

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.

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

Cash Receipts
Cash Disbursements

For all of the internal control structure categories listed above, 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.

During the year ended December 31, 1996, Town of Logansport, Louisiana, had no major federal financial assistance programs and expended 100% of its total federal financial assistance under its nonmajor federal financial assistance program.

I performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor program. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. 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. Reportable conditions involve 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 Town of Logansport's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

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.

Response: We concur with the finding.

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.

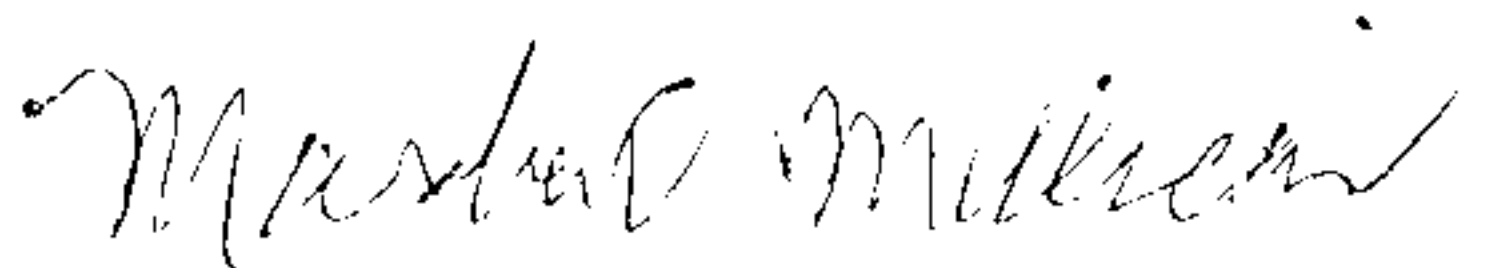
Management's Response: We concur with the finding.

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 not a material weakness.

I also noted other matters involving the internal control structure and its operation that I have reported to the management of Town of Logansport, Louisiana, in a separate letter dated June 27, 1997.

This report is intended for the information of management, the Board of Aldermen, 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
June 27, 1997

TOWN OF LOGANSPORT, LOUISIANA

Notes to Financial Statements
December 31, 1996

11. CASH BALANCES:

At December 31, 1996, the carrying amount of the Town's cash deposits was \$443,996 and the bank balance was \$451,889. The difference is due to outstanding deposits and checks at December 31, 1996. Deposits of \$203,606 are collateralized by federal deposit insurance, deposits of \$248,283 are collateralized by securities with market values of \$399,532.

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.	248,283
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	<u>\$248,283</u>

(Continued)

TOWN OF LOGANSPORT, LOUISIANA

Notes to Financial Statements
December 31, 1996

12. CAPITAL PROJECT FUNDS:

The Town made improvements to the riverfront park from Rural Development Grant funds received in 1995. Expenditures for the year ended December 31, 1996 were \$21,472.

The Town was awarded a \$355,807 community development block grant for streets on October 10, 1994. Revenue and expenditures under this grant for the year ended December 31, 1996 were \$49,752 and \$50,777. The project was complete as of December 31, 1996.

Grants receivable and accounts payable under this grant at December 31, 1996 were \$ 16,350.

12. ECONOMIC DEPENDENCY:

Two water customers accounted for 39% of the total water revenue for the year ended December 31, 1996.

13. OTHER REVENUE - Proprietary Fund Type

On December 29, 1995, a pop-off valve blew off at the Louisiana Intrastate Gas Corporation station in Logansport. This resulted in contamination of the Town's gas lines. The majority of the Town's meters had to be replaced or repaired. The Town's expenses associated with this accident were \$ 63,423. The Town was paid \$17,000 by SIGCO and \$52,500 by LIG as reimbursement for this accident. This \$70,000 is reported in the financial statements as an other receivable and is fully collectible. The excess of this reimbursement over the Town's expenses for this accident is reported in the financial statements as other revenue in the proprietary fund type.

SUPPLEMENTAL INFORMATION

TOWN OF LOGANSPORT, LOUISIANA

Schedule of Compensation Paid --
Mayor and Aldermen
For the Year Ended December 31, 1996

Dennis Freeman, Mayor	\$ 7,260
Ruth Cunningham	1,200
Judge Cordray	1,200
Cato Bissic	1,200
Stanley Haynes	1,200
Edith Williams	<u>1,200</u>
Total	<u>\$ 13,260</u>

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

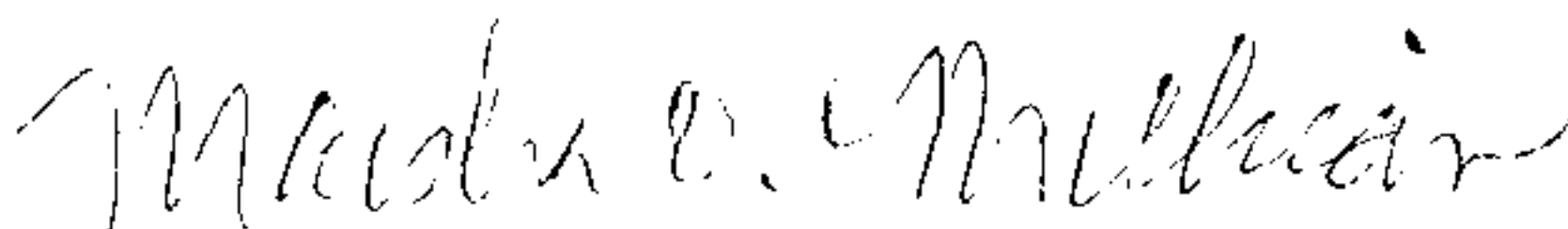
INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

The Honorable Dennis Freeman, Mayor
and the Members of the Board of Aldermen of
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, 1996, and have issued my report thereon dated June 27, 1997. 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, 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 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 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. I believe that my audit provides a reasonable basis for my opinion.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements of Town of Logansport, Louisiana, taken as a whole. The accompanying schedule of federal financial assistance is presented for the purpose 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 my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



Certified Public Accountant
June 27, 1997

TOWN OF LOGANSPORT, LOUISIANA

Schedule of Federal Financial Assistance
Year Ended December 31, 1996

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Award Amount</u>	<u>Beginning Balance at Jan 1, 1996</u>	<u>Federal Grants Recognized</u>	<u>Disbursements/ Expenditures</u>	<u>Ending Balance Dec 31, 1996</u>
Department of Housing and Urban Development Louisiana Division of Administration: Community Development Block Grant	14.228	\$ 355,807	\$ 1,025	\$ 49,752	\$ 50,777	\$ -

The accompanying notes to the schedule of federal financial assistance are an integral part of this schedule.

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 Board of Aldermen
Town of Logansport, Louisiana

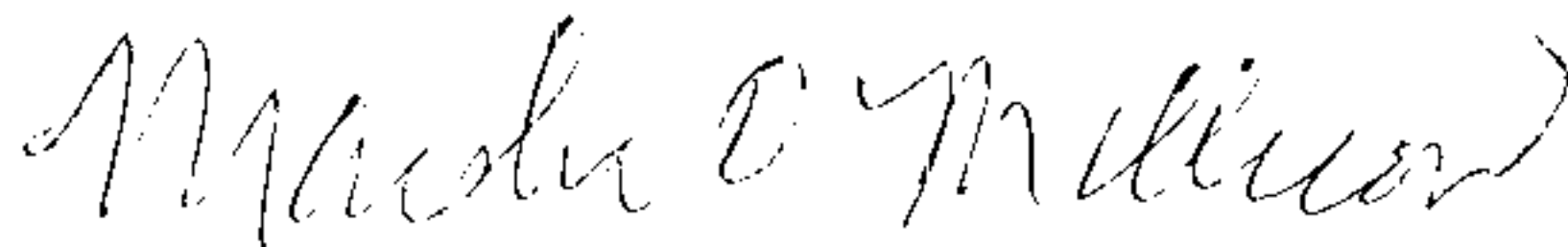
I have audited the general purpose financial statements of Town of Logansport, Louisiana, as of and for the year ended December 31, 1996, and have issued my report thereon dated June 27, 1997.

I conducted my 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 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.

This report is intended for the information of management, the Board of Aldermen, 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
June 27, 1997

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 Board of Aldermen
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, 1996, and have issued my report thereon dated June 27, 1997.

I conducted my 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 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, 1996, 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.

TOWN OF LOGANSFORT, LOUISIANA

Notes to Financial Statements
December 31, 1996

6. FIXED ASSETS:

A summary of proprietary fund type property, plant and equipment at December 31, 1996, 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	96,591
Land	<u>16,873</u>
Total	4,311,981
Less: Accumulated depreciation	<u>(1,718,235)</u>
Net	<u>\$2,593,746</u>

7. NOTES PAYABLE

Notes Payable at December 31, 1996 consisted of the following:

General Fund

Note payable to the Bank of Logansport dated April 27, 1994, due April 27, 1997, payable in monthly installments of \$415, bearing interest at 7.5%, collateralized by police car. \$ 2,076

Proprietary Fund Type

Note payable to Bank of Logansport, dated April 4, 1994, payable in monthly installments of \$296, bearing interest at 7.5%, collateralized by vehicle. 1,137

Total notes payable \$ 3,213

(Continued)

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

The Honorable Dennis Freeman, Mayor
and Members of the Board of Aldermen
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, 1996, and have issued my report thereon dated June 27, 1997.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

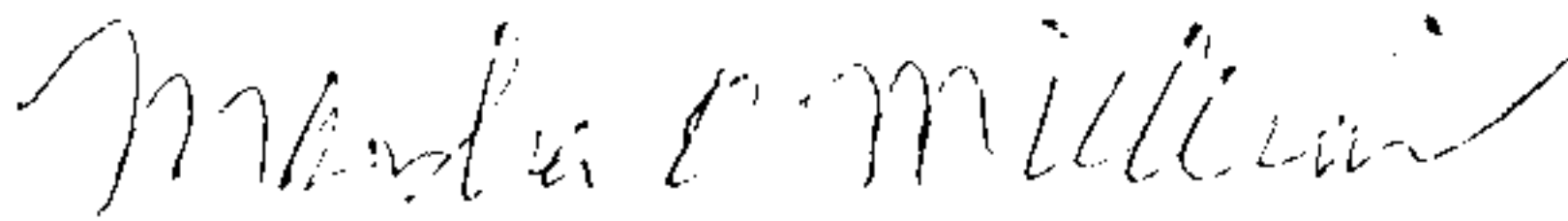
In planning and performing my audit for the year ended December 31, 1996, I considered the internal control structure of Town of Logansport, Louisiana, in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements of Town of Logansport, Louisiana, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of the general purpose financial statements in a separate report dated June 27, 1997.

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, 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.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe the reportable condition described above is not a material weakness.

This report is intended for the information of management, the Board of Aldermen, 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
June 27, 1997

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

The Honorable Dennis Freeman, Mayor
and Members of the Board of Aldermen
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, 1996, and have issued my report thereon dated June 27, 1997.

In connection with my audit of the general purpose financial statements of Town of Logansport, Louisiana, and with my consideration of Town of Logansport'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," I selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1996.

As required by OMB Circular A-128, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Town of Logansport's compliance with these requirements. Accordingly, I 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 my attention that caused me to believe that Town of Logansport, Louisiana, has not complied, in all material respects, with those requirements.

This report is intended for the information of management, the Board of Aldermen, 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
June 27, 1997

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

The Honorable Dennis Freeman, Mayor
and Members of the Board of Aldermen
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, 1996, and have issued my report thereon dated June 27, 1997.

I have applied procedures to test Town of Logansport, Louisiana's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended December 31, 1996: political activity, Davis-Bacon Act, civil rights, cash management, federal financial reports, allowable costs/cost principles, and administrative requirements.

My 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." My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Town of Logansport, Louisiana's compliance with the requirements listed in the preceding paragraph. Accordingly, I 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 my attention that caused me to believe that Town of Logansport, Louisiana, had not complied, in all material respects, with those requirements.

This report is intended for the information of management, the Board of Alderman, 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
June 27, 1997

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

June 27, 1997

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, 1996, 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 of matters that are opportunities for strengthening internal control and compliance with laws and regulations. I previously reported on the Town's internal control structure and compliance with laws and regulations in separate reports dated June 27, 1997. This letter does not affect my report dated June 27, 1997, on the general purpose financial statements of Town of Logansport, Louisiana.

Finding: Delinquent property tax receivables increased from \$2,977 at December 31, 1995 to \$4,942 at December 31, 1996. Delinquent accounts receivable in the Utility fund increased from \$17,364 at December 31, 1995 to \$35,413 at December 31, 1996.

Cause: The Town Clerk was on a leave of absence from August through December 31. During the Clerk's absence, delinquent notices were not mailed to property owners as in previous years, and normal procedures relating to delinquent accounts in the Utility fund were not followed.

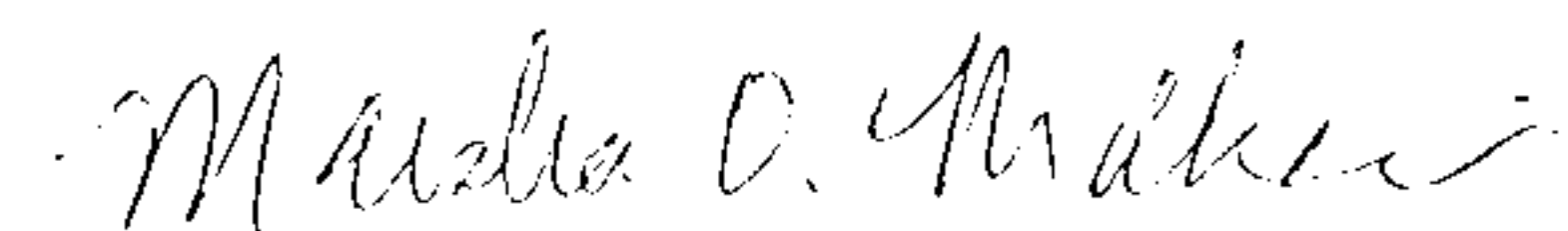
Recommendation: The Town should institute procedures to collect all property taxes and utility revenue due the Town on a timely basis.

Management's Response: We concur with the finding and will institute appropriate procedures to ensure that all revenue due the Town is collected on a timely basis.

I will review the status of these comments in my next audit engagement. I have already discussed these comments with Town personnel, and I will be pleased to discuss them 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

TOWN OF LOGANSPORT, LOUISIANA

Notes to Schedule of Federal Financial Assistance
December 31, 1996

1. General:

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal financial assistance programs of Town of Logansport, Louisiana.

2. Basis of Accounting:

The accompanying Schedule of Federal Financial Assistance is presented using the modified accrual basis of accounting, which is described in Note 1 to the general purpose financial statements.

TOWN OF LOGANSPORT, LOUISIANA

Statement of Cash Flows - Proprietary Fund Type
Year Ended December 31, 1996

Cash flows from operating activities:	
Cash received from customers	\$ 776,790
Cash payments to suppliers and employees	(712,202)
Other operating income	8,577
Net cash provided by operating activities	73,165
Cash flows from capital and related financing activities:	
Property and equipment acquisitions	(30,000)
Principal paid on revenue bonds, certificates of indebtedness and notes payable	(75,064)
Interest paid on revenue bonds, certificates of indebtedness and notes payable	(15,779)
Net cash used by capital and related financing activities	(120,843)
Cash flows from investing activities:	
Proceeds from maturities of restricted assets	45,000
Purchase of restricted assets	(44,952)
Interest received on investments	23,982
Net cash provided by investing activities	24,030
Net decrease in cash	(23,648)
Cash, January 1, 1996 (including \$103,149 in restricted accounts)	179,699
Cash, December 31, 1996 (including \$111,045 in restricted accounts)	\$ 156,051
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 22,075
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	109,268
Changes in assets and liabilities:	
Increase in accounts receivable	(1,080)
Increase in other receivables	(70,000)
Increase in inventory	(7,875)
Decrease in due to (from) other funds	13,006
Increase in accounts payable	7,639
Increase in customer deposits	132
Net cash provided by operating activities	\$ 73,165

See accompanying notes to financial statements.

TOWN OF LOGANSPORT, LOUISIANA

Financial Statements
December 31, 1996

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TOWN OF LOGANSPORT, LOUISIANA

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Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

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

I have audited the accompanying general purpose financial statements of Town of Logansport, Louisiana, as of December 31, 1996, 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, 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 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, 1996, 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 June 27, 1997, on my consideration of Town of Logansport's internal control structure and a report dated June 27, 1997, 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.

Mardy D. Milligan

Certified Public Accountant
June 27, 1997

TOWN OF LOGANSPOUR, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1996

	Governmental Fund Types		Proprietary Fund Type	Account Groups		Totals (Memorandum Only)
	General	Capital Projects		General Fixed Assets	General Long-term Debt	
<u>Assets</u>						
Cash	\$ 278,575	\$ -	\$ 45,006	\$ -	\$ -	\$ 323,581
Receivables, net of allowance for uncollectibles:						
Taxes	15,706	-	-	-	-	15,706
Accounts	-	-	110,375	-	-	110,375
Grants	-	16,350	-	-	-	16,350
Other	-	-	70,000	-	-	70,000
Inventory	-	-	32,320	-	-	32,320
Restricted assets:						
Cash	9,970	-	111,045	-	-	121,015
Investments - at cost	-	-	102,105	-	-	102,105
Accrued interest	-	-	903	-	-	903
Due from other funds	-	7,163	-	-	-	7,163
Buildings	-	-	-	83,734	-	83,734
Improvements other than buildings	-	-	-	280,166	-	280,166
Equipment	-	-	-	295,904	-	295,904
Utility plant & equipment (net of accumulated depreciation)	-	-	2,593,746	-	-	2,593,746
Amount to be provided for retirement of general long-term debt	-	-	-	-	202,000	202,000
<u>Total Assets</u>	\$ 304,251	\$ 22,513	\$ 2,065,500	\$ 659,804	\$ 202,000	\$ 4,253,068

Liabilities

Accounts payable	\$ 8,633	\$ 16,350	\$ 55,022	\$ -	\$ -	\$ 80,005
Notes payable	2,076	-	1,137	-	-	3,213
Payable from restricted assets:						
Accrued interest on revenue bonds	-	-	2,325	-	-	2,325
Customers' deposits	-	-	54,507	-	-	54,507
Revenue bonds payable	-	-	115,000	-	-	115,000
Certificates of indebtedness payable	-	-	72,982	-	202,000	274,982
Due to other funds	7,004	-	159	-	-	7,163
Total liabilities	17,713	16,350	301,132	-	202,000	537,195

Fund Equity

Contributed capital	-	-	2,833,128	-	-	2,833,128
Investment in general fixed assets	-	-	-	659,804	-	659,804
Retained earnings:						
Reserved for revenue bond retirement	-	-	148,633	-	-	148,633
Unreserved (deficit)	-	-	(217,393)	-	-	(217,393)
Fund Balance:						
Undesignated	286,538	7,163	-	-	-	293,701

Total retained earnings (deficit) / fund balance

	286,538	7,163	(68,760)	-	-	224,941
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Total fund equity

	286,538	7,163	2,764,368	659,804	-	3,717,873
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Total liabilities and fund equity

	\$ 304,251	\$ 23,513	\$ 3,065,500	\$ 659,804	\$ 202,000	\$ 4,255,068
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TOWN OF LOGANSPORT, LOUISIANA

Notes to Financial Statements
December 31, 1996

8. LONG-TERM DEBT: (Continued)

The annual requirements to amortize all long-term debt outstanding as of December 31, 1996, including interest payments of \$56,117 are as follows:

Year Ending December 31	Notes Payable	Certificates of Indebtedness	Revenue Bonds	Total
1997	\$ 3,213	\$ 74,269	\$ 62,130	\$ 139,612
1998	-	73,710	63,720	137,430
1999	-	75,170	-	75,170
2000	-	48,340	-	48,340
2001	-	48,760	-	48,760
Totals	\$ 3,213	\$ 320,249	\$ 125,850	\$ 449,312

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.

9. 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 \$125,500.

10. DEFICIT BALANCES:

The Enterprise fund has a deficit in retained earnings of \$ 68,760. 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.

(Continued)

TOWN OF LOGANSPOUT, LOUISIANA

Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget (GAAP Basis) and Actual
General Fund
Year Ended December 31, 1996

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Taxes:			
Property	\$ 33,301	\$ 36,869	\$ 3,568
Sales	135,000	136,831	1,831
Franchise	24,657	28,815	4,158
Licenses and permits	38,000	45,803	7,803
Intergovernmental	133,645	155,990	22,345
Fines and penalties	30,000	40,420	10,420
Miscellaneous	2,585	4,845	2,260
Total revenues	<u>397,188</u>	<u>449,573</u>	<u>52,385</u>
Expenditures:			
Current:			
General government	108,767	110,225	(1,458)
Public safety	222,883	251,219	(28,336)
Streets	25,150	35,077	(9,927)
Debt service			
Principal	28,380	18,000	10,380
Interest and fiscal charges	9,350	7,096	2,254
Total expenditures	<u>394,530</u>	<u>421,617</u>	<u>(27,087)</u>
Excess (deficiency) of revenues over expenditures before other financing sources	2,658	(27,956)	25,298
Other Financing Sources (Uses):			
Proceeds from Certificates of Indebtedness	<u>100,000</u>	<u>100,000</u>	
Excess of revenues and other financing sources over expenditures	102,658	127,956	25,298
Fund balance, beginning of year	<u>158,582</u>	<u>158,582</u>	
Fund balance, end of year	<u>\$ 261,240</u>	<u>\$ 286,538</u>	<u>\$ 25,298</u>

See accompanying notes to financial statements.

TOWN OF LOGANSPORT, LOUISIANA

Notes to Financial Statements
December 31, 1996

8. LONG-TERM DEBT:

The following is a summary of bond transactions of Town of Logansport, Louisiana for the year ended December 31, 1996:

	Certificates of Indebtedness	Revenue Bonds	Total
Balance, January 1, 1995	\$ 214,982	\$ 165,000	\$ 379,982
Certificates issued	100,000	-	100,000
Bonds and certificates retired	(40,000)	(50,000)	(90,000)
Balance, December 31, 1996	<u>\$ 274,982</u>	<u>\$ 115,000</u>	<u>\$ 389,982</u>

Bonds and certificates of indebtedness payable at December 31, 1996 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%	<u>\$ 115,000</u>
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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%	36,500
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%	36,482
Certificate R-1 dated November 30, 1995, due in annual installments of \$9,000 to \$12,000 through November 1, 2001; interest at 6%	51,000
Certificate R-2 dated November 30, 1995, due in annual installments of \$9,000 to \$12,000 through November 1, 2001; interest at 6%	51,000
Certificate R-1 dated December 26, 1996, due in annual installments of \$9,000 to \$11,000 through November 1, 2001; interest at 6%	50,000
Certificate R-2 dated December 26, 1996, due in annual installments of \$9,000 to \$11,000 through November 1, 2001; interest at 6%	50,000
Total	<u>\$ 274,982</u>

(Continued)

TOWN OF LOGANSPORT, LOUISIANA

Notes to Financial Statements
December 31, 1996

The Town of Logansport, Louisiana, was incorporated December 14, 1926, under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen 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, 1996

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 LOGANSPORT, LOUISIANA

Notes to Financial Statements
December 31, 1996

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 Board of Aldermen 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 actions 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, 1996

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, 1996

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, 1996, the Town had treasury notes totaling \$64,800 and certificates of deposit totaling \$37,300. 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, 1996, taxes of 7.38 mill were levied on property with assessed valuations totaling \$4,995,728 and were dedicated for general operating purposes.

Total taxes levied after adjustments were \$36,869. Taxes receivable at December 31, 1996, consisted of the following:

Taxes receivable	\$ 20,648
Less: Allowance for uncollectible taxes	4,942
Total	<u>\$ 15,706</u>

(Continued)

TOWN OF LOGANSPORT, LOUISIANA

Notes to Financial Statements
December 31, 1996

4. ACCOUNTS RECEIVABLE - PROPRIETARY FUND TYPE:

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

Accounts receivable	\$ 112,334
Less: Allowance for uncollectible accounts	(1,959)
Total	<u>\$ 110,375</u>

Bad debt expense for the year ended December 31, 1996 was \$ 8,579.

5. RESTRICTED ASSETS

Restricted assets - proprietary fund type are applicable to the following at December 31, 1996:

Capital additions and contingencies	\$ 16,044
Bond sinking account	68,238
Bond reserve account	67,161
Sinking funds for certificates of indebtedness	5,000
Customers' deposits	57,610
Total	<u>\$ 214,053</u>

Restricted assets in the General Fund of \$ 9,970 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, 1996	Additions	Deletions	Balance Dec. 31, 1996
Buildings	\$ 83,734	\$ -	\$ -	\$ 83,734
Improvements other than buildings	256,244	23,922	-	280,166
Equipment	266,645	29,259	-	295,904
Total general fixed assets	<u>\$ 506,623</u>	<u>\$ 53,181</u>	<u>\$ -</u>	<u>\$ 659,804</u>

(Continued)

TOWN OF LOGANSPORT, LOUISIANA

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Year necessary
taken from the
1995 and 1996
1997

FINANCIAL STATEMENTS

December 31, 1996

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 10/11/97

TOWN OF LOGANSFORT, LOUISIANA

Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balance - All Governmental Fund Types
Year Ended December 31, 1996

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Revenues:			
Taxes	\$ 202,515	\$ -	\$ 202,515
Licenses and permits	45,803	-	45,803
Intergovernmental	155,990	49,752	205,742
Fines and penalties	40,420	-	40,420
Miscellaneous revenues	<u>4,845</u>	<u>-</u>	<u>4,845</u>
Total revenues	<u>449,573</u>	<u>49,752</u>	<u>499,325</u>
Expenditures:			
Current:			
General government	110,225	-	110,225
Public safety	251,219	-	251,219
Street	35,077	-	35,077
Capital projects	-	72,249	72,249
Debt service:			
Principal	18,000	-	18,000
Interest and fiscal charges	<u>7,096</u>	<u>-</u>	<u>7,096</u>
Total expenditures	<u>421,617</u>	<u>72,249</u>	<u>493,866</u>
Excess (deficiency) of revenues over expenditures before other financing sources	27,956	(22,497)	5,459
Other Financing Sources:			
Proceeds from Certificates of Indebtedness	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Excess (deficiency) of revenues over expenditures and other financing sources	127,956	(22,497)	105,459
Fund balance, beginning of year	<u>158,582</u>	<u>29,660</u>	<u>188,242</u>
Fund balance, end of year	<u>\$ 286,538</u>	<u>\$ 7,163</u>	<u>\$ 293,701</u>

See accompanying notes to financial statements.