



**Independent Auditor's Report on Compliance With
Specific Requirements Applicable to Major
Federal Financial Assistance Programs**

CITY OF MANSFIELD
Mansfield, Louisiana

I have audited the general purpose financial statements of the City of Mansfield as of December 31, 1996, and for the year then ended, and have issued my report thereon dated March 21, 1997

I have also audited the City of Mansfield's compliance with the requirements governing types of services allowed or unallowed, eligibility, reporting, environmental review, request for release of funds, obligation of funds, and claims for advances and reimbursements that are applicable to its major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1996. The management of the City of Mansfield is responsible for the City of Mansfield's compliance with those requirements. My responsibility is to express an opinion on compliance with those requirements based on my audit.

I conducted my audit of compliance with those requirements in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City of Mansfield's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the City of Mansfield complied, in all material respects, with the requirements governing types of services allowed or unallowed, eligibility, reporting, environmental review, request for release of funds, obligation of funds, and claims for advances and reimbursements that are applicable to its major federal financial assistance program for the year ended December 31, 1996.

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**Independent Auditor's Report on Compliance
With General Requirements Applicable to
Federal Financial Assistance Programs**

CITY OF MANSFIELD
Mansfield, Louisiana

I have audited the general purpose financial statements of the City of Mansfield as of December 31, 1996, and for the year then ended, and have issued my report thereon dated March 21, 1997.

I have applied procedures to test the City of Mansfield's compliance with the following requirements applicable to its federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1996:

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Administrative requirements

My procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City of Mansfield's compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that the City of Mansfield had not complied, in all material respects, with those requirements.



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, 1996, 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; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 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, 1996, and the results of operations and cash flows of its proprietary funds for the year then ended, in conformity with generally accepted accounting principles.

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CITY OF MANSFIELD

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

8. 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 until 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 \$125,081. 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 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.
- 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 such 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 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 \$184,156. Such amounts may be used only for the

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

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 Renewal 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 \$75,000 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, 1996, the city has set aside \$841,221 to meet the reserve requirements. Of that amount, \$196,880, is offset by the current portion of long-term debt, with the remaining \$644,341 reported as a reserve of retained earnings on Statement A.

9. CHANGES IN DEPOSITS DUE OTHERS

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

Balance at January 1, 1995	\$24,670
Additions	334,219
Reductions	<u>(333,889)</u>
Balance at December 31, 1996	<u>\$25,000</u>

10. SEGMENT INFORMATION

The city's enterprise funds provide various services to the public. As provided by GASB Codification 2500.107, the following segment information is presented for the city's enterprise funds.

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating revenue	\$975,192	\$375,338	\$1,350,530
Depreciation and amortization	285,260	215,154	500,414

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

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating income	(\$473,829)	\$14,027	(\$459,802)
Nonoperating revenues/(expenses):			
Interest earned	38,347	12,775	51,122
Operating grant	113,762		113,762
Interest expense	(111,582)	(78,375)	(189,957)
Net Income	(433,302)	(51,573)	(484,875)
Property, plant, and equipment:			
Additions	5,100	919,386	924,486
Deletions	NONE	NONE	NONE
Net Working Capital	257,791	47,604	305,395
Total assets	2,363,606	4,001,427	6,365,033
Long-term debt	1,120,406	1,948,337	3,068,743
Total equity	1,232,356	1,949,100	3,181,456

11. LITIGATION AND CLAIMS

The city is not involved in any litigation at December 31, 1996, nor is it aware of any unasserted claims.

SUPPLEMENTAL INFORMATION SCHEDULES

CITY OF MANSFIELD
Mansfield, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended December 31, 1996

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 MANSFIELD
Mansfield, Louisiana
ENTERPRISE FUNDS

Combining Balance Sheet, December 31, 1996

	Water Fund	Sewer Fund	Total
ASSETS			
Current assets:			
Cash	\$61,425	\$92,930	\$154,355
Investments	249,200		249,200
Receivables	79,890	133,664	213,554
Total current assets	390,515	226,594	617,109
Restricted assets:			
Cash	83,945	176,812	260,757
Investments	377,686	202,778	580,464
Total restricted assets	461,631	379,590	841,221
Property, plant and equipment (net of accumulated depreciation)	1,477,550	3,365,881	4,843,431
Deferred bond issuance cost (net of amortization)	33,910	29,362	63,272
TOTAL ASSETS	\$2,363,606	\$4,001,427	\$6,365,033
LIABILITIES AND FUND EQUITY			
Liabilities:			
Current liabilities (payable from current assets):			
Accounts payable	\$7,525	\$103,990	\$111,515
Sales tax payable	3,319		3,319
Total current liabilities (payable from current assets)	10,844	103,990	114,834
Current liabilities (payable from restricted assets):			
Customer deposits	110,797		110,797
Current portion of long-term debt	11,083	75,000	86,083
Total current liabilities (payable from restricted assets)	121,880	75,000	196,880
Long-term debt - revenue bonds payable	998,526	1,873,337	2,871,863
Total Liabilities	1,131,250	2,052,327	3,183,577
Fund equity:			
Contributed capital	784,707	1,461,943	2,246,650
Retained earnings:			
Reserved for debt service	339,751	304,590	644,341
Unreserved - undesignated	107,898	182,567	290,465
Total Retained Earnings	447,649	487,157	934,806
Total Fund Equity	1,232,356	1,949,100	3,181,456
TOTAL LIABILITIES AND FUND EQUITY	\$2,363,606	\$4,001,427	\$6,365,033

CITY OF MANSFIELD
Mansfield, Louisiana
ENTERPRISE FUNDS

Combining Schedule of Revenues, Expenses,
and Changes in Retained Earnings
For the Year Ended December 31, 1996

	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services	\$953,227	\$365,213	\$1,318,440
Penalties	20,189	10,125	30,314
Permits and fees	402		402
Other operating revenues	1,374		1,374
Total operating revenues	975,192	375,338	1,350,530
OPERATING EXPENSES			
General and administrative	540,018	224,467	764,485
Billing office	57,317		57,317
Toledo plant	238,162		238,162
Water department	613,524		613,524
Sewer department		136,844	136,844
Total operating expenses	1,449,021	361,311	1,810,332
OPERATING INCOME (Loss)	(473,829)	14,027	(459,802)
NON-OPERATING REVENUES (Expenses)			
Interest income	38,347	12,775	51,122
Operating grant	113,762		113,762
Interest expense	(111,582)	(78,375)	(189,957)
Total non-operating revenues (expenses)	40,527	(65,600)	(25,073)
NET INCOME (Loss)	(433,302)	(51,573)	(484,875)
Add depreciation on fixed assets acquired with contributed capital	119,282	88,357	207,639
RETAINED EARNINGS AT BEGINNING OF YEAR	761,669	450,373	1,212,042
RETAINED EARNINGS AT END OF YEAR	\$447,649	\$487,157	\$934,806

CITY OF MANSFIELD
Mansfield, Louisiana
WATER ENTERPRISE FUND

Schedule of Revenues, Expenses, and Changes
in Retained Earnings - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 1996

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Charges for services	\$962,000	\$953,227	(\$8,773)
Penalties	20,100	20,189	89
Permits and fees	400	402	2
Other operating revenues	1,384	1,374	(10)
Total revenues	<u>983,884</u>	<u>975,192</u>	<u>(8,692)</u>
OPERATING EXPENSES			
General and administrative:			
Education and certification	2,750	2,785	(35)
Rentals	15,300	14,657	643
Group insurance	37,750	37,651	99
Liability insurance	21,000	20,971	29
Vehicle and property insurance	4,515	4,515	0
Workmen's compensation insurance	33,000	31,819	1,181
Retirement	26,000	25,873	127
Uniforms	1,425	1,422	3
Other expenses	264,652	115,065	149,587
Depreciation and amortization	200,000	285,260	(85,260)
Total general and administrative	<u>606,392</u>	<u>540,018</u>	<u>66,374</u>
Billing office:			
Salaries	46,000	45,902	98
Oil and gas	200	136	64
Maintenance of equipment	3,750	3,795	(45)
Tool and supplies	7,350	7,484	(134)
Total billing office	<u>57,300</u>	<u>57,317</u>	<u>(17)</u>
Toledo plant:			
Salaries	81,800	81,666	134
Chemicals	46,700	42,555	4,145
Oil and gas	1,100	850	250
Maintenance of equipment	5,100	4,995	105

(Continued)

Schedule 3

CITY OF MANSFIELD

Mansfield, Louisiana

WATER ENTERPRISE FUND

Schedule of Revenues, Expenses, and Changes

in Retained Earnings - Budget (GAAP Basis) and Actual, etc.

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING EXPENSES (CONTD.)			
Toledo plant (Contd.)			
Tools and supplies	\$6,675	\$4,956	\$1,719
Utilities	45,204	45,035	169
Water purchased	28,800	28,479	321
Other expenses	100		100
Capital expenses	33,610	29,626	3,984
Total Toledo plant:	<u>249,089</u>	<u>238,162</u>	<u>10,927</u>
Water department:			
Salaries	321,158	311,337	9,821
Oil and gas	9,500	9,002	498
Maintenance of equipment	40,398	39,425	973
Meter purchases	4,000	3,930	70
Tool and supplies	64,657	58,653	6,004
Utilities	20,860	20,682	178
Other expenses	2,340	2,295	45
Capital expenses	189,025	168,200	20,825
Total water department	<u>651,938</u>	<u>613,524</u>	<u>38,414</u>
Total operating expenses	<u>1,564,719</u>	<u>1,449,021</u>	<u>115,698</u>
OPERATING INCOME (Loss)	<u>(580,835)</u>	<u>(473,829)</u>	<u>107,006</u>
NON-OPERATING REVENUES (Expenses)			
Interest income	44,298	38,347	(5,951)
Operating grant	128,902	113,762	(15,140)
Interest expense		<u>(111,582)</u>	<u>(111,582)</u>
Total non-operating revenues (expenses)	<u>173,200</u>	<u>40,527</u>	<u>(132,673)</u>
NET INCOME (Loss)	<u>(407,635)</u>	<u>(433,302)</u>	<u>(25,667)</u>
Add depreciation on fixed assets acquired with contributed capital	<u>NONE</u>	<u>119,282</u>	<u>119,282</u>
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>408,209</u>	<u>761,669</u>	<u>353,460</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$574</u>	<u>\$447,649</u>	<u>\$447,075</u>

CITY OF MANSFIELD

Mansfield, Louisiana

Independent Auditor's Report on Internal
Control Structure Used in Administering
Federal Financial Assistance Programs,
December 31, 1996

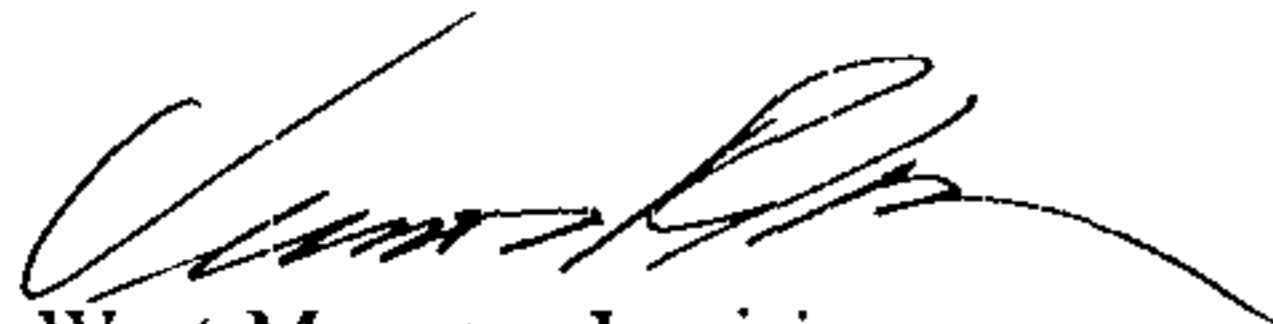
For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and I assessed control risk.

During the year ended December 31, 1996, the City of Mansfield expended 100 per cent of its total federal financial assistance under its major federal financial assistance program.

I performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, claims for advances and reimbursements, and amounts claimed or used for matching that are applicable to the city's major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

My consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program 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 structure and its operations that I consider to be material weaknesses as defined above.

This report is intended for the information of the City of Mansfield, management of the city, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana

March 21, 1997

CITY OF MANSFIELD
Mansfield, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
As of and For the Year Ended December 31, 1996

COMPENSATION PAID ALDERMEN

The schedule of compensation paid aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of aldermen has been set by city council resolution at \$3,600 annually and is included in executive expenditures of the General Fund.

CITY OF MANSFIELD
Mansfield, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1996
With Supplemental Information Schedules

C O N T E N T S

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**Independent Auditor's Reports on Federal
Financial Assistance, Compliance With Laws,
Regulations, Contracts, and Grants,
and Internal Control Structure**

The following independent auditor's reports on the schedule of federal financial assistance, compliance with laws, regulations contracts, and grants and on the internal control structure are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States; Office of Management and Budget Circular A-128, *Audits of State and Local Governments*; the *Single Audit Act of 1984*; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

CITY OF MANSFIELD
Mansfield, Louisiana

Schedule of Federal Financial Assistance
For the Year Ended December 31, 1996

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM NAME</u>	<u>CFDA NUMBER</u>	<u>PASS- THROUGH GRANTOR'S NUMBER</u>	<u>ACCRUED REVENUE AT DECEMBER 31, 1995</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES</u>	<u>ACCRUED REVENUE AT DECEMBER 31, 1996</u>
United States Department of Housing and Urban Development Passed through Louisiana Division of Administration - Louisiana Community Development Block Grant - Small Cities Program	14.219	* 101-5062	\$79,977	\$354,527	\$354,527	NONE

* Major federal financial assistance program



**Independent Auditor's Report on Compliance
With Laws, Regulations, Contracts and Grants**

CITY OF MANSFIELD
Mansfield, Louisiana

I have audited the general purpose financial statements of the City of Mansfield as of December 31, 1996, and for the year then ended, and have issued my report thereon dated March 21, 1997.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-128, *Audits of State and Local Governments*; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the City of Mansfield, is the responsibility of the City of Mansfield's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of the City of Mansfield's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. 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*.

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CITY OF MANSFIELD
Mansfield, Louisiana
Independent Auditor's Report
on Compliance, etc.,
December 31, 1996

This report is intended for the information of the mayor and board of aldermen of the City of Mansfield, management of the city, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in black ink, appearing to be 'V. Monroe', written in a cursive style.

West Monroe, Louisiana
March 21, 1997

MAYOR AND BOARD OF ALDERMEN
CITY OF MANSFIELD

Mansfield, Louisiana
Independent Auditor's Report on Compliance
With Specific Requirements Applicable
To Major Programs,
December 31, 1996

This report is intended for the information of the City of Mansfield, management of the city, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in black ink, appearing to be 'C. H. ...', written over a horizontal line.

West Monroe, Louisiana
March 21, 1997

CITY OF MANSFIELD
Mansfield, Louisiana
Independent Auditor's Report
on Compliance With General
Requirements, etc.,
December 31, 1996

This report is intended for the information of the mayor and board of aldermen of the City of Mansfield, management of the city, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in black ink, appearing to be 'West Monroe', written in a cursive style.

West Monroe, Louisiana
March 21, 1997



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Independent Auditor's Report on the Internal Control Structure

CITY OF MANSFIELD Mansfield, Louisiana

I have audited the general purpose financial statements of the City of Mansfield as of December 31, 1996, and for the year then ended, and have issued my report thereon dated March 21, 1997.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the City of Mansfield is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general purpose financial statements of the City of Mansfield for the year ended December 31, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to

CITY OF MANSFIELD
Mansfield, Louisiana
Independent Auditor's Report
on Internal Control Structure,
December 31, 1996

determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operations that I consider to be material weaknesses as defined above.

This report is intended for the information of the mayor and board of aldermen of the City of Mansfield, management of the city, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana
March 21, 1997



**Independent Auditor's Report on Internal Control
Structure Used in Administering Federal
Financial Assistance Programs**

CITY OF MANSFIELD
Mansfield, Louisiana

I have audited the general purpose financial statements of the City of Mansfield as of December 31, 1996, and for the year then ended, and have issued my report thereon dated March 21, 1997. I have also audited the compliance of the City of Mansfield with requirements applicable to major federal financial assistance programs and have issued my report thereon dated March 21, 1997.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the City of Mansfield complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing my audit for the year ended December 31, 1996, I considered the internal control structure of the City of Mansfield in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements of the City of Mansfield and on the compliance of the City of Mansfield with requirements applicable to its major program, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of the general purpose financial statements in a separate report dated March 21, 1997.

MEMBER AMERICAN
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC
ACCOUNTANTS

PRACTICE LIMITED TO
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ACCOUNTING, AUDITING
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CITY OF MANSFIELD

Mansfield, Louisiana

Independent Auditor's Report on Internal
Control Structure Used in Administering
Federal Financial Assistance Programs,
December 31, 1996

The management of the City of Mansfield is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Accounting applications:

- Revenues/receipts
- Expenditures/disbursements/purchasing
- Payroll/personnel

General Requirements:

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Administrative requirements

Specific Requirements:

- Types of services allowed/unallowed
- Eligibility
- Matching
- Reporting
- Special requirements
- Claims for advances and reimbursements

CITY OF MANSFIELD
Mansfield, Louisiana
ENTERPRISE FUNDS

Combining Schedule of Cash Flows
For the Year Ended December 31, 1996

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	(\$473,829)	\$14,027	(\$459,802)
Adjustments to Reconcile operating Income (Loss) to Net cash Provided (Used) by operating activities:			
Depreciation and amortization	285,260	215,154	500,414
Decrease (increase) in accounts receivable	5,677	(99,854)	(94,177)
Increase (decrease) in accounts payable	(18,510)	101,458	82,948
Increase in customer deposits	537		537
Total adjustments	<u>272,964</u>	<u>216,758</u>	<u>489,722</u>
Net cash provided by operating activities	<u>(200,865)</u>	<u>230,785</u>	<u>29,920</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Receipt of capital contributions		677,180	677,180
Receipt of operating grant	<u>113,762</u>		<u>113,762</u>
Net cash provided by noncapital and related financing activities	<u>113,762</u>	<u>677,180</u>	<u>790,942</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(5,517)	(919,386)	(924,903)
Principal paid on revenue bonds	(9,549)	(72,468)	(82,017)
Interest paid on revenue bonds	(111,582)	(78,375)	(189,957)
Bond proceeds		<u>223,337</u>	<u>223,337</u>
Net cash used by capital and related financing activities	<u>(126,648)</u>	<u>(846,892)</u>	<u>(973,540)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	38,347	12,775	51,122
Purchase of investments	(42,873)	(114,072)	(156,945)
Proceeds from maturities of investments	<u>186,293</u>		<u>186,293</u>
Net cash used by investing activities	<u>181,767</u>	<u>(101,297)</u>	<u>80,470</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(31,984)	(40,224)	(72,208)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>177,354</u>	<u>309,966</u>	<u>487,320</u>
CASH AT END OF YEAR	<u>\$145,370</u>	<u>\$269,742</u>	<u>\$415,112</u>

CITY OF MANSFIELD

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

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:

Revenues

Ad 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 ad 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 DeSoto Parish.

Sales taxes are recognized in the month received by the city's collection agent, the DeSoto 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, ad 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.

MAYOR AND BOARD OF
ALDERMEN
CITY OF MANSFIELD
Mansfield, Louisiana
Independent Auditor's Report,
December 31, 1996

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 are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the City of Mansfield. 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* and OMB Circular A-128, I have also issued reports dated March 21, 1997 on the City of Mansfield's Schedule of Federal Financial Assistance; compliance with laws, regulations, contracts, and grants; and my consideration of the city's internal control structure.



West Monroe, Louisiana
March 21, 1997

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

Statement A

CITY OF MANSFIELD
 Mansfield, Louisiana
 ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, December 31, 1996

	GOVERNMENTAL FUND TYPE - GENERAL FUND	PROPRIETARY FUND TYPE - ENTERPRISE FUNDS	FIDUCIARY FUND TYPE - INTERNATIONAL PAPER AGENCY FUND	ACCOUNT GROUP - GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
ASSETS AND OTHER DEBITS					
Current assets:					
Cash	\$237,414	\$154,355	\$25,000		\$416,769
Investments	344,133	249,200			593,333
Receivables	141,476	213,554			355,030
Total current assets	<u>723,023</u>	<u>617,109</u>	<u>25,000</u>	<u>NONE</u>	<u>1,365,132</u>
Restricted assets:					
Cash		260,757			260,757
Investments		580,464			580,464
Total restricted assets	<u>NONE</u>	<u>841,221</u>	<u>NONE</u>	<u>NONE</u>	<u>841,221</u>
Land, buildings, equipment, and improvements (net of accumulated depreciation)		4,843,431		\$2,170,576	7,014,007
Deferred bond issuance costs (net of amortization)		63,272			63,272
TOTAL ASSETS AND OTHER DEBITS	<u>\$723,023</u>	<u>\$6,365,033</u>	<u>\$25,000</u>	<u>\$2,170,576</u>	<u>\$9,283,632</u>
LIABILITIES AND FUND EQUITY					
Liabilities:					
Current liabilities:					
Accounts payable	\$14,922	\$111,515			\$126,437
Sales tax payable		3,319			3,319
Deposits due others			\$25,000		25,000
Total current liabilities	<u>14,922</u>	<u>114,834</u>	<u>25,000</u>	<u>NONE</u>	<u>154,756</u>
Current liabilities (payable from restricted assets):					
Customer deposits		110,797			110,797

Current portion of revenue bonds payable				<u>86,083</u>			<u>86,083</u>
Total current liabilities (payable from restricted assets)	NONE		NONE		NONE		196,880
Revenue bonds payable				<u>2,871,863</u>			<u>2,871,863</u>
Total Liabilities	<u>14,922</u>		<u>25,000</u>		<u>NONE</u>		<u>3,223,499</u>
Fund Equity:							
Contributed capital				<u>2,246,650</u>			<u>2,246,650</u>
Investment in general fixed assets						<u>\$2,170,576</u>	<u>2,170,576</u>
Retained earnings:							
Reserved:							
Reserved for debt service				<u>644,341</u>			<u>644,341</u>
Unreserved - undesignated				<u>290,465</u>			<u>290,465</u>
Total retained earnings	<u>NONE</u>		<u>NONE</u>		<u>NONE</u>		<u>934,806</u>
Fund balances - unreserved - undesignated	<u>708,101</u>						<u>708,101</u>
Total Fund Equity	<u>708,101</u>		<u>NONE</u>		<u>NONE</u>		<u>6,060,133</u>
				<u>3,181,456</u>		<u>2,170,576</u>	<u>6,060,133</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$723,023</u>		<u>\$25,000</u>		<u>\$2,170,576</u>		<u>\$9,283,632</u>
				<u>\$6,365,033</u>			<u>\$9,283,632</u>

The accompanying notes are an integral part of this statement.

CITY OF MANSFIELD
Mansfield, Louisiana
GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 1996

	GENERAL FUND	COMMUNITY DEVELOPMENT BLOCK GRANT CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
REVENUES			
Taxes:			
Ad valorem taxes	\$253,809		\$253,809
Sales and use taxes	641,391		641,391
Other taxes, penalties, and interest	27,373		27,373
Licenses and permits	411,757		411,757
Intergovernmental revenues:			
Federal grant		\$354,527	354,527
State grants	72,311		72,311
Fees, charges, and commissions for services	17,843		17,843
Fines and forfeitures	63,319		63,319
Use of money and property	17,542		17,542
Other revenues	65,365		65,365
Total revenues	<u>1,570,710</u>	<u>354,527</u>	<u>1,925,237</u>
EXPENDITURES			
Current:			
General government:			
Judicial	33,108		33,108
Executive	119,887		119,887
Finance and administrative	358,970		358,970
Public safety	611,357		611,357
Public works	344,767		344,767
Culture and recreation	3,900		3,900
Capital outlay	34,353	354,527	388,880
Total expenditures	<u>1,506,342</u>	<u>354,527</u>	<u>1,860,869</u>
EXCESS OF REVENUES OVER EXPENDITURES	64,368	NONE	64,368
FUND BALANCES AT BEGINNING OF YEAR	<u>643,733</u>	NONE	<u>643,733</u>
FUND BALANCES AT END OF YEAR	<u>\$708,101</u>	NONE	<u>\$708,101</u>

The accompanying notes are an integral part of this statement.

CITY OF MANSFIELD
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, 1996

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes:			
Ad valorem taxes	\$254,264	\$253,809	(\$455)
Sales and use taxes	604,000	641,391	37,391
Other taxes, penalties, and interest	27,000	27,373	373
Licenses and permits	375,300	411,757	36,457
Intergovernmental revenues - state grants	9,700	72,311	62,611
Fees, charges, and commissions for services	17,843	17,843	
Fines and forfeitures	69,000	63,319	(5,681)
Use of money and property	15,852	17,542	1,690
Other revenues	78,430	65,365	(13,065)
Total revenues	<u>1,451,389</u>	<u>1,570,710</u>	<u>119,321</u>
EXPENDITURES			
Current:			
General government:			
Judicial	39,450	33,108	6,342
Executive	126,856	119,887	5,086
Finance and administrative	334,059	358,970	(24,911)
Public safety	583,193	611,357	(28,164)
Public works	392,148	344,767	47,381
Culture and recreation	5,930	3,900	2,030
Capital outlay	57,945	34,353	23,592
Total expenditures	<u>1,539,581</u>	<u>1,506,342</u>	<u>33,239</u>
EXCESS (Deficiency) OF			
REVENUES OVER EXPENDITURES	(88,192)	64,368	152,560
FUND BALANCES AT BEGINNING OF YEAR	<u>426,814</u>	<u>643,733</u>	<u>216,919</u>
FUND BALANCES AT END OF YEAR	<u>\$338,622</u>	<u>\$708,101</u>	<u>\$369,479</u>

The accompanying notes are an integral part of this statement.

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

Combined Statement of Revenues, Expenses,
and Changes in Retained Earnings
For the Year Ended December 31, 1996

OPERATING REVENUES	
Charges for services	\$1,318,440
Penalties	30,314
Permits and fees	402
Other operating revenues	<u>1,374</u>
Total revenues	<u>1,350,530</u>
OPERATING EXPENSES	
General and administrative	764,485
Billing office	57,317
Toledo plant	238,162
Water department	613,524
Sewer department	<u>136,844</u>
Total operating expenses	<u>1,810,332</u>
OPERATING INCOME (Loss)	<u>(459,802)</u>
NON-OPERATING REVENUES (Expenses)	
Interest income	51,122
Operating grant	113,762
Interest expense	<u>(189,957)</u>
Total non-operating revenues (expenses)	<u>(25,073)</u>
NET INCOME (Loss)	(484,875)
Add depreciation on fixed assets acquired with contributed capital	207,639
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>1,212,042</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$934,806</u>

The accompanying notes are an integral part of this statement.

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

Combined Schedule of Cash Flows
For the Year Ended December 31, 1996

CASH FLOWS FROM OPERATING ACTIVITIES

Operating Loss	<u>(\$459,802)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation and amortization	500,414
Increase in accounts receivable	(94,177)
Decrease in accounts payable	82,948
Increase in customer deposits	537
Total adjustments	<u>489,722</u>
Net cash provided by operating activities	<u>29,920</u>

CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES

Receipt of capital contributions	677,180
Receipt of operating grant	<u>113,762</u>
Net cash provided by noncapital and related financing activities	<u>790,942</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(924,903)
Principal paid on revenue bonds	(82,017)
Interest paid on revenue bonds	(189,957)
Bond proceeds	<u>223,337</u>
Net cash used by capital and related financing activities	<u>(973,540)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earnings	51,122
Purchase of investments	(156,945)
Proceeds from maturities of investments	<u>186,293</u>
Net cash used by investing activities	<u>80,470</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

(72,208)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR487,320**CASH AT END OF YEAR**\$415,112

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, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mansfield was incorporated in 1847 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 MANSFIELD

Mansfield, 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 fixed 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.

C O N T E N T S (CONTD.)

	<u>Page No.</u>
Independent Auditor's Reports Required by <i>Government Auditing Standards</i>; OMB Circular A-128, <i>Audits of State and Local Governments</i>; and the <i>Single Audit Act of 1984</i>: (Contd.)	
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CITY OF MANSFIELD

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

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 (infrastructure) general fixed assets consisting of roads, bridges, drainage, parking lots, etc. are not capitalized, as these assets are immovable 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 exhaustible 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 those 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.

C O N T E N T S (CONTD.)

	<u>Schedule</u>	<u>Page No.</u>
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Proprietary Fund Type - Enterprise Funds: (Contd.)		
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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.

E. BUDGET PRACTICES

A preliminary budget for the ensuing 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.

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

At December 31, 1996 the city has cash (book balances) totaling \$677,526, as follows:

Demand deposits	\$676,976
Petty cash	<u>550</u>
Total	<u>\$677,526</u>

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, 1996, are secured as follows:

Bank Balances	<u>\$1,108,407</u>
Federal deposit insurance	\$300,000
Pledged securities (uncollateralized)	<u>1,972,410</u>
Total	<u>\$2,272,410</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 C20.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 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

CITY OF MANSFIELD

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

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, 1996, the city had investments in certificates of deposits and LAMP totaling \$1,173,797, which is stated at cost and approximates market. At December 31, 1996, the certificates of deposit are fully secured by federal deposit insurance and the pledge of securities owned by the fiscal agent bank. 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 I50.164.

In accordance with GASB Codification I50.165 the investment in LAMP at December 31, 1996, is not categorized in the three risk categories provided by GASB Codification I50.164 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 those 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 12 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, 1996.

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

The total column on the balance sheet is captioned Memorandum 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, 1996, taxes totaling 16.57 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 18(f) of the Louisiana Constitution of 1974.

The following are the principal taxpayers for the parish and their 1996 assessed valuation:

	<u>1996 Assessed Valuation</u>	<u>Per cent of Total Assessed Valuation</u>
South Central Bell	\$921,180	5.94 %
First National Bank	906,535	5.84 %
Hendrix Manufacturing Co., Inc	596,672	3.84 %
Central Louisiana Electric Company	469,120	3.02 %
Wal Mart, Inc.	461,800	2.98 %
Mansfield Bank and Trust Company	451,120	2.91 %
Mansfield Motors	358,348	2.31 %
DeSoto Plaza Associates	334,705	2.16 %
Mansfield Auto World	252,496	1.63 %
Energas Company	<u>221,410</u>	<u>1.43 %</u>
Total	<u>\$4,973,386</u>	<u>32.06 %</u>

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

3. RECEIVABLES

The following is a summary of receivables at December 31, 1996:

	<u>General Fund</u>	<u>Enterprise Funds</u>	<u>Total</u>
Taxes:			
Ad valorem	\$71,116		\$71,116
Other	61,389		61,389
Intergovernmental revenue - state grant	50	\$101,760	101,810
Fees, charges, and commissions for services	<u>8,921</u>	<u>111,794</u>	<u>120,715</u>
Total	<u>\$141,476</u>	<u>\$213,554</u>	<u>\$355,030</u>

4. FIXED ASSETS

The following presents the changes in general fixed assets for the year ended December 31, 1996:

	<u>Balance at January 1,</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31,</u>
Land	\$103,904			\$103,904
Buildings	457,238			457,238
Improvements other than buildings	824,677	\$354,527	(\$354,527)	824,677
Office furniture and fixtures	81,970	10,992		92,962
Vehicles	353,947			353,947
Police and fire equipment and vehicles	<u>322,153</u>	<u>23,361</u>	<u>(7,666)</u>	<u>337,848</u>
Total	<u>\$2,143,889</u>	<u>\$388,880</u>	<u>(\$362,193)</u>	<u>\$2,170,576</u>

Additions and deletions to general fixed assets for the year ended December 31, 1996 include \$354,527 for a CDBG program that was completed during 1996 and transferred to the Sewer fund as contributed capital.

A summary of proprietary fund type property, plant, and equipment at December 31, 1996, follows:

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

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Water:			
Land	\$45,361	NONE	\$45,361
Water treatment plant	2,154,975	(\$1,711,092)	443,883
Automotive equipment	173,976	(163,787)	10,189
Transmission line	1,958,822	(1,567,096)	391,726
Pumping station	\$899,005	(\$609,932)	\$289,073
Office equipment	21,020	(10,850)	10,170
Water and sewer system	610,708	(323,561)	287,147
Total Water Fund	<u>5,863,867</u>	<u>(4,386,318)</u>	<u>1,477,549</u>
Sewer:			
Buildings	3,095	(620)	2,475
Automotive equipment	56,646	(40,045)	16,601
Sewer collection system	1,991,065	(325,803)	1,665,262
Treatment plant	2,111,444	(429,900)	1,681,544
Total Sewer Fund	<u>4,162,250</u>	<u>(796,368)</u>	<u>3,365,882</u>
Total	<u>\$10,026,117</u>	<u>(\$5,182,686)</u>	<u>\$4,843,431</u>

5. PENSION PLANS

Substantially all employees of the City of Mansfield 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-five 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 of creditable service are entitled to a retirement benefit, payable monthly for life, equal

CITY OF MANSFIELD

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

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, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Under Plan A, members are required by state statute to contribute 9.25 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 6.25 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, 1996, 1995, 1994, were \$60,893, \$54,059, and \$48,857, 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 at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 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 MANSFIELD

Mansfield, 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) 929-7411.

Plan members are required by state statute to contribute 7.5 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, 1996, 1995, 1994, were \$23,180, \$23,365, and \$22,980, respectively, equal to the required contributions for each year.

6. CHANGES IN LONG-TERM DEBT

The long-term liability for Water Revenue Bonds represent bonds issued to the Louisiana Public Facilities Authority. The city issued revenue bonds in the amount of \$1,056,087 in 1989. The bonds are payable in semiannually installments of \$11,083 to \$118,560 through April 1, 2018, with an annual interest rate of 11 per cent.

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 \$2,067,469. The bonds are payable in annual installments of \$75,000 to \$175,000 through March 1, 2009, with an annual interest rate of 4.95 per cent. The 1996 bond series authorized the city to issue \$367,000 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. During the year ended December 31, 1996, the city was advanced \$223,337. The bonds are payable in annual installments of \$19,000 to \$28,000 through March 1, 2014, with an annual interest rate of 2.95 per cent.

The following is a summary of revenue bond transactions of the enterprise funds for the year ended December 31, 1996:

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

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Revenue bonds payable at January 1, 1996	\$1,019,158	\$1,797,468	\$2,816,626
Additions	NONE	223,337	223,337
Retirements	<u>(9,549)</u>	<u>(72,468)</u>	<u>(82,017)</u>
Revenue bonds payable Less current maturities	<u>1,009,609</u>	<u>1,948,337</u>	<u>2,957,946</u>
Long-term debt at December 31, 1996	<u>\$998,526</u>	<u>\$1,873,337</u>	<u>\$2,871,863</u>

The annual requirements to amortize all revenue bonds outstanding as of December 31, 1996, including interest payments of \$2,531,466, are as follows:

<u>Year</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
1997	\$121,530	\$165,413	\$286,943
1998	120,781	171,260	292,041
1999	120,930	171,143	292,073
2000	120,931	171,794	292,725
2001	120,781	171,212	291,993
2002-2006	609,604	855,274	1,464,878
2007-2011	613,653	863,246	1,476,899
2012-2016	621,354	220,847	842,201
2017-2018	<u>249,659</u>	<u>249,659</u>	<u>249,659</u>
Total	<u>\$2,699,223</u>	<u>\$2,790,189</u>	<u>\$5,489,412</u>

7. 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, 1996, accumulated amortization on these assets is \$2,133,206.

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**CITY OF MANSFIELD
Mansfield, Louisiana**

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

**As of and for the Year Ended
December 31, 1996
With Supplemental Information Schedules**

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 ~~APR 30 1997~~

**VERNON R
COON**
CERTIFIED PUBLIC ACCOUNTANT



**Independent Auditor's Report on Supplementary
Schedule of Federal Financial Assistance**

CITY OF MANSFIELD
Mansfield, Louisiana

I have audited the general purpose financial statements of the City of Mansfield as of December 31, 1996, and for the year then ended, and have issued my report thereon dated March 21, 1997. 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; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 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.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the City of Mansfield taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule 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 financial statements taken as a whole.

West Monroe, Louisiana
March 21, 1997

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CITY OF MANSFIELD

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

**Community Development Block Grant
Capital Projects Fund**

The Community Development Block Grant (CDBG) Fund accounts for the construction of sewer system improvements. Financing is provided by a federal grant from the United States Department of Housing and Urban Development through the Office of the Governor, Division of Administration. The objectives of the Community Development Block Grant Program are the development of viable urban communities, decent housing and a suitable living environment, and expanded economic opportunities to be achieved through the undertaking of eligible activities that fulfill one or more of three broad national objectives: (1) benefiting low and moderate income persons, (2) aiding in the prevention or elimination of slums or blight, and (3) meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and other financial resources are not available to meet such needs.

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 (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided 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.

**Fiduciary 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 Toledo Bend Lake.

CITY OF MANSFIELD
Mansfield, Louisiana

Schedule of Compensation Paid Aldermen
For the Year Ended December 31, 1996

Boss Ray Anderson	\$3,600
J. Dudley Kemper	3,600
Mitchell L. Lewis	3,600
John Mayweather, Sr.	3,600
Robert McAllen	<u>3,600</u>
Total	<u>\$18,000</u>