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TOWN OF LOGANSPORT, LOUISIANA

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LEGISLATIVE AUDITOR

FINANCIAL STATEMENTS

December 31, 1997

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Release Date JUL 07 1998

TOWN OF LOGANSPORT, LOUISIANA

Financial Statements
December 31, 1997

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Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

The Honorable Harold D. Freeman, Mayor,
and Members of the Town Council
Town of Logansport, Louisiana

I have audited the accompanying general purpose financial statements of Town of Logansport, Louisiana, as of December 31, 1997, and for the year then ended. These general purpose financial statements are the responsibility of Town of Logansport, Louisiana, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Town of Logansport, Louisiana, as of December 31, 1997, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated May 12, 1998, on my consideration of Town of Logansport's internal control structure and a report dated May 12, 1998, on its compliance with laws and regulations.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Town of Logansport, Louisiana. The information in this schedule has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Miranda L. Millican

Certified Public Accountant
May 12, 1998

TOWN OF LOGANSPORT, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1997

Assets	Governmental Fund Types		Proprietary Fund Type		Account Groups		Totals (Memorandum Only)
	General	Capital Projects	Enterprise	General Fixed Assets	General Long-term Debt		
Cash	\$ 53,068	\$ -	\$ 22,225	\$ -	\$ -	\$ -	\$ 75,293
Receivables, net of allowance for uncollectibles:							
Taxes	13,302	-	-	-	-	-	13,302
Accounts	-	-	126,561	-	-	-	126,561
Other	-	-	58,719	-	-	-	58,719
Inventory	-	-	28,088	-	-	-	28,088
Restricted assets:							
Cash	261	-	111,483	-	-	-	111,744
Investments - at cost	-	-	103,647	-	-	-	103,647
Accrued interest	-	-	653	-	-	-	653
Due from other funds	34,407	-	-	-	-	-	34,407
Deposits	-	-	13,240	-	-	-	13,240
Buildings	-	-	-	96,234	-	-	96,234
Improvements other than buildings	-	-	-	457,206	-	-	457,206
Equipment	-	-	-	301,735	-	-	301,735
Utility plant & equipment (net of accumulated depreciation)	-	-	2,537,502	-	-	-	2,537,502
Amount to be provided for retirement of general long-term debt	-	-	-	-	166,000	-	166,000
Total Assets	\$ 101,038	\$ -	\$ 3,002,118	\$ 855,175	\$ 166,000	\$ 4,124,331	

Liabilities

Accounts payable	\$	35,934	\$	-	\$	75,194	\$	-	\$	111,128
Payable from restricted assets:										
Accrued interest on revenue bonds	-	-	-	-	1,299	-	-	-	1,299	
Customers' deposits	-	-	-	-	56,343	-	-	-	56,343	
Revenue bonds payable	-	-	-	-	60,000	-	-	-	60,000	
Certificates of indebtedness payable	-	-	-	-	49,982	-	-	166,000	215,982	
Due to other funds	-	-	-	-	34,407	-	-	-	34,407	
Total liabilities		<u>35,934</u>			<u>277,225</u>			<u>166,000</u>	<u>479,159</u>	

Fund Equity

Contributed capital	-	-	2,833,128	-	-	-	-	-	2,833,128	
Investment in general fixed assets	-	-	-	-	855,175	-	-	-	855,175	
Retained earnings:										
Reserved for revenue bond retirement	-	-	153,602	-	-	-	-	-	153,602	
Unreserved (deficit)	-	-	(261,837)	-	-	-	-	-	(261,837)	
Fund Balance:										
Undesignated		<u>65,104</u>							<u>65,104</u>	

Total retained earnings (deficit)/ fund balance		<u>65,104</u>				(108,235)				(43,131)
Total fund equity		<u>65,104</u>			<u>2,724,893</u>			<u>855,175</u>		<u>3,645,172</u>
Total liabilities and fund equity		<u>\$ 101,038</u>			<u>\$ 3,002,118</u>			<u>\$ 166,000</u>		<u>\$ 4,124,331</u>

See accompanying notes to financial statements.

TOWN OF LOGANSFORT, LOUISIANA

Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balance - All Governmental Fund Types
Year Ended December 31, 1997

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
Revenues:			
Taxes	\$ 200,815	\$ -	\$ 200,815
Licenses and permits	70,929	-	70,929
Intergovernmental	157,377	-	157,377
Fines and penalties	36,256	-	36,256
Miscellaneous revenues	<u>56,945</u>	<u>-</u>	<u>56,945</u>
Total revenues	<u>522,322</u>	<u>-</u>	<u>522,322</u>
Expenditures:			
Current:			
General government	311,563	-	311,563
Public safety	236,137	-	236,137
Street	155,894	-	155,894
Capital projects	-	-	-
Debt service:			
Principal	36,000	-	36,000
Interest and fiscal charges	<u>11,325</u>	<u>-</u>	<u>11,325</u>
Total expenditures	<u>750,919</u>	<u>-</u>	<u>750,919</u>
Excess (deficiency) of revenues over expenditures before other financing sources	(228,597)	-	(228,597)
Other Financing Sources:			
Operating Transfers In (Out)	<u>7,163</u>	<u>(7,163)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources	(221,434)	(7,163)	(228,597)
Fund balance, beginning of year	<u>286,538</u>	<u>7,163</u>	<u>293,701</u>
Fund balance, end of year	<u>\$ 65,104</u>	<u>\$ -</u>	<u>\$ 65,104</u>

See accompanying notes to financial statements.

TOWN OF LOGANSPORT, LOUISIANA

Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget (GAAP Basis) and Actual
General Fund
Year Ended December 31, 1997

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues:			
Taxes:			
Property	\$ 36,868	\$ 39,076	\$ 2,208
Sales	125,000	132,062	7,062
Franchise	29,100	29,677	577
Licenses and permits	43,000	70,929	27,929
Intergovernmental	158,650	157,377	(1,273)
Fines and penalties	35,000	36,256	1,256
Miscellaneous	<u>2,585</u>	<u>56,945</u>	<u>54,360</u>
Total revenues	<u>430,203</u>	<u>522,322</u>	<u>92,119</u>
Expenditures:			
Current:			
General government	97,590	311,563	(213,973)
Public safety	248,800	236,137	12,663
Streets	28,000	155,894	(127,894)
Debt service			
Principal	28,000	36,000	(8,000)
Interest and fiscal charges	<u>9,350</u>	<u>11,325</u>	<u>(1,975)</u>
Total expenditures	<u>411,740</u>	<u>750,919</u>	<u>(339,179)</u>
Excess (deficiency) of revenues over expenditures before other financing sources	18,463	(228,597)	(247,060)
Other Financing Sources (Uses):			
Operating transfers in:	<u>-</u>	<u>7,163</u>	<u>7,163</u>
Excess of revenues and other financing sources over expenditures	18,463	(221,434)	(239,897)
Fund balance, beginning of year	<u>286,538</u>	<u>286,538</u>	<u>-</u>
Fund balance, end of year	<u>\$ 305,001</u>	<u>\$ 65,104</u>	<u>\$ (239,897)</u>

See accompanying notes to financial statements.

TOWN OF LOGANSPORT, LOUISIANA

Statement of Revenues, Expenses, and Changes in
Retained Earnings (Deficit) - Proprietary Fund Type
Year Ended December 31, 1997

Operating revenues:	
Charges for services:	
Water sales	\$ 417,822
Sewer revenue	140,263
Gas sales	214,475
Miscellaneous revenues	<u>1,294</u>
Total operating revenues	<u>773,854</u>
Operating expenses:	
Water department expenses	392,624
Sewer department expenses	108,815
Gas department expenses	<u>348,645</u>
Total operating expenses	<u>850,084</u>
Operating loss	<u>(76,230)</u>
Non-operating revenues (expenses):	
Interest income	19,644
Interest expense	<u>(10,168)</u>
Total non-operating revenues (expenses)	<u>9,476</u>
Net loss	<u>(66,754)</u>
Retained earnings (deficit) - beginning of year, as previously reported	<u>(68,760)</u>
Prior period adjustment (Note 12)	<u>27,279</u>
Retained earnings (deficit) - beginning of year, restated	<u>(41,481)</u>
Retained earnings (deficit) - end of year	<u>(108,235)</u>

TOWN OF LOGANSPOUR, LOUISIANAStatement of Cash Flows - Proprietary Fund Type
Year Ended December 31, 1997

Cash flows from operating activities:	
Cash received from customers	\$ 756,374
Cash payments to suppliers and employees	(696,846)
Other operating income	<u>1,294</u>
Net cash provided by operating activities	<u>60,822</u>
Cash flows from capital and related financing activities:	
Prior period adjustment	27,279
Property and equipment acquisitions	(38,465)
Principal paid on revenue bonds, certificates of indebtedness and notes payable	(79,137)
Interest paid on revenue bonds, certificates of indebtedness and notes payable	<u>(11,194)</u>
Net cash used by capital and related financing activities	<u>(101,517)</u>
Cash flows from investing activities:	
Proceeds from maturities of restricted assets	20,000
Purchase of restricted assets	(19,972)
Interest received on investments	<u>18,324</u>
Net cash provided by investing activities	<u>18,352</u>
Net decrease in cash	(22,343)
Cash, January 1, 1997 (including \$111,045 in restricted accounts)	<u>156,051</u>
Cash, December 31, 1997 (including \$111,483 in restricted accounts)	<u>\$ 133,708</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$(76,230)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	94,709
Changes in assets and liabilities:	
Increase in accounts receivable	(16,186)
Decrease in other receivables	11,281
Increase in deposits	(13,240)
Decrease in inventory	4,232
Increase in due to (from) other funds	34,248
Increase in accounts payable	20,172
Increase in customer deposits	<u>1,836</u>
Net cash provided by operating activities	<u>\$ 60,822</u>

See accompanying notes to financial statements.

TOWN OF LOGANSPORT, LOUISIANA

Notes to Financial Statements
December 31, 1997

The Town of Logansport, Louisiana, was incorporated December 14, 1926, under the provisions of the Lawrason Act. The Town operates under a Mayor-Town Council form of government.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Town of Logansport, Louisiana, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The following is a summary of the more significant accounting policies:

Reporting Entity. These financial statements include all funds and account groups over which the Town exercises control, authority, management, influence or accountability. Control by or influence over by the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Fund Accounting. The accounts of Town of Logansport, Louisiana, are organized on the basis of funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, 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 are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities and the acquisition or construction of general fixed-assets (capital projects funds). The general fund is used to account for all activities of the general government not accounted for in some other 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.

(Continued)

TOWN OF LOGANSPORT, LOUISIANA

Notes to Financial Statements
December 31, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are property taxes, franchise taxes, interest revenue and charges for services. Fines, permits and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

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

Inventory. Inventory is stated at the lower of cost or market and consists of expendable supplies.

(Continued)

TOWN OF LOGANSFORT, LOUISIANA

Notes to Financial Statements
December 31, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Budgets and Budgetary Accounting. The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

The Town Clerk and Water Department personnel prepare a proposed budget and submit it to the Mayor and Town Council no later than fifteen days prior to the beginning of each fiscal year.

A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

After 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.

Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.

All budgetary appropriations lapse at the end of each fiscal year.

Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts include the original adopted budget amounts and all subsequent amendments.

Investments. Investments are stated at cost. Minor discounts on U. S. Treasury notes are recorded as income when they are realized.

Bad Debts. Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

Retirement Commitments. The Town of Logansport does not maintain a retirement plan for employees. All employees of the Town are members of the Social Security System.

(Continued)

TOWN OF LOGANSPORT, LOUISIANA

Notes to Financial Statements
December 31, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Cash Flows. For purposes of the statement of cash flows, the Town considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Compensated Absences. No liability is recorded for nonvesting accumulating rights to receive vacation or sick pay benefits.

Property, Plant, and Equipment. The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included in their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Property, plant and equipment used in governmental fund type organizations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All property, plant, and equipment are stated at historical cost, or estimated cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

The account group is not a fund. It is concerned only with the measurement of financial position and is not involved with the measurement of results of operations.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

(Continued)

TOWN OF LOGANSPORT, LOUISIANA

Notes to Financial Statements
December 31, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Depreciation is provided in the Enterprise Fund in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight line basis. The estimated service lives by asset type are as follows:

Water, sewer, and gas system	30 years
Equipment	5-10 years

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

2. INVESTMENTS:

At December 31, 1997, the Town had treasury notes totaling \$64,626 and certificates of deposit totaling \$39,021. Investments in certificates of deposit are fully secured by federal deposit insurance. The market values of these investments approximate cost.

3. AD VALOREM TAXES:

Ad Valorem taxes attach as an enforceable lien on property as of December 1, each year. Taxes are levied by the Town and billed to the taxpayers in December, and become delinquent on January 1, of the following year. Revenues from Ad Valorem taxes are budgeted in the year billed. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of DeSoto Parish. For the year ended December 31, 1997, taxes of 7.38 mills were levied on property with assessed valuations totaling \$5,294,777 and were dedicated for general operating purposes.

Total taxes levied after adjustments were \$39,076. Taxes receivable at December 31, 1997, consisted of the following:

Taxes receivable	\$ 17,355
Less: Allowance for uncollectible taxes	<u>4,053</u>
Total	<u>\$ 13,302</u>

(Continued)

TOWN OF LOGANSFORT, LOUISIANA

Notes to Financial Statements
December 31, 1997

4. ACCOUNTS RECEIVABLE - PROPRIETARY FUND TYPE:

Accounts receivable at December 31, 1996, in the Proprietary Fund Type consisted of the following:

Accounts receivable	\$ 127,675
Less: Allowance for uncollectible accounts	<u>(1,114)</u>
Total	<u>\$ 126,561</u>

5. RESTRICTED ASSETS

Restricted assets - proprietary fund type are applicable to the following at December 31, 1997:

Capital additions and contingencies	\$ 16,478
Bond sinking account	70,084
Bond reserve account	68,339
Sinking funds for certificates of indebtedness	35
Customers' deposits	<u>60,847</u>
Total	<u>\$ 215,783</u>

Restricted assets in the General Fund of \$ 261 represent monies on deposit in sinking funds for general long-term debt retirement.

6. FIXED ASSETS:

A summary of changes in general fixed assets follows:

	Balance Jan. 1, 1997	<u>Additions</u>	<u>Deletions</u>	Balance Dec. 31, 1997
Buildings	\$ 83,734	\$ 12,500	\$ -	\$ 96,234
Improvements other than buildings	280,166	177,040	-	457,206
Equipment	<u>295,904</u>	<u>5,831</u>	<u>-</u>	<u>301,735</u>
Total general fixed assets	<u>\$ 659,804</u>	<u>\$ 195,371</u>	<u>\$ -</u>	<u>\$ 855,175</u>

(Continued)

TOWN OF LOGANSFORT, LOUISIANA

Notes to Financial Statements
December 31, 1997

6. FIXED ASSETS: (CONTINUED)

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

Old water system	\$ 409,768
Old sewer system	1,374,667
Old gas system	575,820
New water, sewer, and gas system	1,808,262
Water facilities improvements	30,000
Equipment	135,056
Land	<u>16,873</u>
 Total	 4,350,446
Less: Accumulated depreciation	<u>(1,812,944)</u>
 Net	 <u>\$2,537,502</u>

7. LONG-TERM DEBT:

The following is a summary of bond transactions of Town of Logansport, Louisiana for the year ended December 31, 1997:

	Certificates of Indebtedness	Revenue Bonds	<u>Total</u>
Balance, January 1, 1997	\$ 274,982	\$ 115,000	\$ 389,982
Certificates issued	-	-	-
Bonds and certificates retired	<u>(59,000)</u>	<u>(55,000)</u>	<u>(114,000)</u>
Balance, December 31, 1997	<u>\$ 215,982</u>	<u>\$ 60,000</u>	<u>\$ 275,982</u>

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

Revenue Bonds:

\$685,000 water, sewer and gas serial bonds due in annual installments of \$20,000 to \$60,000 through October 1, 1998; interest at 6% to 6.2%

\$ 60,000

Certificates of Indebtedness:

Certificate R-1 dated October 1, 1993, due in annual installments of \$10,000 to \$13,000 through October 1, 1999; interest at 5.5%

25,000

TOWN OF LOGANSPORT, LOUISIANA

Notes to Financial Statements
December 31, 1997

7. LONG-TERM DEBT: (CONTINUED)

Certificate R-2 dated October 1, 1993, due in annual installments of \$10,000 to \$13,000 through October 1, 1999; interest at 5.5%	24,982
Certificate R-1 dated November 30, 1995, due in annual installments of \$9,000 to \$12,000 through November 1, 2001; interest at 6%	42,000
Certificate R-2 dated November 30, 1995, due in annual installments of \$9,000 to \$12,000 through November 1, 2001; interest at 6%	42,000
Certificate R-1 dated December 26, 1996, due in annual installments of \$9,000 to \$11,000 through November 1, 2001; interest at 6%	41,000
Certificate R-2 dated December 26, 1996, due in annual installments of \$9,000 to \$11,000 through November 1, 2001; interest at 6%	<u>41,000</u>
Total	<u>\$ 215,982</u>

The annual requirements to amortize all long-term debt outstanding as of December 31, 1997, including interest payments of \$33,718 are as follows:

<u>Year Ending December 31</u>	<u>Certificates of Indebtedness</u>	<u>Revenue Bonds</u>	<u>Total</u>
1998	\$ 73,710	\$ 63,720	\$ 137,430
1999	75,170	-	75,170
2000	48,340	-	48,340
2001	<u>48,760</u>	<u>-</u>	<u>48,760</u>
Totals	<u>\$ 245,980</u>	<u>\$ 63,720</u>	<u>\$ 309,700</u>

The Water, Sewer and Gas Revenue Bond issue of 1974, in the original amount of \$685,000 provides that the bonds and the related interest are payable solely from the revenues to be derived from the operations of the water works, sewer, and gas systems after provision has been made for payment therefrom of the reasonable and necessary expenses of administering, operating and maintaining the systems.

(Continued)

TOWN OF LOGANSPORT

Notes to Financial Statements
December 31, 1997

8. PENDING LITIGATION AND CONTINGENT LIABILITIES:

The Town is a party to various litigations as plaintiff and as defendant. None of the cases have been concluded and the resultant future recovery or liability cannot be determined and no allowance therefore has been made in these statements. The Town has no liability insurance. If the plaintiffs were to be successful, legal representation for the Town estimates the Town's maximum exposure to be \$100,000.

9. DEFICIT BALANCES:

The Enterprise fund has a deficit in retained earnings of \$ 108,235. The Town, through increased fees and reduced overhead and operating costs, anticipates eliminating this deficit over a period of time. There are no other deficits in fund balances or total equity.

10. CASH BALANCES:

At December 31, 1997, the carrying amount of the Town's cash deposits was \$225,180 and the bank balance was \$258,266. The difference is due to outstanding deposits and checks at December 31, 1997. Deposits of \$239,704 are collateralized by federal deposit insurance, deposits of \$18,562 are collateralized by securities with market values of \$631,882.

Under state law, these 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. The Town's deposits are categorized below to give an indication of the level of risk assumed by the Town at year end.

	<u>Bank Balance</u>
Category 1 Deposits insured or collateralized with securities held by the Town or by its agent in the Town's name.	\$ -
Category 2 Deposits collateralized with securities held by the pledging financial institution or agent in the Town's name.	18,562

(Continued)

TOWN OF LOGANSPORT

Notes to Financial Statements
December 31, 1997

10. CASH BALANCES: (CONTINUED)

Category 3

Deposits that are uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department, or agent but not in the Town's name.

Total

-
\$ 18,562

11. ECONOMIC DEPENDENCY:

Two water customers accounted for 39% of the total water revenue for the year ended December 31, 1997.

12. PRIOR PERIOD ADJUSTMENT - PROPRIETARY FUND TYPE

In an investigative report dated April 1, 1998, the Legislative Auditor reported that the former billing clerk for the Town of Logansport did not deposit cash utility receipts totaling \$58,719. The report states that the billing clerk admitted taking at least \$52,195 of these utility receipts for her personal use. Of the total funds not deposited, \$27,279 was applicable to the year ended December 31, 1996, and has been recorded as a prior period adjustment to beginning retained earnings in the proprietary fund type. The billing clerk was covered under a fidelity bond. The total amount of the claim submitted to the insurance company has been recorded as an other receivable in the proprietary fund type.

TOWN OF LOGANSPORT, LOUISIANA

Schedule of Compensation
Mayor and Town Council
December 31, 1997

Harold D. Freeman, Mayor	\$ 7,260
Billy Alger	1,200
Donny Campbell	1,200
Jerry Lowe	1,200
Don Parker	1,200
Edith Williams	<u>1,200</u>
Total	<u>\$ 13,260</u>

SUPPLEMENTAL INFORMATION

TOWN OF LOGANSPORT

Corrective Action Taken on Prior Year Findings
December 31, 1997

Prior Year Finding: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic and space limitations.

Recommendation: No action is recommended.

Management's
Response: We concur with the finding.

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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 Dennis Freeman, Mayor
and Members of the Town Council
Town of Logansport, Louisiana

I have audited the general purpose financial statements of Town of Logansport, Louisiana, as of and for the year ended December 31, 1997, and have issued my report thereon dated May 12, 1998.

I conducted my audit in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Town of Logansport, 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 my audit of the general purpose financial statements of Town of Logansport for the year ended December 31, 1997, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted a certain matter involving the internal control structure and its operation that I consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. A reportable condition involves matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the Town's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Finding: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic and space limitations.

Recommendation: No action is recommended.

Management's Response: We concur with the finding.

A material weaknesses 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.

My 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, I believe that the reportable condition described above is a material weakness.

Other Reports Issued by the Legislative Auditor

In an investigative report dated April 1, 1988, the Legislative Auditor reported that the former billing clerk for the Town of Logansport did not deposit cash utility receipts totaling \$58,719. The report states that the billing clerk admitted taking at least \$52,195 of these utility receipts for her personal use. She resigned and the appropriate authorities have been notified.

This report is intended for the information of management, the Town Council, and applicable federal and state cognizant agencies. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant
May 12, 1998

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

The Honorable Dennis Freeman, Mayor
and Members of the Town Council
Town of Logansport, Louisiana

I have audited the general purpose financial statements of Town of Logansport, Louisiana, as of and for the year ended December 31, 1997, and have issued my report thereon dated May 12, 1998.

I conducted my audit in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

I noted immaterial instances of noncompliance that I have reported to the management of Town of Logansport, Louisiana, in a separate letter dated May 12, 1998.

This report is intended for the information of management, the Town Council, and applicable federal and state cognizant agencies. However, this report is a matter of public record and its distribution is not limited.

Marsha O. Millican

Certified Public Accountant
May 12, 1998

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

May 12, 1998

The Honorable Dennis Freeman, Mayor
and Members of the Board of Aldermen
Town of Logansport, Louisiana

In planning and performing my audit of the general purpose financial statements of Town of Logansport for the year ended December 31, 1997, I considered the Town's internal control structure to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during my audit I became aware of the following instance of noncompliance with laws and regulations. I previously reported on the Town's compliance with laws and regulations in a separate report dated May 12, 1998. This letter does not affect my report dated May 12, 1998, on the general purpose financial statements of Town of Logansport, Louisiana.

Finding: Actual expenditures exceeded budgeted expenditures by five percent or more and the budget was not amended as required by the state budget law.

Cause: Lack of monitoring budget variances by Town officials.

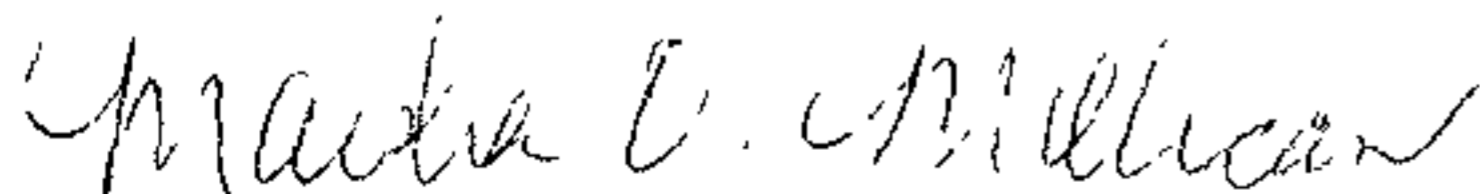
Recommendation: The Town should comply with the state budget law.

Management's Response: The Clerk and Town Council will monitor budget variances in order to ensure compliance with the state budget law.

I will review the status of this comment in my next audit engagement. I have already discussed this comment with Town personnel, and I will be pleased to discuss it in further detail at your convenience.

I appreciate the courtesies extended to me during my engagement, and look forward to a continuing and mutually beneficial association.

Very truly yours,



Marsha O. Millican, CPA