

TOWN OF MANGHAM, LOUISIANA**Annual Financial Statements****As of June 30, 2004 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 1-12-05

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TOWN OF MANGHAM, LOUISIANA

Annual Financial Statements
As of and for the Year Ended June 30, 2004
With Supplemental Information Schedules

CONTENTS

	Statement	Page
Required Supplemental Information (Part I) Management's Discussion and Analysis		3
Independent Auditor's Report		9
<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, 2004
With Supplemental Information Schedules

(continued)

	Statement	Page
Notes to the Financial Statements		18
	Schedules	Page
Required Supplemental Information (Part II)		
Budget Comparison Schedules	1	30
Notes to Budget Comparison Schedules		
<u>Other Supplemental Schedules</u>		
Schedule of Compensation Paid Elected Officials	2	31
		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>		32
Current Year Findings, Recommendations, and Corrective Action Plan		34
Status of Prior Audit Findings		35

TOWN OF MANGHAM, LOUISIANA
Management Discussion and Analysis
As of and for the Year Ended June 30, 2004

Management's Discussion and Analysis is a fact-based analysis of the Town's financial activities during the fiscal year ended June 30, 2004. Its purpose is to provide an overview of activities within the Town based on currently known facts, decision, and conditions.

This will be the first year the Town has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement Number 34. This reporting model will significantly change the presentation of financial data and also the manner in which the data is recorded. Prior year comparative information for this reporting period has been omitted from the MD&A, which is allowable for the first year of GASB Statement No. 34 presentation. Beginning next year, our second year of GASB Statement No. 34 implementation, prior year comparative information will be included.

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 Town's net assets increase by \$34,435. The governmental net assets increase by \$21,142 and the business-type net assets increased by \$13,293.
- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$854,449 (net assets). Of this amount, \$534,685 (unrestricted net assets) represents the portion of net assets that is not invested in capital assets or otherwise restricted.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$384,282 a decrease of \$47,038 in comparison with the prior year. Of this total amount, \$273,655 is available for spending at the government's discretion (unreserved fund balance).
- The Town's total debt decreased by approximately \$14,520 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 13 and 14 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 and Sales Tax Fund, both of which are considered to be major funds. Data from the other governmental fund is presented under Other Governmental Funds on Statement A and Statement B. Individual fund data for each of this nonmajor governmental fund is provided in the form of combining statements elsewhere in this report.

The Town of Mangham adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided on page 30 for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 13 and 14 of this report.

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.

The proprietary fund financial statements can be found on pages 15 through 17 of this report.

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

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. The notes to the financial statements begin on page 18 of this report.

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 (\$325,370) 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	Total
Current & other assets	\$194,372	\$403,579	\$597,951
Capital assets	191,928	133,442	325,370
Total assets	<u>\$386,300</u>	<u>\$537,021</u>	<u>\$923,321</u>
Current & other liabilities	\$7,686	\$19,032	\$26,718
Long-term liabilities	0	42,154	42,154
Total liabilities	<u>\$7,686</u>	<u>\$61,186</u>	<u>\$68,872</u>
Net Assets:			
Invested in Capital Assets			
net of related debt	\$186,557	\$91,288	\$277,845
Restricted	0	41,919	41,919
Unrestricted	192,057	342,628	534,685
Total net assets	<u>\$378,614</u>	<u>\$475,835</u>	<u>\$854,449</u>

The balance of \$534,685 in unrestricted net assets in the governmental activities represents the accumulated results of all past year's operations. Net assets increased by \$34,435 from the prior year. The changes in net assets are discussed later in this MD&A.

Governmental activities. Governmental activities increase the Town of Mangham's net assets by \$21,142. 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
 June 30, 2004

	Governmental Activities	Business-Type Activities	Totals
Revenues:			
Program Revenues:			
Charges for services	\$53,945	\$83,453	\$137,398
Operating grants & contributions	83,345	0	83,345
General Revenues:			0
Property taxes	15,773	31,143	46,916
Sales taxes	56,347	0	56,347
Other taxes	11,120	0	11,120
Other general revenues	45,422	2,756	48,178
Total revenues	265,952	117,352	383,304
Expenses:			
General Government	61,083		61,083
Public Safety	94,666		94,666
Public Works	58,804		58,804
Sanitation	21,714		21,714
Community Center	8,543		8,543
Water		65,227	65,227
Sewer		36,910	36,910
Interest on long term debt		1,922	1,922
Total expenses	244,810	104,059	348,869
Increase (decrease) in assets before transfers	21,142	13,293	34,435
Transfers	0	0	0
Increase (decrease) in net assets	\$21,142	\$13,293	\$34,435

Expenses are classified by functions/programs. General government accounts for approximately \$61,083 while public safety and public works accounts for approximately \$94,666 and \$58,804 respectively for the fiscal year 2004. The related program revenues for fiscal 2004 directly related to these expenses totaled \$93,642, which resulted in net program expenses of \$59,828. 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:

- Public Safety expenses consumed approximately \$40,877 of governmental activity revenues.
- 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 \$13,293. Key elements of this increase are as follows.

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

- Water Fund activities increase the Town's net assets by approximately \$15,267.
- Sewer Fund activities decreased net assets by approximately \$1,974.

Financial Analysis of the Government's Funds

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 \$273,655, a decrease of \$7,062 in comparison with the prior year. All of this total amount (\$273,655) 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 9, 2003, and the final budget amendment was adopted on May 11, 2004.

Revenues: Overall revenues for the General Fund were projected to increase during FY 2004 by \$93,000 from the previous year. Sales taxes was projected to increase by \$4,000 from the 2003 estimates. All other revenues were expected to remain the same for 2004. The main increase is from various grants that were awarded in fiscal year 2004.

Expenditures: General governmental expenditures comprise 22% 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, 2004, amounts to \$325,370 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment.

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

Town of Mangham Capital Assets

Land	\$16,250
Building & Improvements	182,135
Machines & Equipment	64,905
Sewer System	374,741
Water System	<u>125,362</u>
Total	<u>763,393</u>
Less Accumulated Depreciation	<u>(438,023)</u>
Total Capital Assets	<u><u>\$325,370</u></u>

Town of Mangham Outstanding Debt

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

Economic Factors and Next Year's Budgets and Rates

Factors considered in preparing the Town of Mangham's budget for the 2005 fiscal year included the impact that will be made by the receipt of the LCDBG Grant for street improvements and a decrease in fines.

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.



The CPA. Never Underestimate The Value.

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, 2004, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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, 2004, 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.

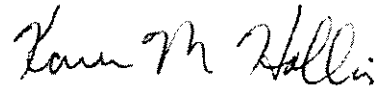
In accordance with Government Auditing Standards, I have also issued my report dated December 29, 2004, on my consideration of the Town of Mangham, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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

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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 black ink, appearing to read "Karen M. Hallis". The signature is written in a cursive style with a large initial "K".

Rayville, Louisiana
December 29, 2004

TOWN OF MANGHAM, LOUISIANA

Statement of Net Assets

June 30, 2004

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$149,735	\$387,718	\$537,453
Receivables (net of allowances for uncollectibles)	44,637	15,861	60,498
Capital assets (net)	191,928	133,442	325,370
TOTAL ASSETS	\$386,300	\$537,021	\$923,321
LIABILITIES			
Accounts, salaries, and other payables	\$2,315	\$19,032	\$21,347
Capital leases payable	5,371	0	5,371
Loans payable	0	42,154	42,154
TOTAL LIABILITIES	\$7,686	\$61,186	\$68,872
NET ASSETS			
Invested in capital assets, net of related debt	\$186,557	\$91,288	\$277,845
Restricted	0	41,919	41,919
Unrestricted	192,057	342,628	534,685
TOTAL NET ASSETS	\$378,614	\$475,835	\$854,449

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, 2004

	Program Revenues			Capital Grants & Contributions	Net (Expenses) Revenues and Changes of Primary Government	Total
	Charges for Services	Operating Grants and Contributions	Revenue (Expenses)			
Governmental Activities						
General government	\$61,083	\$0	\$300	\$0	\$60,783	\$60,783
Public safety	84,666	33,588		20,200	40,877	40,877
Public works	59,804			39,863	18,951	18,951
Sanitation	21,714	20,356			1,358	1,358
Community Center	8,543			22,882	(14,449)	(14,449)
Total Governmental Activities	244,810	53,945	300	83,045	107,520	107,520
Business-type Activities						
Water	65,227	72,998			(7,771)	(7,771)
Sewer	38,832	10,455			28,377	28,377
Total Business-type Activities	104,059	83,453			20,606	20,606
Total Primary Government	\$348,869	\$137,398	\$300	\$83,045	\$107,520	\$128,126

	Net (Expenses) Revenues and Changes of Primary Government		Statement B
	Governmental Activities	Business-type Activities	
General Revenues:			
Property taxes	\$15,773	\$31,143	\$46,916
Sales taxes	56,347	0	56,347
Franchise taxes	11,120	0	11,120
Occupational licenses	25,893	0	25,893
Investment earnings	705	2,756	3,461
Other general revenues	19,024	0	19,024
Transfers	0	0	0
Total general revenues and transfers	128,662	33,899	162,561
Change in Net Assets	21,142	13,293	34,435
Net assets-beginning (restated)	357,472	462,542	820,014
Net assets-ending	\$378,614	\$475,835	\$854,449

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, 2004

	GENERAL FUND	MAJOR FUNDS	OTHER GOVERNMENTAL FUNDS	TOTAL
		SALES TAX FUNDS		GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$111,461	\$38,274	\$0	\$149,735
Receivables (net of allowances for uncollectibles)	44,634	3	0	44,637
Due from other funds	130,589	59,321	0	189,910
TOTAL ASSETS	\$286,684	\$97,598	\$0	\$384,282
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries, and other payables	2,315	0	0	2,315
Due to other funds	102,940	0	0	102,940
Total Liabilities	105,255	0	0	105,255
Fund balances:				
Reserved:				
Unreserved, reported in:				
General Fund	181,429			181,429
Special revenue funds		97,598		97,598
Capital projects funds			0	0
TOTAL LIABILITIES AND FUND BALANCES	\$286,684	\$97,598	\$0	\$384,282

**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:		\$279,027
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental assets	263,290	
Less Accumulated Depreciation	<u>(71,362)</u>	191,928
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>(5,371)</u>	(5,371)
Elimination of Interfund assets and liabilities:		
Due to other funds	102,940	
Due from other funds	<u>(189,910)</u>	<u>(\$86,970)</u>
Net Assets of Governmental Activities (Statement A)		<u>\$378,614</u>

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

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

For the Year Ended June 30, 2004

	GENERAL FUND	MAJOR FUNDS SALES TAX FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes:				
Ad valorem	\$15,773			\$15,773
Sales and use		56,347		56,347
Other taxes, penalties, interest, etc.				0
Licenses and permits	25,693			25,693
Intergovernmental revenues:				0
State funds:				0
State revenue sharing (net)	11,120			11,120
Fees, charges, and commissions for services	20,356			20,356
Other	52,638		30,407	83,045
Fines and forfeitures	33,589			33,589
Investment earnings	577	128		705
Other revenues	19,324			19,324
Total Revenues	<u>179,070</u>	<u>56,475</u>	<u>30,407</u>	<u>265,952</u>
EXPENDITURES				
General government	58,880	1,423		60,303
Public safety	86,894			86,894
Public works	27,704		30,407	58,111
Sanitation	21,714			21,714
Community Center	6,190			6,190
Capital outlay	39,802			39,802
Total Expenditures	<u>241,184</u>	<u>1,423</u>	<u>30,407</u>	<u>273,014</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,114)	55,052	0	(7,062)
OTHER FINANCING SOURCES (USES)				
Transfers in	56,347			56,347
Transfers out		(56,347)		(56,347)
Total Other Financing Sources and Uses	<u>56,347</u>	<u>(56,347)</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(5,767)	(1,295)	0	(7,062)
Fund balances -- beginning	181,824	98,893	0	280,717
Fund balances -- ending	<u>\$176,057</u>	<u>\$97,598</u>	<u>\$0</u>	<u>\$273,655</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 (\$7,062)

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	(11,598)	
	Capital outlay	<u>39,802</u>	<u>28,204</u>

Change in Net Assets of Governmental Activities, Statement B

\$21,142

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, 2004

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	(Major Enterprise Funds)		TOTAL
	WATER FUND	SEWER FUND	ENTERPRISE FUNDS
ASSETS			
Current Assets:			
Cash and cash equivalents	\$278,183	\$109,535	\$387,718
Receivables (net of allowances for uncollectibles)	13,905	1,956	15,861
Due from other funds	43,619	0	43,619
Total Current Assets	<u>335,707</u>	<u>111,491</u>	<u>447,198</u>
Non-Current Assets:			
Capital assets (net of accumulated depreciation)	33,181	100,261	133,442
Total Non-Current Assets	<u>33,181</u>	<u>100,261</u>	<u>133,442</u>
TOTAL ASSETS	<u>\$368,888</u>	<u>\$211,752</u>	<u>\$580,640</u>
LIABILITIES			
Current Liabilities:			
Accounts, salaries, and other payables	\$3,264	\$1,321	\$4,585
Customer Deposits Refundable	14,447	0	14,447
Due to other funds	0	130,589	130,589
Total Current Liabilities	<u>17,711</u>	<u>131,910</u>	<u>149,621</u>
Non Current Liabilities:			
Notes Payable-USDA	0	42,154	42,154
Total Non-Current Liabilities	<u>0</u>	<u>42,154</u>	<u>42,154</u>
NET ASSETS			
Invested in capital assets, net of related debt	33,181	58,107	91,288
Restricted for debt service	0	41,919	41,919
Unrestricted	<u>317,996</u>	<u>(62,338)</u>	<u>255,658</u>
TOTAL NET ASSETS	<u>\$351,177</u>	<u>\$37,688</u>	<u>\$388,865</u>

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

TOWN OF MANGHAM, LOUISIANA

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

For the Year Ended June 30, 2004

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	(Major Enterprise Funds)		TOTAL
	WATER FUND	SEWER FUND	ENTERPRISE FUNDS
Operating Revenues			
Charges for services:			
Water sales	\$72,140	\$0	\$72,140
Sewer charges	0	10,455	10,455
Other services	858		858
Total Operating Revenues	<u>72,998</u>	<u>10,455</u>	<u>83,453</u>
Operating Expenses			
Cost of sales and services	55,257	23,565	78,822
Administration	6,270	1,905	8,175
Depreciation	3,701	11,440	15,141
Total Operating Expenses	<u>65,228</u>	<u>36,910</u>	<u>102,138</u>
Operating Income	<u>7,770</u>	<u>(26,455)</u>	<u>(18,685)</u>
Nonoperating Revenues (Expenses)			
Property Taxes	5,242	25,901	31,143
Interest earnings	2,255	502	2,757
Interest expense	0	(1,922)	(1,922)
Total Nonoperating Revenues (Expenses)	<u>7,497</u>	<u>24,481</u>	<u>31,978</u>
Income Before Contributions and Transfers	<u>15,267</u>	<u>(1,974)</u>	<u>13,293</u>
Capital Contributions	0	0	0
Transfers In	0	0	0
Transfer Out	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Assets	<u>15,267</u>	<u>(1,974)</u>	<u>13,293</u>
Total Net Assets-Beginning	<u>335,910</u>	<u>39,662</u>	<u>375,572</u>
Total Net Assets-Ending	<u>\$351,177</u>	<u>\$37,688</u>	<u>\$388,865</u>
Reconciliation			
Changes in Net Assets Above			<u>\$13,293</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>\$13,293</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, 2004

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	(Major Enterprise Funds) WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
Cash Flows From Operating Activities			
Receipts from customers and users	\$72,998	\$10,455	\$83,453
Payments to suppliers	(35,032)	(5,373)	(40,405)
Payments to employees	(8,093)	(8,093)	(16,186)
Net Cash Provided by Operating Activities	<u>29,873</u>	<u>(3,011)</u>	<u>26,862</u>
Cash Flows From NonCapital Financing Activities			
Property Taxes	5,242	25,901	31,143
Net Cash Provided (used) by Noncapital Financing Activities	<u>5,242</u>	<u>25,901</u>	<u>31,143</u>
Cash Flows From Capital and Related Financing Activities			
Principal paid on capital debt	0	(8,789)	(8,789)
Interest paid on capital debt	0	(1,922)	(1,922)
Net Cash Provided (used) by Capital and Related Financing Activities	<u>0</u>	<u>(10,711)</u>	<u>(10,711)</u>
Cash Flows From Investing Activities			
Interest and dividends received	2,255	502	2,757
Net Cash Provided (used) by Investing Activities	<u>2,255</u>	<u>502</u>	<u>2,757</u>
Net Increase in Cash and Cash Equivalents	37,370	12,681	50,051
Cash and Cash Equivalents, Beginning of Year	240,813	96,854	337,667
Cash and Cash Equivalents, End of Year	<u>\$278,183</u>	<u>\$109,535</u>	<u>\$387,718</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities			
Operating income	\$7,770	(\$26,455)	(\$18,685)
Depreciation expense	3,701	11,440	15,141
(Increase) decrease in accounts receivable	2,677	383	3,060
(Increase) decrease in due from other funds	12,058	0	12,058
Increase (decrease) in allowance for uncollectible accounts	0	0	0
Increase (decrease) in customer deposits	970	0	970
Increase (decrease) in accounts payable	2,697	(437)	2,260
Increase (decrease) in due to other funds	0	12,058	12,058
Total Adjustments	<u>22,103</u>	<u>23,444</u>	<u>45,547</u>
Net Cash Provided by Operating Activities	<u>\$29,873</u>	<u>(\$3,011)</u>	<u>\$26,862</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, 2004

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, 2004.

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.

See the auditor's report.

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 show 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

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.

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, 2004 the Town has cash and cash equivalents (book balances) totaling \$537,453 as follows:

	General Fund	Sales Tax Fund	Proprietary Funds	Totals
Demand deposits	\$63,254		\$172,593	\$235,847
Interest-bearing demand deposits	5,572		8,986	14,558
Time deposits	42,635	38,274	206,139	287,048
Other				
	<u>\$111,461</u>	<u>\$38,274</u>	<u>\$387,718</u>	<u>\$537,453</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, 2004, the Town has \$555,835 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$400,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

5. RECEIVABLES

The receivables of \$60,498 at June 30, 2004 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	\$3,067	\$	\$14,609	\$17,676
Fines	41,450			41,450
Accrued Interest	117	3	1,252	1,372
Total	<u>\$44,634</u>	<u>\$3</u>	<u>\$15,861</u>	<u>\$60,498</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, 2004 for the primary government is as follows:

See the auditor's report.

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

	<u>Balance 06/30/03</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 06/30/04</u>
Governmental Activities:				
Nondepreciable assets:				
Land	\$16,250			\$16,250
Depreciable assets:				
Buildings & improvements	182,135			182,135
Equipment	64,905			64,905
Total capital assets being depreciated	<u>247,040</u>	<u>0</u>	<u>0</u>	<u>247,040</u>
Less accumulated depreciation	<u>(58,336)</u>	<u>(13,026)</u>	<u>0</u>	<u>(71,362)</u>
Total capital assets being depreciated, net	188,704	(13,026)	0	175,678
Total governmental activities capital assets, net	<u>\$204,954</u>	<u>(\$13,026)</u>	<u>\$0</u>	<u>\$191,928</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	<u>497,153</u>	<u>0</u>	<u>0</u>	<u>497,153</u>
Less accumulated depreciation	<u>(351,520)</u>	<u>(15,141)</u>	<u>0</u>	<u>(366,661)</u>
Total capital assets being depreciated, net	145,633	(15,141)	0	130,492
Total business-type activities capital assets, net	<u>\$148,583</u>	<u>(\$15,141)</u>	<u>\$0</u>	<u>\$133,442</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)

Governmental Activities:	
General Government	\$2,900
Public Safety	7,773
Community Center	2,353
Total depreciation expense-governmental activities	<u><u>\$13,026</u></u>
Business-type Activities:	
Water Fund	\$3,701
Sewer Fund	11,440
Total depreciation expense-business-type activities	<u><u>\$15,141</u></u>

9. INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

The composition of interfund balances as of June 30, 2004 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Fund	General Fund	\$130,589
Water Fund	General Fund	43,619
Special Revenues	General Fund	59,321
		<u><u>\$233,529</u></u>

10. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$21,347 at June 30, 2004 are as follows:

	<u>General Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
Accounts	\$2,315	\$4,585	\$6,900
Other		14,447	14,447
Total	<u><u>\$2,315</u></u>	<u><u>\$19,032</u></u>	<u><u>\$21,347</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. The following is an analysis of capital leases:

<u>Type</u>	<u>Recorded Amount</u>
Vehicle	<u>\$5,371</u>
Total	<u><u>\$5,371</u></u>

See the auditor's report.

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

The \$5,371 is the final lease payment on a police car due in July 2004.

13. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2004:

	<u>Bonded Debt</u>	<u>Total</u>
Long-term obligations at Beginning of Year	\$50,943	\$50,943
Additions	0	
Deductions	<u>(8,789)</u>	<u>(8,789)</u>
Long-term obligations at End of Year	<u>\$42,154</u>	<u>\$42,154</u>

<u>Year Ending June 30, 2004</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2005	\$9,379	\$1,999	\$11,378
2006	9,853	1,525	11,378
2007	10,351	1,027	11,378
2008	6,538	795	7,333
2009-2010	<u>6,033</u>	<u>1,823</u>	<u>7,856</u>
Total	<u>\$42,154</u>	<u>\$7,169</u>	<u>\$49,323</u>

The sewer fund accounts for the debt and the general fund has no long-term debt as of June 30, 2004. 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

See the auditor's report.

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

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 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 2.75% 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, 2003, 2002, and 2001 were \$1,254, \$996, and \$718, 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 15.25% 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

See the auditor's report.

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

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, 2003, 2002, and 2001, were \$4,548, \$2,795, and \$2,484, 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, 2004**

Required Supplemental Information

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Over(Under)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Ad valorem	\$15,460	\$15,460	\$15,773	\$313
Sales and use	50,000	50,000	56,347	6,347
Other taxes, penalties, interest, etc.	0	0	0	0
Licenses and permits	25,000	25,000	25,693	693
Intergovernmental revenues:				
Federal funds	30,407	30,407	30,407	0
State funds:				
State revenue sharing (net)	11,500	11,500	11,120	(380)
Fees, charges, and commissions for services	21,000	21,000	20,356	(644)
Other	35,000	55,000	52,638	(2,362)
Fines and forfeitures	65,000	65,000	33,589	(31,411)
Investment earnings	2,000	2,000	705	(1,295)
Other revenues	12,900	12,900	19,324	6,424
Total Revenues	<u>268,267</u>	<u>288,267</u>	<u>265,952</u>	<u>(22,315)</u>
Expenditures				
General Government	69,111	69,111	60,303	(8,808)
Public Safety	90,317	90,317	86,894	(3,423)
Public works	55,407	55,407	58,111	2,704
Sanitation	21,000	21,000	21,714	714
Community Center	4,000	4,000	6,190	2,190
Capital Outlay	25,000	25,000	39,802	14,802
Total Expenditures	<u>264,835</u>	<u>264,835</u>	<u>273,014</u>	<u>8,179</u>
Net Change in Fund Balance	3,432	23,432	(7,062)	(30,494)
Fund Balance (Deficit) at Beginning of Year	<u>280,717</u>	<u>280,717</u>	<u>280,717</u>	<u>280,717</u>
Fund Balance (Deficit) at End of Year	<u>\$284,149</u>	<u>\$304,149</u>	<u>\$273,655</u>	<u>\$250,223</u>

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

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	225
John Natt	173
Charles Pickering	139
Shelby Ensminger	191
Ida Roberts Gilley	191
Total	<u><u>\$919</u></u>

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



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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, 2004, which collectively comprise the Town of Mangham, Louisiana's basic financial statements and have issued my report thereon dated December 29, 2004. 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

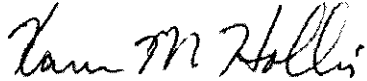
In planning and performing my audit, I considered Town of Mangham, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial 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
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PO Box 397
Rayville, LA 71269

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Fax: 318-728-6580
Email: hollis5998@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 29, 2004

TOWN OF MANGHAM, LOUISIANA

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

For the Year Ended June 30, 2004

<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>
Section I - Internal Control and Compliance Material to the Financial Statements:				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Section II - Internal Control and Compliance Material to Federal Awards:				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Section III - Management Letter:				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

There are no current year findings.

TOWN OF MANGHAM, LOUISIANA

**Status of Prior Audit Findings
For the Year Ended June 30, 2004**

<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.