>\$ 238,714</u>	<u>\$ 78,098</u>	<u>\$ 202,304</u>	<u>\$ 224,959</u>	<u>\$ 22,655</u>

The accompanying notes are an integral part of these statements.

Town of Kentwood

Statement D

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN UNRESERVED RETAINED EARNINGS
PROPRIETARY FUND TYPE
Year Ended December 31, 1995**

Operating Revenues

Charges for Services:

Water Sales	\$ 223,632
Sewer Service Charges	210,033
Gas Sales	426,405
Service Connection Charges	2,290
Delinquent Charges	25,287
Other Income	7,686

Total Operating Revenues	895,333
---------------------------------	----------------

Operating Expenses

Water Department Expenses	194,108
Gas Department Expenses	349,856
Sewer Department Expenses	137,879

Total Operating Expenses	681,843
---------------------------------	----------------

Net Operating Income	213,490
-----------------------------	----------------

Nonoperating Revenues (Expenses)

Interest Income	17,618
Bad Debt Recoveries	1,892
Bad Debt Expense	(5,626)
Interest Expense	(48,915)

Total Nonoperating Revenues (Expenses)	(35,031)
---	-----------------

Net Income Before Operating Transfers	178,459
Operating Transfer to General Fund	(144,000)

Net Income	34,459
-------------------	--------

Unreserved Retained Earnings, Beginning of Year	650,554
--	---------

Add: Amortization on Contributed Capital	66,582
--	--------

Less: Increase in Reserved Retained Earnings	41,278
--	--------

Unreserved Retained Earnings, End of Year	\$ 792,873
--	-------------------

The accompanying notes are an integral part of these statements.

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPE
Year Ended December 31, 1995**

Reconciliation of Operating Income to Net**Cash Provided by Operating Activities:**

Operating Income	\$ 213,490
------------------	------------

Adjustments to Reconcile Operating Income to

Net Cash Provided by Operating Activities:

Depreciation Expense	\$ 159,050
----------------------	------------

Change in Accounts Receivable	(56,903)
-------------------------------	----------

Change in Due From Others	8,000
---------------------------	-------

Change in Inventory	12,348
---------------------	--------

Change in Current Liabilities	(680)
-------------------------------	-------

Change in Restricted Liabilities	(731)
----------------------------------	-------

Total Adjustments	<u>121,084</u>
-------------------	----------------

Net Cash Provided by Operating Activities	334,574
---	---------

Cash Flows from Capital and Related Financing Activities:

Interest Income	17,618
-----------------	--------

Repayment of RECD Bonds	(76,828)
-------------------------	----------

Repayment of Lease Payable	(13,022)
----------------------------	----------

Payment for Capital Acquisitions	(22,904)
----------------------------------	----------

Interest Paid	(48,915)
---------------	----------

Capital Contributions	<u>40,000</u>
-----------------------	---------------

Net Cash Used for Capital and Related Financing Activities	(104,051)
--	-----------

Cash Flows from Non-capital Financing Activities:

Operating Transfers to Other Funds	(144,000)
------------------------------------	-----------

Bad Debt Recoveries	1,892
---------------------	-------

Bad Debt Expense	<u>(5,626)</u>
------------------	----------------

Net Cash Used for Non-capital Financing Activities	<u>(147,734)</u>
--	------------------

Net Increase in Cash and Cash Equivalents	82,789
---	--------

Cash and Cash Equivalents, Beginning of Year	<u>294,584</u>
--	----------------

Cash and Cash Equivalents, End of Year	<u>\$ 377,373</u>
--	-------------------

The accompanying notes are an integral part of these statements.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS

December 31, 1995

Introduction

The Town of Kentwood was incorporated March, 1893, under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government. For financial reporting purposes, the Town includes all funds and account groups that are controlled by or dependent on the Town as determined on the basis of budget adoption, management oversight responsibility, taxing authority, or the Town's obligation to fund any deficits.

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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

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

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1995

B. Fund Accounting

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

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

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

Governmental Funds

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

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

Proprietary Fund

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

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

C. Basis of Accounting

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

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1995

Revenues

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

Expenditures

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

Other Financing Sources (Uses)

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

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

D. Budgets and Budgetary Accounting

The Town of Kentwood follows these procedures and those required by the Local Budget Act No. 504 of the 1980 Legislature and its amendments in establishing the budgetary data reflected in these financial statements.

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

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1995

7. Budgets for the General, Special Revenue, and Enterprise Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

E. Encumbrances

The Town of Kentwood does not use encumbrance accounting.

F. Cash and Cash Equivalents

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

G. Short-term Interfund Receivables/Payables

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

H. Advances to Other Funds

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

I. Inventories

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

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

J. Prepaid Items

The Town of Kentwood does not have any prepaid items.

K. Restricted Assets

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

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1995

L. Fixed Assets

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

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

M. Compensated Absences (Annual Vacation and Sick Leave)

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

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

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

Annual leave - ½ day per month
Sick leave - 1 day per month

Police with less than six years earn:

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

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

Annual leave - ¾ day per month
Sick leave - 1 day per month

Police after six years earn:

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

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

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

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1995

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

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

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

As of December 31, 1995, the General Fund reported accrued annual vacation leave of \$8,250. The Enterprise Fund for the same period reported accrued vacation leave of \$3,084.

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

N. Long-term Obligations

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

O. Fund Equity

Contributed Capital

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

Reserves

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

Designated fund balance

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

P. Interfund Transactions

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

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1995

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 of the Town of Kentwood are reported as operating transfers.

Q. Bad Debts

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

R. Total Columns on Combined Statements

Total Columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not represent financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Interfund transactions have not been eliminated from the total column of each financial statement.

2. Cash and Cash Equivalents

At December 31, 1995, the Town has cash and cash equivalents (book balances) totaling \$781,369, as follows:

Demand deposits	\$ 18,040
Interest-bearing demand deposit	541,329
Money market accounts	-
Time deposits	222,000
Total	<u>\$ 781,369</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1995, the Town has \$832,123 in deposits (collected bank balances). These deposits are secured from risk by \$437,126 of federal deposit insurance and \$394,997 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 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1995

(3) Taxes

For the year ended December 31, 1995 taxes were levied as follows:

On December 14, 1970, the Town of Kentwood was authorized to levy a one percent (1%) sales and use tax. The proceeds of this one percent (1%) sales and use tax levied by the Town are for general corporate purposes. On June 14, 1984, the Town amended the provisions of this one percent (1%) sales and use tax as to the definitions, goods and services taxable, exemptions, penalties, interest, fines, etc.

In an election held April 7, 1984, the Town was authorized to levy and collect an additional tax of one percent (1%) in addition to a sales and use tax now levied and collected in the Town) upon the sale at retail, the use, the lease or rental, the consumption, and storage for use or consumption, of tangible personal property and on sales of services in the Town, all as presently defined, in LRS - 47:317, inclusive for a period of twenty (20) years from date of the first levy of said tax, with the proceeds of the tax (after paying reasonable and necessary costs and expenses of collecting and administering tax) to be used for the following purposes: not to exceed fifty percent (50%) of the proceeds for the constructing, acquiring, improving, maintaining and operating solid waste collection and disposal facilities; the remainder of the proceeds for the purpose of paying policemen's and other Town employees salaries and other general operating costs of the Town; constructing and acquiring additions, extensions and improvements to the sewerage collection, disposal and treatment plant and system, the waterworks plant and system; and the natural gas system; constructing, paving, resurfacing and improving streets, sidewalks, roads, bridges, alleys, drains and drainage canals, and acquiring necessary equipment for the maintenance thereof; acquiring fire protection and public safety equipment and facilities; constructing and improving public buildings, jails, public parks, and recreation facilities, including the necessary equipment and furnishings thereof; title to said improvements shall be in the public. The additional one percent (1%) sales and use tax was levied effective July, 1984.

Sales and use taxes collected for year ended December 31, 1995, was \$459,004.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes were levied by the Town on August 4, 1995, and actually billed to the taxpayers in November, 1995. Billed taxes were delinquent on January 1, 1996. Revenues from ad valorem taxes are budgeted in the year billed.

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

For the year ended December 31, 1995, taxes of 7.03 mills were levied on property with assessed valuations totaling \$5,473,025 and were dedicated as follows:

	Mills	FYE 12/31/95
General Corporate Purposes	7.03	\$ 38,063

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

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1995

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

	FYE 12/31/95
Louisiana Power & Light Company	\$ 30,101
Cable TV	3,561
	\$ 33,662

Taxes receivable in the general fund at December 31, 1995, consisted of the following:

	FYE 12/31/95
Ad Valorem Taxes Receivable, Current Roll	\$ 12,049
Sales Tax Receivable	35,242
Public Utility Franchise Tax Receivable	11,375
Total Taxes Receivable, Net	\$ 58,666

(4) Accounts Receivable

The Water and Gas Department Enterprise Fund accounts receivable at December 31, 1995, consisted of the following:

	FYE 12/31/95
Accounts Receivable	\$ 185,121
Less: Allowance for Bad Debts	600
Accounts Receivable, Net	\$ 184,521

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1995

(5) Interfund Receivables, Payables

At December 31, 1995, the Town had no interfund receivables or payables.

(6) Due From Other Governments

Amounts due from other governmental units consisted of the following:

General Fund:	12/31/95
Taxes due from the State of Louisiana	\$ 38,915
Special Revenue Funds:	
Tangipahoa Parish Council Maintenance Allowance	11,956
Total Due From Other Governments	\$ 50,871

(7) Restricted Assets - Proprietary Fund Type

Restricted assets were applicable to the following at December 31, 1995:

	12/31/95
Bond Reserve Account	\$ 8,982
Bond Contingency Account	10,463
Customers' Deposits	65,622
	\$ 85,067

(8) Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance December 31, 1994	Additions	Deletions	Balance December 31, 1995
Land	\$ 170,082	\$ -	\$ -	\$ 170,082
Buildings	1,068,682	-	-	1,068,682
Equipment	692,940	46,926	5,015	734,851
Total General Fixed Assets	\$ 1,931,704	\$ 46,926	\$ 5,015	\$ 1,973,615

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1995

A summary of proprietary fund type property, plant and equipment at December 31, 1995, follows:

Description	Life In Years	Cost	Accumulated Depreciation	Net	Depreciation This Year
Land		\$ 5,500	\$ -	\$ 5,500	\$ -
Buildings	33.3	25,376	15,963	9,413	893
Water System	Var.	870,782	505,661	365,121	23,525
Sewer System	Var.	2,883,577	631,585	2,251,992	109,240
Natural Gas System	Var.	587,176	430,185	156,991	9,805
Equipment	Var.	175,764	104,686	71,078	14,992
Computer System	7.0	8,193	6,693	1,500	596
Total		<u>\$4,556,368</u>	<u>\$ 1,694,773</u>	<u>\$ 2,861,595</u>	<u>\$ 159,051</u>

Description	Cost	Accumulated Depreciation	Net
Changes During the Year:			
Balance, Beginning of Year	\$ 4,533,464	\$ (1,535,722)	\$ 2,997,742
Additions:			
Equipment	22,904	-	22,904
Depreciation, Current	-	(159,051)	(159,051)
Balance, End of Year	<u>\$ 4,556,368</u>	<u>\$ (1,694,773)</u>	<u>\$ 2,861,595</u>

(9) Changes in Long-Term Debt

The following is a summary of note transactions of the Town of Kentwood for the year ended December 31, 1995:

	General Long-term Obligations	Proprietary Fund Type		Total
	Lease Payable	Lease Payable	Utility Revenue	
Notes Payable, January 1, 1995	\$ 84,898	\$ 56,481	\$ 966,404	\$ 1,107,783
Notes Retired	19,575	13,022	76,828	109,425
Notes Payable, December 31, 1995	<u>\$ 65,323</u>	<u>\$ 43,459</u>	<u>\$ 889,576</u>	<u>\$ 998,358</u>

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1995

Lease payable at December 31, 1995, is comprised of the following individual issue:

Lease Payable:

\$84,898 Capital Lease dated 01/25/94: due in annual installments of \$21,176 through October 17, 1998; interest at 5.42% \$ 65,323

Lease Payable:

\$56,481 Capital Lease dated 01/25/94: due in annual installments of \$16,084 through January 25, 1998; interest at 5.42% \$ 43,459

Bonds payable at December 31, 1995, are comprised of the following individual issues:

Revenue Bonds Payable:

\$910,000 Sewer Revenue Bonds sold to Farmers Home Administration, dated 6/01/92; due in monthly installments of \$4,431.70 starting July 1, 1993 through June 1, 2033; interest at 5% \$ 889,576

The annual requirements to amortize all debt outstanding as of December 31, 1995, including interest payments of \$1,044,158, are as follows:

Year Ending December 31,	Lease Payable	1992 Revenue	Total
1996	\$ 16,084	\$ 53,180	\$ 69,264
1997	16,084	53,180	69,264
1998	16,084	53,180	69,264
1999	-	53,180	53,180
2000	-	53,180	53,180
2001-2005	-	265,902	265,902
2006-2010	-	265,902	265,902
2011-2015	-	265,902	265,902
2016-2020	-	265,902	265,902
2021-2025	-	265,902	265,902
2026-2030	-	265,902	265,902
2031-2035	-	132,952	132,952
	<u>\$ 48,252</u>	<u>\$ 1,994,264</u>	<u>\$ 2,042,516</u>

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1995

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

The governing authority of the Town adopted a resolution on June 18, 1991, authorizing issuance of \$910,000 of Sewer Revenue Bonds. On June 1, 1992, the Town sold the \$910,000 authorized bonds to Rural Economic and Community Development/Farm Service Agency (RECD) of the United States of America. The bonds were issued for forty (40) years payable with interest at the rate of five percent (5%) per annum. The bonds and any installment may be paid prior to the due date and maturity thereof at a price of par and accrued interest to the date of prepayment. The proceeds of the bonds are restricted and are subject to the provisions of the above resolution adopted June 18, 1991. As of December 31, 1993, Rural Economic and Community Development/Farm Service Agency had advanced all of the bond proceeds to the Town.

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

The Town has established monthly sewer service charges as follows:

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

Each month there will be set aside into a fund called "Bond and Interest Sinking (Redemption) Fund" a sum equal to one-twelfth (1/12) of the interest due on the next interest payment due and, in addition, a sum equal to one-twelfth (1/12) of the next principal payment due, together with such proportionate sum as may be required as the same respectfully become due on such date. Money in the sinking funds shall be deposited as trust funds and shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. Alternately, RECD has set up a payment schedule of \$4,432 per month whereby the Town makes payments directly to its office. This eliminates the need of the "Bond and Interest Sinking Fund".

There shall also be set aside into "Utility System Revenue Bond Reserve Fund" a sum equal to 5% of the monthly bond payment after the construction becomes revenue producing until there is accumulated therein an amount equal to the highest annual debt service payment in any future year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund as to which there would otherwise be default. As of December 31, 1995, the Town has accumulated \$8,982 in this account.

Funds will also be set into a "Depreciation and Contingency Fund" after completion of the project at the rate of \$250 per month. Money in this fund will be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition, enhance its revenue producing capacity or provide for a higher degree of service for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payments in the other bond funds. As of December 31, 1995, the "Depreciation and Contingency Fund" reserve had a balance of \$10,463.

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

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1995

(11) Contributions

At December 31, 1995, the following contributions toward the cost of the utility plant and engineering services had been received.

	12/31/95
U. S. Government - HHFA	\$ 2,441
Mississippi Federated Corp.; Arcola, LA	4,138
U. S. Government - Department of Interior and Environmental Protection Agency	39,559
Municipality - Original Sewerage System	15,269
Antirecession Fiscal Assistance Fund	15,665
U. S. Government - 1975 Community Development Block Grant Program	74,610
U. S. Government - 1976 Community Development Block Grant Program	89,800
U. S. Government - 1977 Community Development Block Grant Program	250,000
Special Revenue Fund - Federal Revenue Sharing	60,036
U. S. Government - Department of Interior and Environmental Protection Agency (Step I Grant)	65,657
U. S. Government - 1981 Community Development Block Grant Program	411,387
William A. Tycer - Engineering Fees (EPA Step I Sewer Project)	3,806
U. S. Department of Commerce, Economic Development Administration (EDA)	118,175
Kentwood Spring Water, Inc.	29,544
American Spring Water	2,060
Municipality	202
State of La - Rural Development Grant	25,000
RECD Sewerage Grant	324,001
U. S. Government - 1991 Louisiana Community Development Block Grant Program	581,382
Total Contributions	2,112,732
Less: Accumulated Amortization	547,614
Net Contributions	\$1,565,118

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1995

(12) Kentwood Volunteer Fire Department - Revenues

2% Fire Insurance Tax

The Town maintains an active certified volunteer fire department as defined by Louisiana R.S. 22: 1580 and is eligible and receives a pro-rata share of the fire insurance tax collected by the state. The amounts received by the fire department are based on the population in the Town and unincorporated area that it serves. In accordance with the Revised Statutes, such money shall be used only for the purpose of "rendering more efficient and efficacious" the active volunteer fire department as the Town shall direct.

Maintenance Allowance From Rural Fire District #2 of Tangipahoa Parish

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

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

(13) Kentwood Municipal Building

On August 2, 1988, the Town of Kentwood signed a lease with an option to sell, with a garment manufacturer, for a term of three years commencing July 29, 1988, and terminating July 31, 1991, with an option to extend the lease for six successive, separate and additional periods of five years each. The rental price for the first term of the lease is \$2,170 per month. The company agreed to maintain and to pay premiums for liability insurance with a minimum combined single limit for bodily injury and property damage of not less than \$500,000 with the Town of Kentwood named as an additional insured under this policy. The company also agreed to maintain and pay premiums for fire and casualty insurance for the benefit of the Town of Kentwood in the amount of not less than \$500,000. In 1991, the manufacturer extended its term for an additional five year term. In 1993, the manufacturer closed its operations at the plant, but has notified the Town of its plans to honor its lease until the Town can find a new tenant to replace them. The company's lease terminates July 31, 1996.

(14) HUD Section 8 Housing Assistance Payment Program

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

For the fiscal year ended December 31, 1995, the Town's PHA was authorized for fifty-five (55) housing units with a maximum HUD contribution of \$188,700. Only \$136,496 was required.

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

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

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1995

(15) Pension Plan

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

A. Municipal Employees Retirement System of Louisiana(System)

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

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 per cent of their final-average monthly salary for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but not less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 60, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 per cent of final-average salary. Final average salary is the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 3 percent of annual covered payroll. Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each municipality, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, 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 contributions to the System under Plan B for the years ended December 31, 1995 and 1994 were \$5,992 and \$6,220, respectively, equal to the required contributions for each year.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1995

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

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered salary. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, 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 year. The Town contributions to the System for the years ending December 31, 1995 and 1994, were \$4,149 and \$2,521, respectively, equal to the required contributions for each year.

C. Firefighters Retirement System of Louisiana

Plan Description. Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service, not to exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Firefighters' Retirement System Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered salary. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, 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 year. The Town contributions to the System for the years ending December 31, 1995 and 1994, were \$1,416 and \$1,355, respectively, equal to the required contributions for each year.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1995

(16) Transportation Grant Subcontracted to Tangipahoa Voluntary Council on Aging

On August 11, 1989, the Town was approved for and executed a grant award to be received through the Louisiana Department of Transportation and Development (DOTD) which is funded under the Public Transportation for Non-Urbanized Areas -Section 18 of the Urban Mass Transportation Act of 1964, as amended by Section 313 of the Surface Transportation Assistance Act of 1978, entitled "Formula Grant Program for Areas Other Than Urbanized." The period covered by this grant is from July 1, 1994, through June 30, 1995.

The Town has entered into a Section 18 Subcontract with the Tangipahoa Volunteer Council on Aging assigning all rights and liabilities under the grant agreements and contracts in order that the Council on Aging can administer the grants. The Town is the program sponsor and is legally and financially obligated in connection with fulfilling these grant agreements. The funds received and transferred under the grant are reported in "Schedule of Federal Financial Assistance" at the end of this report. These funds are reported and audited at the subrecipient level.

(17) Litigation

On March 6, 1992, a corporation, engaged to sandblast and paint a water tank, filed suits against the Town and its engineer for damages as a result of discontinuance of the project. Once the repair work began, it was discovered that the tank was structurally unsound. Based on these discoveries, the Town ordered the work and contract terminated. The corporation in its suit sought damages for losses it claims to have suffered from being unable to complete its awarded contract. In May 1995, a 19th Judicial District Judge rendered a judgement against the Town for the remaining contract balance of \$34,021, with interest and all costs. No liability for this judgement has been recorded in the Town's financial statements, since no appropriation to fund the judgement has been made.

(18) Construction Commitment

On August 17, 1995, the Louisiana Department of Transportation and Development approved a \$160,000 grant for the construction of a gas line extension for the Town. The project began April 1, 1996 and is to be completed by August 1, 1996. The total cost of the project is estimated to be \$165,000. The remaining \$5,000 of costs will be paid from excess funds in the Enterprise Fund.

On December 7, 1995, the Town accepted the low bid of \$25,695 for cemetery improvements. This project will be paid from General Fund revenues.

(19) Subsequent Event

On February 15, 1996, the Town approved a contract to repair a water tank to the lowest qualified bidder. The total cost of the project is estimated to be \$69,500. The project is partially funded by the 1994 and 1995 Louisiana Rural Development Grants of \$25,000 each. The remaining \$19,500 will be paid from excess funds in the Enterprise Fund.

(20) Local Service Agreement

On July 6, 1995, The Town approved a resolution to enter into a local service agreement with Road District No. 1 of the Parish of Tangipahoa, Louisiana, and Sub-Road District No. 1 of Road District No. 1 of the Parish of Tangipahoa, Louisiana. The local service agreement is for improvements to road, street and bridge improvements and provides for the maintenance thereof inside the Town's corporate boundries. Each road district will issue \$350,000 of general obligation bonds for this project, and the bonds will be repaid through existing parish property tax millages that were renewed by the voters within the districts.

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

GENERAL FUND

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

Town of Kentwood

General Fund

Schedule 1

BALANCE SHEET
December 31, 1995

	<u>1995</u>
ASSETS	
Cash	
Taxes Receivable:	\$ 194,477
Ad Valorem Tax	
Sales Tax	12,049
Public Utility Franchise Tax	35,242
Due From Other Governments:	11,375
State of Louisiana Tobacco Tax	
State of Louisiana Beer Tax	3,210
State of Louisiana Video Poker Tax	6,906
Other Receivables	28,799
	<u>6,720</u>
Total Assets	<u>\$ 298,778</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	
Other Accrued Expenses:	\$ 39,297
Salaries, Wages, and Vacation Pay	
	<u>20,767</u>
Total Liabilities	<u>60,064</u>
Fund Balance:	
Reserved for Economic Development	48,000
Unreserved - Undesignated	190,714
	<u>238,714</u>
Total Fund Balance	<u>238,714</u>
Total Liabilities and Fund Balance	<u>\$ 298,778</u>

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule 2

General Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 Year Ended December 31, 1995

	1995		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes:			
Sales (Less Vendors' Comp.)	\$ 420,000	\$ 459,004	\$ 39,004
Ad Valorem	38,850	38,063	(787)
Public Utility Franchise	31,600	33,662	2,062
Chain Store	520	520	-
Licenses and Permits:			
Business Privilege and Insurance Licenses	89,000	88,146	(854)
Building Permits	2,500	2,650	150
Intergovernmental:			
Federal:			
Forestry Development	3,500	3,500	-
State of Louisiana:			
Video Poker Tax	120,000	124,560	4,560
Tobacco Tax	13,500	12,839	(661)
Beer Tax	7,000	12,162	5,162
Commission on Law Enforcement	1,650	1,651	1
Charges for Services	11,250	11,672	422
Fines and Forfeits	16,500	17,705	1,205
Miscellaneous:			
Interest Earned	5,200	5,788	588
Sanitation Fees	77,000	77,624	624
Rent	30,250	29,893	(357)
Other	8,900	8,960	60
Total Revenues	877,220	928,399	51,179

Continued on the following page.

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule 2
(Continued)

General Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1995

	1995		Variance Favorable (Unfavorable)
	Budget	Actual	
Expenditures			
General and Administrative	\$ 277,998	\$ 263,238	\$ 14,760
Public Safety:			
Police Department	266,000	260,390	5,610
Fire Protection	125,300	127,393	(2,093)
Streets & Sanitation	305,070	296,406	8,664
Health:			
Dog Control	5,865	5,372	493
Total Expenditures	<u>980,233</u>	<u>952,799</u>	<u>27,434</u>
Excess of Revenues (Expenditures)	<u>(103,013)</u>	<u>(24,400)</u>	<u>78,613</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	1,000	180	(820)
Operating Transfer In:			
Enterprise Fund	144,000	144,000	-
Operating Transfer Out:			
Special Revenue Fund	(10,000)	(9,695)	305
Total Other Financing Sources (Uses)	<u>135,000</u>	<u>134,485</u>	<u>(515)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and other Financing Uses	31,987	110,085	78,098
Fund Balance, Beginning of Year	<u>128,629</u>	<u>128,629</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 160,616</u>	<u>\$ 238,714</u>	<u>\$ 78,098</u>

(Concluded)

The accompanying notes are an integral part of these statements.

General Fund
SCHEDULE OF EXPENDITURES,
COMPARED TO BUDGET (GAAP BASIS)
Year Ended December 31, 1995

	1995		Variance Favorable (Unfavorable)
	Budget	Actual	
General and Administrative			
Salaries - Mayor and Aldermen	\$ 23,040	\$ 23,040	\$ -
Salaries - Clerical	51,000	49,169	1,831
Salaries - Janitorial	10,000	9,879	121
Payroll Tax (all General Fund Departments)	6,200	5,992	208
Municipal Employees Retirement Expense	2,500	2,440	60
Hospitalization Insurance (all General Fund Departments)	17,273	16,432	841
Workman's Compensation	1,575	1,325	250
Mayor's Expense	1,500	1,285	215
Officials' Travel	2,550	2,447	103
City Hall & Civic Center Utilities and Telephone	20,500	18,624	1,876
Senior Citizens Building Utilities	4,000	3,547	453
13th Street Park Utilities	950	942	8
Health Unit Utilities	2,000	1,955	45
City Hall & Civic Center Maintenance	12,000	11,478	522
Senior Citizens Building Maintenance	2,000	1,915	85
Health Unit Maintenance	5,000	4,756	244
Meeting Expense	10	775	(765)
Professional Services	18,500	19,537	(1,037)
Computer Expense	600	680	(80)
Official Journal and Other Advertising	1,000	1,163	(163)
Office Supplies & Postage	4,500	5,802	(1,302)
Insurance (all General Fund Departments)	35,000	35,059	(59)
Uniforms Expense	1,300	1,299	1
Dues & Subscriptions	1,100	1,076	24
Assessor Tax Roll	1,700	1,689	11
Coroner's Fees	5,000	2,700	2,300
Promotion Expense	1,500	1,434	66
Community Development	1,500	1,382	118
Election Expense	-	160	(160)
Shared Cost of Public Service Program	3,200	3,120	80
Miscellaneous	4,000	5,629	(1,629)
Capital Outlay - Purchase of Fixed Assets	37,000	26,507	10,493
	<u>277,998</u>	<u>263,238</u>	<u>14,760</u>

Continued on the following page.

The accompanying notes are an integral part of these statements.

General Fund
SCHEDULE OF EXPENDITURES,
COMPARED TO BUDGET (GAAP BASIS)
Year Ended December 31, 1995

	1995		Variance Favorable (Unfavorable)
	Budget	Actual	
Public Safety			
Police Department:			
Salaries - Chief	\$ 30,000	\$ 29,852	\$ 148
Salaries - Deputies	129,000	124,300	4,700
Payroll Taxes	14,300	14,037	263
Police Retirement Contributions	4,100	4,037	63
Health Insurance	19,500	19,316	184
Workman's Compensation	15,000	14,958	42
Office Expense	1,400	1,298	102
Computer Expense	500	5,153	(4,653)
Telephone	4,800	4,831	(31)
Dues & Subscriptions	400	415	(15)
Auto - Fuel	15,000	14,846	154
Auto - Repairs & Maintenance	12,000	12,106	(106)
Housing Prisoners	1,600	1,749	(149)
Supplies	1,500	1,370	130
Uniforms	3,000	3,088	(88)
Schools & Seminars	3,000	2,908	92
Special Fund	1,000	1,000	-
Miscellaneous	700	546	154
Capital Outlay - Purchase of Fixed Assets	9,200	4,580	4,620
	<u>266,000</u>	<u>260,390</u>	<u>5,610</u>
Total Police Department			
Fire Protection:	56,000	55,974	26
Firemen Salaries	4,750	4,721	29
Payroll Taxes	1,450	1,416	34
Firemen Retirement Contributions	11,900	11,869	31
Health Insurance	6,100	6,175	(75)
Workman's Compensation	3,100	3,054	46
Telephone	400	347	53
Computer Expense	2,000	1,614	386
Truck - Fuel	4,000	3,128	872
Truck - Repairs & Maintenance	1,200	1,131	69
Miscellaneous	19,600	19,575	25
Debt Service - Principal	4,600	4,601	(1)
Debt Servic - Interest	10,200	13,788	(3,588)
Capital Outlay - Purchase of Fixed Assets			
	<u>125,300</u>	<u>127,393</u>	<u>(2,093)</u>
Total Fire Department			

Continued on the following page.

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule 3
(Continued)

General Fund
SCHEDULE OF EXPENDITURES,
COMPARED TO BUDGET (GAAP BASIS)
Year Ended December 31, 1995

	1995		Variance Favorable (Unfavorable)
	Budget	Actual	
Streets and Sanitation			
Salaries and Wages	24,000	21,359	2,641
Payroll Taxes	1,830	1,823	7
Retirement Contributions	600	589	11
Health Insurance	2,300	2,250	50
Workman's Compensation	5,300	5,040	260
Waste Management	166,000	163,068	2,932
Street Materials & Supplies	13,500	14,061	(561)
Computer Expense	500	347	153
Equipment Fuel	4,500	4,189	311
Repairs & Maintenance	8,000	7,804	196
Uniforms	1,400	1,115	285
Miscellaneous	7,500	7,040	460
Street and Traffic Lights	36,000	35,608	392
Tree Planting Program	7,000	6,890	110
Maintenance Contract	9,400	9,332	68
Capital Outlay	3,400	2,052	1,348
Cemetery Utilities	15	14	1
Cemetery Maintenance Contract	13,500	13,500	-
Cemetery Miscellaneous	325	325	-
Total Streets and Sanitation	305,070	296,406	8,664
Health			
Dog Control:			
Salaries	3,360	3,280	80
Payroll Taxes	280	267	13
Workman's Compensation	125	113	12
Expenses	2,100	1,712	388
Total Health	5,865	5,372	493
Total Expenditures	\$ 980,233	\$ 952,799	\$ 27,434

(Concluded)

The accompanying notes are an integral part of these statements.

SPECIAL REVENUE FUNDS

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

Kentwood Volunteer Fire Department - To account for the receipt and use of 2% fire insurance tax as defined by Louisiana R.S.22:1580 and a maintenance allowance from Rural Fire District #2 of Tangipahoa Parish.

Town of Kentwood

Special Revenue Funds

Schedule 4

COMBINING BALANCE SHEET
December 31, 1995

	Public Housing Sec. 8	Kentwood Volunteer Fire Department	Total
Assets			
Cash			
Due From Other Governments	\$ 8,232	\$ 201,287	\$ 209,519
Equipment	-	11,956	11,956
Other	9,635	-	9,635
	<u>-</u>	<u>35</u>	<u>35</u>
Total Assets	<u>\$ 17,867</u>	<u>\$ 213,278</u>	<u>\$ 231,145</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Due to HUD	6,186	-	6,186
	<u>6,186</u>	<u>-</u>	<u>6,186</u>
Total Liabilities	<u>6,186</u>	<u>-</u>	<u>6,186</u>
Fund Balance:			
Unreserved - Undesignated	11,681	213,278	224,959
	<u>11,681</u>	<u>213,278</u>	<u>224,959</u>
Total Liabilities and Fund Balances	<u>\$ 17,867</u>	<u>\$ 213,278</u>	<u>\$ 231,145</u>

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule 5

Special Revenue Funds
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES**
 Year Ended December 31, 1995

	Public Housing Sec. 8	Kentwood Volunteer Fire Department	Total
Revenues			
Intergovernmental	\$ 136,496	\$ 93,502	\$ 229,998
Interest	1,285	6,191	7,476
Total Revenues	<u>137,781</u>	<u>99,693</u>	<u>237,474</u>
Expenditures			
General and Administrative:			
Administrative Salaries	11,220	-	11,220
Payroll Taxes	915	-	915
Office Expense	408	-	408
Accounting & Auditing Fee	1,190	-	1,190
Insurance	89	-	89
Housing Assistance Payments	118,022	-	118,022
Public Safety:			
Current	-	54,116	54,116
Capital Outlay	-	9,365	9,365
Total Expenditures	<u>131,844</u>	<u>63,481</u>	<u>195,325</u>
Excess of Revenues (Expenditures)	5,937	36,212	42,149
Other Financing Sources (Uses)			
Operating Transfer In	-	9,695	9,695
Excess of Revenues & Other Financing Sources Over Expenditures	5,937	45,907	51,844
Fund Balance, Beginning of Year	<u>5,744</u>	<u>167,371</u>	<u>173,115</u>
Fund Balance, End of Year	<u>\$ 11,681</u>	<u>\$ 213,278</u>	<u>\$ 224,959</u>

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule 6

**Special Revenue Fund
Public Housing Fund
HUD Section 8 Housing Assistance Payments Program**

**BALANCE SHEET
December 31, 1995**

	<u>1995</u>
Assets	
Cash	\$ 8,232
Equipment	<u>9,635</u>
Total Assets	<u>\$ 17,867</u>
Liabilities and Fund Balance	
Liabilities:	
Accounts Payable	\$ -
Due to HUD	<u>6,186</u>
Total Liabilities	<u>6,186</u>
Fund Balance:	
Unreserved - Undesignated	<u>11,681</u>
Total Liabilities and Fund Balance	<u>\$ 17,867</u>

The accompanying notes are an integral part of these statements.

Special Revenue Fund
Public Housing Fund
HUD Section 8 Housing Assistance Payments Program
**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1995**

	1995		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Intergovernmental:			
Contributions Received From HUD	\$ 136,000	\$ 136,496	\$ 496
Miscellaneous-Interest Earned	1,000	1,285	285
Total Revenues	<u>137,000</u>	<u>137,781</u>	<u>781</u>
Expenditures			
General and Administrative:			
Administrative Salaries	11,200	11,220	(20)
Payroll Taxes	1,000	915	85
Office Expense	400	408	(8)
Accounting & Audit Fee	1,200	1,190	10
Insurance	100	89	11
Housing Assistance Payments	118,000	118,022	(22)
Total Expenditures	<u>131,900</u>	<u>131,844</u>	<u>56</u>
Excess of Revenues (Expenditures)	5,100	5,937	837
Fund Balance, Beginning of Year	<u>5,744</u>	<u>5,744</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 10,844</u>	<u>\$ 11,681</u>	<u>\$ 837</u>

The accompanying notes are an integral part of these statements.

Town of Kentwood
Special Revenue Fund
Kentwood Volunteer Fire Department

Schedule 8

BALANCE SHEET
December 31, 1995

	<u>1995</u>
Assets	
Cash	\$ 201,287
Due From Other Governments:	
Tangipahoa Parish Council -	
Maintenance Allowance	11,956
Other Assets	<u>35</u>
Total Assets	\$ <u>213,278</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	\$ <u>-</u>
Total Liabilities	<u>-</u>
Fund Balance:	
Unreserved - Undesignated	<u>213,278</u>
Total Liabilities and Fund Balance	\$ <u>213,278</u>

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule 9

Special Revenue Fund
 Kentwood Volunteer Fire Department
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 Year Ended December 31, 1995

	1995		Variance- Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Intergovernmental:			
Fire Insurance Tax -			
Town of Kentwood	\$ 4,837	\$ 4,838	\$ 1
Tangipahoa Parish	9,142	9,143	1
St. Helena Parish	2,370	2,370	-
From Rural Fire Maintenance Allowance			
District #2 of Tangipahoa Parish	86,000	77,151	(8,849)
Miscellaneous - Interest Earned	5,200	6,191	991
Total Revenues	<u>107,549</u>	<u>99,693</u>	<u>(7,856)</u>
Expenditures			
Current:			
Firemen Expense	27,500	24,180	3,320
Small Tools, Equipment, and Hoses	12,000	4,065	7,935
Uniforms	1,500	-	1,500
Repairs	6,000	4,154	1,846
Training and Tuition	500	640	(140)
Office Supplies	1,200	557	643
Dues and Subscriptions	200	124	76
Professional Services	1,600	1,450	150
Utilities and Telephone	1,500	1,073	427
Insurance	26,000	16,293	9,707
Gas & Oil Station #2	600	475	125
Supplies	1,000	599	401
Meals	-	21	(21)
Rent	1,260	436	824
Public Service Education	500	-	500
Miscellaneous	2,100	49	2,051
Total Current Expenditures	<u>83,460</u>	<u>54,116</u>	<u>29,344</u>
Capital Outlays:			
Equipment	10,000	9,365	635
Total Capital Outlays	<u>10,000</u>	<u>9,365</u>	<u>635</u>
Total Expenditures	<u>93,460</u>	<u>63,481</u>	<u>29,979</u>

Continued on the following page

The accompanying notes are an integral part of these statements.

Special Revenue Fund
Kentwood Volunteer Fire Department
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1995

	1995		Variance- Favorable (Unfavorable)
	Budget	Actual	
Excess of Revenues (Expenditures)	\$ 14,089	\$ 36,212	\$ 22,123
Other Financing Sources (Uses)			
Operating Transfer In - General Fund	10,000	9,695	(305)
Total Other Financing Sources (Uses)	10,000	9,695	(305)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	24,089	45,907	21,818
Fund Balance, Beginning of Year	167,371	167,371	-
Fund Balance, End of Year	\$ 191,460	\$ 213,278	\$ 21,818

(Concluded)

The accompanying notes are an integral part of these statements.

ENTERPRISE FUND

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

Town of Kentwood

Schedule 10

**Enterprise Fund
Water, Sewer and Gas Departments
BALANCE SHEET
December 31, 1995**

	1995
ASSETS	
Current Assets:	
Cash	\$ 292,306
Receivables:	
Accounts (Net of Allowance for Uncollectibles of \$600)	184,521
Inventory	7,769
Total Current Assets	484,596
Restricted Assets:	
RECD Bond Reserve - Cash	8,982
RECD Bond Contingency - Cash	10,463
Customers' Deposits - Cash	65,622
Total Restricted Assets	85,067
Property, Plant and Equipment:	
Land	5,500
Building	25,376
Water System	870,782
Gas System	587,176
Sewer System	2,883,577
Computer System	8,193
Equipment	175,764
Total Property, Plant and Equipment	4,556,368
Less: Accumulated Depreciation	1,694,773
Net Property, Plant and Equipment	2,861,595
Total Assets	\$ 3,431,258

Continued on the following page

The accompanying notes are an integral part of these statements.

Town of Kentwood

**Schedule 10
(Continued)**

**Enterprise Fund
Water, Sewer and Gas Departments
BALANCE SHEET
December 31, 1995**

LIABILITIES AND FUND EQUITY

	<u>1995</u>
Liabilities:	
Current Liabilities (Payable From Current Assets):	
Accounts Payable	\$ 47,688
Accrued Vacation Payable	3,084
Accrued Salaries Payable	4,367
Accrued Interest Payable	2,194
Lease Payable	<u>13,729</u>
Total Current Liabilities (Payable From Current Assets)	<u>71,062</u>
Current Liabilities (Payable From Restricted Assets):	
Customers' Deposits	59,676
Revenue Bond Payable - RECD	8,904
Accrued Interest Payable	<u>3,778</u>
Total Current Liabilities (Payable From Restricted Assets)	<u>72,358</u>
Long-Term Liabilities:	
Revenue Bonds Payable - RECD	880,672
Leases Payable	<u>29,730</u>
Total Long-Term Liabilities	<u>910,402</u>
Total Liabilities	<u>1,053,822</u>
Fund Equity:	
Contributed Capital	2,112,732
Less: Accumulated Amortization	<u>547,614</u>
Net Contributed Capital	<u>1,565,118</u>
Retained Earnings:	
Reserve for Contingencies	10,463
Reserve for Bond Payments	8,982
Unreserved	<u>792,873</u>
Total Retained Earnings	<u>812,318</u>
Total Fund Equity	<u>2,377,436</u>
Total Liabilities and Fund Equity	<u><u>\$ 3,431,258</u></u>

(Concluded)

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule 11

Enterprise Fund

Water, Sewer and Gas Departments

SCHEDULE OF CHANGES IN UNRESERVED RETAINED EARNINGS

December 31, 1995

	<u>1995</u>
Unreserved Retained Earnings, Beginning of Year	\$ <u>650,554</u>
Net Income (Loss) for the Year:	
Water Department	(3,908)
Sewer Department	(5,659)
Gas Department	<u>44,026</u>
Combined Operations	34,459
Add: Amortization on Contributed Capital	66,582
Less: Appropriations for RECD Reserves	<u>41,278</u>
Unreserved Retained Earnings, End of Year	\$ <u><u>792,873</u></u>

The accompanying notes are an integral part of these statements.

**Enterprise Fund
Water Department
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
Year Ended December 31, 1995**

	1995		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Charges for Services:			
Water Sales	\$ 217,000	\$ 223,632	\$ 6,632
Service Connections	1,500	1,595	95
Delinquent Charges	12,000	13,614	1,614
Other Revenues	100	160	60
Total Operating Revenues	<u>230,600</u>	<u>239,001</u>	<u>8,401</u>
Operating Expenses			
Salaries and Wages	57,750	56,338	1,412
Payroll Taxes	4,585	4,268	317
Municipal Employees' Retirement Expense	1,450	1,412	38
Health Insurance	9,700	9,514	186
Workers Comp. Insurance	3,200	3,291	(91)
Office Expense	2,200	1,930	270
Computer Expense	550	525	25
Professional Services	15,000	13,917	1,083
Repairs and Maintenance	22,000	25,763	(3,763)
Equipment Fuel	2,500	2,464	36
Equipment Repairs & Maintenance	2,200	1,927	273
Insurance	12,600	12,525	75
Pump Electricity	28,000	26,613	1,387
Cash Short	800	807	(7)
Uniforms	700	697	3
Miscellaneous	2,900	2,767	133
Depreciation	30,000	29,350	650
Total Operating Expenses	<u>196,135</u>	<u>194,108</u>	<u>2,027</u>
Net Operating Income	<u>34,465</u>	<u>44,893</u>	<u>10,428</u>
Nonoperating Revenues (Expenses)			
Interest Expense	(1,025)	(801)	224
Bad Debt Expense	(6,000)	-	6,000
Total Nonoperating Revenues (Expenses)	<u>(7,025)</u>	<u>(801)</u>	<u>6,224</u>
Net Income Before Operating Transfers	27,440	44,092	16,652
Operating Transfer to General Fund	<u>(48,000)</u>	<u>(48,000)</u>	<u>-</u>
Net Income (Loss)	<u>\$ (20,560)</u>	<u>\$ (3,908)</u>	<u>\$ 16,652</u>

The accompanying notes are an integral part of these statements.

Enterprise Fund
Sewer DepartmentSCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
Year Ended December 31, 1995

	1995		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Charges for Services:			
Sewer Charges	\$ 208,000	\$ 210,033	\$ 2,033
Total Operating Revenues	<u>208,000</u>	<u>210,033</u>	<u>2,033</u>
Operating Expenses			
Salaries and Wages	8,900	9,639	(739)
Payroll Taxes	730	786	(56)
Municipal Employees' Retirement Expense	225	254	(29)
Health Insurance	160	319	(159)
Workers Comp. Insurance	925	932	(7)
Repairs and Maintenance	9,000	11,598	(2,598)
Electricity	26,500	26,889	(389)
Disposal	7,000	5,424	1,576
Maintenance Contract	13,200	13,200	-
Uniforms	460	459	1
Equipment Fuel	1,800	1,522	278
Equipment Repairs	800	702	98
Analysis Fee	3,420	3,450	(30)
Depreciation	115,000	114,350	650
Miscellaneous	1,550	1,002	548
Total Operating Expenses	<u>189,670</u>	<u>190,526</u>	<u>(856)</u>
Net Operating Income	<u>18,330</u>	<u>19,507</u>	<u>1,177</u>
Nonoperating Revenues (Expenses)			
Interest Income	15,000	17,618	2,618
Bad Debt Recovery	1,000	1,892	892
Interest Expense	(42,125)	(44,676)	(2,551)
Total Nonoperating Revenues (Expenses)	<u>(26,125)</u>	<u>(25,166)</u>	<u>959</u>
Net Income (Loss)	<u>\$ (7,795)</u>	<u>\$ (5,659)</u>	<u>\$ 2,136</u>

The accompanying notes are an integral part of these statements.

Enterprise Fund
Gas DepartmentSCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
Year Ended December 31, 1995

	1995		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Gas Sales	\$ 390,000	\$ 426,405	\$ 36,405
Cost of Gas Sales	(154,775)	(159,330)	(4,555)
Gross Profit on Gas Sales	235,225	267,075	31,850
Reconnect Fees	700	695	(5)
Penalties	10,500	11,673	1,173
Other Revenues	2,060	7,526	5,466
Total Operating Revenues	<u>248,485</u>	<u>286,969</u>	<u>38,484</u>
Operating Expenses			
Salaries and Wages	48,900	49,373	(473)
Payroll Taxes	3,915	3,859	56
Municipal Employees' Retirement Expense	1,350	1,298	52
Health Insurance	6,200	6,075	125
Workers Comp. Insurance	1,800	1,790	10
Office Expense	1,800	1,656	144
Computer Expense	550	525	25
Professional Services	8,000	9,164	(1,164)
Repairs and Maintenance	20,000	19,846	154
Equipment Fuel	1,800	1,735	65
Equipment Repairs & Maintenance	2,500	1,965	535
Cathodic Protection	2,000	3,329	(1,329)
Odor Inspection	450	432	18
Uniforms	750	1,115	(365)
Insurance	13,000	12,525	475
Cash Short (Over)	(950)	(940)	(10)
Miscellaneous	4,500	4,541	(41)
Gas Meter Reading	4,300	4,241	59
Depreciation	16,000	15,350	650
Total Operating Expenses	<u>136,865</u>	<u>137,879</u>	<u>(1,014)</u>
Net Operating Income	<u>111,620</u>	<u>149,090</u>	<u>37,470</u>
Nonoperating Revenues (Expenses)			
Interest Expense	(3,675)	(3,438)	237
Bad Debt Expense	(2,000)	(5,626)	(3,626)
Total Nonoperating Revenues (Expenses)	<u>(5,675)</u>	<u>(9,064)</u>	<u>(3,389)</u>
Net Income Before Operating Transfers	105,945	140,026	34,081
Operating Transfer to General Fund	<u>(96,000)</u>	<u>(96,000)</u>	<u>-</u>
Net Income (Loss)	<u>\$ 9,945</u>	<u>\$ 44,026</u>	<u>\$ 34,081</u>

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule 15

**Enterprise Fund
Water, Sewer and Gas Departments
SCHEDULE OF CASH FLOWS-
PROPRIETARY FUND TYPE
Year Ended December 31, 1995**

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

Operating income		\$ 213,490
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	\$ 159,050	
Change in accounts receivable	(56,903)	
Change in due from others	8,000	
Change in inventory	12,348	
Change in accounts payable	15,472	
Change in accrued payables	343	
Change in due to other funds	(1,783)	
Change in due to other governments	(14,712)	
Change in customer deposits payable	947	
Change in accrued interest payable	<u>(1,678)</u>	
 Total adjustments		 <u>121,084</u>
 Net cash provided by operating activities		 334,574
 Cash flows from capital and related financing activities:		
Interest income	17,618	
Repayment of RECD bonds	(76,828)	
Repayment of lease payable	(13,022)	
Payment for capital acquisitions	(22,904)	
Interest paid	(48,915)	
Capital contributions	<u>40,000</u>	
 Net cash used for capital and related financing activities		 (104,051)
 Cash flows from noncapital financing activities:		
Operating transfers to other funds	(144,000)	
Bad debt recoveries	1,892	
Bad debt expense	<u>(5,626)</u>	
 Net cash used from noncapital financing activities		 <u>(147,734)</u>
 Net increase in cash and cash equivalents		 82,789
 Cash and cash equivalents, beginning of year		 <u>294,584</u>
 Cash and cash equivalents, end of year		 <u>\$ 377,373</u>

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule 16

Enterprise Fund
Water and Gas Department

SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR RURAL ECONOMIC
AND COMMUNITY DEVELOPMENT/FARM AGENCY REVENUE BOND DEBT SERVICE
Year Ended December 31, 1995

	<u>Bond and Interest Redemption</u>	<u>Reserve</u>	<u>Bond Sinking Fund</u>	<u>Contingency</u>	<u>Total</u>
Cash Balance, January 1, 1995	\$ -	\$ 32,217	\$ 26,065	\$ 28,507	\$ 86,789
Cash Receipts:					
Transfers From					
Operating Account	-	2,865	-	1,160	4,025
Cash Disbursements	-	(26,100)	(26,065)	(19,204)	(71,369)
Cash Balance, December 31, 1995	<u>\$ -</u>	<u>\$ 8,982</u>	<u>\$ -</u>	<u>\$ 10,463</u>	<u>\$ 19,445</u>

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule 17

Enterprise Fund
Gas DepartmentSCHEDULE OF GAS SALES AND PURCHASES
Year Ended December 31, 1995

	<u>12/31/95</u>	<u>12/31/94</u>	<u>12/31/93</u>
Gas Sales			
Volume (M.C.F.)	60,359	55,499	57,283
Dollar Amount	\$ 399,885	\$ 381,886	\$ 413,357
Gas Purchases			
Volume (M.C.F.)	66,843	57,566	67,437
Dollar Amount	\$ 159,631	\$ 163,043	\$ 159,703
 Gross Profit	 <u>\$ 240,254</u>	 <u>\$ 218,843</u>	 <u>\$ 253,654</u>
 Percent of Sales	 60.08%	 57.31%	 61.36%
Unaccounted for Gas Purchases			
Volume (M.C.F.)	6,484	2,067	10,154
Average Cost of Unaccounted for Gas	\$ 15,497	\$ 5,850	\$ 24,065
Percent of Purchases	9.71%	3.59%	15.07%
Number of Customers at Year End:			
In Service-Industrial	1	1	1
In Service-Other	483	502	507
In Service-Commercial	85	85	87
 Total	 <u>569</u>	 <u>588</u>	 <u>595</u>
Average Sales for Period (Excludes Industrial Sales)			
Volume (M.C.F.)	81	73	77
Dollar Amount	\$ 602	\$ 557	\$ 605
Amounts Per M.C.F.			
Gas Sales-Industrial	\$ 3.96	\$ 4.25	\$ 4.25
Gas Sales-Other	7.47	7.68	7.83
Gas Sales Combined	\$ 6.63	\$ 6.88	\$ 7.18
Gas Purchases	(2.39)	(2.83)	(2.37)
	4.24	4.05	4.81
Unaccounted for Gas	(0.23)	(0.10)	(0.40)
Gross Profit per M.C.F. Sold	<u>\$ 4.01</u>	<u>\$ 3.95</u>	<u>\$ 4.41</u>

The accompanying notes are an integral part of these statements.

SCHEDULE OF INSURANCE
Year Ended December 31, 1995

<u>Company Name</u>	<u>Coverage Dates</u>	<u>Description</u>
Western Surety Company	11/01/94 - 11/01/95 11/01/95 - 11/01/96	\$150,000 - Bond - Bobby Gill, Mayor
Western Surety Company	7/01/94 - 7/01/95 7/01/95 - 7/01/96	\$150,000 - Bond - Julia Forrest, Clerk
Western Surety Company	6/20/94 - 6/20/95 6/20/95 - 6/20/96	\$310,000 - Bond - Position Schedule
Titan Insurance Company	8/24/94 - 8/24/95 8/24/95 - 8/24/96	\$1,003,500 Commercial Property Policy
National Casualty Company	2/01/94 - 2/01/95 2/01/95 - 2/01/96	\$500,000 Commercial Auto Liability
Scottsdale Insurance Company	2/01/94 - 2/01/95 2/01/95 - 2/01/96	\$500,000 Public Officials Liability
Scottsdale Insurance Company	2/01/94 - 2/01/95 2/01/95 - 2/01/96	\$500,000 Comprehensive Law Enforcement Liability
Scottsdale Insurance Company	2/01/94 - 2/01/95 2/01/95 - 2/01/96	\$500,000 Occurrence, \$500,000 Aggregate General Liability \$1,000,000 Personal & Advertising Injury
Ranger Insurance Company	1/01/94 - 1/01/95 1/01/95 - 1/01/96	\$2,000,000 Aggregate \$2,000,000 Products - Completed Operations \$1,000,000 Each Occurrence Limit \$50,000 Fire Damage Limit \$5,000 Medical Expense-Any one person General Liability - Natural Gas Department
Louisiana Workers' Compensation Corporation	10/04/94 - 10/04/95 10/04/95 - 10/04/96	\$100,000 Each Accident \$500,000 Policy Limit \$100,000 Each Employee

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule 19

Schedule of Compensation Paid Board Members
For the Year Ended December 31, 1995

Compensation Paid Board Members

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

	<u>FYE</u> <u>12/31/95</u>
Bobby Gill, Mayor P O Box 559 Kentwood, LA 70444 (504) 229-3150	\$ 9,840
James K. Allen, Alderman P O Box 313 Kentwood, LA 70444 (504) 229-8360	2,640
Malone R. Williams, Alderman 608 Ave. J Kentwood, LA 70444 (504) 229-6319	2,640
Dr. Carlton S. Faller, Alderman 309 Ave. A Kentwood, La 70444 (504) 229-3681	2,640
Ernest Blackmon, Alderman 710 Ave. K Kentwood, LA 70444 (504) 229-3005	2,640
Irma T. Gordon, Alderwoman 1607 13th Street Kentwood, LA 70444 (504) 229-5228	2,640
	<u>\$ 23,040</u>

All Terms Expire 12/31/98.

The accompanying notes are an integral part of these statements.

Town of Kentwood

**Supplemental Information Schedules
For the Year Ended December 31, 1995**

Federally Assisted Programs

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

Schedule 20

Cash/ Accrued or (Deferred) Revenue at Jan. 1, 1995	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cash/ Accrued or (Deferred) Revenue at Dec. 31, 1995
\$ 5,744	\$ 137,781	\$ 131,844 ~	\$ 11,681
-	25,000	25,000	-
5,744	162,781	156,844	11,681
-	61,671	61,671	-
-	61,671	61,671	-
898,641	-	9,066 *	889,575
67,763	-	67,763 *	-
966,404	-	76,829	889,575
-	5,000	5,000	-
-	5,000	5,000	-
\$ <u>972,148</u>	\$ <u>229,452</u>	\$ <u>300,344</u>	\$ <u>901,256</u>

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

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

We have audited the general purpose financial statements of the Town of Kentwood, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated June 7, 1996.

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

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

In planning and performing our audit of the general purpose financial statements of the Town of Kentwood, Louisiana, for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk, in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure. Accordingly, we do not express such an opinion.

Page 2

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

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

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

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

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



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June 7, 1996

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

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

We have audited the general purpose financial statements of the Town of Kentwood, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated June 7, 1996. We have also audited the compliance of the Town of Kentwood, Louisiana, with requirements applicable to major federal financial assistance programs and have issued our report dated June 7, 1996.

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

In planning and performing our audits for the year ended December 31, 1995, we considered the internal control structure of the Town of Kentwood, Louisiana, in order to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements of the Town of Kentwood, Louisiana, and on the compliance of the Town of Kentwood, Louisiana, with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated June 7, 1996.

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

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

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

We have audited the general purpose financial statements of the Town of Kentwood, Louisiana as of and for the year ended December 31, 1995, and have issued our report thereon dated June 7, 1996.

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

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

The results of our tests indicate no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

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



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June 7, 1996

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

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

We have audited the general purpose financial statements of the Town of Kentwood, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated June 7, 1996.

We have applied procedures to test the Town of Kentwood, Louisiana's, compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended December 31, 1995:

- 1) Political activity
- 2) Davis-Bacon Act
- 3) Civil Rights
- 4) Cash management
- 5) Federal financial reports
- 6) Drug-free Workplace Act
- 7) Administrative Requirements

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

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

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



Bruce Harrell & Company, CPAs
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June 7, 1996

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

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

We have audited the general purpose financial statements of the Town of Kentwood, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated June 7, 1996.

We have also audited the Town of Kentwood, Louisiana's compliance with the requirements governing types of services allowed or unallowed; reporting requirements; special test and provisions; claims for advances and reimbursements that are applicable to its major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1995. The management of the Town of Kentwood, Louisiana, is responsible for the Town of Kentwood, Louisiana's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

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

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

In our opinion, the Town of Kentwood, Louisiana, complied, in all material respects, with the requirements governing types of services allowed or unallowed; reporting requirements; special test and provisions; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major federal financial assistance program for the year ended December 31, 1995.

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



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation
June 7, 1996

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

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

We have audited the general purpose financial statements of the Town of Kentwood, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated June 7, 1996.

In connection with our audit of the general purpose financial statements of the Town of Kentwood, Louisiana, and with our consideration of the Town of Kentwood, Louisiana's, internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, *Audits of State and Local Governments*, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1995.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing eligibility; reporting; receiving contract rents and utility allowances; adjusting contract rents and tenant utility allowances annually; and conducting annual inspections that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Kentwood, Louisiana's, compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Kentwood, Louisiana, had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instance of noncompliance with those requirements.

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



Bruce Harrell & Company, CPAs

A Professional Accounting Corporation

June 7, 1996