

RECEIVED  
CLERK OF COURSE

02 OCT 17 AM 9:41

TOWN OF MANDHAM, LOUISIANA  
STATE OF LOUISIANAFinancial Reports  
June 30, 2003Karen M. Holts, CPA  
802 Julia Street, Suite C  
PO Box 267  
Rayville, Louisiana 71280  
(714) 728-6580

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

Release Date 11/15/03

TOWN OF MANDHAM, LOUISIANA

General Purpose Financial Statements  
As of and for the Year Ended June 30, 2003  
With Supplemental Information Schedules

CONTENTS

	Statement	Page
Independent Accountant's Report		3
General Purpose Financial Statements:		
Combined Balance Sheet - All Fund Types, and Account Groups	A	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Equity - Governmental Funds - Primary Government	B	5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (ORAP Basis) and Actual Governmental Funds - Primary Government		
General and Special Revenue Funds	C	6
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances - Proprietary Funds	D	7
Combined Statement of Cash Flows - Proprietary Funds	E	8
Notes to the Financial Statements		9
Supplemental Information Schedules:		
Primary Government:		
Special Revenue Funds:		
Balance Sheet	F	22

**TOWN OF MANDHARIE, LOUISIANA**  
Contents, June 30, 2003

**CONTENTS (CONT.)**

	<b>Schedule</b>	<b>Page</b>
Schedule of Revenues, Expenditures, and Changes in Fund Balances	2	23
Proprietary Funds:		
Balance Sheet	3	24
Schedule of Compensation Paid Board Members	4	26
Summary Schedule of Prior Audit Findings	5	27
Corrective Action Plan for Current Year Audit Findings	6	28
Independent Accountant's Report on Applying Agreed-Upon Procedures		29
Louisiana Allocation Questionnaire (Prepared by Client)		

**KAREN M. HOLLIS, CPA**

**Accountant's Report**

Honorable Mayor and  
Members of the City Council  
Town of Mangham, Louisiana

I have compiled the accompanying certified financial statements of the Town of Mangham, Louisiana, as of and for the year ended June 30, 2003, and the accompanying supplementary information contained in Schedules I, II, III, IV, V, and VI, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representations of management. I have not audited or reviewed the accompanying financial statements and supplementary schedules and accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report, dated September 29, 2003, on the results of my agreed upon procedures.

*Karen M. Hollis*

Rayville, Louisiana  
September 29, 2003



**TOWN OF MARGHAN, LOUISIANA**  
**GOVERNMENTAL FUNDS - PRIMARY GOVERNMENT**  
**GENERAL AND SPECIAL REVENUE FUNDS**

**Continued Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances/Equity**  
**For the Year Ended June 30, 2003**

	GOVERNMENTAL FUNDS		PRIMARY
	SPECIAL		GOVERNMENT -
	GENERAL	REVENUE	TOTAL
	FUNDS	FUNDS	(AMOUNTS)
<b>REVENUES</b>			
Taxes:			
Ad valorem	\$49,028	\$	\$49,028
State and fed		57,048	57,048
Other (tolls, penalties, interest, etc.)	11,298		11,298
Licenses and permits	24,894		24,894
Grants	26,800		26,800
Fees, charges, and commissions for services	31,580		31,580
Fines and forfeitures	88,800		88,800
Use of money instruments	800	1,048	1,847
Other revenues	(8,054)		(8,054)
Total revenues	<u>262,276</u>	<u>10,096</u>	<u>272,372</u>
<b>EXPENDITURES</b>			
General government	75,377	807	76,184
Public safety	77,848		77,848
Public works	33,871		33,871
Capital outlay	25,502		25,502
Total expenditures	<u>212,598</u>	<u>807</u>	<u>213,405</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b> <b>OVER EXPENDITURES</b>	(50,322)	9,289	(41,033)
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In (Out)	57,340	(57,340)	\$
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>57,340</u>	<u>(57,340)</u>	<u>\$</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER</b> <b>EXPENDITURES AND OTHER SOURCES (USES)</b>	3,700	300	4,000
<b>FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR</b>	<u>142,358</u>	<u>38,886</u>	<u>181,244</u>
<b>FUND BALANCES (DEFICIT) AT END OF YEAR</b>	<u>\$146,058</u>	<u>\$39,186</u>	<u>\$185,244</u>

The accompanying notes are an integral part of this statement.  
 See the accountant's report.

**TOWN OF MAAGHAN, LOUISIANA**  
**GOVERNMENTAL FUNDS - PRIMARY GOVERNMENT**  
**GENERAL AND SPECIAL REVENUE FUNDS**

**Combined Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances - Budget**  
**(GAAP Basis) and Actual**  
**For the Year Ended June 30, 2003**

	GENERAL FUNDS			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
			FAVORABLE			UNFAVORABLE
<b>REVENUES</b>						
Taxes:						
Ad valorem	\$14,040	\$16,500	2,460	\$	\$	\$
Sales and use				40,000	\$14,000	(26,000)
Other taxes, penalties, interest, etc.	11,000	10,288	(712)			
License and permits	20,000	24,084	4,084			
Grants	34,950	29,850	(5,100)			
Fees, charges, and commissions for services	11,800	20,300	8,500			
Fines and forfeitures	40,000	89,000	49,000			
Use of money and property	3,000	800	(2,200)	0	1,000	1,000
Other revenues	8,700	20,154	11,454			
Total revenues	<u>148,690</u>	<u>196,177</u>	<u>47,487</u>	<u>40,000</u>	<u>35,000</u>	<u>(5,000)</u>
<b>EXPENDITURES</b>						
Intergovernmental	34,000	75,271	(41,271)	800	800	(0)
Public safety	88,000	77,541	10,459			
Public works	11,000	32,011	(21,011)			
Capital outlay	25,000	20,277	(4,723)			
Total expenditures	<u>158,000</u>	<u>205,099</u>	<u>(47,099)</u>	<u>800</u>	<u>800</u>	<u>(0)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(9,310)</u>	<u>(10,922)</u>	<u>1,612</u>	<u>(800)</u>	<u>(800)</u>	<u>(0)</u>
<b>OTHER FINANCIAL SOURCES (USES)</b>						
Operating transfers in/out	40,000	31,000	(9,000)	100,000	(51,000)	(49,000)
Total other financial sources/uses	<u>40,000</u>	<u>31,000</u>	<u>(9,000)</u>	<u>100,000</u>	<u>(51,000)</u>	<u>(49,000)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)</b>	<u>(9,310)</u>	<u>(41,922)</u>	<u>32,612</u>	<u>99,200</u>	<u>(51,800)</u>	<u>47,400</u>
<b>FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR</b>	<u>70,000</u>	<u>11,000</u>	<u>59,000</u>	<u>0</u>	<u>(0,000)</u>	<u>0</u>
<b>FUND BALANCES (DEFICIT) AT END OF YEAR</b>	<u>\$139,690</u>	<u>\$80,078</u>	<u>\$59,612</u>	<u>\$99,200</u>	<u>\$51,800</u>	<u>\$47,400</u>

The accompanying notes are an integral part of this statement.  
 See the accountant's report.

**TOWN OF MANHAM, LOUISIANA  
PROPRIETARY FUNDS**

**Combined Statement of Revenues, Expenses, and  
Changes in Retained Earnings/Fund Balances  
For the Year Ended June 30, 2003**

	PROPRIETARY FUNDS		REPORTING ENTITY - TOTAL
	WATER	SEWER	(MEMORANDUM ONLY)
	ENTERPRISE FUND	ENTERPRISE FUND	
<b>OPERATING REVENUES</b>			
Charges for services	\$71,411	\$51,400	\$122,811
Grant		5,000	5,000
Other operating revenue	685	585	1,270
Total operating revenues	<u>72,096</u>	<u>57,585</u>	<u>129,681</u>
<b>OPERATING EXPENSES</b>			
Accounting		200	200
Contract labor	375	1,700	2,075
Employee benefits	2,840	2,840	5,680
Gas, fuel and oil	3,510	874	4,384
Insurance	400	1,174	1,574
Office expense	1,470		1,470
Repairs and maintenance	1,000	1,700	2,700
Stationery	400	400	800
Salaries	7,000	3,000	10,000
Supplies	14,000	800	14,800
Taxes	1,800	500	2,300
Utilities	3,100	3,000	6,100
Depreciation	2,000	11,440	13,440
Total operating expenses	<u>47,790</u>	<u>30,504</u>	<u>78,294</u>
<b>OPERATING INCOME (Loss)</b>	<u>24,306</u>	<u>27,081</u>	<u>51,387</u>
<b>NONOPERATING REVENUES (Expenses)</b>			
Taxes	5,100	20,000	25,100
Interest	2,000	870	2,870
Interest expense		(7,000)	(7,000)
Total nonoperating revenues (expenses)	<u>7,100</u>	<u>13,870</u>	<u>20,970</u>
<b>NET INCOME (Loss)</b>	<u>31,406</u>	<u>40,951</u>	<u>72,357</u>
<b>NET RECD-EARNING/FUND-BALANCES AT BEGINNING OF YEAR</b>	<u>260,440</u>	<u>36,100</u>	<u>296,540</u>
<b>RETAINED-EARNING/FUND-BALANCES AT END OF YEAR</b>	<u>\$291,846</u>	<u>\$77,051</u>	<u>\$368,897</u>

The accompanying notes are an integral part of this statement.  
See the accountant's report.



**TOWN OF BANGHAM, LOUISIANA  
PROPRIETARY FUNDS**

**Combined Statement of Cash Flows  
For the Year Ended June 30, 2003**

	PROPRIETARY FUNDS		REPORTING ENTITY - TOTAL UNRECONCILED DUE TO
	ACTIVA CAPITALIZED FUND	SERVIC DIFFERENTIAL FUND	
<b>Cash flows from operating activities</b>			
Operating income	\$0,000	(\$4,000)	\$0,000
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	3,331	11,440	14,771
(Increase) Decrease in receivables	(5,875)	(280)	(6,155)
(Increase) Decrease in prepaid expenses	0	0	0
(Increase) Decrease in accrued interest income	(1,000)	0	(1,000)
(Increase) Decrease in due from general fund	1,701	0	1,701
(Increase) Decrease in accounts payable	60	(40)	20
Increase (Decrease) in due to general fund	0	(2,200)	(2,200)
Increase (Decrease) in accrued interest payable	0	0	0
Fire adjustments	0	(1,011)	(1,011)
<b>Net cash provided (used) by operating activities</b>	<u>\$0,000</u>	<u>(\$1,040)</u>	<u>\$0,000</u>
<b>Cash flows from non-capital financing activities</b>			
Taxes levied	0,000	20,000	20,000
<b>Net cash provided by non-capital financing activities</b>	<u>0,000</u>	<u>20,000</u>	<u>20,000</u>
<b>Cash flows from capital and related financing activities</b>			
Interest payable notes	0	(2,500)	(2,500)
Equipment of other parties	0	(2,814)	(2,814)
Purchase of equipment	0	(5,750)	(5,750)
<b>Net cash used by capital and related financing activities</b>	<u>0</u>	<u>(\$10,064)</u>	<u>(\$10,064)</u>
<b>Cash flows from investing activities</b>			
Interest income	1,200	0	1,200
<b>Net cash provided by investment activities</b>	<u>1,200</u>	<u>0</u>	<u>1,200</u>
<b>Net increase (decrease) in cash</b>	<u>14,075</u>	<u>(\$2,040)</u>	<u>\$11,034</u>
Cash at beginning of year	200,170	20,000	220,170
Cash at end of year	<u>\$214,245</u>	<u>17,960</u>	<u>\$232,205</u>

The accompanying notes are an integral part of this statement.  
See the accountant's report.

## TOWN OF MINGHAM, LOUISIANA

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2000

### INTRODUCTION

The Town of Mingham, Louisiana was incorporated March 4, 1907, under the provisions of the Louisiana Act. The Town operates under a Board of Aldermen-Mayor form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, public improvements and general administrative services. The Town has a population of approximately 850 people and employs eight people including the mayor and the five aldermen.

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. BASIS OF PRESENTATION

The accompanying financial statements of the Town of Mingham have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

##### B. REPORTING ENTITY

As the municipal governing authority, for reporting purposes, the Town of Mingham is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Town of Mingham for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the municipality to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.

**TOWN OF MARGHAM, LOUISIANA**  
State of Louisiana  
Notes to the Financial Statements (Continued)

2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Town of Margham (the primary government) and its component units. At this time, the Town of Margham has no component units as described above.

**C. FUND ACCOUNTING**

The municipality uses 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 relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group 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 of the municipality are classified into two categories: governmental, and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

**Governmental Funds**

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

1. General Fund—the general operating fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.
2. Special revenue funds—account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Proprietary Funds**

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. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the

maintenance of equity, is an important financial indicator. Proprietary funds include:

1. Enterprise funds—account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

#### D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds, expendable trust funds, and agency funds. The governmental funds and expendable trust funds use the following practices in recording revenues and expenditures:

##### Revenues

Revenues are recognized when they are available and measurable.

##### Expenditures

Expenditures are recognized when incurred.

##### Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses). These are recognized when received (expended).

##### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 these estimates.

## TOWN OF BANGHAM, LOUISIANA

State of Louisiana

Notes to the Financial Statements (Continued)

All proprietary funds and non-expendable trust funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds and non-expendable trust funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

### **E. BUDGETS**

The primary government municipality uses the following budget practices:

Preliminary budgets for the ensuing fiscal year are prepared by the Town Clerk during May of each year. Prior to June 15, the Mayor submits to the Board of Aldermen, a proposed budget for the fiscal year commencing the following July 1. The availability of the proposed budget for public inspection and the date of the next meeting on the budget are then advertised in the official journal. The budget is then adopted during the meeting prior to June 30. All annual appropriations lapse at year end.

The budget comparison statements included in the accompanying financial statements reflect the original adopted budget and all amendments made. Accounting principles applied for purposes of developing data on a budgetary basis and those used to present financial statement in conformity with generally accepted accounting principles are the same and no adjustment is necessary to convert the actual GAAP data to the budgetary basis.

### **F. ENCUMBRANCES**

The Town of Bangham does not use encumbrance accounting.

### **G. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with MMF banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

### **H. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

### **I. FIXED ASSETS**

**TOWN OF BANGHAM, LOUISIANA**

State of Louisiana

Notes to the Financial Statements (Continued)

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are capitalized. Interest costs incurred during construction are not. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Depreciation of all depreciable fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the following methods:

Structures and Sewer System	25 - 40 years straight line
Water System	25 - 40 years straight line
Other Equipment	5 - 10 years MACRS

**J. COMPENSATED ABSENCES**

Full time employees of the Town earn 50 working days per year of 30 days for each month worked for annual leave. Annual leave cannot be accumulated therefore no accrual has been made.

Employees can earn up to 10 days of sick leave each year. Employees are not paid for accumulated sick leave upon termination, therefore, no accrual has been made.

**K. LONG-TERM OBLIGATIONS**

For the primary government, long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. For the discretely presented governmental fund component units, long-term obligations are reported in the "Component Units Governmental Fund" column on Statement A. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

**L. FUND EQUITY****Contributed Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

**Reserves**

**TOWN OF MARGHAM, LOUISIANA**

State of Louisiana

Notes to the Financial Statements (Continued)

Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use.

**Designated Fund Balances**

Designated fund balances represent tentative plans for future use of financial resources.

**II. INTERFUND TRANSACTIONS**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers of the primary government are reported as operating transfers.

**M. SALES TAXES**

The Town of Margham collects a 1% sales tax, which is not designated for a specific purpose at this time. The tax may be used for any expenditure necessary. The tax is due to expire in June 2009.

**G. 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. LEVIED TAXES**

The following is a summary of authorized and levied ad valorem taxes for the year:

**TOWN OF BANGHAM, LOUISIANA**

State of Louisiana

Notes to the Financial Statements (Continued)

	Authorized Millage	Levied Millage	Expiration Date
Citywide taxes:			
General fund	1.51	1.51	2006
Water Plant fund	0.21	0.21	2006
Street Maintenance	2.14	2.14	2006
Sewer Maintenance	0.24	0.24	2006
Sewer District No. 1	10.8	10.8	2006

**3. CASH AND CASH EQUIVALENTS**

The following is a summary of cash and cash equivalents (book balances) at June 30, 2003:

	General Fund	Special Revenues	Proprietary Funds	Total
Demand deposits	\$89,124	\$	\$105,210	\$194,334
Interest-bearing demand deposits	10,228		29,891	39,919
Time deposits	41,008	17,781	305,365	363,348
Total	\$140,360	\$17,781	\$337,896	\$515,857

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The stated 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.

At June 30, 2003, the primary government has \$461,833 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$400,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 1, R.S. 38:1226 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

**4. RECEIVABLES**

The following is a summary of receivables for June 30, 2003:



**TOWN OF MANORAM, LOUISIANA**  
 State of Louisiana  
 Notes to the Financial Statements (Continued)

Class of Accountable	Finity Government	
	General Fund	Proprietary Funds
Taxes		
Services	578	1004
Other	4,325	
<b>Total</b>	<b>4,903</b>	<b>1,004</b>

The Proprietary fund has an allowance account of \$550 and uses the direct write off method when an account is deemed uncollectible.

**6. FIXED ASSETS**

The changes in general fixed assets follow:

	Finity Government			Balance 30-Jun 2003
	Balance 30-Jun 2002	Additions	Deductions	
	Land	\$16,250	\$	
Buildings & lots	126,800			126,800
Building improvements	57,135			57,135
Equipment and furniture	66,268	25,512		111,800
<b>Total</b>	<b>\$266,453</b>	<b>\$25,512</b>	<b>\$0</b>	<b>\$318,165</b>

A summary of proprietary property, plant, and equipment follows:

**TOWN OF MANDHAM, LOUISIANA**  
 State of Louisiana  
 Notes to the Financial Statements (Continued)

	<u>Primary Government</u>
	<u>Enterprise Funds</u>
Land	\$2,850
Structures & Sewer system	368,170
Plant & Distribution system	93,294
Furniture and equipment	20,849
Vehicles	17,200
Subtotal	<u>502,363</u>
Less accumulated depreciation	<u>(357,533)</u>
 Total	 <u>\$144,830</u>

**6. PENSION PLAN**

Only two employees of the Town of Mandham are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, or Municipal Police Employees Retirement System of Louisiana. These systems are cost sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

**A. Municipal Employees Retirement System of Louisiana (System)**

**Plan Description.** The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. One employee of the municipality is a member of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 2% for each year retirement precedes age 60, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 30 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

**TOWN OF MARGHAM, LOUISIANA**

State of Louisiana

Notes to the Financial Statements (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7007 Office Park Boulevard, Baton Rouge, Louisiana 70808, or by calling (504) 825-4810.

**Funding Policy.** Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the Town of Margham is required to contribute at an actuarially determined rate. The current rate is 3.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Margham are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Margham's contributions to the System under Plan B for the years ending December 31, 2002, 2001 and 2000, were \$968, \$718, and \$747, respectively, equal to the required contributions for each year.

**B. Municipal Police Employees Retirement System of Louisiana (System)**

**Plan Description.** All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 35 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8421 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2256, or by calling (504) 829-7411.

**Funding Policy.** Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town of Margham is required to contribute at an actuarially determined rate. The current rate is 8.0% of annual covered payroll. The contribution requirements of plan members and the Town of Margham are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Margham's contributions to the System for the years ending December 31, 2002, 2001 and 2000,

**TOWN OF MANGHAM, LOUISIANA**

State of Louisiana

Notes to the Financial Statements (Continued)

were \$2,185, \$2,484, and \$2,453, respectively, equal to the required contributions for each year.

**7. LEASES**

The primary government leases the fire station and equipment to the Mangham Fire Protection District for \$1 per year.

**8. CHANGES IN GENERAL LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2003:

	<u>Bonded</u>	
	<u>Debt</u>	<u>Total</u>
Long-term obligations payable at June 30, 2002	\$60,671	\$60,671
Additions	0	0
Deductions	<u>(8,654)</u>	<u>(8,654)</u>
Long-term obligations payable at June 30, 2003	<u>\$42,017</u>	<u>\$42,017</u>

The proprietary notes payable consists of three payments, two of \$2,559 made annually and one of \$505 monthly. A revenue note, two public improvement bonds, a ten-acre tract of land and two parcels of land secure the notes.

**9. INTERFUND ASSETS/LIABILITIES**

Due from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Fund	General Fund	\$118,531
Special Revenues	General Fund	60,744
Water Fund	General Fund	68,607
Total		<u>\$247,882</u>

**10. LITIGATION AND CLAIMS**

The Town of Mangham is not aware of any lawsuits against it as of June 30, 2003.

**PRIMARY GOVERNMENT  
SUPPLEMENTAL INFORMATION SCHEDULES**

**TOWN OF MANGHAM, LOUISIANA**

**SUPPLEMENTAL INFORMATION SCHEDULED  
As of and for the Year Ended June 30, 2003**

**SPECIAL REVENUE FUNDS**

**Sales Tax Fund**—to account for the proceeds of the sales taxes received and the expenditures of those funds in accordance with the law.

**PROPRIETARY FUNDS**

**Water Fund**—to account for the provision of water services to the residents of the Town

**Sewer Fund**—to account for the provision of sewer services to the residents of the Town

**TOWN OF MANHAM, LOUISIANA  
SPECIAL REVENUE FUNDS**

**Balance Sheet, June 30, 2003**

	DUES AND TAX	TOTAL
<b>ASSETS</b>		
Cash and cash equivalents	\$27,760	\$27,760
Due from general fund	62,744	62,744
Accrued interest	300	300
	<b>\$90,804</b>	<b>\$90,804</b>
<b>TOTAL ASSETS</b>		
	<b>\$90,804</b>	<b>\$90,804</b>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Liabilities:</b>		
Fund Equity - fund balances:	\$	\$
Unreserved - undesignated	\$0,000	\$0,000
Total Fund Equity	\$0,000	\$0,000
	<b>\$0,000</b>	<b>\$0,000</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>		
	<b>\$0,000</b>	<b>\$0,000</b>

The accompanying notes are an integral part of this statement.  
See the accountant's report.

**TOWN OF MANCHAM, LOUISIANA  
SPECIAL REVENUE FUNDS**

**Schedule of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 2003**

	2003 Dollars	2002 Dollars
<b>REVENUES</b>		
Taxes:		
Sales and use	\$0,000	\$0,000
Use of money and property	1,000	1,000
Total revenues	<u>\$1,000</u>	<u>\$1,000</u>
<b>EXPENDITURES</b>		
Overgovernment	000	000
Total expenditures	<u>000</u>	<u>000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	1,000	1,000
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfer Out	(0,000)	(0,000)
Total other financing sources (uses)	<u>(0,000)</u>	<u>(0,000)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	100	100
<b>FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR</b>	<u>00,000</u>	<u>00,000</u>
<b>FUND BALANCES (DEFICIT) AT END OF YEAR</b>	<u>\$0,100</u>	<u>\$0,100</u>

The accompanying notes are an integral part of this statement.  
(See the accountant's report).



**TOWN OF BANGHAM, LOUISIANA  
PROPRIETARY FUNDS**

Combining Balance Sheet, June 30, 2003

	WATER ENTERPRISE FUND	SEWER ENTERPRISE FUND	REPORTED ONLY - TOTAL (MEMORANDUM ONLY)
<b>ASSETS AND OTHER CREDITS</b>			
<b>Assets:</b>			
Cash and cash equivalents	\$71,000	\$28,178	\$99,178
Restricted cash and interest	188,287	28,879	217,166
Receivables (net of allowance for uncollectibles)	11,437	1,327	12,764
Due from General Fund	18,877		18,877
Account interest	1,148		1,148
Restricted account interest		122	122
Land, buildings, and equipment (net, where applicable, of accumulated depreciation)	28,951	111,704	140,655
	<u>\$249,603</u>	<u>\$170,984</u>	<u>\$420,587</u>
<b>TOTAL ASSETS AND OTHER CREDITS</b>			<b>\$420,587</b>
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>			
<b>Liabilities</b>			
Accounts, salaries, and other payable	\$666	\$666	\$666
Restricted account interest		1,420	1,420
Customer Deposits	15,417		15,417
(Due to General Fund)		118,321	118,321
Notes payable		8,828	8,828
Long term notes payable		47,817	47,817
Total Liabilities	<u>16,083</u>	<u>176,252</u>	<u>192,335</u>
<b>Equity and Other Credits</b>			
Contributed capital	50,000		50,000
Investment in general fund assets		28,981	28,981
Retained earnings	282,811	28,981	311,792
Total Equity and Other Credits	<u>282,811</u>	<u>57,962</u>	<u>340,773</u>
<b>TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS</b>	<u>\$448,894</u>	<u>\$234,214</u>	<u>\$683,108</u>

The accompanying notes are an integral part of this statement.  
See the accountant's report.

**TOWN OF MANGHAM, LOUISIANA**  
**SUPPLEMENTAL INFORMATION SCHEDULES**  
**For the Year Ended June 30, 2003**

**COMPENSATION PAID BOARD MEMBERS**

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 64 of the 1979 Session of the Louisiana Legislature.

**PRIOR AUDIT FINDINGS**

The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings (Schedule 4).

**CURRENT AUDIT FINDINGS**

The corrective action plan for current year audit findings is presented in Schedule 5.

## TOWN OF MANGHAM, LOUISIANA

Schedule of Compensation Paid Board Members  
For the Year Ended June 30, 2003

Board of Aldermen	AMOUNT
Shelby Erasminger	100
John Hill	181
Zona McKay	200
Charles Pickering	180
Gary Piro (Resigned Dec, 2002)	35
Ma Roberts	100
Total	<u>806</u>

The accompanying notes are an integral part of this statement.  
See the accountant's report.

## TOWN OF MANORHAM, LOUISIANA

Summary Schedule of  
 Prior Audit Findings  
 For the Year Ended June 30, 2005

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Closed</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
<b>Section I - Internal Control Compliance Material to the Financial Statements:</b>				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
<b>Section II - Internal Control Compliance Material to Federal Awards:</b>				
_____	_____	_____	_____	_____
<b>Section III - Management Letter:</b>				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

There were no uncorrected prior year findings.

## TOWN OF BANGHAM, LOUISIANA

**Corrective Action Plan for  
Current Year Audit Findings  
For the Year Ended June 30, 2000**

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Taken Planned</u>	<u>Name of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
<b>Section I - Internal Control Compliance Material to the Financial Statements:</b>				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
<b>Section II - INTERNAL CONTROL COMPLIANCE Material to Federal Awards:</b>				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
<b>Section III - Management Letter/Agreed Upon Procedures Letter</b>				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

There are no current year findings.

**KAREN M. HOLLIS, CPA****Independent Accountant's Report  
on Applying Agreed-Upon Procedures**

To the Honorable Mayor and  
Board of Aldermen  
Town of Mangham, Louisiana

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Town of Mangham and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Town's compliance with certain laws and regulations during the year ended June 30, 2003 included in the accompanying Louisiana Assertion Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Public Bid Law**

1. Select all expenditures made during the year for materials and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2261 (the public bid law).

No expenditures were made for materials and supplies exceeding \$15,000 or public works exceeding \$100,000.

**Code of Ethics for Public Officials and Public Employees**

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1181-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of these employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management (agreed-upon procedure (3)) appeared on the list provided by management in agreed-upon procedure (2).

**Budgeting**

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided me with a copy of the original budget and all amendments.

6. Trace the budget adoption and amendments to the minute book.

I traced the adoption of the original budget to the minutes of a meeting held on June 10, 2002 which indicated that the budget had been adopted by the aldermen of the Town of Mangham by a vote of all in favor and no opposed. There were no amendments to the budget.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%.

**Accounting and Reporting**

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

All six of the payments were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval from the town clerk. In addition, each of the disbursements were traced to the Town's minute book where they were approved by the aldermen.

**Meetings**

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by USA-PSS 42.1 through 42.12 (the open meetings law).

Town of Mangham is only required to post a notice of each meeting and the accompanying agenda on the door of the Town's office building. Although management has asserted that such documents were properly posted, I could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

**Debt**

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or the indebtedness.

I inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or the indebtedness.

**Advances and Bonuses**

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the Town for the year indicated no approval for the payments noted. I also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

I was not engaged to, and did not, perform an examination, the objectives of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an

opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Town of Mangham and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



September 29, 2000  
Rayville, Louisiana



**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Government)**

5-13-03 (Date Transmitted)

Karen M. Hollis, CPA

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(Auditors)

In connection with your compilation of our financial statements as of (state) and for the year then ended, and as required by Louisiana Revised Statute 24:573 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (state of completion/representations).

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2013, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes  No

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes  No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1988, under circumstances that would constitute a violation of LSA-RS 42:1118.

Yes  No

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 38:1301-14) or the budget requirements of LSA-RS 38:34.

Yes  No

### Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:21, and 44:26.

Yes (  ) No (  )

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33-463, and/or 39-92, as applicable.

Yes (  ) No (  )

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes (  ) No (  )

### Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes (  ) No (  )

### Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VI, Section 5 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.80.

Yes (  ) No (  )

### Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VI, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:133, and AG opinion 79-129.

Yes (  ) No (  )

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Mildred Johns Secretary 6-13-03 Date  
Mildred Johns Treasurer 6-13-03 Date  
RN Powell Magee President 6-13-03 Date