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TOWN OF KEACHL, 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 KEACHI, LOUISIANA

Financial Statements
December 31, 1998

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Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

The Honorable Foster Schuler, III, Mayor
and Members of the Town Council
Town of Keachi, Louisiana

I have audited the accompanying general purpose financial statements of Town of Keachi, Louisiana, as of and for the year ended December 31, 1998. These general purpose financial statements are the responsibility of Town of Keachi, 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 Keachi, 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 21, 1999, on my consideration of Town of Keachi's internal control structure and a report dated June 21, 1999, on its compliance with laws and regulations.

Marsha O. Millican

Certified Public Accountant
June 21, 1999

TOWN OF KEATCHI, LOUISIANA

Combined Balance Sheet - Fund Type and Account Group
December 31, 1998

	<u>General Fund Type</u>	<u>Account Group General Fixed Assets</u>	<u>(Memorandum Only) Totals</u>
Assets:			
Cash	\$ 11,415	\$ -	\$ 11,415
Certificate of Deposit	16,000	-	16,000
Taxes Receivable	2,530	-	2,530
General Fixed Assets	<u>-</u>	<u>23,013</u>	<u>23,013</u>
 Total Assets	 <u>\$ 29,945</u>	 <u>\$23,013</u>	 <u>\$ 52,958</u>
Liabilities:			
Accounts Payable	\$ 194	\$ -	\$ 194
Fund Equity:			
Investment in General Fixed Assets	<u>-</u>	<u>23,013</u>	<u>23,013</u>
Fund Balance:			
Unreserved-Undesignated	<u>29,751</u>	<u>-</u>	<u>29,751</u>
Total Fund Balance	<u>29,751</u>	<u>-</u>	<u>29,751</u>
Total Fund Equity	<u>29,751</u>	<u>23,013</u>	<u>52,764</u>
Total Liabilities and Fund Equity	<u>\$ 29,945</u>	<u>\$23,013</u>	<u>\$ 52,958</u>

The accompanying notes are an integral part of this statement.

TOWN OF KEACHI, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
Governmental Fund Type - General Fund

Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Licenses and Taxes	\$ 7,950	\$ 10,109	\$ 2,159
Intergovernmental	1,500	1,498	(2)
Interest	-	860	860
Miscellaneous	-	657	657
Total Revenues	<u>9,450</u>	<u>13,124</u>	<u>3,674</u>
Expenditures:			
Current:			
General Government	6,760	4,729	2,031
Streets	<u>2,300</u>	<u>2,010</u>	<u>290</u>
Total Expenditures	<u>9,060</u>	<u>6,739</u>	<u>2,321</u>
Excess of Revenues Over Expenditures	390	6,385	5,995
Fund Balance, Beginning of Year	<u>23,366</u>	<u>23,366</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 23,756</u>	<u>\$ 29,751</u>	<u>\$ 5,995</u>

The accompanying notes are an integral part of this statement.

TOWN OF KEACHI, LOUISIANA

Notes to Financial Statements
December 31, 1998

The Town of Keachi, Louisiana, was incorporated in 1858 and was reincorporated under Legislative Act 109 of 1873 and is not subject to the provisions of the Lawrason Act.

1. Summary of Significant Accounting Policies:

The financial statements 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:

Fund Accounting. The accounts of the Town 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 the 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.

Governmental funds are used to account for all or most of a government's general activities, including acquisition or construction of general fixed assets. The general fund is used to account for all activities of the general government not accounted for in some other fund.

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.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis for accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction

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TOWN OF KEACHI, LOUISIANA

Notes to Financial Statements
December 31, 1998

Summary of Significant Accounting Policies: (Continued)

can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities for the current period. Taxes and licenses are recorded in the year assessed. Interest earnings are recorded when earned.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Budgets and Budgetary Accounting. The proposed budget for the General Fund, prepared on a basis consistent with generally accepted accounting principles (GAAP) by council, is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The budget is then formally adopted by the council and amended during the year, as necessary. The budget is established and controlled by the council at the object level of expenditure. All changes in the budget must be approved by the council. Budget amounts include the original adopted amounts and all subsequent amendments.

Bad Debts. Taxes receivable consist of franchise tax and tobacco tax and are considered fully collectible.

General Fixed Assets. General fixed assets purchased are recorded at cost. Donated assets are recorded at the fair market value on the date of donation. 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.

Cash Deposits at Financial Institutions. All cash on deposit at financial institutions is fully collateralized by federal deposit insurance.

Compensation Paid to Mayor and Council Members. The Mayor and members of the Town Council serve as volunteers. No compensation was paid to the Mayor or any Council Member.

(Continued)

TOWN OF KEACHI, LOUISIANA

Notes to Financial Statements
December 31, 1998

Summary of Significant Accounting Policies: (Continued)

Total Columns on Combined Statements. Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to help with 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.

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

The Honorable Foster Schuler, III, Mayor
and Members of the Town Council
Town of Keachi, Louisiana

I have audited the general purpose financial statements of Town of Keachi, Louisiana, as of and for the year ended December 31, 1998, and have issued my report thereon dated June 21, 1999.

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

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

In planning and performing my audit of the general purpose financial statements of Town of Keachi for the year ended December 31, 1998, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

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

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

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

Recommendation: No action is recommended.

Management's Response: We concur with the finding.

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

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

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

Marda L. Milligan

Certified Public Accountant
June 21, 1999

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

The Honorable Foster Schuler, III, Mayor
and Members of the Town Council
Town of Keachi, Louisiana

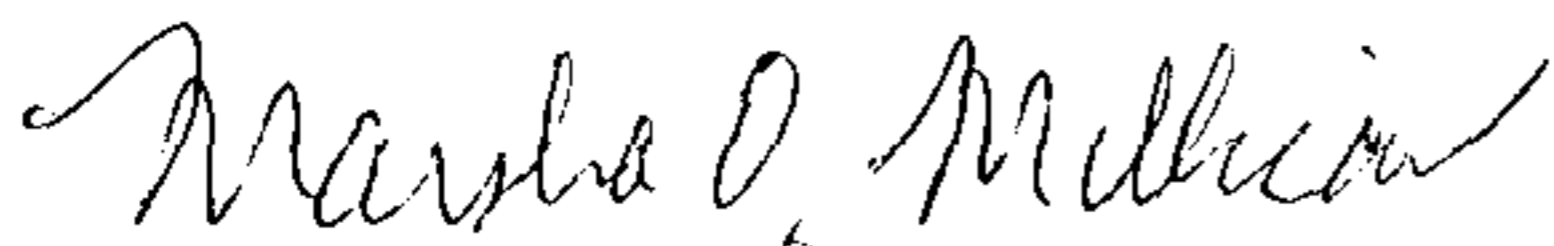
I have audited the general purpose financial statements of Town of Keachi, as of and for the year ended December 31, 1998, and have issued my report thereon dated June 21, 1999.

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 component unit financial statements are free of material misstatement.

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

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

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



Certified Public Accountant
June 21 1999