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CITY OF MANORVILLE
Manorville, Louisiana

**General Purpose Financial Statements
With Independent Auditor's Report**

**As of and for the Year Ended
December 31, 1998**

With Supplemental Information Schedules

In accordance with 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: MAR 2 4 1999

**VERNON R
COON**
LEGISLATIVE AUDITOR

CITY OF MANSHFIELD
Mansfield, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1998
With Supplemental Information Schedules

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Independent Auditor's Report

**MAYOR AND BOARD
OF ALDERMEN
CITY OF MANSFIELD
Mansfield, Louisiana**

I have audited the general purpose financial statements of the City of Mansfield as of December 31, 1998, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Mansfield's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, *Governance Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Mansfield as of December 31, 1998, and the results of operations and cash flows of its proprietary funds for the year then ended, in conformity with generally accepted accounting principles.

**MEMBER AMERICAN
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS**

**MEMBER OF AMERICAN
SOCIETY PUBLIC
ACCOUNTANTS**

**PROFESSIONAL SOCIETY OF
ACCOUNTANTS, AUDITORS,
AND FINANCIAL MANAGERS**

**OUR PROFESSIONAL OFFICE:
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MAYOR AND BOARD OF
ALDERMEN
CITY OF MANASSFIELD
Manassfield, Louisiana
Independent Auditor's Report,
December 31, 1988

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents, including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, is presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the City of Manassfield. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued reports dated March 10, 1989 on the City of Manassfield's compliance with laws, regulations, contracts, and grants; and my consideration of the city's internal control.



West Monroe, Louisiana
March 10, 1989

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

CITY OF WINSFIELD
 Winnsboro, Louisiana
 ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, December 31, 1988

	GOVERNMENTAL FUND TYPE		PROBATIONARY FUND TYPE - GENERAL FUND	PROBATIONARY FUND TYPE - EXTRACURRICULAR FUND	PROBATIONARY FUND TYPE - AGENCIAL FUND	ACCOUNT GROUP - GENERAL FUND	TOTAL AMOUNTS FOR ALL FUND TYPES
	GENERAL FUND	SEWER FUND					
ASSETS AND OTHER DEBITS							
Current assets:							
Cash	\$48,988	\$578,299	\$18,500				\$645,787
Investments	141,512	890,879					1,032,391
Receivables	28,384	55,614	15,084				99,082
Total current assets	1,058,884	1,524,792	33,584				2,617,260
Deferred assets:							
Cash		317,894					317,894
Investments		644,372					644,372
Total deferred assets		962,266					962,266
Land, buildings, equipment, and improvements (net of accumulated depreciation)		4,662,143			52,300,438		56,962,581
Deferred bond issuance costs (net of amortization)		153,281					153,281
TOTAL ASSETS AND OTHER DEBITS	\$1,058,884	\$2,647,266	\$33,584		\$52,300,438		\$56,962,581
LIABILITIES AND FUND EQUITY							
Liabilities:							
Current liabilities:							
Accounts payable	\$11,542	\$27,629	\$3,092				\$42,263
Salaries payable	13,189	18,114					31,303
Sales tax payable		2,453					2,453
Deposit due others			152,162				152,162
Total current liabilities	24,731	48,206	155,254				228,191

Current liabilities (payable from restricted assets):

Cash on deposits	114,244		114,244
Current portion of revenue bonds payable	<u>159,086</u>		<u>159,086</u>
Total current liabilities (payable from restricted assets)	\$0.00E	\$0.00E	\$0.00E
Revenue bonds payable	294,200		294,200
Total Liabilities	<u>45,187</u>	<u>45,244</u>	<u>1,278,684</u>
Fund Equity:			
Committed capital			1,278,684
Investment in general fund assets		15,595,248	1,579,498
Retained earnings:			
Reserve:			
Reserved for debt service			617,560
Unreserved - unassigned			11,440
Total retained earnings	<u>61,787</u>	<u>65,081</u>	<u>793,580</u>
Fund balance - unreserved - unassigned	<u>61,787</u>	<u>65,081</u>	<u>81,787</u>
Total Fund Equity	<u>61,787</u>	<u>65,081</u>	<u>1,579,498</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$1,034,894</u>	<u>\$1,244,244</u>	<u>\$1,858,182</u>

The accompanying notes are an integral part of this statement.

CITY OF MANSHIELD
Manchild, Louisiana
GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 1998

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL MEMORANDUM ONLY
REVENUES			
Taxes:			
Ad valorem	\$267,632		\$267,632
Sales and use	795,258		795,258
Other taxes, penalties, and interest	22,333		
Licenses and permits	444,729		444,729
Intergovernmental revenues:			
Federal funds - federal grants	391	\$461,055	461,446
State funds - state grants	9,104		
Fees, charges, and commissions for services	29,459		29,459
Fines and forfeitures	84,757		84,757
Use of money and property	31,938		31,938
Other revenues	31,232		31,232
Total revenues	<u>1,661,878</u>	<u>461,055</u>	<u>2,108,448</u>
EXPENDITURES			
Current:			
General government			
Judicial	28,809		28,809
Executive	139,082		139,082
Finance and administrative	323,981		323,981
Public safety	612,740		612,740
Public works	313,583	464,055	774,638
Culture and recreation	3,058		3,058
Capital outlay	110,393		110,393
Total expenditures	<u>1,518,669</u>	<u>464,055</u>	<u>1,999,718</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>143,207</u>	<u>NONE</u>	<u>143,207</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>838,580</u>	<u>NONE</u>	<u>838,580</u>
FUND BALANCES AT END OF YEAR	<u>\$981,787</u>	<u>NONE</u>	<u>\$981,787</u>

The accompanying notes are an integral part of this statement.

CITY OF DANSHIELD
 Mansfield, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures,
 and Changes in Fund Balances - Budget
 (GAAP) Basis and Actual
 for the Year Ended December 31, 1998

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE (FAVORABLE) (UNFAVORABLE)</u>
REVENUES			
Taxes:			
All valuation taxes	\$264,882	\$267,673	\$2,790
Sales and use taxes	683,729	730,258	46,529
Other taxes, penalties, and interest	27,489	27,303	(17)
Licenses and permits	388,265	444,729	56,464
Intergovernmental revenues:			
Federal grant	200	391	191
State grants	8,208	9,184	(976)
Fees, charges, and commissions for services	28,843	29,499	656
Fines and forfeitures	98,908	84,797	(14,111)
Use of money and property	12,116	31,935	19,819
Other revenues	28,457	31,232	2,775
Total revenues	<u>1,595,735</u>	<u>1,681,600</u>	<u>85,865</u>
EXPENDITURES			
Current:			
General government:			
Judicial	15,360	28,889	13,529
Executive	132,660	130,000	2,660
Finance and administration	394,892	577,981	183,089
Public safety	648,980	612,747	36,233
Public works	369,078	515,583	146,505
Culture and recreation	3,800	5,058	1,258
Capital outlay	317,379	169,985	147,394
Total expenditures	<u>1,781,957</u>	<u>1,856,653</u>	<u>74,696</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(186,222)</u>	<u>124,947</u>	<u>295,489</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>584,741</u>	<u>808,288</u>	<u>223,547</u>
FUND BALANCES AT END OF YEAR	<u>398,519</u>	<u>933,235</u>	<u>534,716</u>

The accompanying notes are an integral part of this statement.

CITY OF MANSHIELD
Manfield, Louisiana
PROPRITARY FUND TYPE -
ENTERPRISE FUNDS

Continued Statement of Revenues, Expenses,
 and Changes in Retained Earnings
 For the Year Ended December 31, 1998

OPERATING REVENUES	
Charges for services	50,421,023
Penalties	25,000
Permits and fees	350
Other operating revenues	20,499
Total revenues	<u>1,476,872</u>
OPERATING EXPENSES	
General and administrative	764,236
Billing office	40,641
Tobacco plant	278,043
Water department	441,717
Collection system	30,686
Treatment facility	41,080
Total operating expenses	<u>1,596,303</u>
OPERATING INCOME (Loss)	<u>-(119,431)</u>
NON-OPERATING REVENUES (Expenses)	
Interest income	54,067
Bond issue cost amortization	(12,694)
Interest expense	(156,308)
Total non-operating revenues (expenses)	<u>(114,935)</u>
NET INCOME (Loss)	<u>(234,371)</u>
Add depreciation on fixed assets acquired with contributed capital	150,179
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>770,532</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$536,161</u>

The accompanying notes are an integral part of this statement.

CITY OF MANSHIELD
 Mansfield, Louisiana
PROPRIETARY FUND-TYPE -
ENTERPRISE FUNDS

Continued Schedule of Cash Flows
 For the Year Ended December 31, 1998

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	<u>(2)15,988</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation and amortization	506,540
Decrease in accounts receivable	14,208
Increase in accounts payable	3,351
Increase in salaries payable	2,601
Increase in customer deposits	<u>3,215</u>
Total adjustments	<u>529,915</u>
Net cash provided by operating activities	<u>403,927</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Receipt of capital contributions	<u>44,650</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(83,646)
Principal paid on revenue bonds	(108,863)
Interest paid on revenue bonds	<u>(156,804)</u>
Net cash used by capital and related financing activities	<u>(349,413)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	54,067
Purchase of investments	(59,385)
Proceeds from maturities of investments	<u>65,127</u>
Net cash used by investing activities	<u>(19,899)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>123,588</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>522,176</u>
CASH AT END OF YEAR	<u>645,764</u>

The accompanying notes are an integral part of this statement.

CITY OF MANSFIELD
Mansfield, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1998

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mansfield was incorporated in 1947 under the provisions of Act 128 of the General Assembly of the State of Louisiana. The city operates under a Mayor-Board of Aldermen form of government. The city provides the following services as authorized by its charter: police and fire protection, water and sewerage, streets, sanitation, and general administrative services.

A. REPORTING ENTITY

As the governing authority of the city, for reporting purposes, the City of Mansfield is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the city), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the 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.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the City of Mansfield 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 city 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 city.
2. Organizations for which the city does not appoint a voting majority but are fiscally dependent on the city.

CITY OF MANASSFIELD

Manassfield, Louisiana

Notes to the Financial Statements (Continued)

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.

Based on the previous criteria, the city has determined that there are no component units that are part of the reporting entity.

B. FUND ACCOUNTING

The city 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 related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fund assets and general long-term obligations) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The city's current operations require the use of governmental, proprietary, and fiduciary fund types described as follows:

Governmental Funds

General Fund

The General Fund is the general operating fund of the city. It accounts for all financial resources, except those required to be accounted for in other funds.

CITY OF MANFIELD

Manfield, Louisiana

Notes to the Financial Statements (Continued)

Capital Projects Funds

Capital projects funds account for the acquisition or construction of major capital facilities other than those financed by proprietary or trust funds. The police jury uses such funds to account for federal community development block grants received through the Governor's Office - Division of Administration and expended for the construction, improvement or expansion of water, sewer and fire protection facilities and equipment.

Proprietary Fund Type - Enterprise Funds

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expense, 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 the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Watershed Fund Type -

International Paper Agency Fund

The International Paper Agency fund is used to account for the reimbursement to the city by International Paper Company, of the cost of operating and maintaining, the company's water intake structure located at Tollefso Road Lake.

C. FIXED ASSETS AND LONG-TERM DEBT

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed asset account group, rather than in the General Fund. All purchased fixed assets are valued at cost where historical records are available and at estimated cost where no historical records are available. Approximately 95 per cent of fixed assets are valued at actual cost, while the remaining 5 per cent are valued at estimated cost based on the actual cost of like items. No depreciation has been provided on general fixed assets.

The cost of normal maintenance and repairs that do not add to the value of fixed assets or materially extend their useful lives are not capitalized. Public domain

CITY OF MANSFIELD

Mansfield, Ohio

Notes to the Financial Statements (Continued)

(infrastructure) general fixed assets consisting of roads, bridges, drainage, parking lots, etc. are not capitalized, as these assets are inseparable and of value only to the city.

The fixed assets used in the proprietary fund type operations are included on the balance sheet of the fund. Depreciation of all depreciable fixed assets used by the proprietary fund type operations are charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Water treatment plant	20 years
Automotive equipment	3-7 years
Transmission line	20 years
Pumping station	20 years
Office equipment	8-10 years
Water and sewer system	8-20 years

Long-term liabilities expected to be financed from enterprise fund operations are accounted for in these enterprise funds.

D. BASIS OF ACCOUNTING

The financial and reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting all governmental fund types and the fiduciary fund type agency fund. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The city uses the following practices in recognizing and reporting revenues and expenditures:

CITY OF MANSFIELD
Mansfield, Louisiana
Notes to the Financial Statements (Continued)

Revenues

All valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the city in October and are billed to taxpayers in November. Billed taxes become delinquent on January 1 of the following year; however, by precedent, this is normally extended until February 1. Revenues from all valorem taxes are budgeted in the year billed to the extent collections are expected. The city bills and collects its own property taxes using the assessed values determined by the tax assessor of DeCade Parish.

Sales taxes are recognized in the month received by the city's collection agent, the DeCade Parish Sales and Use Tax Commission.

Franchise taxes and intergovernmental revenues are recorded when the city is entitled to the funds.

Interest income on time deposits is recorded when the interest has been earned and the amount is determinable.

Substantially all other revenues are recorded when they are received by the city.

Based on the above criteria, all valorem taxes, franchise taxes, and intergovernmental revenues have been treated as susceptible to accrual.

Expenditures

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

Proprietary Fund Type - Enterprise Funds

The Water and Sewer Enterprise Funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

CITY OF MANSFIELD

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

E. BUDGET PRACTICES

A preliminary budget for the coming year is prepared by the mayor and clerk and submitted to the board of aldermen no later than fifteen days prior to the beginning of each fiscal year. The proposed budget is reviewed by the board of aldermen and made available to the public. At least ten days after publication of the call for a public hearing, the city holds a public hearing on the proposed budget in order to receive comments from citizens. Changes are made to the proposed budget based on the public hearing and the desires of the board of aldermen as a whole. The budget is then adopted through the passage of an ordinance during the December meeting, and notice is published in the official journal.

During the year, the board of aldermen receives monthly budget comparison statements which are used as a tool to control the operations of the city. The city clerk presents necessary budget amendments to the board when she determines that actual operations are differing materially from those anticipated in the original budget. The board in regular session reviews the proposed amendments, makes necessary changes, and formally adopts the amendments. The adoption of amendments is included in the city's minutes published in the official journal. The budget is established and controlled by the mayor and board of aldermen at the functional level of expenditure. Unexpended appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the mayor and the board of aldermen. The city does not use encumbrance accounting in its accounting system.

F. CASH

Under state law, the city may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The city may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 1998 the city has cash (bank balances) totaling \$1,145,492, as follows:

Demand deposits	5913,587
Time deposits	231,385
Posty cash	<u>500</u>
Total	<u>\$1,145,492</u>

CITY OF MANSFIELD

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

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 market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Demand deposits (bank balances) at December 31, 1998, are secured as follows:

Bank balances	<u>\$1,308,731</u>
Federal deposit insurance	\$280,000
Pledged securities (collateralized)	<u>2,000,125</u>
Total	<u>\$3,588,856</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the city, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C10.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 90 days of being notified by the city that the fiscal agent bank has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the city's name.

For purposes of the statement of cash flows, the water and sewer enterprise funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

G. INVESTMENTS

Under state law, the city may invest funds in obligations of the United States, in federally insured investments, or in time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. At December 31, 1998, the city had investments in LAMP totaling \$0,137,180, which is stated at cost and approximates market.

CITY OF MANSFIELD

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

In accordance with GASB Codification 80.168 the investment in LAMP as December 31, 1998, is not categorized in the three risk categories provided by GASB Codification 80.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by these securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

II. VACATION AND SICK LEAVE

City employees earn from 10 to 20-days vacation and from 13 to 30-days sick leave each year. Vacation leave does not accumulate and accrued sick leave does not vest; therefore, no accrual for compensated absences is made as of December 31, 1998.

I. RISK MANAGEMENT

The city is exposed to various risk of loss related to theft; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the city maintains commercial insurance policies covering its automobiles, professional liability, general liability, and surety bond coverage. There were no significant reductions in insurance coverage during the year ended December 31, 1998. However, one claim was paid during the year ended December 31, 1998 which exceeded the city's coverage amount by \$15,000.

**J. TOTAL COLUMN ON THE
BALANCE SHEET**

The total column on the balance sheet is captioned (Monomachus Only (overview)) to indicate that it is presented only to facilitate financial analysis. Data in this column does

CITY OF MANSFIELD

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

not present financial position or results of operations 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 AND PRINCIPAL TAXPAYERS

For the year ended December 31, 1998, taxes totaling 18.57 mills were levied on property and were dedicated as follows:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General corporate purposes:			
Authorized by the State of Louisiana	7.00	8.13	Indefinite
Approved by City of Mansfield voters	8.44	8.44	2003

The difference between authorized and levied millages is the result of reassessments of taxable property required by article 7, Section 1805 of the Louisiana Constitution of 1974.

The following are the principal taxpayers for the parish and their 1998 assessed valuation:

	1998 Assessed Valuation	Per cent of Total Assessed Valuation
Hibernia National Bank	\$1,068,880	0.87%
Sasak Control Ball	830,600	0.70%
Hendrix Manufacturing Co., Inc	596,672	0.50%
Central Louisiana Electric Company	536,800	0.45%
Community Bank of Louisiana	471,300	0.39%
Wal-Mart Stores East, Inc.	437,670	0.36%
Mansfield, Inc.	388,348	0.32%
Danco Plaza Associates, LLC	334,305	0.28%
Mansfield Auto Wash	309,850	0.26%
Brookshire Grocery Co.	220,000	0.18%
Total	<u>\$3,210,095</u>	<u>32.27%</u>

CITY OF MASSFIELD

Massfield, Louisiana

Notes to the Financial Statements (Continued)

3. RECEIVABLES

The following is a summary of receivables at December 31, 1998:

	General Fund	Capital Projects Fund	Enterprise Fund	Agency Fund	Total
Taxes:					
Ad valorem	\$66,410				\$66,410
Sales	66,398				66,398
Other	6,844				6,844
Federal grant		\$5,614			5,614
Fees, charges, and commissions for services	8,521		\$116,459		124,980
Fines and forfeitures	282				282
Licenses and permits	56,303				56,303
Other	1,236			\$39,914	41,150
Total	\$209,384	\$5,614	\$116,459	\$39,914	\$374,371

4. FIXED ASSETS

The following presents the changes in general fixed assets for the year ended December 31, 1998:

	Balance at January 1,	Additions	Deletions	Balance at December 31,
Land	\$100,904			\$100,904
Buildings	456,368			456,368
Improvements other than buildings	824,677			824,677
Office furniture and fixtures	89,505	\$33,054		122,559
Equipment		1,850		1,850
Vehicles	386,846			386,846
Police and fire equipment and vehicles	537,485	74,455		611,940
Total	\$2,305,185	\$111,359	None	\$2,416,544

CITY OF MANFIELD

Manfield, Louisiana

Notes to the Financial Statements (Continued)

A summary of proprietary fund type property, plant, and equipment at December 31, 1998, follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Water:			
Land	\$45,361	NONE	\$45,361
Water treatment plant	2,365,429	(51,827,114)	238,315
Automotive equipment	183,296	(175,065)	8,231
Transmission line	1,858,823	(1,762,978)	195,844
Pumping station	900,416	(899,974)	299,442
Office equipment	24,613	(16,898)	7,714
Water and sewer system	600,718	(365,697)	245,021
Total Water Fund	<u>5,888,946</u>	<u>(14,947,717)</u>	<u>941,228</u>
Sewer:			
Buildings	3,085	(1,240)	1,835
Automotive equipment	57,198	(56,782)	436
Sewer collection system	2,188,368	(241,085)	1,647,278
Treatment plant	2,111,448	(249,096)	1,472,348
Total Sewer Fund	<u>4,369,101</u>	<u>(12,279,188)</u>	<u>3,123,917</u>
Total	<u>\$10,249,046</u>	<u>(\$8,186,901)</u>	<u>\$4,062,145</u>

8. PENSION PLANS

Substantially all employees of the City of Manfield are members of either the Municipal Employees' Retirement System of Louisiana or the Municipal Police Employees' Retirement System of Louisiana. The state retirement systems are cost-sharing, multiple-employer, defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefits provisions. All employees of the municipality are members of Plan A.

All permanent employees working at least thirty-two 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 A employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years

CITY OF MANSFIELD

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

of creditable service are entitled to a retirement benefit, payable monthly for life, equal to three per cent of their final average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 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 benefits accrued to their date of termination. The system also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available 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, 7607 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4833.

Under Plan A, members are required by state statute to contribute 8.25 per cent of their annual covered salary and the City of Mansfield is required to contribute at an actuarially determined rate. The current rate is 5.75 per cent of annual covered payroll. Contributions to the system include one-fourth of one per cent (one per cent for Orleans Parish) 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 City of Mansfield are established and may be amended by state statute. As provided by Louisiana Revised Statute 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 City of Mansfield's contributions to the System under Plan A for the years ending December 31, 1998, 1997, 1996, were \$23,828, \$27,282, and \$60,883, respectively, equal to the required contributions for each year.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

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 after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to three and one-third per cent of their final average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 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 benefits accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

CITY OF MANSHFIELD

Manfield, Louisiana

Notes to the Financial Statements (Continued)

The System issues an annual publicly available 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, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 029-7411.

Plan members are required by state statute to contribute 2.5 per cent of their annual covered salary and the City of Mansfield is required to contribute at an actuarially determined rate. The current rate is 9.0 per cent of annual covered payroll. The contribution requirements of plan members and the City of Mansfield are established and may be amended by state statute. As provided by Louisiana Revised Statute 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 City of Mansfield's contributions to the System for the years ending December 31, 1998, 1997, 1996, were \$28,807, \$22,744, and \$25,980, respectively, equal to the required contributions for each year.

6. CHANGES IN LONG-TERM DEBT

During 1997, the city did an advanced refunding of their 1988 series Water Revenue Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$96,730. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2018 using the effective interest method. The city completed the advance refunding to reduce its total debt service payments over the next 21 years by \$322,725 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$187,671.

The long-term liability for Sewer Revenue Bonds represents two bond issues to the Louisiana Department of Environmental Quality. For the 1992 series bonds the city was authorized to issue \$2,750,000; however, advances are made to the city based upon actual expenditures of constructing and acquiring improvements and extensions to the city's sewer system. The project was completed in 1994 resulting in total bonds issued of \$2,867,469. The bonds are payable in annual installments of \$75,000 to \$150,000 through March 1, 2002, with an annual interest rate of 4.99 per cent. The 1996 bond series authorized the city to issue \$387,000 in bonds; however, advances are made to the city based upon actual expenditures of constructing and acquiring improvements and extensions to the city's sewer system. The project was completed in 1997 resulting in total bonds issued of \$345,383. The bonds are payable in annual installments of \$17,000 to \$27,000 through March 1, 2014, with an annual interest rate of 2.95 per cent.

CITY OF MANSFIELD

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

The following is a summary of revenue bond transactions of the enterprise funds for the year ended December 31, 1998:

	Water <u>Fund</u>	Sewer <u>Fund</u>	<u>Total</u>
Revenue bonds payable at January 1, 1998	\$1,314,666	\$1,995,393	\$3,310,059
Additions			360,998
Retirements	<u>(116,583)</u>	<u>(72,387)</u>	<u>(188,970)</u>
Revenue bonds payable	1,181,500	1,920,689	3,102,189
Less current maturities	<u>(73,086)</u>	<u>(87,000)</u>	<u>(160,086)</u>
Long-term debt payable at December 31, 1998	<u>\$1,108,414</u>	<u>\$1,833,689</u>	<u>\$2,942,103</u>

The annual requirements to amortize all revenue bonds outstanding as of December 31, 1998, including interest payments of \$1,749,468, are as follows:

<u>Year</u>	Water <u>Fund</u>	Sewer <u>Fund</u>	<u>Total</u>
1999	\$105,346	\$182,408	\$287,754
2000	105,219	181,837	287,056
2001	103,751	182,094	285,845
2002	101,444	181,585	283,029
2003	104,368	181,685	286,053
2004-2008	530,690	986,631	1,457,321
2009-2013	537,825	749,618	1,287,443
2014-2018	364,275	22,398	386,673
Total	<u>\$2,152,598</u>	<u>\$2,935,854</u>	<u>\$5,088,452</u>

9. CONTRIBUTED CAPITAL

The city has received grants from various federal, state, and local agencies to finance the acquisition and construction of the enterprise fund fixed assets. The amount, shown as contributed capital on the balance sheet, is reduced each year by the amount of depreciation expense recognized on fixed assets constructed or acquired with the grant funds. At December 31, 1998, accumulated amortization on these assets is \$1,878,603.

CITY OF MANSHFIELD

Manfield, Louisiana

Notes to the Financial Statements (Continued)

4. RESERVED RETAINED EARNINGS

The bond covenants for the long-term revenue bonds discussed in note 6 above, require the city to establish the following reserve accounts:

- A. A "Waterworks Revenue Bond and Interest Sinking Fund" - The city must transfer into this fund, each month, one-twelfth of the principal and one-sixth of the interest due on the next principal and interest payment dates. Such transfers will be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.
- B. A "Waterworks Revenue Bond Reserve Fund" - The city must transfer into this fund, each month, an amount equal to 5 per cent of the amount to be paid into the Sinking Fund and there will have been accumulated in the Reserve Fund an amount equal to the maximum principal and interest requirements in any succeeding maturity year. The maximum amount is \$125,000. Such amounts may be used only for the payment of maturing bonds and interest for which sufficient funds are not on deposit in the Waterworks Revenue Bond and Interest Sinking Fund and as to which there would otherwise be default.
- C. A "Waterworks Depreciation and Contingency Fund" - The city must transfer an amount equal to 5 per cent of the amount to be paid into the Sinking Fund. These funds may be used for extensions, additions, improvements, and replacements necessary to operate properly the water systems. These funds may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for the payment in the other bond funds. However such funds shall be replaced as soon as possible after making the required payments into the other bond funds.
- D. A "Sewer Revenue Bond Sinking Fund" - The city must transfer into this fund, each month, an amount equal to the principal and interest accruing on the outstanding principal amount of the bonds for each calendar month. Such transfers will be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.
- E. A "Sewer Revenue Bond Debt Service Reserve Fund" - The city must transfer into this fund, each month, an amount equal to 25 per cent of the

CITY OF MANHFIELD

Manfield, Louisiana

Notes to the Financial Statements (Continued)

amount required to be paid into the Sinking Fund until such time as there has been accumulated a sum equal to the maximum principal and interest requirements in any one maturity year. The maximum amount is \$184,155. Such amounts may be used only for the payment of maturing bonds and interest for which sufficient funds are not on deposit in the Sewer Revenue Bond Sinking Fund and as to which there would otherwise be default.

- F. A "Sewer System Removal and Replacement Fund" - The city must transfer, each month, an amount equal to 5 per cent of the net revenues of the sewer system collected in the prior month until a balance of \$35,000 has been established. Money in this fund may be used for extensions, additions, improvements, and replacements necessary to operate properly the sewer system. These funds may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for the payment in the other bond funds. However, such funds shall be replaced as soon as possible after making the required payments into the other bond funds.

At December 31, 1998, the city has set aside \$737,048 to meet the reserve requirements. Of that amount, \$120,085, is offset by the current portion of long-term debt, with the remaining \$617,963 reported as a reserve of retained earnings on Statement A.

9. CHANGES IN DEPOSITS (OR) OTHERS

A summary of changes of deposits due officers in the International Paper Agency Fund follows:

Balance at January 1, 1998	\$35,000
Additions	389,400
Reductions	<u>(387,247)</u>
Balance at December 31, 1998	<u>\$37,153</u>

10. SEGMENT INFORMATION

The city's enterprise funds provide various services to the public. As provided by GASB Codification 2580, 307, the following segment information is presented for the city's enterprise funds.

CITY OF MANSFIELD

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

	Water Fund	Sewer Fund	Total
Operating revenue	\$1,000,914	\$296,978	\$1,476,680
Depreciation and amortization	283,037	223,513	506,540
Operating income (loss)	(307,809)	(12,945)	(119,680)
Nonoperating revenues/expenses:			
Interest earned	32,478	21,589	54,067
Interest expense	(78,868)	(79,034)	(156,894)
Net Income (Loss)	(162,122)	(72,249)	(235,371)
Property, plant, and equipment:			
Additions	13,150	70,453	83,646
Deletions	60,088	60,081	120,910
Net Working Capital	216,153	95,747	311,900
Total assets	2,048,058	3,774,530	5,702,568
Long-term debt	1,015,000	1,808,000	2,851,000
Total equity	768,942	1,868,962	2,627,904

11. LITIGATION AND CLAIMS

The city is not involved in any litigation as December 31, 1998, nor is it aware of any asserted claims.

12. RESTATEMENT OF FUND BALANCE AND RETAINED EARNINGS

The December 31, 1997 fund balance of the General Fund and December 31, 1997 retained earnings balances in the Waterworks and Sewer Funds have been restated for an underpayment of salaries payable. The following reconciles fund balance and retained earnings as previously reported to beginning fund balances as presented on Statements C and D:

CITY OF MANSFIELD

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

	General Fund	Proprietary Fund Type Enterprise Funds
Fund Balance and Retained Earnings as previously reported	\$871,870	\$794,606
Correction of prior year salaries payable	<u>(32,498)</u>	<u>(20,028)</u>
Fund balance and Retained Earnings at January 1, 1998, restated	<u>\$839,372</u>	<u>\$774,578</u>

13. YEAR 2000 ISSUE (Unaudited)

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999. The City of Mansfield has completed an inventory of computer systems that may be affected by the year 2000 issue and that are critical to conducting operations of the city's office. The city has identified the financial reporting system as requiring 2000 remediation. All testing and validation of this system has been completed.

SUPPLEMENTAL INFORMATION SCHEDULES

CITY OF MANSFIELD
Mansfield, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended December 31, 1998

PROPRIETARY FUND TYPE - ENTERPRISE FUNDS

WATER FUND

The Water Enterprise Fund accounts for the operations of the city's water department. Financing is provided primarily by fees from water sales. Major expenses of the fund are personal services and depreciation.

SEWER FUND

The Sewer Enterprise Fund accounts for the operations of the city's sewer system. Financing is provided primarily by user fees. Major expenses of the fund are personal services and depreciation.

CITY OF MASSFIELD
Massfield, Louisiana
ENTERPRISE FUNDS

Combining Balance Sheet, December 31, 1998

	Water Fund	Sewer Fund	Total
ASSETS			
Current assets:			
Cash	\$662,812	\$264,417	\$927,229
Investments	158,875		158,875
Receivables	82,900	31,828	114,728
Total current assets	<u>894,587</u>	<u>296,245</u>	<u>1,190,832</u>
Restricted assets:			
Cash	112,471	204,463	316,934
Investments	418,338	225,184	643,522
Total restricted assets	<u>530,809</u>	<u>429,647</u>	<u>960,456</u>
Property, plant and equipment (net of accumulated depreciation)	941,224	3,120,921	4,062,145
Deferred bond issuance cost (net of amortization)	146,752	25,447	172,200
TOTAL ASSETS	<u>\$2,418,358</u>	<u>\$3,774,538</u>	<u>\$6,192,896</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Current liabilities (payable from current assets):			
Accounts payable	\$25,957	\$2,323	\$28,280
Salaries payable	14,869	3,245	18,114
Sales tax payable	3,525		3,525
Total current liabilities (payable from current assets)	<u>44,351</u>	<u>5,568</u>	<u>49,919</u>
Current liabilities (payable from restricted assets):			
Customer deposits	114,234		114,234
Current portion of long-term debt	23,088	97,000	120,088
Total current liabilities (payable from restricted assets)	<u>137,322</u>	<u>97,000</u>	<u>234,322</u>
Long-term debt - revenue bonds payable	1,026,000	1,826,000	2,852,000
Total Liabilities	<u>1,207,673</u>	<u>1,928,568</u>	<u>3,136,241</u>
Fund equity:			
Contributed capital	546,143	1,532,464	1,878,607
Retained earnings:			
Reserved for debt service	188,003	429,847	617,850
Unreserved - undesignated	27,786	185,624	213,410
Total Retained Earnings	<u>215,789</u>	<u>615,511</u>	<u>831,300</u>
Total Fund Equity	<u>761,932</u>	<u>1,868,982</u>	<u>2,630,914</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$2,418,358</u>	<u>\$3,774,538</u>	<u>\$6,192,896</u>

CITY OF MANFIELD
Manfield, Louisiana
ENTERPRISE FUNDS

Combining Schedule of Revenues, Expenses,
and Changes in Retained Earnings
For the Year Ended December 31, 1998

	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services	\$1,033,533	\$385,471	\$1,421,803
Permits	23,553	11,507	35,060
Permits and fees	360		360
Other operating revenues	30,449		30,449
Total operating revenues	<u>1,078,914</u>	<u>396,978</u>	<u>1,475,892</u>
OPERATING EXPENSES			
General and administrative	426,043	337,296	763,339
Billing office	40,748	794	41,542
Trucks/plant	278,043		278,043
Water department	441,227		441,227
Collection system		30,886	30,886
Treatment facility		41,940	41,940
Total operating expenses	<u>1,186,061</u>	<u>409,922</u>	<u>1,595,983</u>
OPERATING INCOME (Loss)	<u>(107,147)</u>	<u>(12,944)</u>	<u>(120,091)</u>
NON-OPERATING REVENUES (Expenses)			
Interest income	32,478	21,589	54,067
Bond issue cost amortization	(18,687)	(1,557)	(20,244)
Interest expense	(76,858)	(78,234)	(155,092)
Total non-operating revenues (expenses)	<u>(63,067)</u>	<u>(58,102)</u>	<u>(121,169)</u>
NET INCOME (Loss)	<u>(170,214)</u>	<u>(71,036)</u>	<u>(241,250)</u>
Add depreciation on fixed assets acquired with contributed capital	109,282	90,857	200,139
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>258,639</u>	<u>515,893</u>	<u>774,532</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$78,425</u>	<u>\$444,857</u>	<u>\$523,282</u>

CITY OF MANSFIELD
Mansfield, Louisiana
WATER UTILITIES FUND

Schedule of Revenues, Expenses, and Changes
in Retained Earnings - Budget and Actual
For the Year Ended December 31, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Charges for services	\$1,040,081	\$1,035,592	(\$4,539)
Fees	19,000	23,250	4,250
Permits and fees	500	350	(150)
Other operating revenues	15,175	20,449	5,274
Total revenues	<u>1,079,756</u>	<u>1,079,641</u>	<u>(115)</u>
OPERATING EXPENSES			
General and administrative:			
Education and certification	4,330	3,080	1,250
Drug test expense	1,864	824	1,040
Rentals	18,679	18,679	-
Group insurance	31,300	32,667	(1,367)
Liability insurance	23,800	19,520	4,280
Building lease	3,870	3,870	-
Vehicle and property insurance	4,507	4,507	-
Workman's compensation insurance	45,790	26,808	18,982
Retirement	24,680	21,723	2,957
Unfunded	3,000	1,063	1,937
Medicare	3,077	3,077	-
Social security	490	490	-
Unemployment expense	10,000	-	10,000
Postage and freight	7,200	7,205	(5)
Other expenses	118,494	250	118,244
Depreciation and amortization	308,600	285,072	23,528
Total general and administrative	<u>521,413</u>	<u>426,942</u>	<u>94,471</u>
Billing office:			
Salaries	46,000	34,875	11,125
Oil and gas	200	29	171
Maintenance of vehicles	500	13	487
Maintenance of equipment	3,000	578	2,422
Travel and supplies	5,482	5,244	238
Total billing office	<u>54,182</u>	<u>35,739</u>	<u>18,443</u>
Water plant:			
Salaries	147,000	139,870	7,130
Chemicals	40,000	44,546	(4,546)
Oil and gas	1,000	2,711	(1,711)
Maintenance of equipment	4,200	4,264	(64)

(Continued)

CITY OF MANFIELD

Manfield, Louisiana

WATER UTILITIES FUND

Schedule of Revenues, Expenses, and Changes
in Retained Earnings - Budget and Actual, etc.

	Budget	Actual	Variance Favorable (Disadvantage)
OPERATING EXPENSES (Cont'd.)			
Toloka plant (Cont'd.)			
Vehicle maintenance	\$5,000	\$1,799	\$3,201
Tools and supplies	10,000	9,942	58
Utilities	31,300	46,782	4,518
Water purchased	32,500	32,221	279
Equipment purchase	804		804
Other expenses	200		200
Repairs and maintenance to plant	48,000		48,000
Total Toloka plant	<u>261,704</u>	<u>278,942</u>	<u>65,682</u>
Water department:			
Salaries	278,308	275,715	2,593
Oil and gas	8,000	7,585	415
Maintenance of equipment	7,000	6,537	463
Maintenance of vehicles	18,184	7,771	10,413
Motor purchases	8,132	8,490	(21)
Tools and supplies	53,180	63,676	(10,596)
Utilities	25,400	27,930	(2,470)
Equipment purchase	186		186
Other expenses	570	587	17
Repairs and maintenance to plant	82,500	47,125	35,375
Total water department	<u>681,658</u>	<u>641,222</u>	<u>40,436</u>
Total operating expenses	<u>1,279,558</u>	<u>1,185,942</u>	<u>193,617</u>
OPERATING INCOME (Loss)	<u>(931,000)</u>	<u>(162,032)</u>	<u>185,968</u>
NON-OPERATING REVENUES (Expenses)			
Interest income	28,000	32,478	6,478
Bond issue cost amortization		(18,897)	(18,897)
Interest expense		(78,898)	(78,898)
Total non-operating revenues (expenses)	<u>28,000</u>	<u>(65,317)</u>	<u>93,317</u>
NET INCOME (Loss)	<u>(235,000)</u>	<u>(162,122)</u>	<u>112,651</u>
Add depreciation on fixed assets acquired with contributed capital	60,000	119,282	119,282
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>379,645</u>	<u>258,678</u>	<u>(121,033)</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$204,645</u>	<u>\$215,799</u>	<u>\$111,154</u>

CITY OF MANFIELD
Manfield, Louisiana
SEWER ENTERPRISE FUND

Schedule of Revenues, Expenses, and Changes
in Retained Earnings - Budget and Actual
For the Year Ended December 31, 1998

	Budget	Actual	Variance (Unfavorable)
OPERATING REVENUES			
Charges for services	\$350,800	\$285,471	\$64,469
Fees/fees	9,500	11,587	2,087
Total revenues	<u>359,300</u>	<u>297,058</u>	<u>64,232</u>
OPERATING EXPENSES			
General and administrative:			
Education and certification	3,000	387	2,603
Drug test expense	308	179	21
Group insurance	8,242	6,167	2,060
Liability insurance	6,700	6,525	185
Vehicle and property insurance	1,800	1,327	473
Workers's compensation insurance	7,700	4,886	2,804
Retirement	4,100	3,780	320
Vendors	500	341	158
Medical	1,000	1,091	9
Unemployment expense	4,000		4,000
Salaries	82,800	76,580	5,640
Other expenses	197,568	13,660	183,958
Depreciation and amortization	58,000	225,515	(173,515)
Total general and administrative	<u>355,000</u>	<u>577,296</u>	<u>28,634</u>
Billing office expense:	<u>3,000</u>	<u>781</u>	<u>2,219</u>
Collection system:			
Lift station expense	5,200	4,689	541
Oil and gas	1,700	1,265	435
Maintenance of equipment	1,500	380	1,120
Maintenance of vehicles	1,800	153	847
Tools and supplies	18,000	17,094	948
Utilities	8,800	7,025	975
Other expense	500	480	60
Total Collection system	<u>35,000</u>	<u>30,586</u>	<u>3,014</u>
Treatment facility:			
Oil and gas	650	526	124
Maintenance of equipment	4,800	2,987	1,813
Maintenance of vehicles	3,200	3,142	58
Tool and supplies	2,800	1,687	1,113
Utilities	18,400	16,576	2,824
Sewer monitoring expense	4,500	3,619	881

(continued)

CITY OF MANSFIELD
 Mansfield, Louisiana
SEWER ENTERPRISE FUND
 Schedule of Revenues, Expenses, and Changes
 in Retained Earnings - Budget and Actual, etc.

	Budget	Actual	Variance Favorable (Unfavorable)
Office expense	\$480	36	\$444
Repairs and maintenance to plant	63,382	12,497	50,885
Total treatment facility	66,792	11,648	55,144
Total operating expenses	582,557	489,524	93,033
OPERATING INCOME (Loss)	(112,058)	(12,545)	99,513
NON-OPERATING REVENUES (Expenses)			
Investment income	12,050	21,589	9,539
Fixed asset cost amortization		(1,597)	(1,597)
Interest expense		(79,936)	(79,936)
Total nonoperating revenues (expenses)	12,050	(59,944)	(71,894)
NET INCOME (Loss)	(100,008)	(71,949)	28,059
Add depreciation on fixed assets acquired with contributed capital		90,897	90,897
RETAINED EARNINGS AT BEGINNING OF YEAR	365,894	515,895	150,000
RETAINED EARNINGS AT END OF YEAR	265,886	443,946	(121,940)

CITY OF HANSHIELD
Manchester, Louisiana
ENTERPRISE FUNDS

Combining Schedule of Cash Flows
 For the Year Ended December 31, 1998

	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	<u>(\$207,855)</u>	<u>(\$12,845)</u>	<u>(\$220,700)</u>
Adjustments to reconcile operating Income (Loss) to Net cash Provided (Used) by operating activities:			
Depreciation and amortization	183,627	123,513	307,140
Increase (Decrease) in accounts receivable	9,150	2,659	11,809
Increase (Decrease) in accounts payable	11,000	(7,644)	3,356
Increase (Decrease) in salaries payable	2,281	528	2,809
Increase in customer deposits	<u>2,212</u>	<u>2,212</u>	<u>4,424</u>
Total adjustments	<u>301,678</u>	<u>221,244</u>	<u>522,922</u>
Net cash provided by operating activities	<u>90,823</u>	<u>208,399</u>	<u>309,222</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Receipt of capital contributions		44,650	44,650
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquired less and reconstruction of capital assets	(13,181)	(70,455)	(83,636)
Principal paid on systemic bonds	(26,580)	(32,783)	(59,363)
Interest paid on systemic bonds	<u>(70,800)</u>	<u>(79,984)</u>	<u>(150,784)</u>
Net cash used by capital and related financing activities	<u>(110,561)</u>	<u>(183,222)</u>	<u>(293,783)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	32,478	21,589	54,067
Purchase of investments	(87,811)	(11,554)	(99,365)
Proceeds from maturities of investments	<u>65,127</u>	<u>65,127</u>	<u>130,254</u>
Net cash used by investing activities	<u>(9,206)</u>	<u>74,162</u>	<u>64,956</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>10,056</u>	<u>20,339</u>	<u>30,395</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>173,486</u>	<u>248,690</u>	<u>422,176</u>
CASH AT END OF YEAR	<u>183,542</u>	<u>269,029</u>	<u>452,571</u>

CITY OF MANSFIELD
Mansfield, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
As of and For the Year Ended December 31, 1998

COMPENSATION PAID ALDERMEN

The schedule of compensation paid aldermen is presented in compliance with House Concurrent Resolution No. 50 of the 1979 Session of the Louisiana Legislature. Compensation of aldermen has been set by city council resolution at \$3,680 annually and is included in executive expenditures of the General Fund.

CITY OF MANSFIELD
Mansfield, LouisianaSchedule of Compensation Paid Aldermen
For the Year Ended December 31, 1988

Don Ray Anderson	\$1,800
J. Dudley Kemper	1,600
Michael L. Lewis	3,600
John Mayweather, Sr.	3,600
Robert McAllen	3,600
Dezrell Sacks	<u>1,800</u>
Total	<u>\$18,000</u>

**Independent Auditor's Reports Required
by Government Auditing Standards**

The following independent auditor's reports on compliance with laws, regulations, contracts, and grants and internal control are prepared in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



**Independent Auditor's Report on Compliance and
Internal Control Over Financial Reporting**

**MAYOR AND BOARD
OF ALDERMEN
CITY OF MANSFIELD
Mansfield, Louisiana**

I have audited the general purpose financial statements of the City of Mansfield as of and for the year ended December 31, 1998 ended and have issued my report thereon dated March 10, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Mansfield's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of Mansfield's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

MAYOR AND BOARD
OF ALDERMEN
CITY OF MANFIELD

Manfield, Louisiana

Independent Auditor's Report on Compliance
And Internal Control Over Financial Reporting, etc,
December 31, 1998

This report is intended for the information of the City of Manfield. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana

March 10, 1999



**Independent Auditor's Report on Compliance
With Requirements Applicable to Each Major Program
and Internal Control Over Compliance**

**MAYOR AND BOARD
OF ALDERMEN
CITY OF MANFIELD
Manfield, Louisiana**

**MEMBER ASSOCIATION
OFFICERS OF SOCIETIES
FOURTH ASSOCIATION**

**COMMITTEE OF ACCOUNTS
MANFIELD PUBLIC
ADMINISTRATION**

**MANAGED BY THE
MANAGEMENT
ACCOUNTING, BUDGETING
AND FINANCIAL SERVICES**

Compliance

I have audited the compliance of the City of Manfield with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Requirements* that are applicable to its major federal program for the year ended December 31, 1998. The City of Manfield's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Manfield's management. My responsibility is to express an opinion on the City of Manfield's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Manfield's compliance with those requirements and performing such other procedures as I consider necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on City of Manfield's compliance with those requirements.

In my opinion, City of Manfield complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1998. The results of my auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

**THE PROFESSIONAL FIRM,
NEW ORLEANS,
LOUISIANA 70004
PHONE 504-581-1111
FAX 504-581-1111**

CITY OF MANSHFIELD

Mansfield, Louisiana

Independent Auditor's Report on Compliance

With Requirements Applicable to Each Major

Program and Internal Control Over Compliance, etc.

December 31, 1998

Internal Control Over Compliance

The management of the City of Mansfield is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered City of Mansfield's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the members of the City of Mansfield, management of the police jury, federal awarding agencies and pass-through entities. This is not intended to limit the distribution of this report, which is a matter of public record.



Wm. Monroe, Louisiana

March 10, 1999

CITY OF MANASSFIELD
Manassfield, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the City of Manassfield.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting.
3. No instances of noncompliance material to the financial statements of the City of Manassfield were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award program is reported in the Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance.
5. The auditor's report on compliance for the major federal award program for the City of Manassfield expresses an unqualified opinion.
6. No audit findings relative to the major federal award program for the City of Manassfield are reported.
7. The Community Development Block Grant - States Program (CDBG 14,328) was listed as a major program.
8. The threshold for distinguishing type A and B program was \$300,000.
9. The City of Manassfield was not determined to be a low risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No findings resulted from the financial statement audit.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL
 AWARD PROGRAMS AUDIT**

None

City of Monroë
Monroë, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 1998

FEDERAL ORIGINATOR/ FUND THROUGH ORGANIZATION NAME(S) PROGRAM TITLE	OTHER FUNDS	FEDERAL FUNDS/ GRANT OR IFB NUMBER	FEDERAL EXPENDITURES
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through State of Louisiana - Division of Administration - Community Development Block Grant/State Program	14,028		<u>40,550</u>
OTHER FINANCIAL ASSISTANCE:			
Direct program - United States Department of the Interior - Payment in Lieu of Taxes	15,000	50A	<u>50</u>
Total Federal Financial Assistance			<u>\$40,600</u>

Footnote:

This schedule was prepared on the modified accrual basis of accounting.

CITY OF MANSFIELD
Mansfield, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 1998

There were no findings reported in the audit report for the year ended December 31, 1997.