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SEWERAGE DISTRICT NO. 1  
OF THE TOWN OF HANCOCK  
FINANCIAL STATEMENTS  
THREE YEARED  
JUNE 30, 1996 AND 1995

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, 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 SEP 24 1996

SEWERAGE DISTRICT NO. 1 OF THE TOWN OF MANCHESTER  
JUNE 30, 1956 AND 1955

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**OSWALT & ZARRO**  
A Corporation of Certified Public Accountants

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

**Guarantee:**

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, 1994 and 1993 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. These 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, 1994 and 1993 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



August 22, 1994

SEWERAGE DISTRICT NO. 1 OF THE TOWN OF MANSFIELD  
SEWER ENTERPRISE FUND  
BALANCE SHEET  
JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<b>ASSETS</b>		
<b>Current</b>		
Cash and Interest-Bearing Deposits - NOTE 3	21,360	22,245
Accounts Receivable	1,861	1,830
Ad Valorem Taxes Receivable	20	66
Prepaid Insurance	273	266
Total Current Assets	<u>23,514</u>	<u>24,367</u>
<b>Restricted</b>		
Cash and Interest-Bearing Deposits - NOTE 3	36,593	34,740
Accrued Interest Receivable	473	507
Total Restricted Assets	<u>37,066</u>	<u>35,247</u>
Plant, Property and Equipment - Note 3	284,843	167,833
<b>TOTAL ASSETS</b>	<u>244,283</u>	<u>222,787</u>
<b>LIABILITIES</b>		
<b>Current (Payable from Current Assets)</b>		
Accounts Payable		64
Due to Town of Mansfield - General Fund	60,185	54,840
Total Current Liabilities	<u>60,185</u>	<u>54,884</u>
<b>Current (Payable from Restricted Assets)</b>		
Accounts Payable	-	-
Accrued Interest Payable	1,695	1,650
Notes Payable - NOTE 4	4,688	5,522
Total Restricted Liabilities	<u>6,383</u>	<u>7,172</u>
Long-Term		
Notes Payable - NOTE 4 & 5	165,615	100,832
<b>TOTAL LIABILITIES</b>	<u>171,883</u>	<u>162,888</u>
<b>FUND EQUITY</b>		
Contributed Capital	98,270	98,270
Retained Earnings (Accumulated Deficit) - Page 3 - Note 4	(148,280)	(148,320)
<b>TOTAL FUND EQUITY</b>	<u>50,000</u>	<u>50,000</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>244,283</u>	<u>222,787</u>

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

SEWERAGE DISTRICT NO. 1 OF THE TOWN OF MARCHAM  
SEWER ENTERPRISE FUND  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS (ACCUMULATED DEFICIT)  
FISCAL YEARS ENDED JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
OPERATING REVENUES		
Beverage Charges	10,111	10,000
Other Operating Revenues	-	250
<b>TOTAL OPERATING REVENUES</b>	<b><u>10,111</u></b>	<b><u>10,250</u></b>
OPERATING EXPENSES		
Auditing	2,100	2,100
Depreciation	9,300	9,300
Insurance	637	680
Office Expenses	1,241	1,200
Payroll Taxes	944	880
Repairs and Maintenance	7,103	7,103
Salaries	12,100	12,000
Uncollectible Charges	82	55
<b>TOTAL OPERATING EXPENSES</b>	<b><u>33,527</u></b>	<b><u>32,688</u></b>
LOSS FROM OPERATIONS	(23,416)	(22,438)
NON-OPERATING REVENUES (EXPENSES)		
Sewer-Bond Taxes - NOTE 7	13,522	13,700
Sewer Maintenance Taxes - NOTE 8	6,670	6,772
Interest Income	1,138	2,207
Other Non-Operating Revenues	-	-
Interest Expense	(8,272)	(8,978)
Uncollectible Taxes	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b><u>12,958</u></b>	<b><u>13,691</u></b>
<b>NET LOSS</b>	<b>(10,458)</b>	<b>(8,747)</b>
RETAINED EARNINGS (ACCUMULATED DEFICIT) - JULY 1	(18,726)	(10,022)
RETAINED EARNINGS (ACCUMULATED DEFICIT) - JUNE 30	(29,184)	(18,769)
Reserved for Revenue Bond Current Debt Service	3,413	3,443
Reserved for Revenue Bond Operations and Maintenance	24,771	25,327
Unreserved	(26,021)	(26,389)
	<u>(26,021)</u>	<u>(26,729)</u>

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

SEWERAGE DISTRICT NO. 1 OF THE TOWN OF MARGHAM  
 SENIOR ENTERPRISE FUND  
 STATEMENTS OF CASH FLOWS  
 FISCAL YEARS ENDED JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
Operating Income (Loss)	(23,796)	(22,544)
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided by Operating Activities:		
depreciation	9,399	9,399
(Increase) Decrease in Receivables	(5)	(135)
(Increase) Decrease in Prepaid Expenses	(11)	11
(Increase) Decrease in Accrued Interest Receivable (Restricted Asset)	34	(200)
Increase (Decrease) in Accounts Payable	505	26
Increase (Decrease) in Due to Town of Margham - General Fund	4,655	1,444
Increase (Decrease) in Accounts Payable (Restricted Liability)	-	(1,470)
Increase (Decrease) in Accrued Interest Payable (Restricted Liability)	35	(122)
<b>NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES</b>	<b><u>49,132</u></b>	<b><u>(13,612)</u></b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Enter Bond Taxes Revenues	13,822	13,788
Enter Maintenance Taxes Revenues	8,870	8,772
Other Non-Operating Revenues	-	-
Uncollectible Taxes	-	-
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b><u>22,692</u></b>	<b><u>22,560</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Interest Paid on Notes	(5,279)	(5,579)
Repayment of Notes Payable	(8,178)	(8,687)
Acquisition/Construction of Capital Assets	-	-
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b><u>(13,457)</u></b>	<b><u>(14,266)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Income	1,338	1,287
Other	-	-
<b>NET CASH PROVIDED BY INVESTMENT ACTIVITIES</b>	<b><u>1,338</u></b>	<b><u>1,287</u></b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>480</b>	<b>(3,028)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b><u>56,387</u></b>	<b><u>60,415</u></b>
<b>CASH AT END OF YEAR</b>	<b><u>56,867</u></b>	<b><u>57,387</u></b>

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

SEWERAGE DISTRICT NO. 1 OF THE TOWN OF MARCHAM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996 AND 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sewerage District No. 1 of the Town of Marcham was created May 21, 1986. 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 2000 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting to be the Town of Marcham. The accompanying financial statements present only the transactions of the Sewerage District No. 1, a component unit of the Town of Marcham.

The accounting and reporting policies of the Sewerage District No. 1 of the Town of Marcham conform to generally accepted auditing standards (the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions) and/or where applicable, the Single Audit Act of 1984 and GMS Circular A-130 or A-132.

The Sewerage District No. 1 of the Town of Marcham 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.

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

Ad Valorem Taxes are levied on July 1 based on the assessed value of property as of the previous January 1. Ad Valorem Taxes are recognized as revenues 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.

All Plant, Property and Equipment are valued at historical cost. Repairs, maintenance and minor replacements are charged 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 BRANFORD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1990 AND 1989

1990                      1989

**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	10,494	11,700
Sewer Revenue Fund	10,587	9,092
Operating and Maintenance Fund	223	1,483
Current Cash	21,209	22,245
Bond Fund Sewer District No. 1 - Certificates of Deposit	18,266	17,233
Depreciation Fund - Certificate of Deposit	6,430	6,292
Revenue Note Fund	11,887	12,217
Restricted Cash	18,921	28,242
<b>TOTAL CASH AND INTEREST-BEARING DEPOSITS</b>	<b>122,807</b>	<b>156,982</b>

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment are summarized by major classification as follows:

	<u>Estimated Useful Life in Years</u>		
Structures and Sewer System	40	293,894	293,894
Structures and Sewer System	40	9,132	2,132
Structures and Sewer System	25	11,650	11,650
Structures and Sewer System	25	5,388	5,388
Structures and Sewer System	25	32,422	32,422
		348,776	348,774
Accumulated Depreciation		(174,321)	(184,792)
		174,455	163,982
Land		2,958	2,958
		<b>177,413</b>	<b>166,940</b>



REFERENCE CERTIFICATE NO. 1 OF THE TOWN OF MARSHFIELD  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1996 AND 1995

NOTE 4 - NOTES PAYABLE

JUNE 30, 1996

Payee	Interest Rate	Term	Rate	Term	Periodic Payment	Current	Long Term Payable
Farmers Home Administration	8%	June 25, 1978	June 25, 2000	\$2,659/Annually	1,250	26,167	26,167
Farmers Home Administration	8%	June 25, 1978	June 25, 2000	\$2,659/Annually	1,250	26,167	26,167
Farmers Home Administration	8%	June 25, 1978	June 25, 2000	1000/Monthly	1,250	48,222	48,222
					1,250	56,637	102,222

(CONTINUED)

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

June 25, 1997	6,883
June 25, 1998	6,831
June 25, 1999	6,800
June 25, 2000	7,328
June 25, 2001	7,591
Thereafter	58,222
	102,222

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

SEABOARD DISTRICT NO. 1 OF THE TOWN OF MARSHALL  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS 20, 1998 AND 1999

NOTE 4 - NOTES PAYABLE - (CONTINUED)

JUNE 30, 1999

Term	Interest Rate	Date Made	Date Due	Periodic Payment	Current Term	Long Term	Original Balance
U. S. D. A.	8%	June 25, 1976	June 25, 2000	\$8,656/Annually	1,854	28,848	30,704
U. S. D. A.	8%	June 25, 1976	June 25, 2000	\$8,656/Annually	1,854	28,848	30,704
U. S. D. A.	8%	June 25, 1976	June 29, 2000	\$500/Monthly	2,421	51,882	54,303
					3,829	102,822	111,812
							8,829
							6,310
							4,650
							4,960
							7,316
							<u>135,138</u>
							108,801

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

June 30, 1998  
 June 30, 1997  
 June 30, 1996  
 June 30, 1995  
 June 30, 2000  
 Thereafter

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

SEWERAGE DISTRICT NO. 1 OF THE TOWN OF RANDOLPH  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1996 AND 1995

**NOTE 5 - CHANGES IN LONG-TERM OBLIGATIONS**

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

	1996	1995
Long-Term Obligations - July 1	100,972	100,987
Additions	-	-
Retirements	(18,228)	(18,228)
Long-Term Obligations - June 30	82,744	82,759

**NOTE 6 - ACCUMULATED DEFICIT**

The deficit in retained earnings has resulted from depreciation in excess of the principal amount of the debt that has been retired since 1978.

**NOTE 7 - SEWER BOND TAXES**

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

**NOTE 8 - SEWER MAINTENANCE TAXES**

This 5.18 mill ad valorem tax was levied for the purpose of upkeep and maintenance of the sewer system.

**OSWALT & ZARRO**  
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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, 1998 and 1999, and have issued our report thereon dated August 22, 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, 1998 and 1999, 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  
 Revenues/receipts  
 Purchases/disbursements  
 External financial reporting

Financial statement captions  
 Cash and cash equivalents  
 Receivables  
 Property and equipment  
 Payables and accrued liabilities  
 Debt  
 Fund balances

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 element 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.

DEWALT & LARRO



August 22, 2006

# OSWALT & ZARRO

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Honorable Mayor and Board of Aldermen  
Sewerage District No. 1 of the Town of Mangham  
Mangham, Louisiana 71288

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, 1996 and 1995 and have issued our report thereon dated August 22, 1996. 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 non-compliance 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 non-compliance with which could have a material effect on the Town's financial statements.

OSWALT & ZARRO



August 22, 1996