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TOWN OF IOWA, LOUISIANA
ANNUAL FINANCIAL REPORT

JUNE 30, 1998

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Release Date NOV 18 1998

TOWN OF IOWA, LOUISIANA

ANNUAL FINANCIAL REPORT
Year Ended June 30, 1998

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TOWN OF IOWA, LOUISIANA

June 30, 1998

MAYOR

The Honorable Lawrence Toups, Jr.

BOARD OF ALDERMEN

Mr. Calvin Caesar
Mr. Joseph O. Chatagnier
Mr. Gerald Guidry

Mr. Dwayne O'Brien
Mrs. Amanda Racca

LEGAL COUNSEL

Mr. Eugene Bouquet

TOWN CLERK

Ms. Sandra Turley

McELROY, QUIRK & BURCH

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Carl W. Comeaux, CPA
Barbara Hutson Gonzales, CPA
Judson J. McCann Jr., CPA
Martin L. Chehotsky, CPA, CFE
Robert M. Gani, CPA
Tina L. Demarest, CPA



Charles P. Quirk, CPA
Oray J. Woods Jr., CPA
Robert E. Cargile, CPA
William A. Mancuso, CPA

Charles I. McElroy, CPA (1917-1997)
Patrick J. Reddin, CPA (1926-1995)
Frank D. Burch, CPA (1921-1991)

Mollie C. Broussard, CPA

INDEPENDENT AUDITOR'S REPORT

F:\USER\BECT\AUDIT\IOWA TOWN OF.sp4

Honorable Mayor and Board of Aldermen
Town of Iowa
Iowa, Louisiana

We have audited the accompanying general-purpose financial statements of the Town of Iowa, Louisiana, and the combining, individual fund and account group financial statements of the Town as of June 30, 1998, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Iowa, Louisiana at June 30, 1998, 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. Also, in our opinion, the combining, individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the Town of Iowa, Louisiana at June 30, 1998, and the results of operations of such funds and the cash flows of the individual proprietary fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 18, 1998, on our consideration of the Town of Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Town of Iowa, Louisiana, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

McElroy, Quirk & Surber

Lake Charles, Louisiana
August 18, 1998

COMBINED STATEMENTS - OVERVIEW
("LIFTABLE" GENERAL PURPOSE
FINANCIAL STATEMENTS)

TOWN OF IOWA, LOUISIANA

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1998

<u>ASSETS</u>	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Cash	\$ 49,642	\$ 309,447	\$ 6,879
Certificates of deposit	-	703,936	103,491
Investments	127,908	619,858	-
Due from other funds	-	73,585	-
Receivables (net, where applicable, of allowance for uncollectibles):			
Taxes	649	66	-
Accounts	27,790	-	-
Intergovernmental	1,187	6,702	-
Grants	-	2,911	-
Prepaid expenses	-	-	-
Deposits	-	-	-
Restricted assets:			
Customers' deposits-cash	15,467	-	-
Cafeteria plan escrow-cash	538	-	-
Fixed assets (net of accumulated depreciation)	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
 Total assets	 <u>\$ 223,181</u>	 <u>\$ 1,716,505</u>	 <u>\$ 110,370</u>

Proprietary Fund Type Enterprise	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Debt	1998	1997
	\$ 41,566	\$ -	\$ -	\$ 407,534
-	-	-	807,427	1,873,398
-	-	-	747,766	290,976
2,467	-	-	76,052	125,008
-	-	-	715	17,223
16,588	-	-	44,378	41,532
-	-	-	7,889	6,480
-	-	-	2,911	-
323	-	-	323	1,603
100	-	-	100	100
11,540	-	-	27,007	25,943
-	-	-	538	257
1,191,007	3,184,635	-	4,375,642	3,227,348
-	-	957,117	957,117	1,108,368
<u>\$ 1,263,591</u>	<u>\$ 3,184,635</u>	<u>\$ 957,117</u>	<u>\$ 7,455,399</u>	<u>\$ 7,324,666</u>

(continued on next page)

TOWN OF IOWA, LOUISIANA

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS
 June 30, 1998
 (Continued)

<u>LIABILITIES</u>	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Accounts payable	\$ 17,110	\$ 3,814	\$ -
Accrued interest	16,048	-	-
Payable from restricted assets:			
Customer deposits	15,467	-	-
Cafeteria plan escrow account	810	-	-
Note payable	-	-	-
Due to Calcasieu Parish Police Jury	-	-	-
Certificate of indebtedness	-	-	-
Other payables	1,974	-	-
Due to other funds	<u>26,951</u>	<u>42,512</u>	<u>-</u>
Total liabilities	<u>78,360</u>	<u>46,326</u>	<u>-</u>
<u>FUND EQUITY</u>			
Contributed capital	-	-	-
Investment in general fixed assets	-	-	-
Retained earnings	-	-	-
Fund balance:			
Unreserved-undesignated (deficit)	<u>144,821</u>	<u>1,670,179</u>	<u>110,370</u>
Total retained earnings/fund balance	<u>144,821</u>	<u>1,670,179</u>	<u>110,370</u>
Total fund equity	<u>144,821</u>	<u>1,670,179</u>	<u>110,370</u>
Total liabilities and fund equity	<u>\$ 223,181</u>	<u>\$ 1,716,505</u>	<u>\$ 110,370</u>

See accompanying notes to financial statements

Proprietary Fund Type Enterprise	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Debt	1998	1997
\$ -	\$ -	\$ -	\$ 20,924	\$ 75,134
-	-	-	16,048	14,000
11,540	-	-	27,007	25,943
-	-	-	810	1,047
-	-	35,117	35,117	107,913
-	-	-	-	455
-	-	922,000	922,000	1,000,000
374	-	-	2,348	3,630
<u>6,589</u>	<u>-</u>	<u>-</u>	<u>76,052</u>	<u>125,008</u>
<u>18,503</u>	<u>-</u>	<u>957,117</u>	<u>1,100,306</u>	<u>1,353,130</u>
429,400	-	-	429,400	447,933
-	3,184,635	-	3,184,635	1,977,615
815,688	-	-	815,688	834,552
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,925,370</u>	<u>2,711,436</u>
<u>815,688</u>	<u>-</u>	<u>-</u>	<u>2,741,058</u>	<u>3,545,988</u>
<u>1,245,088</u>	<u>3,184,635</u>	<u>-</u>	<u>6,355,093</u>	<u>5,971,536</u>
<u>\$ 1,263,591</u>	<u>\$ 3,184,635</u>	<u>\$ 957,117</u>	<u>\$ 7,455,399</u>	<u>\$ 7,324,666</u>

TOWN OF IOWA, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 Year Ended June 30, 1998

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Revenues:			
Taxes	\$ 319,238	\$ 936,817	\$ -
Licenses and permits	90,857	-	-
Intergovernmental	3,025	2,891	-
Charges for services	247,569	-	-
Fines and forfeits	22,040	-	-
Interest earned	8,968	61,365	20,169
Fire insurance	-	5,738	-
Contributions received	250	-	-
Grants received	25,000	753,326	-
Miscellaneous	<u>16,812</u>	<u>8,785</u>	<u>-</u>
Total revenues	<u>733,759</u>	<u>1,768,922</u>	<u>20,169</u>
Expenditures:			
Current:			
General government	153,152	171,003	-
Public safety	327,362	-	-
Highways and streets	15,928	284,339	-
Culture and recreation	3,059	65,162	-
Sanitation	183,025	-	1,053,370
Fire Protection District	-	58,579	-
Housing rehabilitation expenditures	-	600,176	-
Other services and charges	-	28,758	-
Debt service:			
Principal retirements	138,930	12,320	-
Interest paid	<u>52,251</u>	<u>2,372</u>	<u>-</u>
Total expenditures	<u>873,707</u>	<u>1,222,709</u>	<u>1,053,390</u>
Excess (deficiency) of revenues over expenditures	<u>(139,948)</u>	<u>546,213</u>	<u>(1,033,221)</u>
Other financing sources (uses):			
Loan proceeds received	-	-	-
Operating transfers in	169,032	1	-
Operating transfers out	<u>(3,433)</u>	<u>(301,502)</u>	<u>(23,188)</u>
Total other financing sources (uses)	<u>165,599</u>	<u>(301,501)</u>	<u>(23,188)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	25,651	244,712	(1,056,409)
Fund balance at beginning of year	<u>119,170</u>	<u>1,425,467</u>	<u>1,166,779</u>
Fund balance at end of year	<u>\$ 144,821</u>	<u>\$ 1,670,179</u>	<u>\$ 110,370</u>

See accompanying notes to financial statements

Totals	
(Memorandum Only)	
<u>1998</u>	<u>1997</u>
\$ 1,256,055	\$ 1,229,566
90,857	87,322
5,916	5,916
247,569	236,058
22,040	24,061
90,502	86,420
5,738	5,516
250	120,830
778,326	9,815
<u>25,597</u>	<u>18,666</u>
<u>2,522,850</u>	<u>1,824,170</u>
324,155	343,673
327,362	279,442
300,267	152,826
68,221	92,392
1,236,415	556,412
58,579	35,014
600,176	9,815
28,758	20,237
151,250	68,972
<u>54,623</u>	<u>21,027</u>
<u>3,149,806</u>	<u>1,579,810</u>
<u>(626,956)</u>	<u>244,360</u>
-	1,000,000
169,033	514,961
<u>(328,123)</u>	<u>(873,457)</u>
<u>(159,090)</u>	<u>641,504</u>
(786,046)	885,864
<u>2,711,416</u>	<u>1,825,572</u>
<u>\$ 1,925,370</u>	<u>\$ 2,711,436</u>

TOWN OF IOWA, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES-BUDGET AND ACTUAL (BUDGET BASIS)-GOVERNMENTAL FUND TYPES
Year Ended June 30, 1998

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 313,439	\$ 319,238	\$ 5,799
Licenses and permits	91,268	90,857	(411)
Intergovernmental	25	3,025	3,000
Charges for services	247,151	247,569	418
Fines and forfeits	21,716	22,040	324
Interest earned	7,218	8,968	1,750
Fire insurance	-	-	-
Contributions received	250	250	-
Grants received	-	25,000	25,000
Miscellaneous	<u>25,150</u>	<u>16,812</u>	<u>(8,338)</u>
Total revenues	<u>706,217</u>	<u>733,759</u>	<u>27,542</u>
Expenditures:			
Current:			
General government	148,155	149,287	(1,132)
Public safety	312,732	325,173	(12,441)
Highways and streets	14,273	14,273	-
Culture and recreation	3,059	3,059	-
Sanitation	173,787	174,389	(602)
Fire Protection District	-	-	-
Housing rehabilitation expenditures	-	-	-
Other services and charges	-	-	-
Debt service:			
Principal retirements	134,969	138,930	(3,961)
Interest paid	<u>48,708</u>	<u>36,203</u>	<u>12,505</u>
Total expenditures	<u>835,683</u>	<u>841,314</u>	<u>(5,631)</u>
Excess (deficiency) of revenues over expenditures (budget basis)	<u>(129,466)</u>	<u>(107,555)</u>	<u>21,911</u>
Other financing sources (uses):			
Operating transfers in (out)	166,812	165,599	(1,213)
Appropriation of prior year's fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>166,812</u>	<u>165,599</u>	<u>(1,213)</u>

<u>Special Revenue Funds</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 964,620	\$ 936,817	\$ (27,803)
-	-	-
8,407	1,927	(6,480)
-	-	-
-	-	-
55,477	61,365	5,888
-	5,738	5,738
-	-	-
741,599	753,326	11,727
<u>8,785</u>	<u>8,785</u>	<u>-</u>
<u>1,778,888</u>	<u>1,767,958</u>	<u>(10,930)</u>
171,019	171,003	16
-	-	-
283,635	284,339	(704)
62,844	65,162	(2,318)
-	-	-
57,065	58,579	(1,514)
608,835	600,176	8,659
27,118	28,758	(1,640)
14,692	12,320	2,372
-	<u>2,372</u>	<u>(2,372)</u>
<u>1,225,208</u>	<u>1,222,709</u>	<u>2,499</u>
<u>553,680</u>	<u>545,249</u>	<u>(8,431)</u>
(333,011)	(301,501)	31,510
<u>56,210</u>	<u>-</u>	<u>(56,210)</u>
<u>(276,801)</u>	<u>(301,501)</u>	<u>(24,700)</u>

TOWN OF IOWA, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES-BUDGET AND ACTUAL (BUDGET BASIS)-GOVERNMENTAL FUND TYPES
Year Ended June 30, 1998
(Continued)

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses (budget basis)	<u>\$ 37,346</u>	<u>58,044</u>	<u>\$ 20,698</u>
Adjustments: (Note 14)			
Accrued revenue		-	
Accrued expenditures		<u>(32,393)</u>	
Total adjustments budget to GAAP basis		<u>(32,393)</u>	
Excess of revenues and other financial sources over expenditures and other uses (GAAP basis)		25,651	
Fund balance at beginning of year		<u>119,170</u>	
Fund balance at end of year		<u>\$ 144,821</u>	

See accompanying notes to financial statements

<u>Special Revenue Funds</u>		
<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>\$ 276,879</u>	<u>243,748</u>	<u>\$ (33,131)</u>
	964	
	<u>-</u>	
	<u>964</u>	
	244,712	
	<u>1,425,467</u>	
	<u>\$ 1,670,179</u>	

TOWN OF IOWA, LOUISIANA

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
 FUND EQUITY - PROPRIETARY FUND TYPE
 Years Ended June 30, 1998 and 1997

	<u>Enterprise Fund</u>	
	<u>1998</u>	<u>1997</u>
Operating revenues:		
Charges for services	\$ 152,527	\$ 151,813
Operating expenses:		
Salaries	112,850	97,153
Payroll taxes	8,216	7,488
Insurance	28,155	28,231
Repairs, maintenance and supplies	33,905	43,480
Utilities	17,645	16,610
Depreciation	134,961	122,908
Other services and charges	<u>16,236</u>	<u>19,902</u>
Total operating expenses	<u>351,968</u>	<u>335,772</u>
Operating (loss)	<u>(199,441)</u>	<u>(183,959)</u>
Nonoperating revenues:		
Interest earned	1,109	1,104
Miscellaneous revenues	<u>1,845</u>	<u>2,611</u>
Total nonoperating revenues	<u>2,954</u>	<u>3,715</u>
(Loss) before operating transfers	(196,487)	(180,244)
Operating transfers:		
Operating transfers in	<u>159,090</u>	<u>358,497</u>
Net income (loss)	(37,397)	178,253
Add depreciation on fixed assets acquired with contributed capital	<u>18,533</u>	<u>16,865</u>
Increase (decrease) in retained earnings	(18,864)	195,118
Retained earnings at beginning of year	<u>834,552</u>	<u>639,434</u>
Retained earnings at end of year	<u>815,688</u>	<u>834,552</u>

(continued on next page)

TOWN OF IOWA, LOUISIANA

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
 FUND EQUITY - PROPRIETARY FUND TYPE
 Year Ended June 30, 1998 and 1997
 (Continued)

	<u>Enterprise Fund</u>	
	<u>1998</u>	<u>1997</u>
Retained earnings at end of year	<u>815,688</u>	<u>834,552</u>
Contributed capital-general fund:		
Balance at beginning of year	33,933	35,798
Less depreciation on water lines	<u>(1,866)</u>	<u>(1,865)</u>
Balance at end of year	<u>32,067</u>	<u>33,933</u>
Contributed capital-community development block grant:		
Balance at beginning of year	414,000	429,000
Less depreciation on water tower	<u>(16,667)</u>	<u>(15,000)</u>
Balance at end of year	<u>397,333</u>	<u>414,000</u>
Total contributed capital-end of year	<u>429,400</u>	<u>447,933</u>
Total fund equity-end of year	<u>\$ 1,245,088</u>	<u>\$ 1,282,485</u>

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA

COMPARATIVE STATEMENTS OF CASH FLOWS
 PROPRIETARY FUND TYPE
 Years Ended June 30, 1998 and 1997

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 152,127	\$ 151,026
Cash payments to suppliers for goods and services	(110,223)	(93,567)
Cash payments to employees	<u>(121,066)</u>	<u>(104,641)</u>
Net cash (used in) operating activities	<u>(79,162)</u>	<u>(47,182)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Miscellaneous revenue	1,845	2,611
Operating transfer from other funds (net)	159,090	358,497
Interfund payable increase (decrease)	<u>(266)</u>	<u>1,215</u>
Net cash provided by noncapital financing activities	<u>160,669</u>	<u>362,323</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for capital acquisitions	<u>(76,235)</u>	<u>(298,497)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of interest	<u>1,109</u>	<u>1,104</u>
Net increase (decrease) in cash and cash equivalents	6,381	17,748
Cash and cash equivalents:		
Beginning of year	<u>46,725</u>	<u>28,977</u>
End of year	<u>\$ 53,106</u>	<u>\$ 46,725</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES		
Operating (loss)	\$ (199,441)	\$ (183,959)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation	134,961	122,908
Changes in assets and liabilities:		
(Increase) in accounts receivable	(659)	(1,004)
Decrease in prepaid expenses	1,280	2,485
Increase in accounts payable and other payables	<u>(15,303)</u>	<u>12,388</u>
Net cash (used in) operating activities	<u>\$ (79,162)</u>	<u>\$ (47,182)</u>

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1. Summary of Significant Accounting Policies

The Town of Iowa, Louisiana was incorporated June 26, 1952, under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Iowa, Louisiana conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guidance set forth in the *Louisiana Municipal Audit and Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies.

A. Financial Reporting Entity

The accompanying financial statements include the various departments, activities, and organizational units that are within the control and authority of the Mayor and Board of Aldermen of the Town of Iowa, Louisiana. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Statement No. 14 of the Governmental Accounting Standards Board. This statement defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Consistent with this criteria, the Town of Iowa, Louisiana has determined that the Iowa Fire Protection District No. 1 of Calcasieu Parish is a component unit of the Town.

B. Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate

set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds - These funds account for all financial resources segregated for the acquisition or construction of major general government capital projects.

PROPRIETARY FUNDS

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

ACCOUNT GROUPS

General Fixed Assets - The general fixed assets account group accounts for all fixed assets acquired or constructed for use by the Town, other than those accounted for in the proprietary fund.

General Long-Term Debt - The general long-term debt account group accounts for long-term obligations not recorded in the proprietary fund.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using a financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet and increases or decreases in net current assets are presented in the operating statements. These funds utilize the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Certain revenues such as sales tax, property tax, and charges for services are assessed and collected in such a manner that they can be accrued appropriately. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for principal and interest on general long-term debt which are recognized when due. Also, expenditures for accrued compensated absences are not recognized until they are payable from current available financial resources.

The proprietary fund is accounted for and reported using a flow of economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds are included on the balance sheet and fund equity consists of contributed capital and retained earnings. The operating statements for the proprietary fund presents increases or decreases in net total assets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the General Fixed Asset Account Group. The Town has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

The Governmental Accounting Standards Board (GASB) Statement Number 20 (effective for financial statements for periods beginning after December 15, 1993) provides guidance on accounting and financial reporting for proprietary fund types and allows proprietary fund types to choose one of two options in applying pronouncements issued by the Financial Accounting Standards Board (FASB) after November 30, 1989. The Town of Iowa has elected to use the first option for reporting its activities. This approach applies all GASB pronouncements and FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to FASB statements and interpretations, APB Opinions and ARBs issued after November 30, 1989, would not apply unless adopted by GASB.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Budgets and Budgetary Accounting

The Mayor and Town Clerk prepare a proposed budget and submit same to the Board of Aldermen prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them.

A summary of the proposed budget is published, a public hearing is held, and the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is adopted.

Any revisions that alter total expenditures of any fund must be approved by the Aldermen. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. All budgetary appropriations lapse at the end of each fiscal year.

Budgets for the General and Special Revenue Funds are adopted on a cash basis of accounting. Budgeted amounts are as originally adopted, or as amended by the Board of Aldermen.

During the year ended June 30, 1998, budgeted amounts for revenues and other financing sources were decreased approximately \$127,320 and expenditures and other financing uses decreased approximately \$1,300,926. The major part of these changes is represented by decreases in taxes collected and decreases in capital outlay from those amounts originally budgeted.

Encumbrance accounting is not used.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits and certificates of deposit. Certificates of deposit are stated at cost.

Louisiana State Statutes, as stipulated in R.S. 39:1271, authorize the Town to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost.

F. Property Taxes

Property taxes levied in any one year are recognized as revenues of that year.

G. 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 receivable.

H. Fixed Assets

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Twenty-four thousand nine hundred and twenty-five dollars (\$24,925) of fixed assets in the General Fixed Asset Account Group are stated at estimated historical cost. These costs were estimated based on price levels at the estimated date of acquisition. Donated fixed assets of \$10,300 are recorded at their estimated fair value at time of acquisition.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against operations. Accumulated depreciation is reported on the proprietary fund balance sheet. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Plant	10-33 years
Furniture, fixtures and equipment	5-10 years

Depreciation recorded in the proprietary fund on fixed assets acquired with contributed capital from grants externally restricted for capital acquisitions and construction has been closed to contributed capital.

I. Accumulated Unpaid Sick Pay

Accumulated unpaid sick pay was not considered material at June 30, 1998 and is not reflected in these financial statements.

J. Cash Equivalents

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. During the year the Town had no cash equivalents held by the Enterprise Fund.

K. Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

L. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview 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 cash flows 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.

Note 2. Cash, Cash Equivalents and Investments

In accordance with a fiscal agency agreement which is approved by the Board of Aldermen, the Town of Iowa maintains demand and time deposits through local depository banks which are members of the Federal Reserve System.

Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value. Authorized collateral includes general obligations of the U.S. government, obligations issued or guaranteed by an agency established by the U.S. government, general obligation bonds of any state of the U.S., or of any Louisiana parish, municipality, or school district.

The Town's bank demand and time deposits at year end were entirely covered by federal depository insurance or by pledge of securities owned by the financial institution in the Town's name.

The following chart presents bank balances as of June 30, 1998 and 1997. The deposits are listed in terms of risk involved. Category 1 represents those deposits insured (inclusive of FDIC) or collateralized with securities held by the Town or its agent in the Town's name. Category 2 represents deposits collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name. Category 3 represents deposits uncollateralized including any securities held for the entity but not in the Town's name.

	Bank Balances			Total Bank Balances	Carrying Amount
	Category 1	Category 2	Category 3		
June 30, 1998					
Cash and demand deposits	\$ -	\$ 559,067	\$ -	\$ 559,067	\$ 435,079
Certificates of deposit	-	807,427	-	807,427	807,427
Total	\$ -	\$ 1,366,494	\$ -	\$ 1,366,494	\$ 1,242,506

	Bank Balances			Total Bank Balances	Carrying Amount
	Category 1	Category 2	Category 3		
June 30, 1997					
Cash and demand deposits	\$ -	\$ 649,716	\$ -	\$ 649,716	\$ 632,630
Certificates of deposit	-	1,873,398	-	1,873,398	1,873,398
Total	\$ -	\$ 2,523,114	\$ -	\$ 2,523,114	\$ 2,506,028

Investments held at June 30, 1998, consist of \$747,766 in the Louisiana Asset Management Pool Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). LAMP investments at June 30, 1997 totaled \$290,976. In accordance with GASB Codification Section 150.165 the investment in LAMP at June 30, 1998, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Note 3. Individual Fund Interfund Receivables and Payables

Individual fund interfund receivables and payables are as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ -	\$ 26,951
Sales Tax Fund-Water Improvements	46,285	-
Sales Tax Fund-Streets and Parks	6,424	-
Sales Tax Fund-Streets II	20,876	-
Sales Tax Fund-Sales Tax III	-	41,325
Iowa Fire Protection District No. 1 of Calcasieu Parish	-	1,187
Water Utility Fund	<u>2,467</u>	<u>6,589</u>
	<u>\$ 76,052</u>	<u>\$ 76,052</u>

Note 4. Ad Valorem Taxes

For the year ended June 30, 1998, taxes of 5.35 mills were levied by the Town of Iowa on property with assessed valuations totaling \$6,659,010 and were dedicated for general corporate purposes. Taxes of 9.08 mills were levied by the Iowa Fire Protection District No. 1 of Calcasieu Parish on property with assessed valuations totaling \$5,217,610 and were dedicated for the purpose of providing fire protection to the District.

Total taxes levied were \$35,626 and \$47,376, respectively for the Town and the District. Taxes receivable at June 30, 1998 and 1997 consisted of the following:

	<u>1998</u>	<u>1997</u>
Taxes receivable current roll	\$ 284	\$ 389
Taxes receivable prior years	<u>4,245</u>	<u>4,019</u>
	4,529	4,408
Allowance for uncollectible taxes	<u>3,880</u>	<u>3,771</u>
	<u>\$ 649</u>	<u>\$ 637</u>

Property taxes are levied November 1 and attach as an enforceable lien on property as of April 30.

For the year ended June 30, 1997, the Town also had franchise taxes receivable of \$16,531.

Note 5. Restricted Assets

Restricted assets were applicable to the following at June 30:

	<u>1998</u>	<u>1997</u>
General Fund:		
Customers deposits-garbage and trash and sewer maintenance services	\$ 15,467	\$ 14,662
Cafeteria plan escrow	538	257
Enterprise Fund:		
Customers deposits-water services	11,540	11,281

Note 6. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance <u>7-1-97</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6-30-98</u>
Building	\$ 676,182	\$ -	\$ -	\$ 676,182
Land	134,670	-	-	134,670
Improvements other than buildings	488,140	1,102,495	-	1,590,635
Furniture and equipment	303,877	80,650	-	384,527
Vehicles	<u>374,746</u>	<u>23,875</u>	<u>-</u>	<u>398,621</u>
	<u>\$ 1,977,615</u>	<u>\$ 1,207,020</u>	<u>\$ -</u>	<u>\$ 3,184,635</u>

A summary of proprietary fund type property, plant and equipment at June 30, 1998 and 1997 follows:

	Enterprise <u>Water Utility Fund</u>	
	<u>1998</u>	<u>1997</u>
Land	\$ 4,002	\$ 4,002
Plant and equipment	2,179,179	2,104,944
Machinery	57,502	55,502
Furniture and fixtures	<u>6,360</u>	<u>6,360</u>
Total	2,247,043	2,170,808
Less accumulated depreciation	<u>1,056,036</u>	<u>921,075</u>
Net	<u>\$ 1,191,007</u>	<u>\$ 1,249,733</u>

Note 7. Long-Term Debt

In July, 1993, the Board of Aldermen accepted a bid for the renovations and addition to the City Hall building in the amount of \$256,000 and approved the following described financing therefor. On October 20, 1993, the Town of Iowa, Louisiana, executed a promissory note with the Calcasieu Marine National Bank in the amount of \$250,000.

In July, 1994, the Town entered into a Joint Services Agreement with the Iowa Fire Protection District No. 1 of Calcasieu parish in connection with the District's purchase of a new pumper fire truck. The District executed a promissory note in the amount of \$85,000 with the Calcasieu Marine National Bank, on June 1, 1995, to obtain the additional amount needed to purchase the fire truck and its equipment.

The Town entered into a Joint Services Agreement with the Calcasieu Parish Police Jury on June 7, 1990 for the reconstruction of South Thompson Road. The Town's total share of the cost of the project amounted to \$31,455. This project will be funded by the Calcasieu Parish Police Jury general alimony tax revenue.

Long-term debt is comprised of the following:

	<u>Balance</u> <u>6-30-98</u>	<u>Balance</u> <u>6-30-97</u>
Note payable to Calcasieu Marine National Bank in the original amount of \$250,000; dated October 20, 1993; bearing an interest rate of 4.5% fixed, and payable in 59 monthly installments of \$4,661.40 beginning November 22, 1993, and one final installment consisting of the full amount of principal and interest remaining due on October 22, 1998. This note is secured by pledge of a security interest in certain deposit accounts and certificates of deposit of the Town.	\$ -	\$ 60,475
Note payable to Calcasieu Marine National Bank in the original amount of \$85,000; dated June 1, 1995; bearing an interest rate of 5% fixed, payable in 5 equal annual installment payments consisting of principal and interest, in the amount of \$14,692.34 each, commencing on June 1, 1996 and continuing on the first day of each successive year thereafter, and one final installment payment consisting of the full amount of principal and interest remaining due on June 1, 2001. This note is secured by security interest in one 1995 Freightline Ferrara commercial pump fire truck and a continuing security interest in all deposits and certificates of deposit of the Iowa Fire Protection District No. 1 of Calcasieu Parish	35,117	47,438
Joint Services Agreement dated June 7, 1990 with Calcasieu Parish Police Jury for reconstruction of South Thompson Road	-	455

(continued on next page)

	<u>Balance</u> <u>6-30-98</u>	<u>Balance</u> <u>6-30-97</u>
Town of Iowa State of Louisiana Certificate of Indebtedness Series 1997 in the original amount of \$1,000,000; dated March 27, 1997; bearing interest at 5.25% fixed, and payable in 20 semi-annual payments beginning September 1, 1997 and ending March 1, 2007. This note is secured by the dedication of the Town's excess revenues above statutory, necessary and usual charges	<u>922,000</u>	<u>1,000,000</u>
	<u>\$ 957,117</u>	<u>\$ 1,108,368</u>

Summary of changes in general long-term debt:

	<u>Balance</u> <u>7-1-97</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6-30-98</u>
Notes payable Calcasieu Parish Police Jury Certificate of indebtedness	\$ 107,913 455 <u>1,000,000</u>	\$ - - <u>-</u>	\$ 72,796 455 <u>78,000</u>	\$ 35,117 - <u>922,000</u>
	<u>\$ 1,108,368</u>	<u>\$ -</u>	<u>\$ 151,251</u>	<u>\$ 957,117</u>

The annual requirements to amortize all general obligation debt outstanding as of June 30, 1998 including interest of \$260,230, are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>General</u> <u>Obligation</u>
1999	\$ 146,097
2000	147,740
2001	140,402
2002	132,545
2003 and thereafter	650,563

Note 8. Dedication of Proceeds and Flow of Funds - 2.5% Sales and Use Tax

Proceeds of a 1% sales and use tax levied by the Town of Iowa, Louisiana (1997 collections \$413,895; 1997 \$399,042 are dedicated to the following purposes:

1. 80% of collections to be used for capital and other improvements of the Water Utility Fund.
2. 20% of collections to be used for improvements to the Town's streets and parks.

Proceeds of a 1% sales and use tax levied by the Town of Iowa, Louisiana approved by voters May, 1997 to expire April, 2007 (1998 collections \$413,895; 1997 \$399,042) are dedicated to the following purposes:

1. 65% of collections to be used for street, sidewalk, street lighting maintenance and construction, and sewerage treatment facilities maintenance and construction.
2. 35% of collections to be used for general administrative and general fund needs.

Proceeds of a 1/2% sales and use tax levied by the Town of Iowa, Louisiana approved by voters to begin July 1, 1992, for a period of ten years (1998 collections \$206,947; 1997 \$199,522) are dedicated to the following purposes:

1. Flood control maintenance and flood control purposes.
2. Economic development activities.
3. Capital improvements and maintenance to the Town Hall and Town Park.

Note 9. Grants Received

During the year, grants received by the Town included the following:

Louisiana Community Development Block Grant	\$ 579,012
Calcasieu Parish Police Jury Road and Drainage Trust	59,833
Louisiana Rural Development Grants	49,951
Louisiana Department of Transportation and Development	49,680
Louisiana House Finance Agency	36,050
Calcasieu Parish Police Jury	<u>3,800</u>
 Total grants received	 <u>\$ 778,326</u>

Note 10. Retirement Commitments

Plan description:

The Municipal Police Employee's Retirement System of Louisiana is the administrator of a cost-sharing multiple employer retirement system (PERS) of which the Town of Iowa, Louisiana is a member. The Municipal Police Employees' Retirement System was established as of July 1, 1973, by Act 189 of 1973 and amended by RS 33:2371 of the 1986 session to become Municipal and State Police Retirement System of Louisiana. The System is a state retirement system which was created for full time municipal police officers in Louisiana, and state police officers hired after January 1, 1987. The System is administered by a Board of Trustees of the Retirement Committee of the House of Representatives and the Chairman of the Senate Finance Committee, or their designees, to serve as voting ex-officio members of the Board.

The Municipal Police Employee's Retirement System provides retirement benefits for municipal and state police officers.

Membership is mandatory for any full time police officer, employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing they do not have to pay social security and providing they meet the statutory criteria.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 33:2371.

Any member is eligible for normal retirement after he has been a member of the System for one year, if he has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55, or 25 years of service at any age.

Benefit rates are three and one-third percent of final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years creditable service not to exceed one hundred percent.

The amount of current year covered payroll for the Town of Iowa for members of the State Plan was \$91,080. The Town's total payroll for current year was \$433,082.

Contribution requirements:

Four employees of the Town of Iowa are members of the PERS and also are members of the Social Security System. All other employees of the Town are members of the Social Security System.

Contributions for all members are established by statute at 7.5% of earnable compensation and are deducted from the member's salary and remitted by the participating municipality.

Contributions by employers are established by statute at 9% of employee's earnable compensation excluding overtime but including state supplemental pay. The system also receives a portion of the gross direct premiums received by the Louisiana Insurance Rating Commission and is used as an additional employer contribution. The system receives four-tenths of one percent of premiums paid.

The actuarial contribution requirement for the Town of Iowa was \$16,750, the total actual contribution amounted to \$16,767, which represents approximately 16.5% of current year covered payroll. The contributions consist of 7.5% member contributions of \$7,638, 9% employer contributions of \$9,129 of the total covered payroll of \$101,517.

Funding status and progress:

Because the purpose of the Municipal Police Employee's Retirement System is to provide specific benefits to a group of employees at various times in the future, actuarial valuations and assumptions are made regularly. The latest actuarial valuation available is as of June 30, 1997. For financial reporting purposes, the primary focus of this information is the pension benefit obligation which is the actuarial present value of credited projected benefits. This can be defined as a standardized disclosure measure of the present value of pension benefits, adjusted for effects of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date. The intent of this measure is three-fold:

- To help users assess the system's funding status on a going concern basis.
- To assess progress made in accumulating sufficient assets to pay benefits, and
- To make comparisons among other systems.

The actuarial method used to compute the pension benefit obligation for reporting purposes is not necessarily the same used to determine adequate funding for the System. Although the Projected Unit Credit Method was used for reporting purposes, the Entry Age Normal Cost Method was used to arrive at a total contribution rate of 11.43% necessary to bring the system to a fully funded status.

The total pension benefit obligation of the Municipal Police Employee's Retirement System of Louisiana as of June 30, 1997 was \$930,382,205. The total net assets available for benefits at June 30, 1997 was \$929,844,233.

Historical trend information for this Plan is included in the separately issued report for the Municipal Police Employee's Retirement System of Louisiana for the period ended June 30, 1997.

Note 11. Excess of Expenditures Over Appropriations

Expenditures and other financing uses for the current year exceeded appropriations for the following funds:

	<u>Budget</u>	<u>Actual</u>	Variance (Unfavorable)
General Fund	\$ 835,683	\$ 841,314	\$ (5,631)
Special Revenue Funds:			
Sales Tax Fund-Water Improvements	170,947	172,155	(1,208)
Sales Tax Fund-Parks and Streets	62,844	65,162	(2,318)
Sales Tax Fund-Streets II	353,405	355,179	(1,774)
Iowa Fire Protection District No. 1	71,757	73,271	(1,514)

Note 12. Compensation of Mayor and Board of Aldermen

Salaries paid to the Mayor and Aldermen during the year are as follows:

Lawrence Toups, Jr., Mayor	\$ 8,300
Calvin Caesar	900
Joseph O. Chatagnier	900
Gerald Guidry	900
Dwayne O'Brien	900
Charles D. Savoy	637
Amanda Racca	225

The Board members of the Iowa Fire Protection District No. 1 of Calcasieu Parish received no compensation during the year ended June 30, 1998.

Note 13. Commitments and Contingencies

During fiscal year 1998, the Town received a Louisiana Community Development Block Grant (LCDBG) in the amount of \$635,000. The grant will provide financing for a project to place water and sewer lines under and to the North of I-10.

Note 14. Budgetary - GAAP Reporting Reconciliation

The accompanying Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual (Budget Basis)-Governmental Fund Types presents comparisons of the legally adopted budget (more fully described in Note 1) with actual data on a budgetary basis. Because the accounting principles (cash basis) applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles (GAAP), reconciliations of resultant basis and perspective differences in net income for the year ended June 30, 1998 are presented on the budgetary comparison statement.

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund. The Garbage and Trash and Sewer Maintenance funds are accounted for in this fund.

TOWN OF IOWA, LOUISIANA
GENERAL FUND

COMPARATIVE BALANCE SHEETS
June 30, 1998 and 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Cash	\$ 49,642	\$ 34,757
Certificates of deposit	-	16,514
Investments	127,908	26,025
Due from other funds	-	35,970
Receivables:		
Ad valorem taxes (net of allowance for uncollectible taxes 1998 \$3,880; 1997 \$3,771)	649	17,168
Accounts (net of allowance for uncollectible amounts 1998 \$4,291; 1997 \$4,291)	27,790	25,603
Intergovernmental	1,187	-
Restricted assets:		
Customers' deposits-cash	15,467	14,662
Cafeteria plan-cash	<u>538</u>	<u>257</u>
Total assets	<u>\$ 223,181</u>	<u>\$ 170,956</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities:		
Accounts payable	\$ 17,110	\$ 18,827
Due to other funds	26,951	-
Accrued interest	16,048	14,000
Payable from restricted assets:		
Customer's deposits	15,467	14,662
Cafeteria plan escrow	810	1,047
Other payables	<u>1,974</u>	<u>3,250</u>
Total liabilities	78,360	51,786
Fund balance:		
Unreserved-undesignated	<u>144,821</u>	<u>119,170</u>
Total liabilities and fund equity	<u>\$ 223,181</u>	<u>\$ 170,956</u>

TOWN OF IOWA, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGET BASIS)
Year Ended June 30, 1998

	1998		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 313,439	\$ 319,238	\$ 5,799
Licenses and permits	91,268	90,857	(411)
Intergovernmental	25	3,025	3,000
Charges for services	247,151	247,569	418
Fines and forfeits	21,716	22,040	324
Interest earned	7,218	8,968	1,750
Contribution received	250	250	-
Grants received	-	25,000	25,000
Miscellaneous	25,150	16,812	(8,338)
Total revenues	706,217	733,759	27,542
Expenditures:			
Current:			
General government	148,155	149,287	(1,132)
Public safety	312,732	325,173	(12,441)
Highways and streets	14,273	14,273	-
Culture and recreation	3,059	3,059	-
Sanitation	173,787	174,389	(602)
Debt service:			
Principal retirements	134,969	138,930	(3,961)
Interest paid	48,708	36,203	12,505
Total expenditures	835,683	841,314	(5,631)
Excess (deficiency) of revenues over expenditures (budget basis)	(129,466)	(107,555)	21,911
Other financing sources (uses):			
Operating transfers in	170,245	169,032	(1,213)
Operating transfers out	(3,433)	(3,433)	-
Total other financing sources (uses)	166,812	165,599	(1,213)
Excess of revenues and other financing sources over expenditures and other uses (budget basis)	\$ 37,346	58,044	\$ 20,698
Adjustments: (Note 14)			
Accrued expenditures		(32,393)	
Excess (deficiency) of revenues and other financing sources over expenditures and other uses (GAAP basis)		25,651	
Fund balance at beginning of year		119,170	
Fund balance at end of year		\$ 144,821	

TOWN OF IOWA, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (BUDGET BASIS)
Year Ended June 30, 1998

	1998		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
General government:			
Mayor's and aldermen's salaries	\$ 11,588	\$ 12,762	\$ (1,174)
Other salaries	39,356	40,850	(1,494)
Payroll taxes	4,052	4,052	-
Advertising	1,704	1,704	-
Audit and accounting	10,602	9,775	827
Dues and subscriptions	1,004	1,004	-
Insurance	21,679	16,450	5,229
Legal and other services	32,976	28,616	4,360
Election expense	1,318	1,318	-
Miscellaneous	2,113	3,136	(1,023)
Repairs and maintenance	445	445	-
Supplies	8,073	8,362	(289)
Senior citizen center	735	735	-
Telephone and utilities	12,365	12,365	-
Travel	3,652	3,652	-
Uniforms	(107)	309	(416)
Capital outlay	(3,400)	3,752	(7,152)
Total general government	<u>148,155</u>	<u>149,287</u>	<u>(1,132)</u>
Public safety:			
Police:			
Salaries	174,088	179,961	(5,873)
Payroll taxes	14,720	15,520	(800)
Auto expense	10,450	10,687	(237)
Dues and subscriptions	3,729	3,715	14
Insurance	38,944	46,738	(7,794)
Miscellaneous	1,803	1,803	-
Repairs	10,795	11,349	(554)
Retirement expense	10,723	8,122	2,601
Supplies	2,017	2,017	-
Uniforms	738	738	-
Capital outlay	36,084	35,829	255
Total police	<u>304,091</u>	<u>316,479</u>	<u>(12,388)</u>
Fire:			
Volunteer firemen	6,908	6,961	(53)
Supplies	1,733	1,733	-
Total fire	<u>8,641</u>	<u>8,694</u>	<u>(53)</u>
Total public safety	<u>312,732</u>	<u>325,173</u>	<u>(12,441)</u>
Highways and streets:			
Streets and lights	<u>14,273</u>	<u>14,273</u>	<u>-</u>

(continued on next page)

TOWN OF IOWA, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (BUDGET BASIS)
Year Ended June 30, 1998
(Continued)

	1998		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
Culture and recreation:			
Park security	<u>3,059</u>	<u>3,059</u>	<u>-</u>
Sanitation:			
Garbage and trash:			
Dumping fees and collection fees	<u>99,549</u>	<u>100,386</u>	<u>(837)</u>
Sewer maintenance:			
Salaries	22,062	23,121	(1,059)
Payroll taxes	2,868	2,949	(81)
Dues and subscriptions	50	50	-
Insurance	4,085	2,710	1,375
Legal and other services	3,711	3,711	-
Repairs	2,084	2,084	-
Supplies	19,991	19,991	-
Utilities	<u>19,387</u>	<u>19,387</u>	<u>-</u>
Total sewer maintenance	<u>74,238</u>	<u>74,003</u>	<u>235</u>
Total sanitation	<u>173,787</u>	<u>174,389</u>	<u>(602)</u>
Debt service:			
Principal retirements	134,969	138,930	(3,961)
Interest paid	<u>48,708</u>	<u>36,203</u>	<u>12,505</u>
Total debt service	<u>183,677</u>	<u>175,133</u>	<u>8,544</u>
	<u>\$ 835,683</u>	<u>\$ 841,314</u>	<u>\$ (5,631)</u>

SPECIAL REVENUE FUNDS

SALES TAX FUND-WATER IMPROVEMENTS - to account for 80% of a one percent sales tax to be used for capital and other improvements of the Water Utility Fund.

SALES TAX FUND-STREETS AND PARKS - to account for 20% of a one percent sales tax to be used for improvements to the Town's streets and parks.

SALES TAX FUND-STREETS II - to account for 65% of a one percent sales tax to be used for street, sidewalk, and street lighting maintenance and construction.

SALES TAX FUND-SALES TAX III - to account for a one-half of one percent sales tax to be used for (1) flood control maintenance and flood control improvements, (2) economic development activities, and (3) capital improvements and maintenance to the Town Hall and Town Park situated in the Town of Iowa, Louisiana.

HOUSING REHABILITATION - to account for the expenditures of Louisiana Housing Finance Agency grant funds for the rehabilitation of substandard homes owned and occupied by individuals meeting certain predefined criteria.

LCDBG HOUSING REHABILITATION - to account for the expenditures of the Louisiana Community Development Block Grant funds for the rehabilitation of substandard homes owned and occupied by individuals meeting certain predefined criteria.

IOWA FIRE PROTECTION DISTRICT NO. 1 OF CALCASIEU PARISH - to account for the operations of the District, a component unit of the Town of Iowa. The District is authorized to provide fire prevention and control within its District limits. It owns and operates one fire station and all fire prevention and protection services are provided by volunteers.

TOWN OF IOWA, LOUISIANA
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
June 30, 1998

With Comparative Totals for June 30, 1997

	<u>Sales Tax Fund</u>		
<u>ASSETS</u>	<u>Water Improvements</u>	<u>Streets and Parks</u>	<u>Streets II</u>
Cash	\$ 101,843	\$ 28,373	\$ 58,685
Certificate of deposit	530,303	5,580	23,856
Investments	412,195	-	116,549
Grand receivable	-	-	-
Intergovernmental receivable	-	-	-
Taxes receivable	-	-	-
Due from other funds	<u>46,285</u>	<u>6,424</u>	<u>20,876</u>
Total assets	<u>\$ 1,090,626</u>	<u>\$ 40,377</u>	<u>\$ 219,966</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Accounts payable	\$ -	\$ 903	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	903	-
Fund balances:			
Unreserved-undesignated	<u>1,090,626</u>	<u>39,474</u>	<u>219,966</u>
Total liabilities and fund equity	<u>\$ 1,090,626</u>	<u>\$ 40,377</u>	<u>\$ 219,966</u>

Sales Tax III	Housing Rehabilitation Fund	CDBG Housing Rehabilitation	Fire Protection District	Totals	
				1998	1997
\$ 62,420	\$ 309	\$ 1	\$ 57,816	\$ 309,447	\$ 529,349
18,903	-	-	25,294	703,936	674,445
91,114	-	-	-	619,858	264,951
-	2,911	-	-	2,911	-
-	-	-	6,702	6,702	6,480
-	-	-	66	66	55
-	-	-	-	73,585	86,842
<u>\$ 272,437</u>	<u>\$ 3,220</u>	<u>\$ 1</u>	<u>\$ 89,878</u>	<u>\$ 1,716,505</u>	<u>\$ 1,562,122</u>
\$ -	\$ 2,911	\$ -	\$ -	\$ 3,814	\$ 18,211
41,325	-	-	1,187	42,512	118,424
41,325	2,911	-	1,187	46,326	136,635
<u>231,112</u>	<u>309</u>	<u>1</u>	<u>88,691</u>	<u>1,670,179</u>	<u>1,425,487</u>
<u>\$ 272,437</u>	<u>\$ 3,220</u>	<u>\$ 1</u>	<u>\$ 89,878</u>	<u>\$ 1,716,505</u>	<u>\$ 1,562,122</u>

TOWN OF IOWA, LOUISIANA
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Year Ended June 30, 1998
With Comparative Totals for Year Ended June 30, 1997

	Sales Tax Fund		
	Water Improvements	Streets and Parks	Streets II
Revenues:			
Taxes	\$ 331,116	\$ 82,779	\$ 269,032
Intergovernmental	-	-	-
Interest earned	40,037	566	6,291
Fire insurance	-	-	-
Contributions received	-	-	-
Grants received	-	-	49,680
Miscellaneous	-	5,200	-
Total revenues	371,153	88,545	325,003
Expenditures:			
Current:			
General government	-	-	-
Highway and streets	-	-	284,339
Culture and recreation	-	65,162	-
Fire protection district	-	-	-
Housing rehabilitation expenditures	-	-	-
Other services and charges	27,947	-	-
Debt service:			
Principal retirements	-	-	-
Interest expense	-	-	-
Total expenditures	27,947	65,162	284,339
Excess (deficiency) of revenues over expenditures	343,206	23,383	40,664
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(144,208)	-	(70,840)
Total other financing sources (uses)	(144,208)	-	(70,840)
Excess (deficiency) of revenues over expenditures and other uses	198,998	23,383	(30,176)
Fund balances at beginning of year	891,628	16,091	250,142
Fund balances at end of year	\$ 1,090,626	\$ 39,474	\$ 219,966

Sales Tax III	Housing Rehabilitation Fund	CDBG Housing Rehabilitation	Fire Protection District	Totals	
				1998	1997
\$ 206,947	\$ -	\$ -	\$ 46,943	\$ 936,817	\$ 904,865
-	-	-	2,891	2,891	2,891
11,202	-	-	3,269	61,365	47,974
-	-	-	5,738	5,738	5,516
-	-	-	-	-	70,830
59,833	36,050	579,012	28,751	753,326	9,815
-	-	-	3,585	8,785	2,226
<u>277,982</u>	<u>36,050</u>	<u>579,012</u>	<u>91,177</u>	<u>1,768,922</u>	<u>1,044,117</u>
171,003	-	-	-	171,003	167,010
-	-	-	-	284,339	132,816
-	-	-	-	65,162	90,287
-	-	-	58,579	58,579	35,014
-	21,164	579,012	-	600,176	9,815
811	-	-	-	28,758	12,100
-	-	-	12,320	12,320	11,872
-	-	-	2,372	2,372	2,820
<u>171,814</u>	<u>21,164</u>	<u>579,012</u>	<u>73,271</u>	<u>1,222,709</u>	<u>461,734</u>
<u>106,168</u>	<u>14,886</u>	<u>-</u>	<u>17,906</u>	<u>546,213</u>	<u>582,383</u>
-	-	1	-	1	38,814
<u>(83,454)</u>	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>(301,502)</u>	<u>(473,186)</u>
<u>(83,454)</u>	<u>(3,000)</u>	<u>1</u>	<u>-</u>	<u>(301,501)</u>	<u>(434,372)</u>
22,714	11,886	1	17,906	244,712	148,011
<u>208,398</u>	<u>(11,577)</u>	<u>-</u>	<u>70,785</u>	<u>1,425,467</u>	<u>1,277,476</u>
<u>\$ 231,112</u>	<u>\$ 309</u>	<u>\$ 1</u>	<u>\$ 88,691</u>	<u>\$ 1,670,179</u>	<u>\$ 1,425,487</u>

TOWN OF IOWA, LOUISIANA
SALES TAX FUND-WATER IMPROVEMENTS

COMPARATIVE BALANCE SHEETS
June 30, 1998 and 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Cash	\$ 101,843	\$ 283,439
Certificates of deposit	530,303	508,683
Investments	412,195	105,214
Due from other funds	<u>46,285</u>	<u>46,513</u>
Total assets	<u>\$ 1,090,626</u>	<u>\$ 943,849</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities:		
Accounts payable	\$ -	\$ 884
Due to other funds	<u>-</u>	<u>51,337</u>
Total liabilities	-	52,221
Fund balances:		
Unreserved-undesignated	<u>1,090,626</u>	<u>891,628</u>
Total liabilities and fund equity	<u>\$ 1,090,626</u>	<u>\$ 943,849</u>

TOWN OF IOWA, LOUISIANA
SALES TAX FUND-WATER IMPROVEMENTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGET BASIS)
Year Ended June 30, 1998

	1998		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales tax	\$ 374,242	\$ 331,116	\$ (43,126)
Interest earned	<u>35,667</u>	<u>40,037</u>	<u>4,370</u>
Total revenues	<u>409,909</u>	<u>371,153</u>	<u>(38,756)</u>
Expenditures:			
Current:			
Other services and charges:			
Sales tax collection fees	4,178	4,178	-
Other services and charges	<u>22,111</u>	<u>23,769</u>	<u>(1,658)</u>
Total expenditures	<u>26,289</u>	<u>27,947</u>	<u>(1,658)</u>
Excess of revenues over expenditures (budget basis)	383,620	343,206	(40,414)
Other financing sources (uses):			
Operating transfers in (out)	<u>(144,658)</u>	<u>(144,208)</u>	<u>450</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses (budget and GAAP basis)	<u>\$ 238,962</u>	198,998	<u>\$ (39,964)</u>
Fund balance at beginning of year		<u>891,628</u>	
Fund balance at end of year		<u>\$1,090,626</u>	

TOWN OF IOWA, LOUISIANA
SALES TAX FUND-STREETS AND PARKS

COMPARATIVE BALANCE SHEETS
June 30, 1998 and 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Cash	\$ 28,373	\$ 7,857
Certificate of deposit	5,580	5,319
Due from other funds	<u>6,424</u>	<u>6,040</u>
Total assets	<u>\$ 40,377</u>	<u>\$ 19,216</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities:		
Accounts payable	\$ 903	\$ 2,990
Due to other funds	<u>-</u>	<u>135</u>
Total liabilities	903	3,125
Fund balance:		
Unreserved-undesignated	<u>39,474</u>	<u>16,091</u>
Total liabilities and fund equity	<u>\$ 40,377</u>	<u>\$ 19,216</u>

TOWN OF IOWA, LOUISIANA
SALES TAX FUND-STREETS AND PARKS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGET BASIS)
Year Ended June 30, 1998

	1998		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales tax	\$ 76,354	\$ 82,779	\$ 6,425
Interest earned	.491	566	75
Miscellaneous	5,200	5,200	-
Total revenues	82,045	88,545	6,500
Expenditures:			
Current:			
Cultural and recreational-parks:			
Park improvements and maintenance	8,151	8,543	(392)
Salaries	20,250	21,086	(836)
Payroll taxes	1,584	1,648	(64)
Utilities	9,778	10,781	(1,003)
Other services and charges	16,669	15,279	1,390
Capital outlay	6,412	7,825	(1,413)
Total expenditures	62,844	65,162	(2,318)
Excess (deficiency) of revenues over expenditures (budget basis-GAAP basis)	\$ 19,201	23,383	\$ 4,182
Fund balance at beginning of year		16,091	
Fund balance at end of year		\$ 39,474	

TOWN OF IOWA, LOUISIANA
SALES TAX FUND-STREETS II

COMPARATIVE BALANCE SHEETS
June 30, 1998 and 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Cash	\$ 58,685	\$ 146,183
Certificate of deposit	23,856	23,091
Investments	116,549	62,874
Due from other funds	<u>20,876</u>	<u>19,190</u>
Total assets	<u>\$ 219,966</u>	<u>\$ 251,338</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities:		
Accounts payable	\$ -	\$ 1,196
Fund balance:		
Unreserved-undesignated	<u>219,966</u>	<u>250,142</u>
Total liabilities and fund equity	<u>\$ 219,966</u>	<u>\$ 251,338</u>

TOWN OF IOWA, LOUISIANA
SALES TAX FUND-STREETS II

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGET BASIS)
Year Ended June 30, 1998

	1998		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales tax	\$ 267,785	\$ 269,032	\$ 1,247
Interest earned	5,802	6,291	489
Grants received	49,680	49,680	-
Total revenues	323,267	325,003	1,736
Expenditures:			
Current:			
Highways and streets:			
Salaries	23,939	25,761	(1,822)
Payroll taxes	1,877	2,016	(139)
Insurance	3,874	2,617	1,257
Street repairs	206,740	206,740	-
Supplies	6,891	6,891	-
Other services and charges	6,510	6,510	-
Repairs and maintenance	3,188	3,188	-
Capital outlay	30,616	30,616	-
Total expenditures	283,635	284,339	(704)
Excess of revenues over expenditures (budget basis)	39,632	40,664	1,032
Other financing sources (uses):			
Operating transfers out	(69,770)	(70,840)	(1,070)
Appropriation of prior year fund balance	30,138	-	(30,138)
Total other financing sources (uses)	(39,632)	(70,840)	(31,208)
Excess of revenues and other financing sources over expenditures and other uses (budget and GAAP basis)	\$ -	(30,176)	\$ (30,176)
Fund balance at beginning of year		250,142	
Fund balance at end of year		\$ 219,966	

TOWN OF IOWA, LOUISIANA
SALES TAX FUND-SALES TAX III

COMPARATIVE BALANCE SHEETS
June 30, 1998 and 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Cash	\$ 62,420	\$ 48,963
Certificates of deposit	118,903	113,238
Investments	91,114	96,863
Due from other funds	<u>-</u>	<u>15,099</u>
Total assets	<u>\$ 272,437</u>	<u>\$ 274,163</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities:		
Due to other funds	\$ 41,325	65,765
Fund balance:		
Unreserved-undesignated	<u>231,112</u>	<u>208,398</u>
Total liabilities and fund equity	<u>\$ 272,437</u>	<u>\$ 274,163</u>

TOWN OF IOWA, LOUISIANA
SALES TAX FUND-SALES TAX III

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGET BASIS)
Year Ended June 30, 1998

	1998		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales tax	\$ 200,663	\$ 206,947	\$ 6,284
Interest earned	10,618	11,202	584
Grants received	50,079	59,833	9,754
Total revenues	261,360	277,982	16,622
Expenditures:			
Current:			
Government:			
Economic development	46,730	46,730	-
Flood control	124,289	124,273	16
Other services and charges	829	811	18
Total expenditures	171,848	171,814	34
Excess of revenues over expenditures	89,512	106,168	16,656
Other financing sources (uses):			
Operating transfers out	(115,584)	(83,454)	32,130
Appropriation of prior year fund balance	26,072	-	(26,072)
	(89,512)	(83,454)	6,058
Excess of revenues and other financing sources over expenditures and other uses (budget basis - GAAP basis)	\$ -	22,714	\$ 22,714
Fund balance at beginning of year		208,398	
Fund balance at end of year		\$ 231,112	

TOWN OF IOWA, LOUISIANA
HOUSING REHABILITATION FUND

COMPARATIVE BALANCE SHEET
June 30, 1998 and 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Cash	\$ 309	\$ -
Grant receivable	<u>2,911</u>	<u>-</u>
Total assets	<u>\$ 3,220</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities		
Accounts payable	\$ 2,911	\$ 11,557
Fund balance	<u>309</u>	<u>(11,557)</u>
Total liabilities and fund equity	<u>\$ 3,220</u>	<u>\$ -</u>

TOWN OF IOWA, LOUISIANA
HOUSING REHABILITATION FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGET BASIS)
Year Ended June 30, 1998

	1998		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues:			
Grants received	\$ 33,139	\$ 36,050	\$ 2,911
Expenditures:			
Current:			
Housing rehabilitation expenditures	<u>29,823</u>	<u>21,164</u>	<u>8,659</u>
Excess (deficiency) of revenues over expenditures	3,316	14,886	11,570
Other financing sources (uses):			
Operating transfers out	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other uses (budget basis - GAAP basis)	<u>\$ 316</u>	11,886	<u>\$ 11,570</u>
Fund balance at beginning of year		<u>(11,577)</u>	
Fund balance at end of year		<u>\$ 309</u>	

TOWN OF IOWA, LOUISIANA
LCDBG HOUSING REHABILITATION FUND

COMPARATIVE BALANCE SHEETS
June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<u>ASSETS</u>		
Cash	<u>\$ 1</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities	\$ -	\$ -
Fund balance	<u>1</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ 1</u>	<u>\$ -</u>

TOWN OF IOWA, LOUISIANA
LCDBG HOUSING REHABILITATION FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGET BASIS)
Year Ended June 30, 1998

	1998		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Grants received	\$ 579,012	\$ 579,012	\$ -
Expenditures:			
Current:			
Housing rehabilitation expenditures	579,012	579,012	-
Excess (deficiency) of revenues over expenditures	-	-	-
Other financing sources (uses):			
Operating transfers in	1	1	-
Excess of revenues and other financing sources over expenditures and other uses (budget basis - GAAP basis)	\$ 1	1	\$ -
Fund balance at beginning of year		-	
Fund balance at end of year		\$ 1	

TOWN OF IOWA, LOUISIANA
IOWA FIRE PROTECTION DISTRICT NO. 1 OF CALCASIEU PARISH

COMPARATIVE BALANCE SHEETS
June 30, 1998 and 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Cash	\$ 57,816	\$ 42,907
Certificates of deposit	25,294	24,114
Intergovernmental receivable	6,702	6,480
Taxes receivable	<u>66</u>	<u>55</u>
Total assets	<u>\$ 89,878</u>	<u>\$ 73,556</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities:		
Accounts payable	\$ -	\$ 1,584
Due to other funds	<u>1,187</u>	<u>1,187</u>
Total liabilities	1,187	2,771
Fund balance:		
Unreserved-undesignated	<u>88,691</u>	<u>70,785</u>
Total liabilities and fund equity	<u>\$ 89,878</u>	<u>\$ 73,556</u>

TOWN OF IOWA, LOUISIANA
IOWA FIRE PROTECTION DISTRICT NO. 1 OF CALCASIEU PARISH

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGET BASIS)
Year Ended June 30, 1998

	1998		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property tax	\$ 45,576	\$ 46,943	\$ 1,367
Intergovernmental	8,407	1,927	(6,480)
Interest earned	2,899	3,269	370
Fire insurance	-	5,738	5,738
Grant received	29,689	28,751	(938)
Miscellaneous	3,585	3,585	-
Total revenues	90,156	90,213	57
Expenditures:			
Current:			
Fireman training	1,063	1,063	-
Fire drills	1,365	1,365	-
Insurance	8,666	8,666	-
Office expense	157	157	-
Supplies	1,037	1,037	-
Utilities	4,382	4,382	-
Other services and charges	3,066	4,580	(1,514)
Repairs and maintenance	6,424	6,424	-
Capital outlay	30,905	30,905	-
Debt service:			
Principal retirements	14,692	12,320	2,372
Interest expense	-	2,372	(2,372)
Total expenditures	71,757	73,271	(1,514)
Excess (deficiency) of revenues over expenditures (budget basis)	\$ 18,399	16,942	\$ (1,457)
Adjustments: (Note 14)			
Accrued revenues		964	
Excess of revenues and other financing sources over expenditures and other uses (GAAP basis)		17,906	
Fund balance at beginning of year		70,785	
Fund balance at end of year		\$ 88,691	

CAPITAL PROJECTS FUNDS

SEWER IMPROVEMENT PROJECT - to account for monies to be used for the improvement and upgrade of the Town's sewer plant.

CITY HALL RENOVATIONS - to account for monies to be used for improvements and additions to the Town's city hall.

TOWN OF IOWA, LOUISIANA
CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET
June 30, 1998

With Comparative Totals for June 30, 1997

<u>ASSETS</u>	Sewer Improvement <u>Project</u>	City Hall Renovations	<u>Totals</u>	
			<u>1998</u>	<u>1997</u>
Cash	\$ 6,879	\$ -	\$ 6,879	\$ 6,880
Certificate of deposit	<u>103,491</u>	<u>-</u>	<u>103,491</u>	<u>1,182,439</u>
Total assets	<u>\$ 110,370</u>	<u>\$ -</u>	<u>\$ 110,370</u>	<u>\$ 1,189,319</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 22,540
Fund equity:				
Unreserved-undesignated (deficit)	<u>110,370</u>	<u>-</u>	<u>110,370</u>	<u>1,166,779</u>
Total liabilities and fund equity	<u>\$ 110,370</u>	<u>\$ -</u>	<u>\$ 110,370</u>	<u>\$ 1,189,319</u>

TOWN OF IOWA, LOUISIANA
CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended June 30, 1998
With Comparative Totals for Year Ended June 30, 1997

	Sewer Improvement <u>Project</u>	City Hall Renovations	<u>Totals</u>	
			1998	1997
Revenues:				
Interest earned	\$ 20,169	\$ -	\$ 20,169	\$ 13,829
Expenditures:				
Other services and charges	-	-	-	8,137
Sewer plant expenditures	<u>1,053,390</u>	<u>-</u>	<u>1,053,390</u>	<u>238,930</u>
Total expenditures	<u>1,053,390</u>	<u>-</u>	<u>1,053,390</u>	<u>247,067</u>
Excess (deficiency) of revenues over expenditures	<u>(1,033,221)</u>	<u>-</u>	<u>(1,033,221)</u>	<u>(233,238)</u>
Other financing sources (uses):				
Loan proceeds received	-	-	-	1,000,000
Transfers in	-	-	-	400,000
Transfers out	<u>(23,188)</u>	<u>-</u>	<u>(23,188)</u>	<u>-</u>
Total other financing sources (uses)	<u>(23,188)</u>	<u>-</u>	<u>(23,188)</u>	<u>1,400,000</u>
Excess of revenues and other financing sources over expenditures and other uses	(1,056,409)	-	(1,056,409)	1,166,762
Fund balance at beginning of year	<u>1,166,779</u>	<u>-</u>	<u>1,166,779</u>	<u>17</u>
Fund balance at end of year	<u>\$ 110,370</u>	<u>\$ -</u>	<u>\$ 110,370</u>	<u>\$ 1,166,779</u>

TOWN OF IOWA, LOUISIANA
CAPITAL PROJECTS FUND-SEWER IMPROVEMENT PROJECT

BALANCE SHEET
June 30, 1998

ASSETS	<u>1998</u>	<u>1997</u>
Cash	\$ 6,879	\$ 6,880
Certificate of deposit	<u>103,491</u>	<u>1,182,439</u>
	<u>\$ 110,370</u>	<u>\$ 1,189,319</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities:		
Accounts payable	\$ -	\$ 22,540
Fund equity:		
Reserved for sewer plant upgrade	<u>110,370</u>	<u>1,166,779</u>
Total liabilities and fund equity	<u>\$ 110,370</u>	<u>\$ 1,189,319</u>

TOWN OF IOWA, LOUISIANA
CAPITAL PROJECTS FUND-SEWER IMPROVEMENT PROJECT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Year Ended June 30, 1998

	<u>1998</u>	<u>1997</u>
Revenues:		
Interest earned	\$ <u>20,169</u>	\$ <u>13,829</u>
Expenditures:		
Other services and charges	-	8,120
Sewer plant expenditures	<u>1,053,390</u>	<u>238,930</u>
Total expenditures	<u>1,053,390</u>	<u>247,050</u>
Excess (deficiency) of revenues over expenditures	<u>(1,033,221)</u>	<u>(233,221)</u>
Other financing sources (uses):		
Loan proceeds received	-	1,000,000
Transfers in	-	400,000
Transfers out	<u>(23,188)</u>	<u>-</u>
Total other financing sources (uses)	<u>(23,188)</u>	<u>1,400,000</u>
Excess of revenues and other financing sources over expenditures and other uses	(1,056,409)	1,166,779
Fund balance at beginning of year	<u>1,166,779</u>	<u>-</u>
Fund balance at end of year	<u>\$ 110,370</u>	<u>\$ 1,166,779</u>

ENTERPRISE FUND

WATER UTILITY FUND - to account for the provision of water services to the Town. All activities necessary to provide such services are accounted for in this fund.

TOWN OF IOWA, LOUISIANA
WATER UTILITY FUND

COMPARATIVE BALANCE SHEETS
June 30, 1998 and 1997

<u>ASSETS</u>	<u>1997</u>	<u>1996</u>
Current assets:		
Cash	\$ 41,566	\$ 35,444
Accounts receivable (net of allowance for uncollectible accounts 1998 \$3,543; 1997 \$3,543)	16,588	15,929
Due from other funds	2,467	2,196
Prepaid expenses	<u>323</u>	<u>1,603</u>
Total current assets	<u>60,944</u>	<u>55,172</u>
Restricted assets:		
Customers' deposits-cash	<u>11,540</u>	<u>11,281</u>
Property, plant and equipment:		
Land	4,002	4,002
Plants, mains and equipment	<u>2,243,041</u>	<u>2,166,806</u>
	2,247,043	2,170,808
Less accumulated depreciation	<u>1,056,036</u>	<u>921,075</u>
Net property, plant and equipment	<u>1,191,007</u>	<u>1,249,733</u>
Other assets:		
Deposit-Louisiana Department of Highways	<u>100</u>	<u>100</u>
Total assets	<u>\$ 1,263,591</u>	<u>\$ 1,316,286</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities:		
Current liabilities (payable from current assets):		
Accounts payable	\$ -	\$ 15,556
Due to other funds	6,589	6,584
Other payables	<u>374</u>	<u>380</u>
Total current liabilities (payable from current assets)	6,963	22,520
Current liabilities (payable from restricted assets):		
Customers' deposits	<u>11,540</u>	<u>11,281</u>
Total liabilities	<u>18,503</u>	<u>33,801</u>
Fund equity:		
Contributed capital-General Fund	32,067	33,933
Contributed capital-Community Development Block Grant	397,333	414,000
Retained earnings-unreserved	<u>815,688</u>	<u>834,552</u>
Total fund equity	<u>1,245,088</u>	<u>1,282,485</u>
Total liabilities and fund equity	<u>\$ 1,263,591</u>	<u>\$ 1,316,286</u>

TOWN OF IOWA, LOUISIANA
WATER UTILITY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND EQUITY

Years Ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Operating revenues:		
Charges for services	\$ 152,527	\$ 151,813
Operating expenses:		
Salaries	112,850	97,153
Payroll taxes	8,216	7,488
Insurance	28,155	28,231
Repairs, maintenance and supplies	33,905	43,480
Utilities	17,645	16,610
Depreciation	134,961	122,908
Other services and charges	<u>16,236</u>	<u>19,902</u>
Total operating expenses	<u>351,968</u>	<u>335,772</u>
Operating (loss)	<u>(199,441)</u>	<u>(183,959)</u>
Nonoperating revenues:		
Interest earned	1,109	1,104
Miscellaneous revenues	<u>1,845</u>	<u>2,611</u>
Total nonoperating revenues	<u>2,954</u>	<u>3,715</u>
(Loss) before operating transfers	<u>(196,487)</u>	<u>(180,244)</u>
Operating transfers:		
Operating transfers in	159,128	358,497
Operating transfers out	<u>(38)</u>	<u>-</u>
	<u>159,090</u>	<u>358,497</u>
Net income (loss)	(37,397)	178,253
Add depreciation on fixed assets acquired with contributed capital	<u>18,533</u>	<u>16,865</u>
Increase (decrease) in retained earnings	(18,864)	195,118
Retained earnings at beginning of year	<u>834,552</u>	<u>639,434</u>
Retained earnings at end of year	<u>815,688</u>	<u>834,552</u>

(continued on next page)

TOWN OF IOWA, LOUISIANA
WATER UTILITY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY
Years Ended June 30, 1998 and 1997
(Continued)

	<u>1998</u>	<u>1997</u>
Retained earnings at end of year	<u>815,688</u>	<u>834,552</u>
Contributed capital-General Fund:		
Balance at beginning of year	33,933	35,798
Less depreciation on water lines	<u>(1,866)</u>	<u>(1,865)</u>
Balance at end of year	<u>32,067</u>	<u>33,933</u>
Contributed capital-Community Development Block Grant:		
Balance at beginning of year	414,000	429,000
Less depreciation on water tower	<u>(16,667)</u>	<u>(15,000)</u>
Balance at end of year	<u>397,333</u>	<u>414,000</u>
Total contributed capital-end of year	<u>429,400</u>	<u>447,933</u>
Total fund equity-end of year	<u>\$ 1,245,088</u>	<u>\$ 1,282,485</u>

TOWN OF IOWA, LOUISIANA
WATER UTILITY FUND

COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 1998 and 1997

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 152,127	\$ 151,026
Cash payments to suppliers for goods and services	(110,223)	(93,567)
Cash payments to employees	<u>(121,066)</u>	<u>(104,641)</u>
Net cash (used in) operating activities	<u>(79,162)</u>	<u>(47,182)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Miscellaneous revenue	1,845	2,611
Operating transfer from other funds (net)	159,090	358,497
Interfund payable increase (decrease)	<u>(266)</u>	<u>1,215</u>
Net cash provided by noncapital financing activities	<u>160,669</u>	<u>362,323</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for capital acquisitions	<u>(76,235)</u>	<u>(298,497)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of interest	<u>1,109</u>	<u>1,104</u>
Net increase in cash and cash equivalents	6,381	17,748
Cash and cash equivalents:		
Beginning of year	<u>46,725</u>	<u>28,977</u>
End of year	<u>\$ 53,106</u>	<u>\$ 46,725</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES		
Operating (loss)	\$ (199,441)	\$ (183,959)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation	134,961	122,908
Changes in assets and liabilities:		
(Increase) in accounts receivable	(659)	(1,004)
Decrease in prepaid expenses	1,280	2,485
Increase (decrease) in accounts payable and other payables	<u>(15,303)</u>	<u>12,388</u>
Net cash (used in) operating activities	<u>\$ (79,162)</u>	<u>\$ (47,182)</u>

**GENERAL FIXED ASSETS
ACCOUNT GROUP**

To account for fixed assets not used in
proprietary fund operations.

TOWN OF IOWA, LOUISIANA

STATEMENT OF GENERAL FIXED ASSETS
June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
General fixed assets:		
Building	\$ 676,182	\$ 676,182
Land	134,670	134,670
Improvements, other than buildings	1,590,635	488,140
Furniture and equipment	384,527	303,877
Vehicles	<u>398,621</u>	<u>374,746</u>
Total general fixed assets	<u>\$ 3,184,635</u>	<u>\$ 1,977,615</u>
Investment in general fixed assets:		
Property acquired prior to 7-1-86	\$ 97,725	\$ 97,725
Iowa Fire Protection District No. 1 of Calcasieu Parish	580,331	544,432
Property acquired after 7-1-86 from:		
General fund revenues	1,803,130	715,153
Sales tax fund revenues	696,579	613,435
Federal revenue sharing funds	<u>6,870</u>	<u>6,870</u>
Total investment in general fixed assets	<u>\$ 3,184,635</u>	<u>\$ 1,977,615</u>

TOWN OF IOWA, LOUISIANA

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION
Year Ended June 30, 1998

<u>Function</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>
General government	\$ 501,066	\$ 4,051	\$ -	\$ 505,117
Public safety	184,653	35,530	-	220,183
Highways and streets	53,485	32,626	-	86,111
Sanitation	441,394	1,098,093	-	1,539,487
Culture and recreation	247,590	5,815	-	253,405
Fire protection district	<u>549,427</u>	<u>30,905</u>	<u>-</u>	<u>580,332</u>
Total general fixed assets	<u>\$ 1,977,615</u>	<u>\$1,207,020</u>	<u>\$ -</u>	<u>\$ 3,184,635</u>

**GENERAL LONG-TERM DEBT
ACCOUNT GROUP**

This account group records long-term liabilities expected to be financed from governmental type funds.

TOWN OF IOWA, LOUISIANA

STATEMENT OF CHANGES IN LONG-TERM DEBT
Year Ended June 30, 1998

	Balance June 30, <u>1997</u>	<u>Increase</u>	<u>Decrease</u>	Balance June 30, <u>1998</u>
Amount to be provided from sales taxes for the retirement of long-term debt:				
City hall renovations	\$ 60,475	\$ -	\$ 60,475	\$ -
Amount to be provided from general alimony tax for the retirement of long-term debt:				
South Thompson Road improvements	455	-	455	-
Amount to be provided from Iowa Fire Protection District for the retirement of long-term debt:				
New pumper fire truck	47,438	-	12,321	35,117
Amount to be provided from excess revenues for the retirement of long-term debt:				
Sewer plant upgrade	<u>1,000,000</u>	<u>-</u>	<u>78,000</u>	<u>922,000</u>
Amount to be provided	<u>\$ 1,108,368</u>	<u>\$ -</u>	<u>\$ 151,251</u>	<u>\$ 957,117</u>
Notes payable	\$ 107,913	\$ -	\$ 72,796	\$ 35,117
Due to Calcasieu Parish				
Police Jury	455	-	455	-
Certificate of indebtedness	<u>1,000,000</u>	<u>-</u>	<u>78,000</u>	<u>922,000</u>
Total general long-term debt	<u>\$ 1,108,368</u>	<u>\$ -</u>	<u>\$ 151,251</u>	<u>\$ 957,117</u>

SUPPLEMENTARY INFORMATION

TOWN OF IOWA, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 1998

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Expenditures</u>
Louisiana Division of Administration Louisiana Community Development Block Grant Program	14.228	-	\$ 579,012
Health and Safety Rehabilitation Grant Program: U.S. Department of Housing and Urban Development-HOME Investment Partnership Act Program under Title II	14.239	M935G220100	<u>24,164</u>
Total expenditures of federal awards			<u>\$ 603,176</u>

INDEPENDENT AUDITOR'S REPORTS
ON INTERNAL CONTROL
AND COMPLIANCE

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

Honorable Mayor
and Board of Aldermen
Town of Iowa
Iowa, Louisiana

We have audited the financial statements of the Town of Iowa, Louisiana as of and for the year ended June 30, 1998, and have issued our report thereon dated August 18, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Iowa's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the

design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town of Iowa's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 98-1, 98-2 and 98-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we considered item 98-1 to be a material weakness.

We also noted other matters involving the internal control over financial reporting that we have reported to the Town in a separate letter dated August 18, 1998.

This report is intended for the information of the Board, management, and other state and federal audit agencies. However, this report is a matter of public record and its distribution is not limited.

McElroy, Quirk & Such

Lake Charles, Louisiana
August 18, 1998

McELROY, QUIRK & BURCH

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

Honorable Mayor
and Board of Aldermen
Town of Iowa
Iowa, Louisiana

Compliance

We have audited the compliance of the Town of Iowa, Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1998. The Town of Iowa's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Iowa's management. Our responsibility is to express an opinion on the Town of Iowa's compliance based on our audit.

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

In our opinion, the Town of Iowa, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

Internal Control Over Compliance

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

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

We also noted other matters involving internal control and its operation that we have reported to the City in our Schedule of Management Comments and Suggestions.

This report is intended for the information of the Board, management, and other state and federal audit agencies. However, this report is a matter of public record and its distribution is not limited.

McElroy, Quinn & Burch

Lake Charles, Louisiana
August 18, 1998

TOWN OF IOWA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 1998

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified
Internal control over financial reporting:
Material weakness identified? Yes No
Reportable condition identified not considered
to be material weakness? Yes None reported
Noncompliance material to financial statements
noted? Yes No

Federal Awards

Internal control over major programs:
Material weakness identified? Yes No
Reportable condition identified not considered
to be material weakness? Yes None reported
Type of auditor's report issued on compliance
for major programs: Unqualified
Any audit findings disclosed that are required
to be reported in accordance with Circular
A-133, Section .510(a)? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Louisiana Division of Administration, Louisiana Community Development Block Grant Program

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 300,000
Auditee qualified as low-risk auditee? Yes No

(continued on next page)

TOWN OF IOWA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 1998
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

98-1 Bank Reconciliation

Condition: Bank reconciliations for the Town's general fund operating account and payroll account were not prepared for the last seven months of the fiscal year.

Criteria: Bank reconciliations should be prepared on a monthly basis to insure that the financial records are complete and fairly stated.

Effect: Because of the failure to prepare bank reconciliations, the Town failed to record several financial transactions resulting in large adjustments to the financial records.

Recommendation: Procedures should be implemented requiring all bank accounts to be reconciled on a monthly basis and reviewed by appropriate Town personnel.

Response: We concur with the recommendation. Such a procedure will be implemented immediately.

98-2 Segregation of Duties

Condition: Because of the entity's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

Criteria: Effective internal control requires adequate segregation of duties among client personnel.

Effect: Without proper segregation of duties, errors within the financial records or fraud could go undetected.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Response: We concur with this recommendation. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, and separation of duties related to opening mail and recording monies received.

TOWN OF IOWA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 1998
(Continued)

98-3 Cash Receipts Process

Condition: Some types of checks received through the mail are no longer being included on the Town's list of cash receipts maintained by the mail opener.

Criteria: All checks received through the mail should be listed by the individual opening the mail.

Effect: By not maintaining a separate list of checks received through the mail, the Town may fail to record all of its cash receipts and may be susceptible to employee theft.

Recommendation: With the exception of checks received for property taxes which are recorded in a separate subsidiary ledger when received, all checks received through the mail should be included on a list of cash receipts maintained by the individual who opens the mail.

Response: We concur with the recommendation. Such a procedure will be implemented immediately.

TOWN OF IOWA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 1998
(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

TOWN OF IOWA, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 1998

No matters to report on.

TOWN OF IOWA, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
Year Ended June 30, 1998

FINDING 97-1: Inadequate Segregation of Duties

Condition: This finding was a reportable condition relating to the entity's size and limited number of accounting personnel which made it impossible to achieve effective internal accounting control.

Recommendation: Since increasing staff size would not be cost effective, the auditor recommended that the Town's management mitigate this weakness by its supervision and review procedures.

Current status: The condition still exists, however, it has been mitigated by the review procedures.

FINDING 97-2: Budget Violations

Condition: This finding was both a reportable condition and an instance of noncompliance. The Town failed to adopt initial budgets for the general fund and the special revenue funds prior to June 30, 1996. Additionally, the Town exceeded budgeted expenditures and other uses for the General Fund by 5.18%.

Recommendation: The auditor recommended that the Town pay close attention to deadlines by which budgets must be adopted and that the Town adopt budgets and budget revisions prior to those deadlines. It was also recommended the Town increase their monitoring efforts to insure that budgeted expenditures not be exceeded.

Current status: No similar findings were noted in the fiscal year 1998 audit.

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Honorable Mayor and Board of Aldermen
Town of Iowa
Iowa, Louisiana

In planning and performing our audit of the financial statements of the Town of Iowa, Louisiana, and the combining, individual fund and account group financial statements of the Town as of June 30, 1998, and for the year then ended, we considered the Town's internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control structure.

In that connection, we present the following comments and suggestions for your consideration. This letter does not affect our report dated August 18, 1998, on the financial statements of the Town of Iowa, Louisiana.

Cash Receipts Process - As noted in our report on the Town's internal control and compliance, we became aware that some checks received through the mail are no longer being listed by the individual in charge of opening the mail. It was our suggestion that all checks received through the mail be listed, delivered to the Assistant Clerk for deposit, and the list be reviewed by the Town Clerk for accuracy. We noted, however, that during the year some types of checks are no longer being included on the list upon receipt and this greatly reduces the effectiveness of this control procedure. We encourage the complete listing of all checks be resumed and the checks, along with a copy of the list, be delivered to the Assistant Clerk for deposit.

Management response - We concur with the recommendation. Such a procedure will be implemented immediately.

Monthly Computer Reports - During the course of our audit, we noted that a complete set of reports were not printed on a monthly basis during the fiscal year ended June 30, 1998. Each month, after all transactions for the month have been entered, accounting personnel should print the Town's

financial statements, general ledgers and all applicable journals (cash disbursements, cash receipts, general journal, etc.). Once printed these reports should be reviewed for accuracy. Once satisfied as to their accuracy, these statements and reports will provide a valuable management and monitoring tool for the Town.

Management response - We concur with the recommendation. Such a procedure will be implemented immediately.

Journal Vouchers - During the audit we noted that there was clear identification as to which journal voucher supported a particular general ledger transaction; however, it was often difficult to locate the applicable journal voucher. We recommend that journal vouchers be numbered as to the month written and the fund or funds to which it is applicable. Furthermore, these vouchers should be filed in a logical and organized manner.

Management response - We concur with the recommendation. Such a procedure will be implemented immediately.

Year 2000 Issue - The Year 2000 Issue results from a computer's inability to process year-date data accurately beyond the year 1999. Except in recently introduced Year 2000 compliant programs, computer programmers consistently have abbreviated dates by eliminating the first two digits of the year, with the assumption that these two digits would always be 19. Thus January 1, 1965, became 01/01/65. Unless corrected, this shortcut is expected to create widespread problems when the clock strikes 12:00:01 A.M. on January 1, 2000. On that date, some computer programs may recognize the date as January 1, 1900, and process data inaccurately or stop processing altogether.

Having discussed the issue with Town personnel, it has come to our attention that an awareness of the Year 2000 Issue is present and steps are being taken to deal with the situation; however, a detailed project plan which would document the Town's handling of the Year 2000 Issue does not exist. We recommend that you take the necessary actions to immediately begin the documentation of identifying, modifying and testing all systems that may be negatively affected by the Year 2000 Issue, particularly mission-critical systems.

Honorable Mayor and Board of Aldermen
Town of Iowa
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Also, the Town should implement additional verification procedures to test the accuracy of information received from its vendors, service providers, bankers, customers, and other third-party organizations with whom it exchanges date-dependent information, because these organizations also must become year 2000 compliant.

Management response - Management of the Town is aware of the Year 2000 Issue and will begin testing of its systems during the current year and will request confirmation from its vendors, service providers, bankers, and other third-party organizations with whom it exchanges date-dependent information that they are, or will be, year 2000 compliant.

This report is intended solely for the use of management and should not be used for any other purpose. We are available to discuss any questions you may have concerning the above items.

McElroy, Quirk & Burch

Lake Charles, Louisiana
June 8, 1998