

TOWN OF MANGHAM, LOUISIANA**Annual Financial Statements****As of June 30, 2005 and for the Year Then Ended**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 1-11-2006

Karen M. Hollis, CPA
802 Julia Street, Ste D
PO Box 397
Rayville, Louisiana 71269
(318) 728-6588

TOWN OF MANGHAM, LOUISIANA
Annual Financial Statements
As of and for the Year Ended June 30, 2005
With Supplemental Information Schedules

CONTENTS

	Statement	Page
Independent Auditor's Report		3
Required Supplemental Information (Part I) Management's Discussion and Analysis		5
<u>Basic Financial Statements</u>		
Government-Wide Financial Statements:		
Statement of Net Assets	A	11
Statement of Activities	B	12
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C	13
Reconciliation of the Governmental Funds Balance Sheet to The Government-Wide Financial Statement of Net Assets	C	13
Statement of Revenues, Expenditures, and Changes in Fund Balances	D	14
Reconciliation of the Statement of Revenues, Expenditures, And Changes in Fund Balances of Governmental Funds to the Statement of Activities	D	14
Proprietary Funds:		
Statement of Net Assets	E	15
Statement of Revenues, Expenses, and Changes in Fund Net Assets	F	16
Statement of Cash Flows	G	17

TOWN OF MANGHAM, LOUISIANA

Annual Financial Statements
As of and for the Year Ended June 30, 2005
With Supplemental Information Schedules

(continued)

	Statement	Page
Notes to the Financial Statements		18
	Schedules	Page
Required Supplemental Information (Part II)		
Budget Comparison Schedules	1	29
Notes to Budget Comparison Schedules		
<u>Other Supplemental Schedules</u>		
Schedule of Compensation Paid Elected Officials	2	30
		Page
Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		31
Current Year Findings, Recommendations, and Corrective Action Plan		33
Status of Prior Audit Findings		34



KAREN M. HOLLIS, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Aldermen
Town of Mangham, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mangham, Louisiana as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Mangham, Louisiana, management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for our opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mangham, Louisiana, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 23, 2005, on my consideration of the Town of Mangham, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 8, and page 30 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of

802 Julia Street
Suite D
PO Box 397
Rayville, LA 71269
Phone: 318-728-6588
Fax: 318-728-6580
Email: karenmholliscpa@bellsouth.net

inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

A handwritten signature in cursive script, appearing to read "James M. Kelly".

Rayville, Louisiana
December 23, 2005

TOWN OF MANGHAM, LOUISIANA
Management Discussion and Analysis
As of and for the Year Ended June 30, 2005

Management's Discussion and Analysis is a fact-based analysis of the Town's financial activities during the fiscal year ended June 30, 2005. Its purpose is to provide an overview of activities within the Town based on currently known facts, decision, and conditions.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government issued June 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

As with other sections of the financial report, the information contained within the MD&A should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplementary Information ("RSI") that is provided in addition to this Management Discussion and Analysis.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$1,161,301 (net assets). Of this amount, \$579,212 (unrestricted net assets) represents the portion of net assets that is not invested in capital assets or otherwise restricted.
- The government's total net assets increased by \$306,852.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$319,644 an increase of \$40,617 in comparison with the prior year. Of this total amount, \$319,644 is available for spending at the government's discretion (unreserved fund balance).
- The Town's total debt decreased by approximately \$15,240 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Mangham's basic financial statements. The Town of Mangham's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Mangham's finances, in a manner similar to a private-sector business. The statement of net assets presents information on all of the Town of Mangham's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Mangham is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses

Town of Mangham, Louisiana
Management Discussion and Analysis (continued)

are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Town of Mangham that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Mangham include general government, public safety, sanitation, public works and Community Center. The business-type activities of the Town of Mangham include water and sewer.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Mangham like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Mangham can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Mangham maintains 3 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Sales Tax Fund, and Capital Projects Fund, all of which are considered to be major funds.

The Town of Mangham adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

Proprietary funds. The Town of Mangham maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information the government-wide financial statements, only in more detail.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Town of Mangham, Louisiana
Management Discussion and Analysis (continued)

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Mangham's compliance with budgets for its major funds.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Mangham, assets exceeded liabilities by approximately \$854,449 at the close of the most recent fiscal year.

By far the largest amount of the Town of Mangham's net assets (\$531,630) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Mangham uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Mangham's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-Type Activities		Totals	
	06/30/05	06/30/04	06/30/05	06/30/04	06/30/05	06/30/04
Current & other assets	\$322,642	\$194,372	\$321,332	\$403,579	\$643,974	\$597,951
Capital assets	450,787	191,928	121,668	133,442	572,455	325,370
Total assets	\$773,429	\$386,300	\$443,000	\$537,021	\$1,216,429	\$923,321
Current & other liabilities	\$2,998	\$7,686	\$19,845	\$19,032	\$22,843	\$26,718
Long-term liabilities	0	0	32,285	42,154	32,285	42,154
Total liabilities	\$2,998	\$7,686	\$52,130	\$61,186	\$55,128	\$68,872
Net Assets:						
Invested in Capital Assets						
net of related debt	\$450,787	\$186,557	\$89,383	\$91,288	\$540,170	\$277,845
Restricted	0	0	41,919	41,919	41,919	41,919
Unrestricted	319,644	192,057	259,568	342,628	579,212	534,685
Total net assets	\$770,431	\$378,614	\$390,870	\$475,835	\$1,161,301	\$854,449

The balance of \$579,212 in unrestricted net assets in the governmental activities represents the accumulated results of all past year's operations. Net assets increased by \$44,527 from the prior year. The changes in net assets are discussed later in this MD&A.

Governmental activities. Governmental activities increased the Town of Mangham's net assets by \$383,277. Key elements of the changes in net assets are as follows:

Town of Mangham, Louisiana
Management Discussion and Analysis (continued)

TOWN OF MANGHAM CHANGES IN NET ASSETS
06/30/2005 and 2004

	Governmental Activities		Business-Type Activities		Totals	
	06/30/05	06/30/04	06/30/05	06/30/04	06/30/05	06/30/04
Revenues:						
Program Revenues:						
Charges for services	91568	\$53,945	\$88,724	\$83,453	\$180,292	\$137,398
Operating grants & contributions	263545	83,345		0	263,545	83,345
General Revenues:					0	0
Property taxes	31052	15,773	33,782	31,143	64,834	46,916
Sales taxes	55934	56,347		0	55,934	56,347
Other taxes	10760	11,120		0	10,760	11,120
Other general revenues	34235	45,422	4,465	2,756	38,700	48,178
Total revenues	487,094	265,952	126,971	117,352	614,065	383,304
Expenses:						
General Government	72517	61,083			72,517	61,083
Public Safety and Protection	97830	94,666			97,830	94,666
Public Works	31993	58,804			31,993	58,804
Sanitation	19833	21,714			19,833	21,714
Culture and Recreation	9453	8,543			9,453	8,543
Water			62,150	65,227	62,150	65,227
Sewer			35,984	36,910	35,984	36,910
Interest on long term debt			1,832	1,922	1,832	1,922
Total expenses	231,626	244,810	99,966	104,059	331,592	348,869
Increase (decrease) in assets before transfers	255,468	21,142	27,005	13,293	282,473	34,435
Transfers	25,000	0	(25,000)	0	0	0
Increase (decrease) in net assets	\$280,468	\$21,142	\$2,005	\$13,293	\$282,473	\$34,435

Expenses are classified by functions/programs. General government accounts for approximately \$72,000 while public safety, public works, sanitation, and community center accounts for approximately \$157,000 for the fiscal year 2005. The related program revenues for fiscal 2005 directly related to these expenses totaled \$355,773, which resulted in net program expenses of (\$124,147). The remaining balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

- Sales tax revenues are the largest and most significant source of revenue for the Town of Mangham. It provides approximately \$56,000 of general fund revenue.
- Insurance premium taxes are the second largest revenue source to the Town, generating approximately \$26,000 of general fund revenue.

Business-type activities. Business-type activities increase the Town of Mangham's net assets by approximately \$2,005. Key elements of this increase are as follows.

- Water Fund activities increase the Town's net assets by approximately \$13,863.
- Sewer Fund activities decreased net assets by approximately \$11,858.

Financial Analysis of the Government's Funds

Town of Mangham, Louisiana
Management Discussion and Analysis (continued)

As noted earlier, the Town of Mangham uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Town of Mangham's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Mangham's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Mangham's governmental funds reported combined ending fund balances of \$319,644, an increase of \$45,989 in comparison with the prior year. All of this total amount (\$319,644) constitutes unreserved fund balance, which is available for spending at the Town's discretion.

General Fund Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA- R.S 39:1301 et seq), the Town of Mangham must adopt a budget for the General Fund and all Special Revenue funds prior to June 30. The original budget for the Town was adopted on June 8, 2004, and the final budget amendment was adopted on May 9, 2005.

Revenues: Overall revenues for the General Fund were projected to increase during FY 2005 by \$196,395 from the previous year. The Town was expecting a CDBG grant to improve the streets inside the Town limits. All other revenues were expected to remain the same for 2005.

Expenditures: General governmental expenditures comprise 14% of the General Funds Appropriations. Capital outlay was expected to increase due to the grants being received for certain projects.

Capital Asset and Debt Administration

Capital assets. The Town of Mangham's investment in capital assets for its governmental and business type activities as of June 30, 2005, amounts to \$563,915 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment and street improvements.

Major capital asset events in the current fiscal year included the purchase of property and the completion of the street overlays that was funded with CDBG funds.

Town of Mangham, Louisiana
Management Discussion and Analysis (continued)

Town of Mangham Capital Assets

	06/30/05	(Restated) 06/30/04
Land	\$41,250	\$16,250
Building & Improvements	159,895	151,135
Machines & Equipment	64,905	64,905
Infrastructure	257,233	0
Sewer System	374,741	374,741
Water System	125,362	125,362
Total	1,023,386	732,393
Less Accumulated Depreciation	(450,931)	(411,173)
Total Capital Assets	\$572,455	\$321,220

Town of Mangham Outstanding Debt

Lease	\$0	\$5,371
Sewer Notes	32,285	42,154
	<u>\$32,285</u>	<u>\$47,525</u>

Economic Factors and Next Year's Budgets and Rates

Factors considered in preparing the Town of Mangham's budget for the 2006 fiscal year included the impact that the property tax reassessments that were completed which increased property values for the Town and determining the amount of revenue that will be generated from sales tax. Sales taxes account for approximately 24% of the Town's total revenue. With current economic conditions, sales tax revenue is projected to remain flat for the next fiscal year. All other revenues should remain fairly constant.

Requests for Information

This financial report is designed to provide a general overview of the Town of Mangham's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Clerk, Post Office 94 Mangham, Louisiana 71295.

STATEMENT A

TOWN OF MANGHAM, LOUISIANA

Statement of Net Assets

June 30, 2005

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$146,391	\$413,079	\$559,470
Receivables (net of allowances for uncollectibles)	64,209	20,295	84,504
Internal balances	112,042	(112,042)	0
Capital assets (net)	450,787	121,668	572,455
TOTAL ASSETS	\$773,429	\$443,000	\$1,216,429
LIABILITIES			
Accounts, salaries, and other payables	\$2,998	\$19,845	\$22,843
Capital leases payable	0	0	0
Loans payable	0	32,285	32,285
TOTAL LIABILITIES	\$2,998	\$52,130	\$55,128
NET ASSETS			
Invested in capital assets, net of related debt	\$450,787	\$89,383	\$540,170
Restricted	0	41,919	41,919
Unrestricted	319,644	259,568	579,212
TOTAL NET ASSETS	\$770,431	\$390,870	\$1,161,301

See the auditor's report. The accompanying notes are an integral part of these financial statements.

TOWN OF MANGHAM, LOUISIANA

Statement of Activities

For the Year Ended June 30, 2005

	Program Revenues			Net (Expenses) Revenue	Net (Expenses) Revenues and Changes of Primary Government		Total
	Charges for Services	Operating			Governmental Activities	Business-type Activities	
		Grants and Contributions	Capital Grants & Contributions				
Governmental Activities							
General government	\$72,517	\$0	\$660	\$25,000	\$46,857	\$	\$46,857
Public safety and protection	97,830	55,931		4,238	37,661		37,661
Public works	31,993	20,222		226,826	(194,833)		(194,833)
Sanitation	19,833				(389)		(389)
Culture & Recreation	9,453	15,415		7,481	(13,443)		(13,443)
Total Governmental Activities	231,626	91,568	660	263,545	(124,147)		(124,147)
Business-type Activities							
Water	62,150	76,845			(14,695)		(14,695)
Sewer	37,816	11,879			25,937		25,937
Total Business-type Activities	99,966	88,724			11,242		11,242
Total Primary Government	\$331,592	\$180,292	\$660	\$263,545	(\$124,147)	\$11,242	(\$112,905)

General Revenues:

Property taxes	\$31,052	\$33,782	\$64,834
Sales taxes	55,934	0	55,934
Franchise taxes	10,760	0	10,760
Occupational licenses	24,368	0	24,368
Investment earnings	1,407	4,465	5,872
Other general revenues	7,800	0	7,800
Transfers	25,000	(25,000)	0
Total general revenues and transfers	156,321	13,247	169,568
Change in Net Assets	280,468	2,005	282,473

Statement of

Net assets-beginning (restated)	489,963	388,865	878,828
Net assets-ending	\$770,431	\$390,870	\$1,161,301

See the auditor's report. The accompanying notes are an integral part of these financial statements.

TOWN OF MANGHAM, LOUISIANA
Balance Sheet, Governmental Funds

June 30, 2005

	GENERAL FUND	MAJOR FUNDS SALES TAX FUNDS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$107,513	\$38,878	\$0	\$146,391
Receivables (net of allowances for uncollectibles)	64,204	5	0	64,209
Due from other funds	143,144	59,321	0	202,465
TOTAL ASSETS	\$314,861	\$98,204	\$0	\$413,065
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries, and other payables	2,998	0	0	2,998
Due to other funds	90,423	0	0	90,423
Total Liabilities	93,421	0	0	93,421
Fund balances:				
Reserved:				
Unreserved, reported in:				
General Fund	221,440			221,440
Special revenue funds		98,204		98,204
Capital projects funds			0	0
TOTAL LIABILITIES AND FUND BALANCES	\$314,861	\$98,204	\$0	\$413,065

**Reconciliation of The Governmental Funds Balance Sheet
to The Government-Wide Financial Statement of Net Assets**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds:	\$319,644
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Governmental assets	523,283
Less Accumulated Depreciation	<u>(72,496)</u>
	450,787
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds:	
Capital lease	<u>0</u>
	<u>0</u>
Net Assets of Governmental Activities (Statement A)	<u>\$770,431</u>

See the auditor's report. The accompanying notes are an integral part of these financial statements.

STATEMENT D

TOWN OF MANGHAM, LOUISIANA
Statement of Revenues, Expenditures and
and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2005

	GENERAL FUND	MAJOR FUNDS SALES TAX FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes:				
Sales and use	\$	\$55,934	\$	\$55,934
Franchise tax	10,760			10,760
Ad valorem tax	31,052			31,052
Other taxes, penalties, interest, etc.	695			695
Licenses and permits	24,368			24,368
Intergovernmental revenues:				
State funds:				
State revenue sharing (net)	21,718			21,718
Grant	15,000		226,826	241,826
Charges for services	20,222			20,222
Fines and forfeitures	55,931			55,931
Investment earnings	801	606		1,407
Other revenues	23,181			23,181
Total Revenues	<u>203,728</u>	<u>56,540</u>	<u>226,826</u>	<u>487,094</u>
EXPENDITURES				
General government	67,795	764		68,559
Public safety and protection	90,057			90,057
Public works	18,439			18,439
Sanitation	19,833			19,833
Culture and recreation	7,457			7,457
Capital outlay	34,934		226,826	261,760
Total Expenditures	<u>238,515</u>	<u>764</u>	<u>226,826</u>	<u>466,105</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,787)	55,776	0	20,989
OTHER FINANCING SOURCES (USES)				
Transfers in	80,170			80,170
Transfers out		(55,170)		(55,170)
Total Other Financing Sources and Uses	<u>80,170</u>	<u>(55,170)</u>	<u>0</u>	<u>25,000</u>
Net Change in Fund Balance	45,383	606	0	45,989
Fund balances -- beginning	176,057	97,598	0	273,655
Fund balances -- ending	<u>\$221,440</u>	<u>\$98,204</u>	<u>\$0</u>	<u>\$319,644</u>

**Reconciliation of The Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities**

For the Year Ended June 30, 2004

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds \$45,989

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation expense	(26,107)	
Capital outlay	<u>260,586</u>	<u>234,479</u>

Change in Net Assets of Governmental Activities, Statement B \$280,468

See the auditor's report. The accompanying notes are an integral part of these financial statements.

TOWN OF MANGHAM, LOUISIANA

Statement of Net Assets, Proprietary Funds

June 30, 2005

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	(Major Enterprise Funds)		TOTAL
	WATER FUND	SEWER FUND	ENTERPRISE FUNDS
ASSETS			
Current Assets:			
Cash and cash equivalents	\$302,746	\$110,333	\$413,079
Receivables (net of allowances for uncollectibles)	17,918	2,377	20,295
Due from other funds	31,102	0	31,102
Total Current Assets	<u>351,766</u>	<u>112,710</u>	<u>464,476</u>
Non-Current Assets:			
Capital assets (net of accumulated depreciation)	31,901	89,767	121,668
Total Non-Current Assets	<u>31,901</u>	<u>89,767</u>	<u>121,668</u>
TOTAL ASSETS	<u>\$383,667</u>	<u>\$202,477</u>	<u>\$586,144</u>
LIABILITIES			
Current Liabilities:			
Accounts, salaries, and other payables	\$2,815	\$1,218	\$4,033
Customer Deposits Refundable	15,812	0	15,812
Due to other funds	0	143,144	143,144
Total Current Liabilities	<u>18,627</u>	<u>144,362</u>	<u>162,989</u>
Non Current Liabilities:			
Notes Payable-USDA	0	32,285	32,285
Total Non-Current Liabilities	<u>0</u>	<u>32,285</u>	<u>32,285</u>
NET ASSETS			
Invested in capital assets, net of related debt	31,901	57,482	89,383
Restricted for debt service	0	41,919	41,919
Unrestricted	333,139	(73,571)	259,568
TOTAL NET ASSETS	<u>\$365,040</u>	<u>\$25,830</u>	<u>\$390,870</u>

See the auditor's report. The accompanying notes are an integral part of these financial statements.

STATEMENT F

TOWN OF MANGHAM, LOUISIANA

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds

For the Year Ended June 30, 2005

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	(Major Enterprise Funds)		TOTAL
	WATER FUND	SEWER FUND	ENTERPRISE FUNDS
Operating Revenues			
Charges for services:			
Water sales	\$75,052	\$0	\$75,052
Sewer charges	0	10,427	10,427
Other services	1,793	1,452	3,245
Total Operating Revenues	<u>76,845</u>	<u>11,879</u>	<u>88,724</u>
Operating Expenses			
Salaries and wages	8,093	8,093	16,186
Materials and supplies	45,257	13,879	59,136
Other services and charges	6,589	2,573	9,162
Depreciation	2,211	11,440	13,651
Total Operating Expenses	<u>62,150</u>	<u>35,985</u>	<u>98,135</u>
Operating Income	<u>14,695</u>	<u>(24,106)</u>	<u>(9,411)</u>
Nonoperating Revenues (Expenses)			
Property Taxes	5,686	28,096	33,782
Interest earnings	3,482	984	4,466
Interest expense	0	(1,832)	(1,832)
Total Nonoperating Revenues (Expenses)	<u>9,168</u>	<u>27,248</u>	<u>36,416</u>
Income Before Contributions and Transfers	<u>23,863</u>	<u>3,142</u>	<u>27,005</u>
Capital Contributions	0	0	0
Transfers In	0	0	0
Transfer Out	<u>10,000</u>	<u>15,000</u>	<u>25,000</u>
Change in Net Assets	<u>13,863</u>	<u>(11,858)</u>	<u>2,005</u>
Total Net Assets-Beginning	<u>351,177</u>	<u>37,688</u>	<u>388,865</u>
Total Net Assets-Ending	<u>\$365,040</u>	<u>\$25,830</u>	<u>\$390,870</u>
Reconciliation			
Changes in Net Assets Above			<u>\$2,005</u>
Adjustment to consolidate internal service activities related to enterprise activities			<u>0</u>
Changes in Net Assets of Business-type Activities, Statement B			<u>\$2,005</u>

See the auditor's report. The accompanying notes are an integral part of these financial statements.

TOWN OF MANGHAM, LOUISIANA
Statement of Cash Flows, Proprietary Funds
For the Year Ended June 30, 2005

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	(Major Enterprise Funds)		TOTAL
	WATER FUND	SEWER FUND	ENTERPRISE FUNDS
Cash Flows From Operating Activities			
Receipts from customers and users	\$71,126	\$11,655	\$82,781
Payments to suppliers	(37,638)	(5,143)	(42,781)
Payments to employees	(8,093)	(8,093)	(16,186)
Net Cash Provided by Operating Activities	<u>25,395</u>	<u>(1,581)</u>	<u>23,814</u>
Cash Flows From NonCapital Financing Activities			
Property Taxes	5,686	28,096	33,782
Transfers to other funds	(10,000)	(15,000)	(25,000)
Net Cash Provided (used) by Noncapital Financing Activities	<u>(4,314)</u>	<u>13,096</u>	<u>8,782</u>
Cash Flows From Capital and Related Financing Activities			
Principal paid on capital debt	0	(9,869)	(9,869)
Interest paid on capital debt	0	(1,832)	(1,832)
Net Cash Provided (used) by Capital and Related Financing Activities	<u>0</u>	<u>(11,701)</u>	<u>(11,701)</u>
Cash Flows From Investing Activities			
Interest and dividends received	3,482	984	4,466
Net Cash Provided (used) by Investing Activities	<u>3,482</u>	<u>984</u>	<u>4,466</u>
Net Increase in Cash and Cash Equivalents	24,563	798	25,361
Cash and Cash Equivalents, Beginning of Year	278,183	109,535	387,718
Cash and Cash Equivalents, End of Year	<u>\$302,746</u>	<u>\$110,333</u>	<u>\$413,079</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities			
Operating income	\$14,965	(\$24,106)	(\$9,141)
Depreciation expense	2,211	11,440	13,651
(Increase) decrease in accounts receivable	(4,013)	(421)	(4,434)
(Increase) decrease in due from other funds	11,316	0	11,316
Increase (decrease) in allowance for uncollectible accounts	0	0	0
Increase (decrease) in customer deposits	1,365	0	1,365
Increase (decrease) in accounts payable	(449)	(103)	(552)
Increase (decrease) in due to other funds	0	11,609	11,609
Total Adjustments	<u>10,430</u>	<u>22,525</u>	<u>32,955</u>
Net Cash Provided by Operating Activities	<u>\$25,395</u>	<u>(\$1,581)</u>	<u>\$23,814</u>
Listing of Noncash Investing, Capital, and Financial Activities			
Borrowing under capital leases	0	0	0
Contributions of capital assets from government	0	0	0
Purchase of equipment on account	0	0	0
Increase in fair value of investments	0	0	0
Capital assets traded in	0	0	0

See the auditor's report. The accompanying notes are an integral part of these financial statements.

TOWN OF MANGHAM, LOUISIANA

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

INTRODUCTION

The Town of Mangham, Louisiana was incorporated March 4, 1907, under the provisions of the Lawrason Act. The Town operates under a Board of Aldermen-Mayor form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, public improvements and general administrative services. The Town has a population of approximately 650 people and employs eight people excluding the mayor and the five aldermen.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Town has oversight of other component units that are, either, blended into the Town's basic financial statements or discretely presented in a separate column in the government-wide financial statements. The Town of Mangham has no component units as of June 30, 2005.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

See the auditor's report.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

The Water Fund provides water services to the citizens inside the Town's boundaries. It accounts for all revenues and expenses associated with providing water service.

The Sewer Fund provides sewer services to the citizens inside the Town's boundaries. It accounts for all revenues and expenses associated with providing sewer service.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principle operating revenues derived from the proprietary funds include water and sewer fees along with new installation fees. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

The Town's only non major fund includes LCDBG Grant for street improvements. The information for this fund is included in Statements C and D under other governmental funds.

C. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments for the Town, as well as for its component units, are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectives. The Town uses the allowance method for uncollectible water fees and writes off accounts when it deems them to be totally uncollectible.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

See the auditor's report.

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Taxes due for:			
General fund	7.61	7.61	2006
Water Plant Fund	3.25	3.25	2006
Street Maintenance	2.17	2.17	2006
Sewer Maintenance	5.31	5.31	2006
Sewer District No. 1	10.75	10.75	2006
General fund	8.00	8.00	2006

Sales Taxes The Town of Mangham collects a 1% sales tax, which is not designated for a specific purpose at this time. The tax may be used for any expenditure necessary. The tax is due to expire in June 2006.

F. Restricted Assets

The Town's Sewer Fund has restricted assets in accordance with the loan agreement in the amount of \$41, 919. This is to cover the loan in case the Town defaults on the loan.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$2,500 or more for capitalizing capital assets.

As permitted by GASB 34, the Town has elected not to report infrastructure assets retroactively.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The Town had no interest to capitalize under construction.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	40 Years
Furniture and fixtures	5 – 10 Years
Vehicles	5 Years

See the auditor's report.

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

Equipment	7 – 15 Years
Sewer system	20 – 40 Years
Water system	20 – 40 Years

H. Compensated Absences

Full time employees of the Town earn 5/6 working days per year of 30 days for each month worked for annual leave. Annual leave cannot be accumulated therefore no accrual has been made.

Employees can earn up to 15 days of sick leave each year. Employees are not paid for accumulated sick leave upon termination, therefore, no accrual has been made.

I. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION. The Town uses the following budget practices:

Preliminary budgets for the ensuing fiscal year are prepared by the Town Clerk during May of each year. Prior to June 15, the Mayor submits to the Board of Aldermen, a proposed budget for the fiscal

See the auditor's report.

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

year commencing the following July 1. The availability of the proposed budget for public inspection and the date of the next meeting on the budget are then advertised in the official journal. The budget is then adopted during the meeting prior to June 30. All annual appropriations lapse at year-end.

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

3. CASH AND CASH EQUIVALENTS

At June 30, 2005 the Town has cash and cash equivalents (book balances) totaling \$559,470 as follows:

	General Fund	Sales Tax Fund	Proprietary Funds	Totals
Demand deposits	\$58,592		\$144,504	\$203,096
Interest-bearing demand deposits	5,599		9,031	14,630
Time deposits	43,322	38,878	259,544	341,744
Other				
	<u>\$107,513</u>	<u>\$38,878</u>	<u>\$413,079</u>	<u>\$559,470</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.

At June 30, 2005, the Town has \$616,081 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$600,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

5. RECEIVABLES

The receivables of \$84,504 at June 30, 2005 are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Services	\$3,425	\$	\$18,027	\$21,452
Fines	60,575			60,575
Accrued Interest	204	5	2,268	2,477
Total	<u>\$64,204</u>	<u>\$5</u>	<u>\$20,295</u>	<u>\$84,504</u>

See the auditor's report.

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

The proprietary funds have an allowance account of \$550 and used the direct write-off method when an account is deemed uncollectible.

6. INTERFUND RECEIVABLES/PAYABLES

Short-term cash loans between funds are considered temporary in nature. These amounts are reported as "due from/to other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2005 for the primary government is as follows:

See the auditor's report.

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

	Balance 06/30/04	Additions	Retirements	Balance 06/30/05
Governmental Activities:				
Nondepreciable assets:				
Land	\$16,250	\$25,000		\$41,250
Depreciable assets:				
Buildings & improvements	151,135	8,760		159,895
Equipment	64,905			64,905
Street Improvements	0	257,233		257,233
Total capital assets being depreciated	216,040	265,993	0	482,033
Less accumulated depreciation	(46,389)	(26,107)		(72,496)
Total capital assets being depreciated, net	169,651	239,886	0	409,537
Total governmental activities capital assets, net	<u>\$185,901</u>	<u>\$264,886</u>	<u>\$0</u>	<u>\$450,787</u>
Business-type activities:				
Nondepreciable assets:				
Land	\$2,950			\$2,950
Depreciable assets:				
Structures & Sewer System	369,170			369,170
Water Plant & Distribution	90,234			90,234
Furniture & Equipment	20,549			20,549
Vehicles	17,200			17,200
Total capital assets being depreciated	497,153	0	0	497,153
Less accumulated depreciation	(364,784)	(13,651)		(378,435)
Total capital assets being depreciated, net	132,369	(13,651)	0	118,718
Total business-type activities capital assets, net	<u>\$135,319</u>	<u>(\$13,651)</u>	<u>\$0</u>	<u>\$121,668</u>

Depreciation expense was charges to functions of the governmental and business-type activities as follows:

See the auditor's report.

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

<u>Governmental Activities:</u>		<u>Business-Type Activities:</u>	
General Government	3,958	Sewer	11,440
Public safety and protection	7,773	Water	2,211
Public works	13,554		
Sanitation	0		
Culture and recreation	822		
Totals	<u><u>26,107</u></u>		<u><u>13,651</u></u>

9. INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

The composition of interfund balances as of June 30, 2005 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Fund	General Fund	\$143,144
Water Fund	General Fund	31,102
Special Revenues	General Fund	59,321
		<u><u>\$233,567</u></u>

10. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$22,843 at June 30, 2005 are as follows:

	<u>General Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
Accounts	\$2,998	\$3,463	\$6,461
Other		16,382	16,382
Total	<u><u>\$2,998</u></u>	<u><u>\$19,845</u></u>	<u><u>\$22,843</u></u>

12. LEASES

The Town records (does not record) items under capital leases as an asset and an obligation in the accompanying financial statements. All leases have been paid in full as of June 30, 2005.

13. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2005:

See the auditor's report.

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

	<u>Bonded Debt</u>	<u>Total</u>
Long-term obligations at Beginning of Year	\$42,154	\$42,154
Additions	0	
Deductions	<u>(9,869)</u>	<u>(9,869)</u>
Long-term obligations at End of Year	<u>\$32,285</u>	<u>\$32,285</u>

<u>Year Ending June 30, 2005</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2006	\$9,853	\$1,525	\$11,378
2007	10,351	1,027	11,378
2008	6,538	795	7,333
2009	5,543	146	5,689
Total	<u>\$32,285</u>	<u>\$3,493</u>	<u>\$35,778</u>

The sewer fund accounts for the debt and the general fund has no long-term debt as of June 30, 2005. There are three loans, which originated on 06/25/1970 at 5 percent interest. Two of the loans are payable on an annual basis and the third loan is payable on a monthly basis.

14. RETIREMENT SYSTEMS

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

A. Municipal Employees Retirement System of Louisiana (System)

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

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at

See the auditor's report.

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the Town of Mangham is required to contribute at an actuarially determined rate. The current rate is 3.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Mangham are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Mangham contributions to the System under Plan B for the years ending December 31, 2004, 2003, and 2002 were \$1,396, \$1,254, and \$996, respectively, equal to the required contributions for each year.

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

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 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 benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town of Mangham is required to contribute at an actuarially determined rate. The current rate is 21.5% of annual covered payroll. The contribution requirements of plan members and the Town of Mangham are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Mangham contributions to the System for the years ending December 31, 2004, 2003, and 2002, were \$5,327, \$4,548, and \$2,795, respectively, equal to the required contributions for each year.

See the auditor's report.

TOWN OF MANGHAM, LOUISIANA

**Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual (GAAP Basis)
General Fund (and all major governmental funds)
For the Year Ended June 30, 2005**

Required Supplemental Information

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over(Under)
	Original	Final		
Revenues				
Taxes:				
Sales and use	\$56,000	\$56,000	\$55,934	(\$66)
Franchise tax	10,000	10,000	10,760	760
Ad valorem tax	12,500	30,000	31,052	1,052
Other taxes, penalties, interest, etc.	1,000	1,000	695	(305)
Licenses and permits	25,000	25,000	24,368	(632)
Intergovernmental revenues:				
State funds:				
State revenue sharing (net)	15,000	15,000	21,718	6,718
Grant	276,761	276,761	241,826	(34,935)
Charges for services	20,000	20,000	20,222	222
Fines and forfeitures	45,000	47,500	55,931	8,431
Investment earnings	2,000	2,000	1,407	(593)
Other revenues	21,401	21,401	23,181	1,780
Total Revenues	<u>484,662</u>	<u>504,662</u>	<u>487,094</u>	<u>(17,568)</u>
Expenditures				
General Government	68,700	68,700	68,559	(141)
Public safety and protection	89,500	89,500	90,057	557
Public works	25,000	25,000	18,439	(6,561)
Sanitation	20,000	20,000	19,833	(167)
Culture and recreation	6,000	6,000	7,457	1,457
Capital Outlay	291,761	291,761	261,760	(30,001)
Total Expenditures	<u>500,961</u>	<u>500,961</u>	<u>466,105</u>	<u>(34,856)</u>
Net Change in Fund Balance	(16,299)	3,701	20,989	17,288
Fund Balance (Deficit) at Beginning of Year	<u>273,655</u>	<u>273,655</u>	<u>273,655</u>	<u>273,655</u>
Fund Balance (Deficit) at End of Year	<u>\$257,356</u>	<u>\$277,356</u>	<u>\$294,644</u>	<u>\$290,943</u>

See the auditor's report. The accompanying notes are an integral part of these financial statements.

Schedule 2

TOWN OF MANGHAM, LOUISIANA

Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2004

<u>Board of Aldermen</u>	<u>Amount</u>
Zona McKay	208
John Natt	208
Charles Pickering, Resigned	17
Shelby Ensminger	173
Ida Roberts Gilley	173
Perry Fleming	121
Total	<u>\$900</u>

See the auditor's report. The accompanying notes are an integral part of these financial statements.



The CPA. Never Underestimate The Value.®

KAREN M. HOLLIS, CPA

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Aldermen
Town of Mangham, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Mangham, Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the Town of Mangham, Louisiana's basic financial statements and have issued my report thereon dated December 23, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 Town of Mangham, Louisiana's 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.

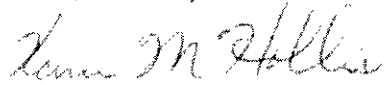
Internal Control Over Financial Reporting

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

802 Julia Street
Suite D
PO Box 397
Rayville, LA 71269
Phone: 318-728-6588
Fax 318-728-6580
Email: karenmholliscpa@bellsouth.net

This report is intended solely for the information and use of the audit committee, management, Board of Aldermen, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Karen M. Hollis, CPA

A handwritten signature in cursive script that reads "Karen M. Hollis".

Rayville, Louisiana
December 23, 2005

TOWN OF MANGHAM, LOUISIANA

**Status of Prior Audit Findings
For the Year Ended June 30, 2005**

<u>Ref. No.¹</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken^{2&3}</u>
Section I - Internal Control and Compliance Material to the Financial Statements:				
_____	_____	_____	_____	_____
		_____		_____
		_____		_____
Section II - Internal Control and Compliance Material to Federal Awards: ⁴				
_____	_____	_____	_____	_____
		_____		_____
		_____		_____
Section III - Management Letter:				
_____	_____	_____	_____	_____
		_____		_____
		_____		_____

There are no prior year findings.

See the auditor's report. The accompanying notes are an integral part of these financial statements.

TOWN OF MANGHAM, LOUISIANA

**Current Year Findings, Recommendations and
Corrective Action Plan**

For the Year Ended June 30, 2005

<u>Ref. No.¹</u>	<u>Description of Finding</u>	<u>Corrective Action Planned²</u>	<u>Name(s) of Contact Person(s)³</u>	<u>Anticipated Completion Date</u>
<i>Section I - Internal Control and Compliance Material to the Financial Statements:</i>				
_____	_____	_____	_____	_____
	_____	_____		
	_____	_____		
<i>Section II - Internal Control and Compliance Material to Federal Awards:</i>				
_____	_____	_____	_____	_____
	_____	_____		
	_____	_____		
<i>Section III - Management Letter:</i>				
_____	_____	_____	_____	_____
	_____	_____		
	_____	_____		

There are no current year findings.

See the auditor's report. The accompanying notes are an integral part of these financial statements.