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TOWN OF LOGANSPORT

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FINANCIAL STATEMENTS

December 31, 1999

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

Release Date 10-18-00

Marsha O. Millican  
Certified Public Accountant  
Shreveport, Louisiana

TOWN OF LOGANSPORT, LOUISIANA

Financial Statements  
December 31, 1999

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
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund	2	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and (GAAP Basis) 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, 1999. 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 the standards applicable to financial audits contained in 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 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, 1999, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated June 28, 2000 and September 5, 2000, on my consideration of Town of Logansport, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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.

As discussed in Note 14 to the financial statements, the Town was awarded a community development block grant on August 28, 1998. The financial statements for this community development block were inadvertently omitted from the general purpose financial statements. Accordingly, the general purpose financial statements have been reissued to include the financial statements for the community development block grant.

*Marsha O. Melice*

Certified Public Accountant  
June 28, 2000  
September 5, 2000

EXHIBIT 1

TOWN OF LOGANSPORT, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups  
December 31, 1999

	GOVERNMENTAL FUND TYPES		PROPRIETARY FUND TYPE		ACCOUNT GROUPS			TOTALS (MEMORANDUM ONLY)
	GENERAL	CAPITAL PROJECTS	ENTERPRISE	GENERAL	FIXED ASSETS	GENERAL LONG-TERM DEBT		
<u>Assets</u>								
Cash	\$74,168	\$ 370	\$ 159,295	\$ -	\$ -	\$ -	\$ 233,833	
Receivables (net of allowance for uncollectibles):								
Taxes	10,870	-	-	-	-	-	10,870	
Accounts	-	-	120,572	-	-	-	120,572	
Other Governments	-	9,598	-	-	-	-	9,598	
Inventory	-	-	52,043	-	-	-	52,043	
Restricted assets:								
Cash	2,912	-	26,714	-	-	-	29,626	
Investments - at cost	-	-	42,808	-	-	-	42,808	
Buildings	-	-	-	96,234	-	-	96,234	
Improvements other than buildings	-	-	-	478,865	-	-	478,865	
Equipment	-	-	-	383,468	-	-	383,468	
Utility plant & equipment (net of accumulated depreciation)	-	-	3,886,899	-	-	-	3,886,899	
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	89,000	89,000	
<b>Total assets</b>	<b>\$87,950</b>	<b>\$ 9,968</b>	<b>\$ 4,288,331</b>	<b>\$ 958,567</b>	<b>\$ 89,000</b>	<b>\$ 89,000</b>	<b>\$ 5,433,816</b>	

Liabilities

Accounts payable	\$ 28,493	\$ 9,968	\$ 39,184	\$ -	\$ -	\$ 77,645
Deferred revenue	3,830	-	-	-	-	3,830
Payable from restricted assets:						
Customer deposits	-	-	61,427	-	-	61,427
Accrued interest payable on notes payable	-	-	14,151	-	-	14,151
Certificates of indebtedness	-	-	-	-	89,000	89,000
Note payable	-	-	<u>1,503,048</u>	-	-	<u>1,503,048</u>
Total liabilities	<u>32,323</u>	<u>9,968</u>	<u>1,617,810</u>	<u>-</u>	<u>89,000</u>	<u>1,749,101</u>

Fund Equity

Contributed capital	-	-	2,833,128	-	-	2,833,128
Investment in general fixed assets	-	-	-	958,567	-	958,567
Retained earnings:						
Reserved for customer deposits	-	-	8,094	-	-	8,094
Unreserved (deficit)	-	-	( 170,701)	-	-	( 170,701)
Fund balances:						
Reserved for certificates of indebtedness	804	-	-	-	-	804
Reserved for police grant	2,108	-	-	-	-	2,108
Undesignated	<u>52,715</u>	-	-	-	-	<u>52,715</u>
Total retained earnings/ fund balances (deficit)	<u>55,627</u>	-	<u>( 162,607)</u>	-	-	<u>( 106,980)</u>
Total fund equity	<u>55,627</u>	-	<u>2,670,521</u>	<u>958,567</u>	-	<u>3,684,715</u>
Total liabilities and fund equity	<u>\$87,950</u>	<u>\$ 9,968</u>	<u>\$ 4,288,331</u>	<u>\$ 958,567</u>	<u>\$ 89,000</u>	<u>\$5,433,816</u>

See accompanying notes to financial statements.

TOWN OF LOGANSFORT, LOUISIANA

Combined Statement of Revenues, Expenditures, and  
 Changes in Fund Balance - All Governmental Fund Types  
Year Ended December 31, 1999

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Revenues:			
Taxes	\$ 220,383	\$ -	\$ 220,383
Licenses and permits	34,909	39,319	74,228
Intergovernmental	181,474	-	181,474
Fines and penalties	42,803	-	42,803
Miscellaneous revenues	<u>21,432</u>	<u>-</u>	<u>21,432</u>
Total revenues	<u>501,001</u>	<u>39,319</u>	<u>540,320</u>
Expenditures:			
Current:			
General government	194,207	-	194,207
Public safety	262,159	-	262,159
Street	35,658	-	35,658
Capital projects	-	39,319	39,319
Debt service:			
Principal	41,000	-	41,000
Interest and fiscal charges	<u>7,941</u>	<u>-</u>	<u>7,941</u>
Total expenditures	<u>540,965</u>	<u>39,319</u>	<u>580,284</u>
Excess (deficiency) of revenues over expenditures before other financing sources	( 39,964)	-	( 39,964)
Other Financing Sources:			
Operating Transfers In (Out)	<u>16,128</u>	<u>-</u>	<u>16,128</u>
Excess (deficiency) of revenues over expenditures and other financing sources	( 23,836)	-	( 23,836)
Fund balance, beginning of year	<u>79,463</u>	<u>-</u>	<u>79,463</u>
Fund balance, end of year	<u>\$ 55,627</u>	<u>\$ -</u>	<u>\$ 55,627</u>

See accompanying notes to financial statements.

TOWN OF LOGANSFORT, LOUISIANA

Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budget (GAAP Basis) and Actual  
General Fund  
Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Taxes:			
Property	\$ 40,000	\$ 40,314	\$ 314
Sales	130,600	146,161	15,561
Franchise	35,350	33,908	( 1,442)
Licenses and permits	35,000	34,909	( 91)
Intergovernmental	170,364	181,474	11,110
Fines and penalties	40,000	42,803	2,803
Miscellaneous	<u>15,050</u>	<u>21,432</u>	<u>6,382</u>
Total revenues	<u>466,364</u>	<u>501,001</u>	<u>34,637</u>
Expenditures:			
Current:			
General government	126,859	194,207	( 67,348)
Public safety	264,376	262,159	2,217
Streets	33,000	35,658	( 2,658)
Debt service			
Principal	41,000	41,000	-
Interest and fiscal charges	<u>8,000</u>	<u>7,941</u>	<u>59</u>
Total expenditures	<u>473,235</u>	<u>540,965</u>	<u>( 67,730)</u>
Excess (deficiency) of revenues over expenditures before other financing sources	( 6,871)	( 39,964)	( 33,093)
Other Financing Sources (Uses):			
Operating transfers in:	<u>15,000</u>	<u>16,128</u>	<u>1,128</u>
Excess of revenues and other financing sources over expenditures	8,129	( 23,836)	( 31,965)
Fund balance, beginning of year	<u>79,463</u>	<u>79,463</u>	<u>-</u>
Fund balance, end of year	<u>\$ 87,592</u>	<u>\$ 55,627</u>	<u>\$ ( 31,965)</u>

See accompanying notes to financial statements.



TOWN OF LOGANSFORT, LOUISIANA

Statement of Revenues, Expenses, and Changes in  
 Retained Earnings - Proprietary Fund Type  
Year Ended December 31, 1999

Operating revenues:	
Water sales	\$ 460,344
Sewer revenue	126,638
Gas sales	186,379
Miscellaneous revenues	<u>22,675</u>
Total operating revenues	<u>796,036</u>
Operating expenses:	
Water department expenses	392,888
Sewer department expenses	121,900
Gas department expenses	<u>305,467</u>
Total operating expenses	<u>820,255</u>
Operating loss	<u>( 24,219)</u>
Non-operating revenues (expenses):	
Interest income on investments	1,949
Interest expense	( 1,084)
Transfers to other funds	<u>( 16,128)</u>
Total non-operating revenues (expenses)	<u>( 15,263)</u>
Net loss	( 39,482)
Retained earnings (deficit) - beginning of year, as previously reported	( 144,860)
Prior period adjustment	<u>21,735</u>
Retained earnings (deficit) - beginning of year,	<u>( 123,125)</u>
Retained earnings (deficit) - end of year	<u><u>\$ ( 162,607)</u></u>

See accompanying notes to financial statements.

TOWN OF LOGANSFORT, LOUISIANAStatement of Cash Flows - Proprietary Fund Type  
Year Ended December 31, 1999

Cash flows from operating activities:	
Cash received from customers	\$ 769,329
Cash payments to suppliers and employees	( 731,711)
Other operating income	<u>22,676</u>
Net cash provided by operating activities	<u>60,294</u>
Cash flows from capital and related financing activities:	
Transfers to other funds	( 16,128)
Property and equipment acquisitions	(1,542,314)
Proceeds of note payable	1,503,048
Principal paid on revenue bonds, certificates of indebtedness and notes payable	( 25,979)
Interest paid on revenue bonds, certificates of indebtedness and notes payable	<u>( 1,441)</u>
Net cash used by capital and related financing activities	<u>( 82,814)</u>
Cash flows from investing activities:	
Interest received on investments	<u>1,949</u>
Net cash provided by investing activities	<u>1,949</u>
Net decrease in cash	( 20,571)
Cash, January 1, 1999 (including \$24,234 in restricted accounts)	<u>206,580</u>
Cash, December 31, 1999 (including \$26,714 in restricted accounts)	<u>\$ 186,009</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$( 24,219)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	98,679
Changes in assets and liabilities:	
Prior period adjustment	21,735
Decrease in accounts receivable	83
Increase in inventory	( 21,735)
Decrease in accounts payable	( 29,162)
Increase in accrued interest payable	12,199
Increase in customer deposits	<u>2,714</u>
Net cash provided by operating activities	<u>\$ 60,294</u>

See accompanying notes to financial statements.

TOWN OF LOGANSPORT, LOUISIANA

Notes to Financial Statements  
December 31, 1999

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, 1999

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, 1999

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, 1999

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, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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

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

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

2. INVESTMENTS:

At December 31, 1999, the Town had invested \$42,808 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, 1999, taxes of 7.38 mills were levied on property with assessed valuations totaling \$5,462,530 and were dedicated for general operating purposes.

Total taxes levied after adjustments were \$40,315. Taxes receivable at December 31, 1999, consisted of the following:

Taxes receivable	\$ 17,209
Less: Allowance for uncollectible taxes	<u>( 6,339)</u>
Total	<u>\$ 10,870</u>

(Continued)

TOWN OF LOGANSFORT, LOUISIANA

Notes to Financial Statements  
December 31, 1999

4. ACCOUNTS RECEIVABLE - PROPRIETARY FUND TYPE:

Accounts receivable at December 31, 1999, in the Proprietary Fund Type consisted of the following:

Accounts receivable	\$ 132,171
Less: Allowance for uncollectible accounts	<u>( 11,599)</u>
Total	<u>\$ 120,572</u>

5. RESTRICTED ASSETS

Restricted assets - proprietary fund type are applicable to the following at December 31, 1999:

Restricted for customer deposits	<u>\$ 69,522</u>
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6. FIXED ASSETS:

A summary of changes in general fixed assets follows:

	<u>Balance Jan. 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 1999</u>
Buildings	\$ 96,234	\$ -	\$ -	\$ 96,234
Improvements other than buildings	481,865	-	( 3,000)	478,865
Equipment	<u>332,376</u>	<u>51,092</u>	<u>-</u>	<u>383,468</u>
Total general fixed assets	<u>\$ 910,475</u>	<u>\$ 51,092</u>	<u>\$ ( 3,000)</u>	<u>\$ 958,567</u>

(Continued)



TOWN OF LOGANSPOUR, LOUISIANA

Notes to Financial Statements  
December 31, 1999

6. FIXED ASSETS: (CONTINUED)

A summary of proprietary fund type property, plant and equipment at December 31, 1999, 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
Construction in progress - water system	1,517,199
Water facilities improvements	30,000
Equipment	163,899
Land	<u>16,873</u>
 Total	 5,896,488
Less: Accumulated depreciation	<u>(2,009,589)</u>
 Net	 <u>\$3,886,899</u>

7. LONG-TERM DEBT:

The following is a summary of debt transactions of Town of Logansport, Louisiana for the year ended December 31, 1999:

	<u>Note Payable</u>	<u>Certificates of Indebtedness</u>
Balance, January 1, 1999	\$ -	\$ 155,982
Proceeds from borrowing	1,503,048	-
Notes and certificates retired	<u>( - )</u>	<u>( 66,982 )</u>
Balance, December 31, 1999	<u>\$1,503,048</u>	<u>\$ 89,000</u>

Notes and certificates of indebtedness payable at December 31, 1999 are comprised of the following individual issues:

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%

-

(Continued)

TOWN OF LOGANSPORT, LOUISIANA

Notes to Financial Statements  
December 31, 1999

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%	-
Certificate R-1 dated November 30, 1995, due in annual installments of \$9,000 to \$12,000 through November 1, 2001; interest at 6%	23,000
Certificate R-2 dated November 30, 1995, due in annual installments of \$9,000 to \$12,000 through November 1, 2001; interest at 6%	23,000
Certificate R-1 dated December 26, 1996, due in annual installments of \$9,000 to \$11,000 through November 1, 2001; interest at 6%	21,000
Certificate R-2 dated December 26, 1996, due in annual installments of \$9,000 to \$11,000 through November 1, 2001; interest at 6%	21,000
Total certificates of indebtedness	\$ 89,000

Notes Payable:

On July 8, 1999, the Town entered into an agreement with Peoples State Bank in Many, Louisiana for a \$3,000,000 Bond Anticipation Note due July 8, 2000, bearing interest at 4.62% as interim financing for improvements to the Town's water system. It is the Town's intention to retire this debt in July, 2000 with the issuance of \$3,000,000 Water Revenue Bonds. At December 31, 1999, the Town's unpaid draws on this note totaled:

\$ 1,503,048

The annual requirements to amortize all certificates of indebtedness outstanding as of December 31, 1999, including interest payments of \$8,100 are as follows:

<u>Year</u> Ending <u>December 31</u>	<u>Certificates</u> of <u>Indebtedness</u>
2000	48,340
2001	48,760
Totals	\$ 97,100

(Continued)

TOWN OF LOGANSPORT

Notes to Financial Statements  
December 31, 1999

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 \$162,607. 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, 1999, the carrying amount of the Town's cash deposits was \$305,397 and the bank balance was \$319,289. The difference is due to outstanding deposits and checks at December 31, 1999. Deposits of \$235,346 are collateralized by federal deposit insurance, deposits of \$83,943 are collateralized by securities with market values of \$759,225.

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.	83,943

(Continued)

TOWN OF LOGANSPORT

Notes to Financial Statements  
December 31, 1999

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

-  
\$ 83,943

11. ECONOMIC DEPENDENCY:

Two water customers accounted for 38% of the total water revenue for the year ended December 31, 1999.

12. YEAR 2000 ISSUES:

The internal accounting systems of Town of Logansport are Year 2000 compliant. The Town spent \$16,992 for computer equipment and software for the year ended December 31, 1999.

13. PRIOR PERIOD ADJUSTMENT:

Due to an understatement of the beginning balance of inventory in the Enterprise Fund, a prior period adjustment of \$21,735 was required. This adjustment resulted in an increase in the balance of inventory at January 1, 1999 of \$21,735 and an increase in retained earnings of \$21,735 at January 1, 1999.

14. CAPITAL PROJECTS FUND:

On August 28, 1998, the Town of Logansport was awarded a community development block grant - demonstrated needs to repair the walls at the water treatment plant. Total revenues and expenditures under this grant for the period August 28, 1998 through December 31, 1999 were \$39,319. Of this amount, \$7,210 was incurred during the period August 28, 1998 through December 31, 1998.

SUPPLEMENTAL INFORMATION

TOWN OF LOGANSPORT, LOUISIANA

Schedule of Compensation  
Mayor and Town Council  
December 31, 1999

Harold D. Freeman, Mayor	\$ 7,260
Billy Alger	1,300
Donny Campbell	1,300
Jerry Lowe	1,300
Don Parker	1,300
Edith Williams	<u>1,300</u>
Total	<u>\$ 13,760</u>

TOWN OF LOGANSPORT

Corrective Action Taken on Prior Year Findings  
December 31, 1999

Prior Year Finding: #1 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.

Corrective Action Taken: The Town amended the current year budget, but actual expenditures exceeded budgeted expenditures by more than 5% at December 31, 1999.

Prior Year Finding: #2 The segregation of duties is inadequate to provide effective internal control.

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

Corrective Action Taken: No action was recommended and none was taken.

Prior Year Finding: #3 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.

Corrective Action Taken: The Town employed three different clerks during the year. As a result, normal procedures relating to collecting property taxes were not followed.

# 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, 1999, and have issued my report thereon dated June 28, 2000 and September 5, 2000. 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 cognizant agencies and is not intended to be, and should not be, used by anyone other than the specified parties.

*Marsha D. Milligan*

Certified Public Accountant  
June 28, 2000  
September 5, 2000

TOWN OF LOGANSPORT

Schedule of Findings and Questioned Costs

December 31, 1999

	<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
#1	<p>Criteria: The Town is not in compliance with the state budget law. Although the Town amended the budget, actual expenditures exceeded budgeted expenditures by more than 5%. This is a repeat finding.</p> <p>Cause: Various expenditures were inadvertently omitted from the budget when amended.</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>	-0-
#2	<p>Criteria: The segregation of duties is inadequate to provide effective internal control. This is a repeat finding.</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>	-0-

TOWN OF LOGANSPORT

Schedule of Findings and Questioned Costs  
(Continued)

December 31, 1999

#3      Criteria:                      The Town is not using procedures available to collect delinquent property taxes. This is a repeat finding.

          Cause:                              The Town employed three 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.

-0-