

RECEIVED
1999-12-22 10:03

ORIGINAL
COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

SEWERAGE DISTRICT NO. 1
OF THE TOWN OF MANGHAM
FINANCIAL STATEMENTS
YEARS ENDED
JUNE 30, 1999 AND 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 DEC 22 1999

C O N T E N T S

	Page
Auditor's Report.....	1
Balance Sheets.....	2
Statements of Revenues, Expenses and Changes in Retained Earnings.....	3
Statements of Cash Flows.....	4
Notes to Financial Statements.....	5 - 10
Report on the Internal Control Structure.....	11 - 13
Report on Compliance.....	14

--oo0oo--

OSWALT & ZARRO

A Corporation of Certified Public Accountants

Tom J. Oswalt
Joseph J. Zarro

809 Julia Street
Suite A
Rayville, Louisiana 71269

(318)728-6413
(318)728-6415
FAX(318)728-4008

Honorable Mayor and Board of Alderman
Sewerage District No. 1 of the Town of Mangham
Mangham, Louisiana

Gentlemen:

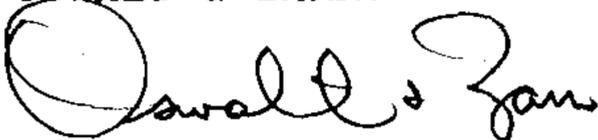
We have audited the accompanying financial statements of the Sewerage District No. 1, a component unit of the Town of Mangham as of June 30, 1999 and 1998 and for the years then ended as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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.

As discussed in Note 1, the financial statements present only the Sewerage District No. 1 of the Town of Mangham and are not intended to present fairly the financial position and results of operations of the Town of Mangham, State of Louisiana, in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Sewerage District No. 1 of the Town of Mangham, State of Louisiana, as of June 30, 1999 and 1998 and the results of the fund's operations and the cash flows for the years then ended in conformity with generally accepted accounting principles.

OSWALT & ZARRO



October 21, 1999

SEWERAGE DISTRICT NO. 1 OF THE TOWN OF MANGHAM
SEWER ENTERPRISE FUND
BALANCE SHEETS
JUNE 30, 1999 AND 1998

	1999	1998
ASSETS		
Current		
Cash and Interest-Bearing Deposits - NOTE 2	34,466	22,979
Accounts Receivable	1,220	1,118
Ad Valorem Taxes Receivable	-	-
Prepaid Insurance	291	277
Total Current Assets	<u>35,977</u>	<u>24,374</u>
Restricted		
Cash and Interest-Bearing Deposits - NOTE 2	50,331	48,134
Accrued Interest Receivable	440	535
Total Restricted Assets	<u>50,771</u>	<u>48,669</u>
Plant, Property and Equipment - NOTE 3	<u>148,495</u>	<u>158,821</u>
TOTAL ASSETS	<u>235,243</u>	<u>231,864</u>
LIABILITIES		
Current (Payable from Current Assets)		
Accounts Payable	329	508
Due to Town of Mangham - General Fund	95,170	76,400
Total Current Liabilities	<u>95,499</u>	<u>76,908</u>
Current (Payable from Restricted Assets)		
Accounts Payable	-	-
Accrued Interest Payable	1,478	1,750
Notes Payable - NOTE 4	7,046	6,503
Total Restricted Liabilities	<u>8,524</u>	<u>8,253</u>
Long-Term		
Notes Payable - NOTE 4 & 5	<u>75,604</u>	<u>82,974</u>
TOTAL LIABILITIES	<u>179,627</u>	<u>168,135</u>
FUND EQUITY		
Retained Earnings	<u>55,616</u>	<u>63,729</u>
TOTAL FUND EQUITY	<u>55,616</u>	<u>63,729</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>235,243</u>	<u>231,864</u>

The accompanying notes to financial statements are an integral part of this statement. -2-

SEWERAGE DISTRICT NO. 1 OF THE TOWN OF MANGHAM
SEWER ENTERPRISE FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS
FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
OPERATING REVENUES		
Sewerage Charges	10,644	10,335
Other Operating Revenues	<u>375</u>	<u>-</u>
TOTAL OPERATING REVENUES	<u>11,019</u>	<u>10,335</u>
OPERATING EXPENSES		
Auditing	2,100	2,100
Depreciation	10,326	9,726
Insurance	676	648
Payroll Taxes	1,129	1,058
Repairs and Maintenance	4,063	6,502
Retirement	553	449
Salaries	14,760	13,828
Taxes & Licenses	100	100
Uncollectible Charges	153	-
Utilities	<u>3,246</u>	<u>2,856</u>
TOTAL OPERATING EXPENSES	<u>37,106</u>	<u>37,267</u>
LOSS FROM OPERATIONS	<u>(26,087)</u>	<u>(26,932)</u>
NON-OPERATING REVENUES (EXPENSES)		
Sewer-Bond Taxes - NOTE 6	13,815	13,642
Sewer Maintenance Taxes - NOTE 7	6,815	6,729
Grants	-	30,000
Interest Income	1,623	1,882
Other Non-Operating Revenue	-	-
Interest Expense	(4,279)	(4,609)
Uncollectible Taxes	<u>-</u>	<u>-</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>17,974</u>	<u>47,644</u>
NET INCOME (LOSS)	(8,113)	20,712
RETAINED EARNINGS JULY 1	<u>63,729</u>	<u>43,017</u>
RETAINED EARNINGS JUNE 30	<u>55,616</u>	<u>63,729</u>
Reserved for Revenue Bond Current Debt Service	4,614	4,404
Reserved for Revenue Bond Operations and Maintenance	37,305	35,503
Unreserved	<u>13,697</u>	<u>23,822</u>
	<u>55,616</u>	<u>63,729</u>

The accompanying notes to financial statements are an integral part of this statement. -3-

SEWERAGE DISTRICT NO. 1 OF THE TOWN OF MANGHAM
SEWER ENTERPRISE FUND
STATEMENTS OF CASH FLOWS
FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

	1999	1998
Operating Income (Loss)	(26,087)	(26,932)
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided by Operating Activities:		
Depreciation	10,326	9,726
(Increase) Decrease in Receivables	(102)	(204)
(Increase) Decrease in Prepaid Expenses	(14)	(100)
(Increase) Decrease in Accrued Interest Receivable (Restricted Asset)	95	(96)
Increase (Decrease) in Accounts Payable	(179)	138
Increase (Decrease) in Due to Town of Mangham - General Fund	18,770	10,768
Increase (Decrease) in Accounts Payable (Restricted Liability)	-	-
Increase (Decrease) in Accrued Interest Payable (Restricted Liability)	(272)	105
NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES	2,537	(6,595)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Sewer Bond Taxes Revenues	13,815	13,642
Sewer Maintenance Taxes Revenues	6,815	6,729
Grants	-	30,000
Other Non-Operating Revenues	-	-
Uncollectible Taxes	-	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	20,630	50,371
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest Paid on Notes	(4,279)	(4,609)
Repayment of Notes Payable	(6,827)	(6,874)
Acquisition/Construction of Capital Assets	-	(23,394)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(11,106)	(34,877)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	1,623	1,882
Other	-	-
NET CASH PROVIDED BY INVESTMENT ACTIVITIES	1,623	1,882
NET INCREASE IN CASH	13,684	10,781
CASH AT BEGINNING OF YEAR	71,113	60,332
CASH AT END OF YEAR	84,797	71,113

The accompanying notes to financial statements are an integral part of this statement. -4-

SEWERAGE DISTRICT NO. 1 OF THE TOWN OF MANGHAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS ACTIVITY:

The Sewerage District No. 1 of the Town of Mangham was created May 21, 1968. The Sewerage District No. 1 prepares its financial statements in accordance with the standards established by the Governmental Accounting Standards Board (GASB). GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting to be the Town of Mangham. The accompanying financial statements present only the transactions of the Sewerage District No. 1, a component unit of the Town of Mangham.

BASIS OF ACCOUNTING:

The accounting and reporting policies of the Sewerage District No. 1 of the Town of Mangham conform to generally accepted auditing standards (the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions issued by the U.S. General Accounting Office) and/or where applicable, Public Law 98-502, the Single Audit Act of 1984 and OMB Circular A-128 or A-110 (colleges and universities, hospitals, and nonprofit organizations).

The Sewerage District No. 1 of the Town of Mangham consists only of an Enterprise Fund. This Enterprise Fund is used to account for operations 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 services to the general public on a continuing basis be financed or recovered primarily through user charges and ad valorem taxes.

INCOME TAXES:

This Enterprise Fund is accounted for the accrual basis of accounting and is exempt from federal and state income taxes.

ACCOUNTS RECEIVABLE:

Ad Valorem Taxes are levied on July 1 based on the assessed value of property on the previous January 1. Ad Valorem Taxes are recognized as revenue when they become available. Available includes those property taxes expected to be collected within sixty days after year end. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

PROPERTY AND EQUIPMENT:

All Plant, Property and Equipment are valued at historical cost. Repairs, maintenance and minor replacements are charges to operations as incurred; major improvements or additions are capitalized at cost. Depreciation expense is calculated by the straight-line method over their estimated useful lives.

SEWERAGE DISTRICT NO. 1 OF THE TOWN OF MANGHAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

USE OF ESTIMATES:

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.

SEWERAGE DISTRICT NO. 1 OF THE TOWN OF MANGHAM
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1999 AND 1998

	1999	1998
NOTE 2 - CASH AND INTEREST-BEARING DEPOSITS		
The following bank balances are maintained in a financial institution which is fully insured by the FDIC:		
Bond Fund Sewer District No. 1 - Checking	17,139	8,082
Sewer Revenue Fund	16,516	14,130
Operating and Maintenance Fund	<u>811</u>	<u>767</u>
Current Cash	<u>34,466</u>	<u>22,979</u>
Bond Fund Sewer District No. 1 - Certificate of Deposit	21,278	20,211
Depreciation Fund - Certificate of Deposit	7,714	7,340
Sewer Project - Savings Account	8,202	7,926
Revenue Note Fund	<u>13,137</u>	<u>12,657</u>
Restricted Cash	<u>50,331</u>	<u>48,134</u>
TOTAL CASH AND INTEREST-BEARING DEPOSITS	<u><u>84,797</u></u>	<u><u>71,113</u></u>

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment are summarized by major classification as follows:

	Estimated Useful Life in Years		
Structures and Sewer System	40	296,026	296,026
Structures and Sewer System	25	49,750	49,750
Structures and Sewer System	25	<u>23,394</u>	<u>23,394</u>
		369,170	369,170
Accumulated Depreciation		(223,625)	(213,299)
		145,545	155,871
Land		<u>2,950</u>	<u>2,950</u>
		<u><u>148,495</u></u>	<u><u>158,821</u></u>

SEWERAGE DISTRICT NO. 1 OF THE TOWN OF MANGHAM
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1999 AND 1998

NOTE 4 - NOTES PAYABLE

JUNE 30, 1999

<u>Payee</u>	<u>Interest Rate</u>	<u>Date Made</u>	<u>Date Due</u>	<u>Periodic Payment</u>	<u>Current</u>	<u>Long Term</u>	<u>Unpaid Balance</u>
U. S. D. A.	5%	June 25, 1970	June 25, 2010	\$2,659/Annually	1,460	19,505	20,965
U. S. D. A.	5%	June 25, 1970	June 25, 2010	\$2,659/Annually	1,460	19,505	20,965
U. S. D. A.	5%	June 25, 1970	June 25, 2007	\$505/Monthly	<u>4,126</u>	<u>36,594</u>	<u>40,720</u>
					<u>7,046</u>	<u>75,604</u>	<u>82,650</u>

Long-term debt maturing in the next five years consists of:

June 30, 2000	7,046
June 30, 2001	7,696
June 30, 2002	8,086
June 30, 2003	8,495
June 30, 2004	8,926
Thereafter	<u>42,401</u>
	<u>82,650</u>

(CONTINUED)

The collateral securing the above notes is as follows:
 Revenue note and two (2) Public Improvement Bonds;
 ten (10) acre tract of land; tow (2) parcels of land.

SEWERAGE DISTRICT NO. 1 OF THE TOWN OF MANGHAM
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1999 AND 1998

NOTE 4 - NOTES PAYABLE

JUNE 30, 1998

Payee	Interest Rate	Date Made	Date Due	Periodic Payment	Current	Long Term	Unpaid Balance
Farmers Home Administration	5%	June 25, 1970	June 25, 2010	\$2,659/Annually	1,293	21,130	22,423
Farmers Home Administration	5%	June 25, 1970	June 25, 2010	\$2,659/Annually	1,293	21,130	22,423
Farmers Home Administration	5%	June 25, 1970	June 25, 2007	\$505/Monthly	<u>3,917</u>	<u>40,714</u>	<u>44,631</u>
					<u>6,503</u>	<u>82,974</u>	<u>89,477</u>

Long-term debt maturing in the next five years consists of:

June 30, 1999	6,503
June 30, 2000	7,323
June 30, 2001	7,694
June 30, 2002	8,083
June 30, 2003	8,493
Thereafter	<u>51,381</u>
	<u>89,477</u>

The collateral securing the above notes is as follows:
 Revenue note and two (2) Public Improvement Bonds;
 ten (10) acre tract of land; tow (2) parcels of land.

SEWERAGE DISTRICT NO. 1 OF THE TOWN OF MANGHAM
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1999 AND 1998

NOTE 5 - CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the years ended:

	1999	1998
Long-Term Obligations - July 1	82,974	89,949
Additions		-
Retirements	(7,370)	(6,975)
Long-Term Obligations - June 30	75,604	82,974

NOTE 6 - SEWER BOND TAXES

This 10.44 mill ad valorem tax was levied for the purpose of constructing sewers and sewerage disposal works.

NOTE 7 - SEWER MAINTENANCE TAXES

This 5.15 mill ad valorem tax was levied for the purpose of upkeep and maintenance of the sewer system.

NOTE 8 - CONCENTRATION OF CREDIT RISK

The Sewerage District No. 1 maintains cash and cash equivalents at Richland State Bank located in Mangham, Louisiana. The accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000 per financial institution. At June 30, 1999 and 1998, the Sewerage District No. 1 had no uninsured cash balances. Balances during each year in these accounts may have exceeded the federal insured limit.

OSWALT & ZARRO

A Corporation of Certified Public Accountants

Tom J. Oswalt
Joseph J. Zarro

809 Julia Street
Suite A
Rayville, Louisiana 71269

(318)728-6413
(318)728-6415
FAX(318)728-4008

Honorable Mayor and Board of Aldermen
Sewerage District No. 1 of the Town of Mangham
Mangham, Louisiana

We have audited the general purpose financial statements of the Sewerage District No. 1, a component unit of the Town of Mangham, for the years ended June 30, 1999 and 1998, and have issued our report thereon dated October 21, 1999.

We have conducted our audit in accordance with generally accepted auditing standards. Government Auditing Standards, issued by the Comptroller General of the United States, and "Audits of State and Local Governments." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of the Sewerage District No. 1, a component unit of the Town of Mangham, for the years ended June 30, 1999 and 1998, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The management of the Sewerage District No. 1 of the Town of Mangham 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.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Cycles of the entity's activity

Revenue/receipts
Purchases/disbursements
External financial reporting

Financial statement captions

Cash and cash equivalents
Receivables
Property and equipment
Payables and accrued liabilities
Debt
Fund balance

Accounting applications

Billings
Receivables
Cash receipts
Accounts payable
Cash disbursements
Payroll
Property and equipment
General ledger

**Controls used in administering compliance
with laws and regulations**

General controls
Specific controls

For all of the control categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

There is the absence of appropriate segregation of duties consistent with appropriate control objectives.

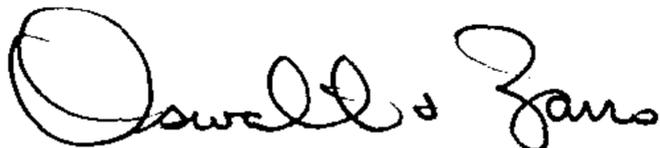
A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements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

Our 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, we noted the following reportable condition that we believe to be a material weakness.

There is inadequate control over cash transactions because of inadequate segregation of duties.

This report is intended for the information of the audit committee, management, and the Legislative Auditor, State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

OSWALT & ZARRO

A handwritten signature in cursive script, appearing to read "Oswald & Zarro".

October 21, 1999

OSWALT & ZARRO

A Corporation of Certified Public Accountants

Tom J. Oswalt
Joseph J. Zarro

809 Julia Street
Suite A
Rayville, Louisiana 71269

(318)728-6413
(318)728-6415
FAX(318)728-4008

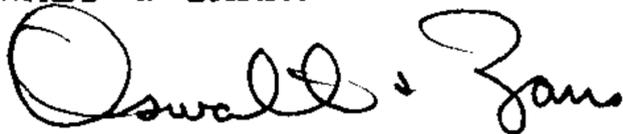
Honorable Mayor and Board of Aldermen
Sewerage District No. 1 of the Town of Mangham
Mangham, Louisiana 71259

We have audited the financial statements of the Sewerage District No.1, a component unit of the Town of Mangham, State of Louisiana, for the years ended June 30, 1999 and 1998 and have issued our report thereon dated October 21, 1999. Our audit was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U. S. General Accounting Office, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of the Sewerage District No. 1 of the Town of Mangham is responsible for the Town's compliance with laws and regulations. In connection with our audit referred to above, we selected and tested transactions and records to determine the Town's compliance with laws and regulations non compliance with which could have a material effect on the financial statements of the Town.

The results of our tests indicate that for the items tested, the Sewerage District No. 1 of the Town of Mangham, State of Louisiana, complied with those provisions of laws and regulations noncompliance with which could have a material effect on the financial statements. Nothing came to our attention that caused us to believe that for the items not tested the Sewerage District No. 1 of the Town of Mangham, State of Louisiana was not in compliance with laws or regulations noncompliance with which could have a material effect on the Town's financial statements.

OSWALT & ZARRO



October 21, 1999