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TOWN OF LOGANSPORT, LOUISIANA

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FINANCIAL STATEMENTS

December 31, 1998

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

Release Date 7-14-99

Marsha O. Millican
Certified Public Accountant
Shreveport, Louisiana

TOWN OF LOGANSPORT, LOUISIANA

Financial Statements
December 31, 1998

Table of Contents

	<u>EXHIBIT</u>	<u>PAGE</u>
Independent Auditor's Report		1-2
Financial Statements:		
Combined Balance Sheet - All Fund Types and Account Groups	1	3
Statement of Revenues, Expenditures, and Changes in Fund Balances - General Fund	2	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	3	5
Statement of Revenues, Expenses, and Changes in Retained Earnings (Deficit) - Proprietary Fund Type	4	6
Statement of Cash Flows - Proprietary Fund Type	5	7
Notes to Financial Statements		8-17
Supplemental Information:		
Schedule of Compensation - Mayor and Town Council		18
Corrective Action Taken on Prior Year Findings		19
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		20-21
Schedule of Findings and Questioned Costs		22-23

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

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

I have audited the accompanying general purpose financial statements of Town of Logansport, Louisiana, as of and for the year ended December 31, 1998. These general purpose financial statements are the responsibility of Town of Logansport, Louisiana's, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Town of Logansport, Louisiana, as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated June 24, 1999, on my consideration of Town of Logansport's internal control structure and a report dated June 24, 1999, on its compliance with laws and regulations.

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

Maria D. Mulvaney

Certified Public Accountant
June 24, 1999

TOWN OF LOGANSPOUR, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1998

	Governmental Fund Type		Proprietary Fund Type		Account Groups		Totals (Memorandum Only)
	General	Enterprise	General Fixed Assets	Long-term Debt	General Long-term Debt		
<u>Assets</u>							
Cash	\$ 63,095	\$ 182,346	\$ -	\$ -	\$ -	\$ 245,441	
Receivables, net of allowance for uncollectibles:							
Taxes	12,078	-	-	-	-	12,078	
Accounts	-	120,655	-	-	-	120,655	
Grants	12,891	-	-	-	-	12,891	
Inventory	-	30,308	-	-	-	30,308	
Restricted assets:							
Cash	205	24,234	-	-	-	24,439	
Investments - at cost	-	40,860	-	-	-	40,860	
Buildings	-	-	96,234	-	-	96,234	
Improvements other than buildings	-	-	481,865	-	-	481,865	
Equipment	-	-	332,376	-	-	332,376	
Utility plant & equipment (net of accumulated depreciation)	-	2,443,263	-	-	-	2,443,263	
Amount to be provided for retirement of general long-term debt	-	-	-	-	130,003	130,003	
Total Assets	\$ 88,269	\$ 2,841,666	\$ 910,475	\$ 130,003	\$ 130,003	\$ 3,970,413	

Liabilities

Accounts payable	\$	8,806	\$	68,346	\$	-	\$	77,152
Payable from restricted assets:								
Customer deposits	-	-	58,713	-	-	-	58,713	
Accrued interest on certificates of indebtedness	-	-	360	-	-	-	360	
Certificates of indebtedness payable	-	-	<u>25,979</u>	-	-	<u>130,003</u>	<u>155,982</u>	
Total liabilities	<u>8,806</u>	<u>153,398</u>	-	-	<u>130,003</u>	<u>292,207</u>		

Fund Equity

Contributed capital	-	2,833,128	-	-	-	2,833,128		
Investment in general fixed assets	-	-	910,475	-	-	910,475		
Retained earnings:								
Reserved for certificates of indebtedness	205	205	-	-	-	410		
Reserved for customer deposits	-	6,176	-	-	-	6,176		
Unreserved (deficit)	-	(151,241)	-	-	-	(151,241)		
Fund Balance:								
Undesignated	<u>79,258</u>	-	-	-	-	<u>79,258</u>		

Total retained earnings (deficit) / fund balance

	<u>79,463</u>	(<u>144,860</u>)	-	-	-	(<u>65,397</u>)		
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Total fund equity

	<u>79,463</u>	<u>2,688,268</u>	<u>910,475</u>	-	-	<u>3,678,206</u>		
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Total liabilities and fund equity

	<u>\$ 88,269</u>	<u>\$ 2,841,666</u>	<u>\$ 910,475</u>	<u>\$ 130,003</u>	<u>\$ 3,970,413</u>			
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See accompanying notes to financial statements.

TOWN OF LOGANSPORT, LOUISIANAStatement of Revenues, Expenditures, and Changes
in Fund Balance - General Fund
Year Ended December 31, 1998

Revenues:	
Taxes	\$ 235,915
Licenses and permits	38,903
Intergovernmental	174,279
Fines and penalties	33,329
Miscellaneous revenues	<u>21,186</u>
Total revenues	<u>503,612</u>
Expenditures:	
Current:	
General government	151,865
Public safety	294,423
Street	34,202
Debt Service:	
Principal	36,000
Interest and fiscal charges	<u>10,118</u>
Total expenditures	<u>526,608</u>
Excess of expenditures over revenues before other financing sources	(22,996)
Other Financing Sources:	
Operating transfers in	<u>37,355</u>
Excess of revenues over expenditures and other financing sources	14,359
Fund balance at beginning of year	<u>65,104</u>
Fund balance at end of year	<u>\$ 79,463</u>

See accompanying notes to financial statements.

TOWN OF LOGANSPORT, LOUISIANA

Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget (GAAP Basis) and Actual
General Fund
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Taxes:			
Property	\$ 39,075	\$ 39,358	\$ 283
Sales	125,000	164,342	39,342
Franchise	27,350	32,215	4,865
Licenses and permits	42,500	38,903	(3,597)
Intergovernmental	148,650	174,279	25,629
Fines and penalties	45,000	33,329	(11,671)
Miscellaneous	<u>32,585</u>	<u>21,186</u>	<u>(11,399)</u>
Total revenues	<u>460,160</u>	<u>503,612</u>	<u>43,452</u>
Expenditures:			
Current:			
General government	78,970	151,865	(72,895)
Public safety	294,471	294,423	48
Streets	29,000	34,202	(5,202)
Debt service			
Principal	38,000	36,000	2,000
Interest and fiscal charges	<u>9,960</u>	<u>10,118</u>	<u>(158)</u>
Total expenditures	<u>450,401</u>	<u>526,608</u>	<u>(76,207)</u>
Excess (deficiency) of revenues over expenditures before other financing sources	9,759	(22,996)	(32,755)
Other Financing Sources (Uses):			
Operating transfers in:	<u>-</u>	<u>37,355</u>	<u>37,355</u>
Excess of revenues and other financing sources over expenditures	9,759	14,359	4,600
Fund balance, beginning of year	<u>65,104</u>	<u>65,104</u>	<u>-</u>
Fund balance, end of year	<u>\$ 74,863</u>	<u>\$ 79,463</u>	<u>\$ 4,600</u>

See accompanying notes to financial statements.

TOWN OF LOGANSPORT, LOUISIANAStatement of Revenues, Expenses, and Changes in
Retained Earnings - Proprietary Fund Type
Year Ended December 31, 1998

Operating revenues:	
Water sales	\$ 410,108
Sewer revenue	127,692
Gas sales	199,955
Miscellaneous revenues	<u>18,837</u>
Total operating revenues	<u>756,592</u>
Operating expenses:	
Water department expenses	329,086
Sewer department expenses	113,143
Gas department expenses	<u>315,283</u>
Total operating expenses	<u>757,512</u>
Operating loss	<u>(920)</u>
Non-operating revenues (expenses):	
Interest income	9,221
Interest expense	(7,571)
Transfers to other funds	<u>(37,355)</u>
Total non-operating revenues (expenses)	<u>(35,705)</u>
Net loss	(36,625)
Retained earnings (deficit) - beginning of year	<u>(108,235)</u>
Retained earnings (deficit) - end of year	<u>\$ (144,860)</u>

See accompanying notes to financial statements.

TOWN OF LOGANSPOUR, LOUISIANAStatement of Cash Flows - Proprietary Fund Type
Year Ended December 31, 1998

Cash flows from operating activities:	
Cash received from customers	\$ 743,661
Cash payments to suppliers and employees	(628,692)
Other operating income	<u>18,837</u>
Net cash provided by operating activities	<u>133,806</u>
Cash flows from capital and related financing activities:	
Transfers to other funds	(37,355)
Property and equipment acquisitions	(3,727)
Principal paid on revenue bonds, certificates of indebtedness and notes payable	(84,003)
Interest paid on revenue bonds, certificates of indebtedness and notes payable	<u>(8,510)</u>
Net cash used by capital and related financing activities	<u>(133,595)</u>
Cash flows from investing activities:	
Proceeds from maturities of restricted assets	95,026
Purchase of restricted assets	(29,706)
Interest received on investments	<u>7,341</u>
Net cash provided by investing activities	<u>72,661</u>
Net increase in cash	72,872
Cash, January 1, 1998 (including \$111,483 in restricted accounts)	<u>133,708</u>
Cash, December 31, 1998 (including \$24,234 in restricted accounts)	<u>\$ 206,580</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$(920)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	97,966
Changes in assets and liabilities:	
Decrease in accounts receivable	5,906
Decrease in other receivables	58,719
Decrease in deposits	13,240
Increase in inventory	(2,220)
Decrease in due to (from) other funds	(34,407)
Decrease in accounts payable	(6,848)
Increase in customer deposits	<u>2,370</u>
Net cash provided by operating activities	<u>\$ 133,806</u>

See accompanying notes to financial statements.

TOWN OF LOGANSPORT, LOUISIANA

Notes to Financial Statements
December 31, 1998

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

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

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

Funds are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities and the acquisition or construction of general fixed-assets (capital projects funds). The general fund is used to account for all activities of the general government not accounted for in some other fund. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

(Continued)

TOWN OF LOGANSPORT, LOUISIANA

Notes to Financial Statements
December 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Accounting. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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

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

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

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

(Continued)

TOWN OF LOGANSFORT, LOUISIANA

Notes to Financial Statements
December 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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

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

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

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

After holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

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

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

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

Investments. Investments are stated at cost and consists of certificates of deposit.

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

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

(Continued)

TOWN OF LOGANSPORT, LOUISIANA

Notes to Financial Statements
December 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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

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

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

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

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

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

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

(Continued)

TOWN OF LOGANSFORT, LOUISIANA

Notes to Financial Statements
December 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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

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

Year 2000 Issue. Management of Town of Logansport anticipates that the Town will be compliant by the year 2000 and anticipates no disruption in the processing of data.

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

2. INVESTMENTS:

At December 31, 1998, the Town had invested \$40,860 in certificates of deposit which are fully secured by federal deposit insurance.

3. AD VALOREM TAXES:

Ad Valorem taxes attach as an enforceable lien on property as of December 1, each year. Taxes are levied by the Town and billed to the taxpayers in December, and become delinquent on January 1, of the following year. Revenues from Ad Valorem taxes are budgeted in the year billed. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of DeSoto Parish. For the year ended December 31, 1998, taxes of 7.38 mills were levied on property with assessed valuations totaling \$5,333,047 and were dedicated for general operating purposes.

Total taxes levied after adjustments were \$39,358. Taxes receivable at December 31, 1998, consisted of the following:

Taxes receivable	\$ 18,499
Less: Allowance for uncollectible taxes	<u>(6,421)</u>
Total	<u>\$ 12,078</u>

(Continued)

TOWN OF LOGANSFORT, LOUISIANA

Notes to Financial Statements
December 31, 1998

4. ACCOUNTS RECEIVABLE - PROPRIETARY FUND TYPE:

Accounts receivable at December 31, 1998, in the Proprietary Fund Type consisted of the following:

Accounts receivable	\$ 128,319
Less: Allowance for uncollectible accounts	<u>(7,664)</u>
Total	<u>\$ 120,655</u>

5. RESTRICTED ASSETS

Restricted assets - proprietary fund type are applicable to the following at December 31, 1998:

Sinking funds for certificates of indebtedness	\$ 205
Customers' deposits	<u>64,889</u>
Total	<u>\$ 65,094</u>

Restricted assets in the General Fund of \$ 205 represent monies on deposit in sinking funds for general long-term debt retirement.

6. FIXED ASSETS:

A summary of changes in general fixed assets follows:

	Balance Jan. 1, <u>1998</u>	<u>Additions</u>	<u>Deletions</u>	Balance Dec. 31, <u>1998</u>
Buildings	\$ 96,234	\$ -	\$ -	\$ 96,234
Improvements other than buildings	457,206	24,659	-	481,865
Equipment	<u>301,735</u>	<u>30,641</u>	<u>-</u>	<u>332,376</u>
Total general fixed assets	<u>\$ 855,175</u>	<u>\$ 55,300</u>	<u>\$ -</u>	<u>\$ 910,475</u>

(Continued)

TOWN OF LOGANSFORT, LOUISIANA

Notes to Financial Statements
December 31, 1998

6. FIXED ASSETS: (CONTINUED)

A summary of proprietary fund type property, plant and equipment at December 31, 1998, follows:

Old water system	\$ 409,768
Old sewer system	1,374,667
Old gas system	575,820
New water, sewer, and gas system	1,808,262
Water facilities improvements	30,000
Equipment	138,783
Land	<u>16,873</u>
 Total	 4,354,173
Less: Accumulated depreciation	<u>(1,910,910)</u>
 Net	 <u>\$2,443,263</u>

7. LONG-TERM DEBT:

The following is a summary of bond transactions of Town of Logansport, Louisiana for the year ended December 31, 1998:

	<u>Certificates of Indebtedness</u>	<u>Revenue Bonds</u>	<u>Total</u>
Balance, January 1, 1998	\$ 215,982	\$ 60,000	\$ 275,982
Certificates issued	-	-	-
Bonds and certificates retired	<u>(60,000)</u>	<u>(60,000)</u>	<u>(120,000)</u>
Balance, December 31, 1998	<u>\$ 155,982</u>	<u>\$ -</u>	<u>\$ 155,982</u>

Bonds and certificates of indebtedness payable at December 31, 1998 are comprised of the following individual issues:

Revenue Bonds:

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

\$ -

Certificates of Indebtedness:

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

12,997

TOWN OF LOGANSFORT, LOUISIANA

Notes to Financial Statements
December 31, 1998

7. LONG-TERM DEBT: (CONTINUED)

Certificate R-2 dated October 1, 1993, due in annual installments of \$10,000 to \$13,000 through October 1, 1999; interest at 5.5%	12,985
Certificate R-1 dated November 30, 1995, due in annual installments of \$9,000 to \$12,000 through November 1, 2001; interest at 6%	33,000
Certificate R-2 dated November 30, 1995, due in annual installments of \$9,000 to \$12,000 through November 1, 2001; interest at 6%	33,000
Certificate R-1 dated December 26, 1996, due in annual installments of \$9,000 to \$11,000 through November 1, 2001; interest at 6%	32,000
Certificate R-2 dated December 26, 1996, due in annual installments of \$9,000 to \$11,000 through November 1, 2001; interest at 6%	<u>32,000</u>
Total	<u>\$ 155,982</u>

The annual requirements to amortize all long-term debt outstanding as of December 31, 1998, including interest payments of \$16,288 are as follows:

<u>Year Ending December 31</u>	<u>Certificates of Indebtedness</u>	<u>Revenue Bonds</u>	<u>Total</u>
1999	\$ 75,170	\$ -	\$ 75,170
2000	48,340	-	48,340
2001	<u>48,760</u>	<u>-</u>	<u>48,760</u>
Totals	<u>\$ 172,270</u>	<u>\$ -</u>	<u>\$ 172,270</u>

(Continued)

TOWN OF LOGANSPORT

Notes to Financial Statements
December 31, 1998

8. PENDING LITIGATION AND CONTINGENT LIABILITIES:

The Town is a party to various litigations as plaintiff and as defendant. None of the cases have been concluded and the future recovery or liability cannot be determined and no allowance has been made in these statements. Legal representation for the Town estimates no monetary exposure for the Town.

9. DEFICIT BALANCES:

The Enterprise fund has a deficit in retained earnings of \$144,860. The Town anticipates making improvements to the water system with the next year and, through increased fees and reduced overhead and operating costs, anticipates eliminating this deficit over a period of time. There are no other deficits in fund balances or total equity.

10. CASH BALANCES:

At December 31, 1998, the carrying amount of the Town's cash deposits was \$310,140 and the bank balance was \$335,864. The difference is due to outstanding deposits and checks at December 31, 1998. Deposits of \$244,105 are collateralized by federal deposit insurance, deposits of \$91,759 are collateralized by securities with market values of \$817,184.

Under state law, these bank balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The Town's deposits are categorized below to give an indication of the level of risk assumed by the Town at year end.

	<u>Bank Balance</u>
Category 1 Deposits insured or collateralized with securities held by the Town or by its agent in the Town's name.	\$ -
Category 2 Deposits collateralized with securities held by the pledging financial institution or agent in the Town's name.	91,759

TOWN OF LOGANSPORT

Notes to Financial Statements
December 31, 1998

10. CASH BALANCES: (CONTINUED)

Category 3

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

-

Total

\$ 91,759

11. ECONOMIC DEPENDENCY:

Two water customers accounted for 20% of the total water revenue for the year ended December 31, 1998.

SUPPLEMENTAL INFORMATION

TOWN OF LOGANSPORT, LOUISIANA

Schedule of Compensation
Mayor and Town Council
December 31, 1998

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

TOWN OF LOGANSPORT

Corrective Action Taken on Prior Year Findings
December 31, 1998

Prior Year Finding:	The segregation of duties is inadequate to provide effective internal control.
Cause:	The condition is due to economic and space limitations.
Recommendation:	No action is recommended.
Management's Response:	We concur with the finding.

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

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

I have audited the financial statements of Town of Logansport, Louisiana as of and for the year ended December 31, 1998, and have issued my report thereon dated June 24, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

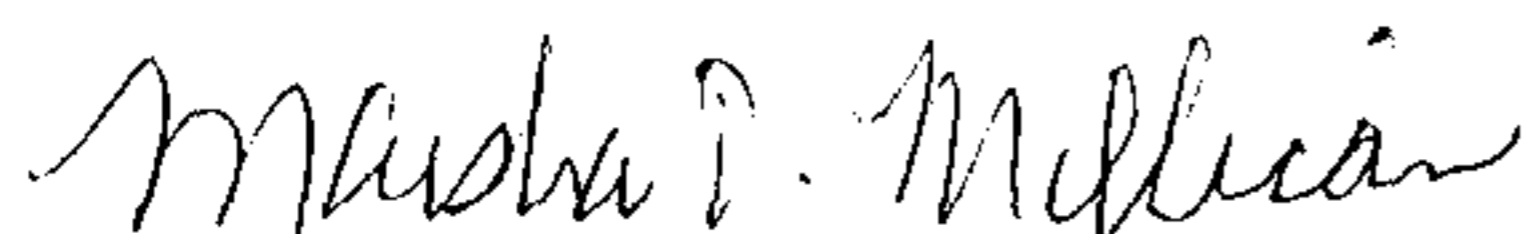
As part of obtaining reasonable assurance about whether Town of Logansport's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and is described in the accompanying schedule of findings and questioned costs as finding #1.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Town of Logansport's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted two matters involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Town of Logansport's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as findings #2 and #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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider finding #2 to be a material weakness.

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



Certified Public Accountant
June 24, 1999

TOWN OF LOGANSPORT

Schedule of Findings and Questioned Costs

December 31, 1998

	<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
#1	<p>Criteria: The Town is not in compliance with the state budget law. Actual expenditures exceeded budgeted expenditures by more than 5%, and the Town did not amend the budget.</p> <p>Cause: The Town employed two different Clerks during the year and as a result, normal procedures relating to budgeting were not followed.</p> <p>Recommendation: The Town should comply with the state budget law.</p> <p>Management's Corrective Action Plan : We will comply with the state budget law in the future.</p>	<p>-0-</p>
#2	<p>Criteria: The segregation of duties is inadequate to provide effective internal control.</p> <p>Cause: The condition is due to economic and space limitations.</p> <p>Recommendation: No action is recommended.</p> <p>Management's Corrective Action Plan: No action will be taken.</p>	<p>-0-</p>

TOWN OF LOGANSPORT

Schedule of Findings and Questioned Costs
(Continued)

December 31, 1998

#3 Criteria:

Prior year delinquent property taxes increased from \$2,923 at December 31, 1997 to \$4,917 at December 31, 1998. The Town is not using procedures available to collect delinquent property taxes.

-0-

Cause:

The Town employed two different Clerks during the year and as a result, normal procedures relating to collecting delinquent property taxes were not followed.

Recommendation:

The Town should institute procedures to insure the collection of all delinquent property taxes.

Management's
Corrective Action
Plan:

We will institute policies and procedures to ensure the collection of delinquent property taxes.