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VILLAGE OF SOUTH MANSFIELD, LOUISIANA  
JUNE 30, 1998

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

Release Date ~~JAN 27 1999~~

VILLAGE OF SOUTH MANSFIELD

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor  
and Members of the Board of Aldermen  
Village of South Mansfield, Louisiana

I have audited the accompanying general purpose financial statements of the Village of South Mansfield, Louisiana, as of and for the year ended June 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village of South Mansfield, Louisiana, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of South Mansfield, Louisiana, as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my reports dated December 21, 1998, on my consideration of the Village of South Mansfield, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants and my report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB circular A-133.

Mayor and Board of Aldermen  
December 21, 1998  
Page 2

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedule of findings and questioned costs, summary schedule of prior year comments, and data collection form are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of South Mansfield, Louisiana. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general purpose financial statements of the Village of South Mansfield, Louisiana. The schedule of Officers is presented in compliance with the requirements set forth by the state of Louisiana and is not a required part of the general purpose financial statements of the Village of South Mansfield, Louisiana. 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 stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

  
James N. Collinsworth, Jr., CPA

December 21, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS

VILLAGE OF SOUTH MANSFIELD

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP

JUNE 30, 1998

<u>ASSETS</u>	<u>Governmental Fund Type General</u>	<u>Proprietary Fund Type Enterprise</u>
Cash	167	9,611
Accounts receivable		28,634
Sales taxes receivable	2,352	
Property taxes receivable	1,098	
Franchise taxes receivable	3,765	
Due from other governmental units	5,437	
Restricted assets:		
Cash		6,595
Certificates of deposit		5,231
Land		42,000
Plant and equipment		<u>2,172,373</u>
Total assets	<u>12,819</u> =====	<u>2,264,444</u> =====
<u>LIABILITIES, EQUITY AND OTHER CREDITS</u>		
<u>Liabilities:</u>		
Accounts payable	2,032	11,193
Accrued liabilities	200	1,045
Revenue bond interest payable		3,867
Current portion of long term debt		16,800
Escrow deposits		16,815
Obligation under capital lease		7,948
Revenue bonds payable		<u>258,200</u>
Total liabilities	<u>2,232</u>	<u>315,868</u>
<u>Equity and other credits:</u>		
Investment in general fixed assets		
Contributed capital		1,999,651
Retained earnings (deficit):		
Reserved for restricted assets		(25,656)
Unreserved		(25,419)
Fund balance	<u>10,587</u>	
Total equity and other credits	<u>10,587</u>	<u>1,948,576</u>
 Total liabilities, equity and other credits	 <u>12,819</u> =====	 <u>2,264,444</u> =====

JAMES N. COLLINSWORTH, JR.  
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<u>Account Group</u> <u>General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
	9,778
	28,634
	2,352
	1,098
	3,765
	5,437
	6,595
	5,231
28,815	70,815
<u>32,201</u>	<u>2,204,574</u>
61,016	2,338,279
=====	=====
	13,225
	1,245
	3,867
	16,800
	16,815
	7,948
	<u>258,200</u>
	<u>318,100</u>
61,016	61,016
	1,999,651
	(25,656)
	(25,419)
	<u>10,587</u>
<u>61,016</u>	<u>2,020,179</u>
61,016	2,338,279
=====	=====

(The notes to the financial statements  
are an integral part of these statements)

VILLAGE OF SOUTH MANSFIELDSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCEGOVERNMENTAL FUND TYPEFOR THE YEAR ENDED JUNE 30, 1998

	<u>General Fund</u>
<u>Revenues:</u>	
Franchise taxes	18,021
Licenses and permits	7,879
Intergovernmental	23,919
Sales taxes	25,352
Property taxes	<u>3,435</u>
Total revenues	<u>78,606</u>
 <u>Expenditures:</u>	
Current -	
General government	51,789
Public safety	14,837
Transportation	<u>13,500</u>
Total expenditures	<u>80,126</u>
 Excess of revenues over (under) expenditures	 (1,520)
 Fund balance - July 1	 <u>12,107</u>
 Fund balance - June 30	 10,587 =====

(The notes to the financial statements  
are an integral part of these statements)

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VILLAGE OF SOUTH MANSFIELDSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL - GENERAL FUNDFOR THE YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Franchise taxes	28,000	18,021	(9,979)
Licenses and permits	6,800	7,879	1,079
Intergovernmental	17,833	23,919	6,086
Sales taxes	22,000	25,352	3,352
Property taxes	6,000	3,435	(2,565)
Total revenues	<u>80,633</u>	<u>78,606</u>	<u>(2,027)</u>
<u>Expenditures:</u>			
Current:			
General government	46,600	51,789	(5,189)
Public safety	13,200	14,837	(1,637)
Transportation	<u>11,468</u>	<u>13,500</u>	<u>(2,032)</u>
Total expenditures	<u>71,268</u>	<u>80,126</u>	<u>(8,858)</u>
Excess of revenues over (under) expenditures	9,365	(1,520)	(10,885)
Fund balance - July 1	<u>12,107</u>	<u>12,107</u>	_____
Fund balance - June 30	<u>21,472</u>	<u>10,587</u>	<u>(10,885)</u>
	=====	=====	=====

(The notes to the financial statements  
are an integral part of these statements)

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VILLAGE OF SOUTH MANSFIELD  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
RETAINED EARNINGS (DEFICIT) - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 1998

<u>Operating revenues:</u>	
Charges for services	
Sales	<u>\$156,828</u>
<u>Operating expenses:</u>	
Personal services	43,954
Maintenance and operations	67,586
Supplies	13,556
Depreciation	<u>46,640</u>
Total operating expenses	<u>171,736</u>
Operating income (loss)	<u>(14,908)</u>
<u>Non-operating revenues(expenses):</u>	
Interest income	1,028
Interest expense	<u>(15,587)</u>
Total non-operating revenues(expenses)	<u>(14,559)</u>
Net income	<u>(29,467)</u>
Depreciation of contributed assets	<u>34,150</u>
Increase to retained earnings	4,683
Retained earnings (deficit) - July 1	<u>(55,758)</u>
Retained earnings (deficit) - June 30	<u>(51,075)</u> =====

(The notes to the financial statements  
are an integral part of these statements)

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VILLAGE OF SOUTH MANSFIELD

Exhibit E

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE

FOR THE YEAR ENDED JUNE 30, 1998

Cash flows from operating activities:	
Net Income (Loss)	(29,467)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation	46,640
Increase in receivables	(2,669)
Increase in accounts payable and accrued liabilities	3,059
Increase in bond interest payable	<u>3,867</u>
Net cash provided (used) by operating activities	<u>21,430</u>
Cash flows from capital financing activities:	
Proceeds from customer deposits	4,650
Acquisition and construction of capital assets	(592,468)
Receipt of contributed capital	583,017
Repayment of obligation under capital lease	(7,415)
Repayment of revenue bonds	<u>(12,750)</u>
Net cash provided (used) in financing activities	<u>(24,966)</u>
Decrease in cash and cash equivalents	(3,536)
Cash and cash equivalents, June 30, 1997	<u>24,973</u>
Cash and cash equivalents, June 30, 1998	<u>21,437</u> =====

(The notes to the financial statements  
are an integral part of these statements)

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VILLAGE OF SOUTH MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1998

(1) Summary of Significant Accounting Policies -

The Village of South Mansfield was incorporated under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government and provides the following services as authorized by its charter: public safety, streets, improvements, planning, general administrative services, and water and sewer services.

The accounting policies of the Village of South Mansfield, Louisiana, conform to generally accepted accounting principles as applicable to governmental units, in accordance with the Governmental Accounting Standards Board (GASB). Proprietary funds apply Financial Accounting Standard Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements, in which case, GASB prevails.

Principles Determining Scope of Reporting Entity - The financial statements of the Village consist only of the funds and account group of the Village. The Village has no oversight responsibility for any other governmental entity.

Fund Accounting - The accounts of the Village of South Mansfield are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report into three generic fund types and two broad fund categories as follows:

Governmental Funds:

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary Funds:

Enterprise Fund

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 to the governing body is that the

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VILLAGE OF SOUTH MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1998

costs 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.

Fixed Assets and Long-Term Liabilities - The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources." Governmental fund operating statements present increases and decreases in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. The Village has elected to expense public domain fixed assets consisting of certain improvements other than buildings including roads, bridges, and other such improvements. Such assets are normally immovable and of value only to the Village, therefore, stewardship for these items is satisfied without recording or depreciating these assets.

The account group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and liabilities associated with their activity are included on their balance sheets. Their reported fund equity is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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VILLAGE OF SOUTH MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1998

Depreciation of all exhaustable fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water Plant and Equipment	55 years
Well Pump	10 years
Maintenance Equipment	5 years
Office Equipment	5 years
Sewerage Plant and Equipment	55 years

Basis of Accounting - This refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Property taxes are recorded as revenue when levied. Licenses, permits, and fines are recorded when received in cash because they are generally not measurable until actually received. Franchise taxes and intergovernmental revenue are accrued when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due.

Proprietary funds use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Contributed Capital - Grants received for improvement or additions to the water and sewer systems are accounted for in the contributed capital account. Depreciation on assets acquired by these grants is used to reduce the contributed capital account.

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VILLAGE OF SOUTH MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1998

Budgets and Budgetary Accounting - The Village follows these procedures in establishing budgets in these financial statements:

1. The City Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection.
3. A public hearing is held on the proposed budget at the regular monthly meeting in the final month of the fiscal year preceding the budgeted year.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year.
5. Budgetary amendments involving the transfer of funds or involving increases in expenditures require the approval of the Board of Aldermen.
6. Budgetary appropriations lapse at the end of each fiscal year.
7. The General Fund budget was adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted.

Total Column on Combined Balance Sheet - The total column on the combined balance sheet is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

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VILLAGE OF SOUTH MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1998

Bad Debts - Uncollectible amounts due for ad valorem taxes and customer utility receivables are recognized as bad debts after all legal collection methods have been exhausted. The Village has determined that all receivables are collectible and has not recognized any bad debts for the current year.

(2) Cash, Cash Equivalents - Cash and cash equivalents is cash on hand as well as demand deposits and certificates of deposit. At year end, the Village had demand deposits of \$16,206. Certificates of deposits at year end amounted to \$5,231. Demand and time deposits are fully insured by Federal Depository Insurance.

(3) Property Taxes - Ad Valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in October and billed in November. Taxes become delinquent on January 1 of the following year. Revenues are budgeted in the year billed.

The Village bills and collects its own property taxes using the assessed values from the tax assessor of Desoto Parish.

For the year ended June 30, 1998, taxes of 5.31 mills were levied on property with assessed values of \$689,607 and were dedicated for general corporate purposes.

Total taxes levied were \$3,662. Taxes receivable at June 30, 1998, consisted of the following:

Taxes Receivable Current Roll	226
Taxes Receivable Prior Years	<u>872</u>
	1,098
	=====

(4) Due from Other Governmental Units - Amounts due from other governmental units consists of the following:

Beer and tobacco taxes due from the State of Louisiana	5,437
	=====

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VILLAGE OF SOUTH MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1998

(5) Restricted Assets - Proprietary Fund- Restricted assets include those provided for by resolutions adopted by the Village Council for the issuance of the Public Utilities System Revenue Bonds, customer meter deposits, and grant funds for utility improvements. Total restricted assets as of June 30, 1998 are as follows:

Customer Water Deposits	\$7,513
Revenue Bond Sinking Funds	1,844
Revenue Bond Reserve Funds	1,167
Revenue Bond Replacement Funds	1,267
LCDBG Construction Funds	35
	<u>\$11,826</u>
	=====

(6) Property, Plant and Equipment

A summary of changes in General Fixed Assets for the fiscal year follows:

	<u>July 1</u> <u>1997</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30</u> <u>1998</u>
Land	19,356	-0-	-0-	19,356
Buildings	9,459	-0-	-0-	9,459
Equipment	<u>32,201</u>	<u>-0-</u>	<u>-0-</u>	<u>32,201</u>
Total	<u>61,016</u>	<u>-0-</u>	<u>-0-</u>	<u>61,016</u>
	=====	=====	=====	=====

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VILLAGE OF SOUTH MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1998

A summary of proprietary fund type property, plant and equipment is as follows:

Sewer plant and equipment	2,044,715
Construction in progress	407,128
Water plant and equipment	210,141
Maintenance equipment	55,746
Office equipment	<u>1,450</u>
	2,719,180
Less accumulated depreciation	<u>546,807</u>
Net	<u>2,172,373</u> =====

(7) Long Term Debt - Revenue Bonds

The following is a summary of changes in long-term debt for the year:

Bonds Payable July 1, 1997	286,000
Bonds Retired	<u>11,000</u>
Bonds Payable June 30, 1998	275,000 =====

The above bonds are from - (1) \$169,000 Water Utility Revenue Bond issue dated May, 1974; due in annual installments of \$3,000-10,000 through July 1, 2008; interest at 4%. (2) \$237,400 Sewer Utility Revenue Bond issue dated April 1984; due in annual installments of \$4,000-\$13,000 through April 11, 2024; interest at 5%.

The annual requirement to amortize all debt outstanding as of June 30, 1998 including interest payments of \$173,410 are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Water</u> <u>Revenue Bonds</u>	<u>Sewer</u> <u>Revenue Bonds</u>	<u>Total</u>
1999	10,020	13,800	23,820
2000	9,740	13,600	23,340
2001	10,440	14,400	24,840
2002	10,120	14,150	24,270
2003	9,800	13,900	23,700
2004-2024	<u>44,740</u>	<u>283,700</u>	<u>328,440</u>
	<u>94,860</u> =====	<u>353,550</u> =====	<u>448,410</u> =====

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VILLAGE OF SOUTH MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1998

(7) Long Term Debt - Continued

Flow of Funds; Restrictions on Use - Water Utility -

Under the terms of the bond indenture on outstanding Water Utility bonds dated May, 1974 all income and revenues of every nature, earned or derived from operation of the Utility System are pledged and dedicated to the retirement of said bonds and are to be set aside as follows;

Each month, an amount equal to 1/12 of the maturing principal and interest is to be set aside in the "Revenue Bond and Interest Sinking Fund" These transfers may only be used to retire maturing bonds and interest.

An amount equal to 20% of current bond and interest maturities will be set aside into the "Revenue Bond Reserve Fund". This transfer is required until a balance of \$11,000 is reached. These funds may be used for payment of maturing bonds and interest when the sinking fund is under funded.

The Village shall also set aside a "Replacement and Extension Fund of \$7,200 to cover extraordinary costs. Current maturities may be paid from this fund if the other funds have insufficient monies available.

Revenues not required to be deposited in the above funds shall be regarded as surplus available for any lawful corporate purpose.

Sewer System Revenues: Under the terms of the bond indenture on Sewer Bonds dated April, 1984, funds will be set aside into the following;

Each month, there will be set aside into a fund called the "Revenue Bond and Interest Sinking Fund" 1/12 of the maturing bond and interest amounts. These monies may only be used to pay current maturities.

Commencing the first month in which the system becomes revenue producing, an amount equal to 5% of current maturities will be set aside into a "Revenue Bond Reserve Fund" until the account contains \$15,270. These monies may be used to pay current maturities when the sinking fund has insufficient funding.

The Village shall also set aside a "Replacement and Extension Fund of \$60 per month to cover unusual costs. Current maturities may be paid from this fund when other bond funds have insufficient balances.

All revenues received which are not required to be paid into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

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VILLAGE OF SOUTH MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1998

(8) Contributed Capital - The Village received grants totaling \$565,247 for improvements to the water and sewer systems. The grants to the Village were as follows:

LCDBG - Wastewater treatment improvements	\$407,128
LCDBG - Storage tank replacement	144,039
Rural Development Grant - Fire hydrants	<u>14,080</u>
	565,247
	=====

Depreciation apportioned to contributed capital was \$34,150.

(9) Capital Lease - The Village purchased a tractor under a lease-purchase agreement thru the Water and Sewer Department with Ford Motor Credit. One remaining payment of \$8,521 is due. The present value of the net minimum lease payment is \$7,948.

(10) Contingent Liabilities - The general revenues of the Village are contingently liable for \$79,000 of Water Revenue Bonds and \$196,000 of Sewer Utility Revenue Bonds outstanding which are currently recorded as obligations of the Water and Sewer Fund. The full faith and credit of the Village is pledged to redeem these bonds if revenues from the proprietary fund are not able to meet the obligations.

(11) Deficit Retained Earnings - The Proprietary Fund began the year with a retained earnings deficit of \$55,758. This amount was reduced by \$4,683 in the current year. The Village anticipates eliminating the remaining deficit with future net income amounts.

JAMES N. COLLINSWORTH, JR.  
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SUPPLEMENTARY INFORMATION

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VILLAGE OF SOUTH MANSFIELD

SCHEDULE OF OFFICERS

JUNE 30, 1998

<u>NAME</u>	<u>POSITION</u>	<u>COMPENSATION</u>
Eugene Washington	Mayor	3,600
Euricka Mayweather	Aldерwoman	2,200
David Evans	Alderman	2,200
Barbara Hogan	Aldерwoman	<u>2,200</u>
		10,200 =====

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VILLAGE OF SOUTH MANSFIELD  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 1998

Federal Grantor/Pass Through Grantor/ Program Title -----	Federal CFDA Number -----	Agency or Pass-through Number -----	Federal Disbursements/ Expenditures -----
<u>U.S. Department of Health and Human Services</u>			
Community Planning & Development (Louisiana CDBG pass through)			
1) Sewer improvement grant	14.219	107-700167	\$ 407,128
2) Water tank replacement grant	14.219	107-700092	144,031
Total			----- 551,159 =====

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 -----

Note A - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is a summary of the activity of the Village's federal award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

Note B - Community Development Block Grants

Additional information concerning the Village's two Community development block grants is as follows;

Program # -----	Contract Date -----	Award Amount -----	Contract Duration -----	Current Revenues Reconized -----	Total Award Received To Date -----
107-700092	1-7-97	214,600	3 years	144,039	161,809
107-700167	6-19-97	562,999	3 years	407,128	407,128

JAMES N. COLLINSWORTH, JR.  
 Certified Public Accountant

VILLAGE OF SOUTH MANSFIELD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Village of South Mansfield
2. No reportable conditions relating to the audit of the general purpose financial statements are reported.
3. No instances of noncompliance material to the general purpose financial statements of the Village of South Mansfield were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award program is reported.
5. The auditor's report on compliance for the major federal award program for the Village of South Mansfield expresses an unqualified opinion.
6. No findings relative to the major federal award program for the Village of South Mansfield are reported.
7. The program tested as a major program is Louisiana Community Development Block Grant - Contract #107-700167 - CFDA 14.219.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Village of South Mansfield was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None

JAMES N. COLLINSWORTH, JR.  
Certified Public Accountant



VILLAGE OF SOUTH MANSFIELD  
SUMMARY SCHEDULE OF PRIOR YEAR COMMENTS  
FOR THE YEAR ENDED JUNE 30, 1998

- 1997 - Comment No. 1; Revenue Bond Funding  
Condition; Funding requirements pertaining to revenue bond issues had not been met.  
Recommendation; Increase in user fees to keep pace with rising costs of aging system.  
Current status; Unchanged, seeking grants to upgrade systems to reduce high maintenance costs.
- 1997 - Comment No. 2; Customer Deposits  
Condition; Utility deposit liability exceeds reserves.  
Recommendation; Set aside additional monies to build reserves.  
Current status; Unchanged.
- 1997 - Comment No. 3; Bookkeeping  
Condition; Inadequate bookkeeping practices.  
Recommendation; Purchase new software package.  
Current status; Installed a new manual bookkeeping system.
- 1997 - Comment No. 4; Payroll Reconciliation  
Condition; Various payroll reports did not reconcile to each other.  
Recommendation; Reconcile all reports and accounts quarterly.  
Current status; Reconciliations are now being done.
- 1997 - Comment No. 5; Deficits  
Condition; Running deficits in all funds.  
Recommendation; Reduction of various expenses, increase in fees.  
Current status; Expense reductions were made, no fee increase made.  
Current year deficit in General fund.

JAMES N. COLLINSWORTH, JR.  
Certified Public Accountant

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Certified Public Accountant  
2201 Rockbrook #1513 - Lewisville, Tx 75067  
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mayor and Board of Aldermen  
Village of South Mansfield, Louisiana

I have audited the general purpose financial statements of the Village of South Mansfield, Louisiana, as of and for the year ended June 30, 1998, and have issued my report thereon dated December 21, 1998. 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 Village of South Mansfield, Louisiana's, general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed 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 Village of South Mansfield, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose 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 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-thru entities. However, this report is a matter of public record and its distribution is not limited.

  
James N. Collinsworth, Jr.

December 21, 1998

JAMES N. COLLINSWORTH, JR.  
Certified Public Accountant  
2201 Rockbrook #1513 - Lewisville, Tx 75067  
(972) 459-4058

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mayor and Board of Aldermen  
Village of South Mansfield, Louisiana

Compliance

I have audited the compliance of the Village of South Mansfield, Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1998. The Village of South Mansfield, Louisiana'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 each of its major federal programs is the responsibility of the Village of South Mansfield, Louisiana's management. My responsibility is to express an opinion on the Village of South Mansfield, Louisiana'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, Audits of States, Local Governments, and Non-Profit Organizations. Those 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 Village of South Mansfield, Louisiana's compliance with those requirements and performing such other procedures as I considered 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 the Village of South Mansfield, Louisiana's compliance with those requirements.

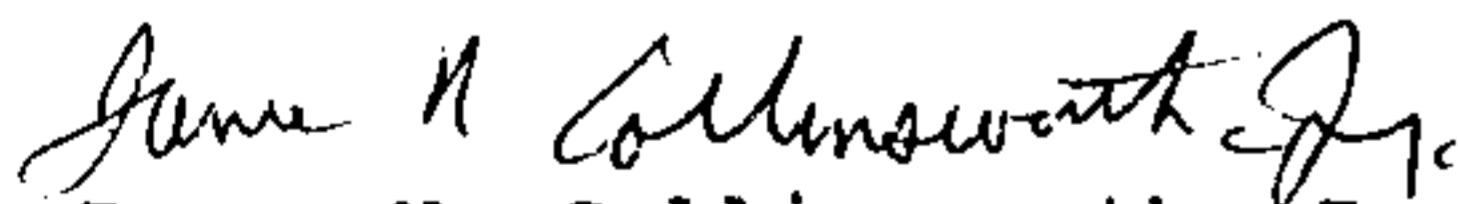
In my opinion, the Village of South Mansfield, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1998.

Internal Control Over Compliance

The management of the Village of South Mansfield, Louisiana, 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 the Village of South Mansfield, Louisiana'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 audit committee, management, and federal awarding agencies and pass-thru entities. However, this report is a matter of public record and its distribution is not limited.

  
James N. Collinsworth, Jr., CPA

December 21, 1998

JAMES N. COLLINSWORTH, JR.  
Certified Public Accountant  
2201 Rockbrook #1513 - Lewisville, Tx 75067  
(972) 459-4058

Mayor and Board of Aldermen  
Village of South Mansfield  
P. O. Box 995  
Mansfield, LA

Dear Sirs:

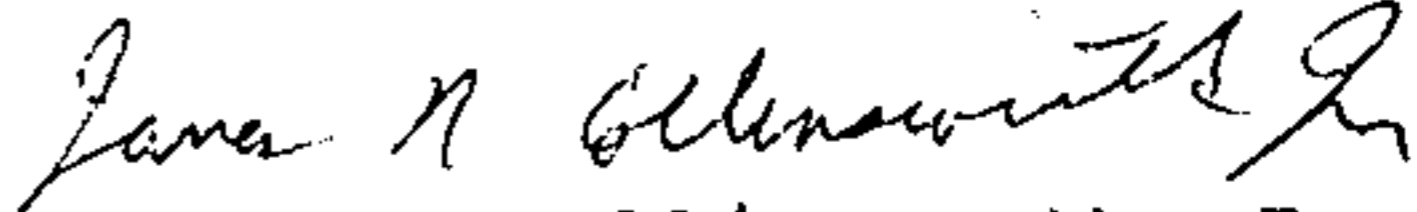
I have recently completed my audit of the general purpose financial statements of the Village of South Mansfield for the year ended June 30, 1998. During my examination, I noted certain problem areas which I have highlighted in the remainder of this letter along with recommendations for their improvement.

Revenue Bonds - The Village is currently liable for Revenue bond issues pertaining to the Water and Sewer Utility System. These bond issues require the maintenance and funding of six restricted accounts to insure payment of current liabilities and future note payments. The Village has not met the funding requirements of either the Water or Sewer revenue bond issues. The failure to meet these requirements is a result of not adjusting user charges to keep pace with ever increasing repair and operating expenses of an aging utility system. Expenses should be continually monitored in order to adjust user fee increases.

Customer Deposits - The Village is currently liable for \$16815 in customer deposits. Amounts reserved for payment of this liability total \$7512. An additional \$9303 should be set aside to fund this liability.

Bookkeeping - Current bookkeeping practices are inadequate in the area of posting income to the receipts journal and general ledger accounts. This problem requires additional training of bookkeeping personnel.

Management should examine the problem areas listed above and strive to implement corrective action. If additional explanation of the problems or recommendations is necessary, please advise.

  
James N. Collinsworth, Jr., CPA

December 21, 1998

# Village of South Mansfield

P.O. BOX 995, MANSFIELD, LOUISIANA 71052  
(318) 872-3960 Fax (318) 872-9198

## MANAGEMENT'S CORRECTIVE ACTION PLAN

Legislative Audit Advisory Council  
State of Louisiana  
PO Box 94397  
Baton Rouge, La 70804

Dear Sirs:

The following is our response to matters contained in the management letter from James N. Collinsworth, CPA, dated December 21, 1998.

- 1) Revenue Bonds  
Problem - Lack of funding of restricted revenue bond accounts.  
Action taken - Application for grants to upgrade the water and sewer facilities is being undertaken. User fee increases are being considered.
- 2) Customer Deposits  
Problem - Liability exceeds reserve account.  
Action taken - We will set aside funds on a monthly basis to increase the reserve account to match the utility deposit liability account.
- 3) Bookkeeping  
Problem - Posting income accounts.  
Action taken - Bookkeeping personnel have been scheduled for additional training in this area.

If additional information is necessary, please contact me at the above number and address.



Eugene Washington, Mayor

December 24, 1998