

TOWN OF MANGHAM, LOUISIANA

*Financial Statements
For the Year Ended June 30, 2012*

TOWN OF MANGHAM, LOUISIANA

**Annual Financial Statements
As of and for the Year Ended June 30, 2012
With Supplemental Information Schedules**

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TOWN OF MANGHAM, LOUISIANA

**Annual Financial Statements
As of and for the Year Ended June 30, 2012
With Supplemental Information Schedules**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen of the
Town of Mangham, Louisiana

I have audited the accompanying basic primary government 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 (which is "the Town" as well as "the primary government"), as of and for the year ended June 30, 2012, which collectively comprise the basic primary government financial statements of the Town's primary government as listed in the table of contents. These financial statements are the responsibility of the Town's 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 my 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 for the primary government of the Town as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof 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 9, 2012, on my consideration of the Town of Mangham's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Honorable Mayor and Board of Aldermen of the
Town of Mangham, Louisiana
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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 10 and page 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

David M. Hartt, CPA (CAPAC)

West Monroe, Louisiana
December 9, 2012

TOWN OF MANGHAM, LOUISIANA
Management Discussion and Analysis
As of and for the Year Ended June 30, 2012

Management's Discussion and Analysis is a fact-based analysis of the Town's financial activities during the fiscal year ended June 30, 2012. 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 \$3,126,884 (net assets). Of this amount, \$846,637 (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 \$97,421.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$493,522 an increase of \$29,466 in comparison with the prior year. Of this total amount, \$493,522 is available for spending at the government's discretion (unassigned fund balance).
- The Town's total debt decreased by approximately \$6,018 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 2 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 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 \$3,126,884 at the close of the most recent fiscal year.

By far the largest amount of the Town of Mangham's net assets (\$2,270,923) 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	
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Current & other assets	\$499,975	\$468,182	\$385,901	\$367,356	\$885,876	\$835,538
Capital assets	355,365	383,442	2,414,803	2,342,466	2,770,168	2,725,908
Total assets	\$855,340	\$851,624	\$2,800,704	\$2,709,822	\$3,656,044	\$3,561,446
Current & other liabilities	\$6,453	\$4,126	\$23,463	\$22,595	\$29,916	\$26,721
Long-term liabilities	0	0	499,244	505,262	499,244	505,262
Total liabilities	\$6,453	\$4,126	\$522,707	\$527,857	\$529,160	\$531,983
Net Assets:						
Invested in Capital Assets						
net of related debt	\$355,365	\$383,442	\$1,915,558	\$1,837,204	\$2,270,923	\$2,220,646
Restricted	0	0	9,324	47,691	9,324	47,691
Unrestricted	493,522	464,056	353,115	297,070	846,637	761,126
Total net assets	\$848,887	\$847,498	\$2,277,997	\$2,181,965	\$3,126,884	\$3,029,463

The balance of \$493,522 in unrestricted net assets in the governmental activities represents the accumulated results of all past year's operations. Net assets increased by \$97,421 overall 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 \$1,389. 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
06/30/2012 and 2011

	Governmental Activities		Business-Type Activities		Totals	
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Revenues:						
Program Revenues:						
Charges for services	102,960	81,432	\$134,380	\$138,180	\$237,340	\$219,612
Operating grants & contributions	4,890	4,600	0	0	4,890	4,600
Capital grants & contributions	15,058	25,000	180,318	249,069	195,376	274,069
General Revenues:					0	0
Property taxes	31,635	32,309	5,744	5,808	37,379	38,117
Sales taxes	73,999	77,595			73,999	77,595
Other taxes	13,999	16,758			13,999	16,758
Other general revenues	40,597	39,283	889	2,042	41,486	41,325
Total revenues	<u>283,138</u>	<u>276,977</u>	<u>321,331</u>	<u>395,099</u>	<u>604,469</u>	<u>672,076</u>
Expenses:						
General Government	95,323	84,450			95,323	84,450
Public Safety and Protection	110,328	110,866			110,328	110,866
Public Works	39,638	35,975			39,638	35,975
Sanitation	27,010	24,037			27,010	24,037
Culture and Recreation	24,450	11,028			24,450	11,028
Water			136,063	132,594	136,063	132,594
Sewer			53,013	64,436	53,013	64,436
Interest on long term debt			21,223	20,439	21,223	20,439
Total expenses	<u>296,749</u>	<u>266,356</u>	<u>210,299</u>	<u>217,469</u>	<u>507,048</u>	<u>483,825</u>
Increase (decrease) in assets before transfers	(13,611)	10,621	111,032	177,630	97,421	188,251
Transfers	15,000	(25,000)	(15,000)	25,000	0	0
Increase (decrease) in net assets	<u>\$1,389</u>	<u>(\$14,379)</u>	<u>\$96,032</u>	<u>\$202,630</u>	<u>\$97,421</u>	<u>\$188,251</u>

Expenses are classified by functions/programs. General government accounts for approximately \$95,000 while public safety, public works, sanitation, and community center accounts for approximately \$201,000 for the fiscal year 2012. The related program revenues for fiscal 2012 directly related to these expenses totaled \$102,960, which resulted in net program expenses of \$173,841. 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 \$74,000 of general fund revenue.
- Insurance premium taxes are the second largest revenue source to the Town, generating approximately \$30,000 of general fund revenue.

Business-type activities. Business-type activities increase the Town of Mangham's net assets by approximately \$96,032. Key elements of this increase are as follows.

- Water Fund activities increased net assets by approximately \$131,000.
- Sewer Fund activities decreased net assets by approximately \$35,000.

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

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 \$493,522 an increase of \$29,466 in comparison with the prior year. All of this total amount (\$493,522) 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 14, 2011 with one amendment for the year.

Revenues: Overall revenues for the General Fund were projected to increase during FY 2012 by \$10,000 from the previous year. All other revenues were expected to remain the same for 2012.

Expenditures: General governmental expenditures comprise 30% of the General Funds Appropriations.

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, 2012, amounts to \$2,770,168 (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 completion of a sewer improvement project, a storage building for the water department and equipment for the tractors.

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

Town of Mangham Capital Assets

	<u>06/30/12</u>	<u>06/30/11</u>
Land	\$41,250	\$41,250
Building & Improvements	173,906	173,906
Machines & Equipment	76,604	73,771
Vehicles	37,842	37,842
Infrastructure	257,233	257,233
Sewer System	967,870	967,870
Water System	2,257,848	2,076,294
Total	<u>3,812,553</u>	<u>3,628,166</u>
Less Accumulated Depreciation	<u>(1,042,385)</u>	<u>(902,258)</u>
Total Capital Assets	<u>\$2,770,168</u>	<u>\$2,725,908</u>

Town of Mangham Outstanding Debt

Water Notes	\$499,244	\$505,262
Sewer Notes	0	0
	<u>\$499,244</u>	<u>\$505,262</u>

Economic Factors and Next Year's Budgets and Rates

Factors considered in preparing the Town of Mangham's budget for the 2012 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 25% 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.

TOWN OF MANGHAM, LOUISIANA

Statement of Net Assets

June 30, 2012

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$209,623	\$622,189	\$831,812
Receivables (net of allowances for uncollectibles)	40,298	13,766	54,064
Internal balances	250,054	(250,054)	0
Capital assets (net)	355,365	2,414,803	2,770,168
TOTAL ASSETS	\$855,340	\$2,800,704	\$3,656,044
LIABILITIES			
Accounts, salaries, and other payables	\$6,453	\$23,463	\$29,916
Capital leases payable			0
Loans payable		499,244	499,244
TOTAL LIABILITIES	\$6,453	\$522,707	\$529,160
NET ASSETS			
Invested in capital assets, net of related debt	\$355,365	\$1,915,558	\$2,270,923
Restricted for debt service		9,324	9,324
Unrestricted	493,522	353,115	846,637
TOTAL NET ASSETS	\$848,887	\$2,277,997	\$3,126,884

The accompanying notes are an integral part of this financial statement.

TOWN OF MANGHAM, LOUISIANA
Statement of Activities

For the Year Ended June 30, 2012

	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions		Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$95,323			(\$95,323)	(\$95,323)		(\$95,323)
Public safety and protection	110,328	57,695	4,890	(\$47,743)	(47,743)		(47,743)
Public works	39,638			(\$39,638)	(39,638)		(39,638)
Sanitation	27,010	27,240		\$230	230		230
Culture & Recreation	24,450	18,025	15,058	\$8,633	8,633		8,633
Total Governmental Activities	296,749	102,960	15,058	(173,841)	(173,841)		(173,841)
Business-type Activities							
Water	157,286	117,024	180,318	\$140,056	140,056		140,056
Sewer	53,013	17,356		(\$35,657)	(35,657)		(35,657)
Total Business-type Activities	210,299	134,380	180,318	104,399	104,399		104,399
Total Primary Government	\$507,048	\$237,340	\$195,376	(\$69,442)	(\$173,841)	\$104,399	(\$69,442)

General Revenues:

Property taxes	\$31,635	\$5,744	\$37,379
Sales taxes	73,999		73,999
Franchise taxes	13,999		13,999
Occupational licenses	30,500		30,500
Investment earnings	426	889	1,315
Other general revenues	9,671		9,671
Transfers	15,000	(15,000)	0
Total general revenues and transfers	175,230	(8,367)	166,863
Change in Net Assets	1,389	96,032	97,421
Net assets-beginning	847,498	2,181,965	3,029,463
Net assets-ending	\$848,887	\$2,277,997	\$3,126,884

Statement B

The accompanying notes are an integral part of this financial statement.

TOWN OF MANGHAM, LOUISIANA
Balance Sheet, Governmental Funds

June 30, 2012

	GENERAL FUND	MAJOR FUNDS SALES TAX FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$165,145	\$44,478	\$209,623
Receivables (net of allowances for uncollectibles)	33,151	7,147	40,298
Due from other funds	250,054	49,000	299,054
TOTAL ASSETS	\$448,350	\$100,625	\$548,975
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries, and other payables	6,453		6,453
Due to other funds	49,000		49,000
Total Liabilities	55,453		55,453
Fund balances:			
Assigned		100,625	100,625
Unassigned	392,897		392,897
Total Fund Balances	392,897	100,625	493,522
TOTAL LIABILITIES AND FUND BALANCES	\$448,350	\$100,625	\$548,975

**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: \$493,522

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Governmental assets	586,835	
Less Accumulated Depreciation	<u>(231,470)</u>	355,365

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>
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Net Assets of Governmental Activities (Statement A)		<u><u>\$848,887</u></u>
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The accompanying notes are an integral part of this financial statement.

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

For the Year Ended June 30, 2012

	GENERAL FUND	MAJOR FUNDS SALES TAX FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes:			
Sales and use	\$ -	\$73,999	\$73,999
Franchise tax	13,999		13,999
Ad valorem tax	31,635		31,635
Licenses and permits	30,500		30,500
Intergovernmental revenues:			
State funds:			
Grant	19,948		19,948
Charges for services	45,265		45,265
Fines and forfeitures	57,695		57,695
Investment earnings	218	208	426
Other revenues	9,671		9,671
Total Revenues	<u>208,931</u>	<u>74,207</u>	<u>283,138</u>
EXPENDITURES			
General government	90,231	857	91,088
Public safety and protection	100,696		100,696
Public works	24,685		24,685
Sanitation	27,010		27,010
Culture and recreation	22,360		22,360
Capital outlay	2,833		2,833
Total Expenditures	<u>267,815</u>	<u>857</u>	<u>268,672</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(58,884)	73,350	14,466
OTHER FINANCING SOURCES (USES)			
Transfers in	88,350		88,350
Transfers out	0	(73,350)	(73,350)
Total Other Financing Sources and Uses	<u>88,350</u>	<u>(73,350)</u>	<u>15,000</u>
Net Change in Fund Balance	29,466	0	29,466
Fund balances -- beginning	363,431	100,625	464,056
Fund balances -- ending	<u>\$392,897</u>	<u>\$100,625</u>	<u>\$493,522</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, 2012

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

Net Change in Fund Balances, Total Governmental Funds \$29,466

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	(30,910)	
Capital outlay	2,833	(28,077)
Change in Net Assets of Governmental Activities, Statement B		<u>\$1,389</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF MANGHAM, LOUISIANA

Statement of Net Assets, Proprietary Funds

June 30, 2012

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	(Major Enterprise Funds)		TOTAL
	WATER FUND	SEWER FUND	ENTERPRISE FUNDS
ASSETS			
Current Assets:			
Cash and cash equivalents	\$510,214	\$111,975	\$622,189
Receivables (net of allowances for uncollectibles)	10,616	3,150	13,766
Total Current Assets	<u>520,830</u>	<u>115,125</u>	<u>635,955</u>
Non-Current Assets:			
Capital assets (net of accumulated depreciation)	1,845,541	569,262	2,414,803
Total Non-Current Assets	<u>1,845,541</u>	<u>569,262</u>	<u>2,414,803</u>
TOTAL ASSETS	<u><u>\$2,366,371</u></u>	<u><u>\$684,387</u></u>	<u><u>\$3,050,758</u></u>
LIABILITIES			
Current Liabilities:			
Accounts, salaries, and other payables	\$4,009	\$989	\$4,998
Customer Deposits Refundable	18,465	0	18,465
Due to other funds	39,495	210,559	250,054
Total Current Liabilities	<u>61,969</u>	<u>211,548</u>	<u>273,517</u>
Non Current Liabilities:			
Notes Payable-USDA	499,244	0	499,244
Total Non-Current Liabilities	<u>499,244</u>	<u>0</u>	<u>499,244</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,346,296	569,262	1,915,558
Restricted for debt service	9,324		9,324
Unrestricted	449,538	(96,423)	353,115
TOTAL NET ASSETS	<u><u>\$1,805,158</u></u>	<u><u>\$472,839</u></u>	<u><u>\$2,277,997</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF MANGHAM, LOUISIANA

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

For the Year Ended June 30, 2012

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	(Major Enterprise Funds)		TOTAL
	WATER FUND	SEWER FUND	ENTERPRISE FUNDS
Operating Revenues			
Charges for services:			
Water sales	\$114,724	\$0	\$114,724
Sewer charges	0	17,356	17,356
Other services	2,300	0	2,300
Total Operating Revenues	<u>117,024</u>	<u>17,356</u>	<u>134,380</u>
Operating Expenses			
Salaries and wages	9,047	9,047	18,094
Materials and supplies	27,294	4,777	32,071
Other services and charges	17,171	12,522	29,693
Depreciation	82,551	26,667	109,218
Total Operating Expenses	<u>136,063</u>	<u>53,013</u>	<u>189,076</u>
Operating Income (Loss)	<u>(19,039)</u>	<u>(35,657)</u>	<u>(54,696)</u>
Nonoperating Revenues (Expenses)			
Property Taxes	5,744	0	5,744
Grant	180,318	0	180,318
Interest earnings	666	223	889
Interest expense	(21,223)	0	(21,223)
Total Nonoperating Revenues (Expenses)	<u>165,505</u>	<u>223</u>	<u>165,728</u>
Income (Loss) Before Contributions and Transfers	<u>146,466</u>	<u>(35,434)</u>	<u>111,032</u>
Capital Contributions	0	0	0
Transfers In	0	0	0
Transfer Out	15,000	0	15,000
Change in Net Assets	<u>131,466</u>	<u>(35,434)</u>	<u>96,032</u>
Total Net Assets-Beginning	<u>1,673,692</u>	<u>508,273</u>	<u>2,181,965</u>
Total Net Assets-Ending	<u>\$1,805,158</u>	<u>\$472,839</u>	<u>\$2,277,997</u>
Reconciliation			
Changes in Net Assets Above			<u>\$96,032</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>\$96,032</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF MANGHAM, LOUISIANA

Statement of Cash Flows, Proprietary Funds

For the Year Ended June 30, 2012

	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	\$120,019	\$16,943	\$136,962
Payments to suppliers	(28,006)	(6,074)	(34,080)
Payments to employees	(9,047)	(9,047)	(18,094)
Net Cash Provided by Operating Activities	82,966	1,822	84,788
Cash Flows From NonCapital Financing Activities			
Property Taxes	5,744	0	5,744
Grants	180,318	0	180,318
Transfers to/from other funds	(15,000)	0	(15,000)
Net Cash Provided (used) by Noncapital Financing Activities	171,062	0	171,062
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(181,554)	0	(181,554)
Proceeds from capital debt	0	0	0
Principal paid on capital debt	(6,018)	0	(6,018)
Interest paid on capital debt	(21,223)	0	(21,223)
Net Cash Provided (used) by Capital and Related Financing Activities	(208,795)	0	(208,795)
Cash Flows From Investing Activities			
Interest and dividends received	666	223	889
Net Cash Provided (used) by Investing Activities	666	223	889
Net Increase in Cash and Cash Equivalents	45,899	2,045	47,944
Cash and Cash Equivalents, Beginning of Year	464,315	109,930	574,245
Cash and Cash Equivalents, End of Year	\$510,214	\$111,975	\$622,189
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities			
Operating income	(\$19,039)	(\$35,657)	(\$54,696)
Depreciation expense	82,551	26,667	109,218
(Increase) decrease in accounts receivable	3,388	(364)	3,024
(Increase) decrease in due from other funds	0	0	0
Increase (decrease) in allowance for uncollectible accounts	0	0	0
Increase (decrease) in customer deposits	2,475	0	2,475
Increase (decrease) in accounts payable	404	(2,011)	(1,607)
Increase (decrease) in due to other funds	13,187	13,187	26,374
Total Adjustments	102,005	37,479	139,484
Net Cash Provided by Operating Activities	\$82,966	\$1,822	\$84,788
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

The accompanying notes are an integral part of this financial statement.

TOWN OF MANGHAM, LOUISIANA

Notes to the Financial Statements
As of and for the Year Ended June 30, 2012

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 seven 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, 2012.

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 segments 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

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

individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 Sales Tax Fund accounts for all sales taxes collected during the year.

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 government's 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.

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 uncollectibles. 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:

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	7.72	7.72	2016
Water Plant Fund	3.30	3.30	2016
Street Maintenance	2.16	2.16	2016
General fund	8.37	8.37	2016

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 2016.

F. Restricted Assets

The Town's Water Fund has restricted assets in accordance with the loan agreement in the amount of \$9,324. An amount of \$222 per month is deposited into a reserve account per the agreement. This is to cover the loan in case of default.

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:

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

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

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted Fund Balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the town aldermen – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the town aldermen remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance – This classification reflects the amounts constrained by the town’s “intent” to be used for specific purposes, but are neither restricted nor committed. The town aldermen and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance – This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the town’s policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed.

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 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.

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

3. CASH AND CASH EQUIVALENTS

At June 30, 2012 the Town has cash and cash equivalents (book balances) totaling \$831,812 as follows:

	General Fund	Sales Tax Fund	Proprietary Funds	Totals
Demand deposits	\$109,738		\$418,149	\$527,887
Interest-bearing demand deposits	5,707			5,707
Time deposits	49,700	44,478	204,040	298,218
Other				
	<u>\$165,145</u>	<u>\$44,478</u>	<u>\$622,189</u>	<u>\$831,812</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, 2012, the Town has \$839,988 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$642,616 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, RS 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

4. RECEIVABLES

The receivables of \$54,064 at June 30, 2012 are as follows:

<u>Class of Receivable</u>	General	Special	Proprietary	Total
	Fund	Revenue Funds	Funds	
Services	\$5,666	\$	\$13,262	\$18,928
Fines	12,375			12,375
Accrued Interest	53	5	504	562
Sales Tax		7,141	0	7,141
LGAP	15,058			15,058
Total	<u>\$33,152</u>	<u>\$7,146</u>	<u>\$13,766</u>	<u>\$54,064</u>

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

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

5. 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."

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2012 for the primary government is as follows:

	Balance 6/30/2011	Additions	Retirements	Balance 6/30/2012
Governmental Activities:				
Nondepreciable assets:				
Land	\$41,250			\$41,250
Depreciable assets:				
Buildings & improvements	173,906			173,906
Equipment	73,771	2,833		76,604
Vehicles	37,842			37,842
Street Improvements	257,233			257,233
Total capital assets being depreciated	542,752	2,833	0	545,585
Less accumulated depreciation	(200,560)	(30,910)		(231,470)
Total capital assets being depreciated, net	342,192	(28,077)	0	314,115
Total governmental activities capital assets, net	\$383,442	(\$28,077)	\$0	\$355,365
Business-type activities:				
Nondepreciable assets:				
Land	\$10,450			\$10,450
Depreciable assets:				
Structures & Sewer System	962,683			962,683
Water Plant & Distribution	1,834,020	316,448		2,150,468
Furniture & Equipment	78,859			78,859
Construction in Progress	134,893	181,555	316,448	0
Vehicles	23,258			23,258
Total capital assets being depreciated	3,033,713	498,003	316,448	3,215,268
Less accumulated depreciation	(701,697)	(109,218)		(810,915)
Total capital assets being depreciated, net	2,332,016	388,785	316,448	2,404,353
Total business-type activities capital assets, net	\$2,342,466	\$388,785	\$316,448	\$2,414,803

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

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

<u>Governmental Activities:</u>		<u>Business-Type Activities:</u>	
General Government	4,235	Sewer	26,667
Public safety and protection	9,632	Water	82,551
Public works	14,953		
Sanitation	0		
Culture and recreation	2,090		
Totals	<u><u>30,910</u></u>		<u><u>109,218</u></u>

9. INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

The composition of interfund balances as of June 30, 2012 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Fund	General Fund	\$210,559
Water Fund	General Fund	39,495
Special Revenues	General Fund	(49,000)
Water Fund	Sewer Fund	0
		<u><u>\$201,054</u></u>

10. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$29,916 at June 30, 2012 are as follows:

	General Fund	Proprietary Funds	Total
Accounts	\$ 6,453	\$ 3,245	\$ 9,698
Other		20,218	20,218
	<u><u>\$6,453</u></u>	<u><u>\$23,463</u></u>	<u><u>\$29,916</u></u>

12. LEASES

The Town records 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, 2012.

13. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2012:

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

	Bonded Debt	USDA	Total
Long-term Obligations at Beginning of Year	\$0	\$505,262	\$505,262
Additions	0	0	0
Deductions	0	6,018	6,018
Long-term Obligations at End of Year	<u>\$0</u>	<u>\$499,244</u>	<u>\$499,244</u>

<u>Year Ending June 30, 2012</u>	Principal Payments	Interest Payments	Total
2013	6,274	20,474	26,748
2014	6,537	20,211	26,748
2015	6,812	19,936	26,748
2016	7,099	19,649	26,748
2017	7,397	19,351	26,748
2018-2049	465,125	364,063	829,188
Total	<u>\$499,244</u>	<u>\$463,684</u>	<u>\$962,928</u>

The water fund accounts for the USDA funding and the general fund has no long-term debt as of June 30, 2012.

A water project loan from the USDA originated on 05/09/08 at 4.125 percent interest. This loan was granted to make major improvements to the water system lines and water plant. At completion, a payment of \$16,494 was made which consisted of accrued interest to date and \$584 of principal. The monthly payments of \$2,229 began 05/09/09 for a period of 40 years.

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

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

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 8% 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 June 30, 2012, 2011, and 2010 were \$1,448, \$1,221, and \$1,198, 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 10% of their annual covered salary and the Town of Mangham is required to contribute at an actuarially determined rate. The current rate is 26.5% 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 June 30, 2012, 2011, and 2010, were \$8,801, \$8,304, and \$3,595, respectively, equal to the required contributions for each year.

15. SUBSEQUENT EVENTS

The Town of Mangham has completed the water system improvements.

Subsequent events have been evaluated through December 9, 2012, which is the day the financial statements were available to be issued, and it has been determined that no other significant events have occurred for disclosure.

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, 2012**

Required Supplemental Information

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Over(Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Sales and use	\$80,000	\$74,000	\$73,999	(\$1)
Franchise tax	14,000	17,600	13,999	(3,601)
Ad valorem tax	34,800	37,300	31,635	(5,665)
Other taxes, penalties, interest, etc.	0	0	0	0
Licenses and permits	30,000	25,000	30,500	5,500
Intergovernmental revenues:				
State funds:				
State revenue sharing (net)				0
Grant	35,000	43,100	19,948	(23,152)
Charges for services	41,000	43,300	45,265	1,965
Fines and forfeitures	38,000	55,000	57,695	2,695
Investment earnings	0	0	426	426
Other revenues	9,100	7,800	9,671	1,871
Total Revenues	281,900	303,100	283,138	(19,962)
Expenditures				
General Government	82,110	92,900	91,088	(1,812)
Public safety and protection	95,752	93,975	100,696	6,721
Public works	32,000	24,200	24,685	485
Sanitation	26,000	26,500	27,010	510
Culture and recreation	8,300	11,250	22,360	11,110
Capital Outlay	25,000	16,000	2,833	(13,167)
Total Expenditures	269,162	264,825	268,672	3,847
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,738	38,275	14,466	(23,809)
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	88,350	88,350
Transfers Out	0	0	(73,350)	(73,350)
Total Other Financing Sources and Uses	0	0	15,000	15,000
Net Change in Fund Balance	12,738	38,275	29,466	(8,809)
Fund Balance (Deficit) at Beginning of Year (Restated)	464,056	464,056	464,056	0
Fund Balance (Deficit) at End of Year	\$476,794	\$502,331	\$493,522	(\$8,809)

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 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 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.

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, 2012**

Required Supplemental Information

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Over(Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Sales and use	\$80,000	\$74,000	\$73,999	(\$1)
Franchise tax	14,000	17,600	13,999	(3,601)
Ad valorem tax	34,800	37,300	31,635	(5,665)
Other taxes, penalties, interest, etc.	0	0	0	0
Licenses and permits	30,000	25,000	30,500	5,500
Intergovernmental revenues:				
State funds:				
State revenue sharing (net)				0
Grant	35,000	43,100	19,948	(23,152)
Charges for services	41,000	43,300	45,265	1,965
Fines and forfeitures	38,000	55,000	57,695	2,695
Investment earnings	0	0	426	426
Other revenues	9,100	7,800	9,671	1,871
Total Revenues	281,900	303,100	283,138	(19,962)
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Total Expenditures	269,162	264,825	268,672	3,847
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,738	38,275	14,466	(23,809)
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	88,350	88,350
Transfers Out	0	0	(73,350)	(73,350)
Total Other Financing Sources and Uses	0	0	15,000	15,000
Net Change in Fund Balance	12,738	38,275	29,466	(8,809)
Fund Balance (Deficit) at Beginning of Year (Restated)	464,056	464,056	464,056	0
Fund Balance (Deficit) at End of Year	\$476,794	\$502,331	\$493,522	(\$8,809)

The accompanying notes are an integral part of this financial statement.

TOWN OF MANGHAM, LOUISIANA

Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2012

<u>Board of Aldermen</u>	<u>Amount</u>
Zona McKay	260
John Natt	260
Billy Bruce, Resigned	52
Danny Hendrix	121
Perry Fleming	173
Leslie Mizell	191
Total	<u>\$1,057</u>

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

Honorable Mayor and Board of Aldermen of the
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 the Town of Mangham, Louisiana (the Town) as of and for the year ended June 30, 2012, which collectively comprise the Town's basic primary government financial statements and have issued my report thereon dated December 9, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies in internal control over financial reporting. See the accompanying schedule of findings and questioned costs item 12-1. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 12-2.

The Town's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit the Town's responses and accordingly, I express no opinion on them.

This report is intended solely for the information and use of management, the Legislative Auditor, the Town of Mangham, Louisiana and federal and state awarding agencies 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.

David M. Hutt, CPA (AFAC)

West Monroe, Louisiana
December 9, 2012

TOWN OF MANGHAM, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Honorable Mayor and Board of Aldermen of the
Town of Mangham, Louisiana

I have audited the financial statements of the Town of Mangham, Louisiana as of and for the year ended June 30, 2012, and have issued my report thereon dated December 9, 2012. 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. My audit of the financial statements as of June 30, 2012, resulted in an unqualified opinion.

Section I- Summary of Auditor's Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness yes no

Significant Deficiencies not considered to be
Material Weaknesses yes no

Compliance

Compliance Material to Financial Statements yes no

B. Federal Awards – N/A

Material Weakness Identified yes no

Significant Deficiencies not considered to be
Material Weaknesses yes no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified Qualified

Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133,
Section .510 (a)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)
CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? N/A

TOWN OF MANGHAM, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012 (continued)

12-1 Controls Over Accounting for Ticket Fines

Condition:

During the audit it was noted the Town was not reporting paid traffic violations to the Louisiana Department of Public Safety & Corrections.

Criteria & Effect:

R.S. 32:393C(1)(b) requires that all (paid and unpaid) traffic violations, except parking violations, be reported to the Louisiana Department of Public Safety & Corrections not later than 30 days after the date of such person's conviction and sentencing or the final disposition of the case. Failure to report these violations to DPS results in inaccuracies in offenders' driving records.

Recommendation:

It is recommended that all tickets, whether paid or unpaid, be sent to the Louisiana Department of Public Safety and Corrections.

Response:

The Town will make sure that every ticket, whether paid or unpaid, is sent to the Louisiana Department of Public Safety and Corrections.

12-2 Improving Segregation of Cash Duties

Condition:

At present, the Town Clerk of Mangham, Louisiana handles all aspects of the accounting system. She is responsible for, or has access to, the handling, recording and mailing of cash disbursements and receipts. Currently, she is the only person that is trained to do this job.

Criteria & Effect:

A fundamental concept in a good system of internal control is the segregation of duties.

Recommendation:

Although the size of the Town's accounting staff prohibits complete adherence to this concept, I believe the following practices could be implemented to improve existing internal control without impairing efficiency.

- Mail should be opened by an employee not responsible for accounting, such as the mayor or an alderman. Cash receipts could be recorded and the deposit prepared by this person.
- Cash receipts should be deposited intact daily. Holding receipts exposes the Town to loss.
- Bank statements, cancelled checks, etc. should be received by someone other than the employee maintaining cash records. Such items could be periodically reviewed prior to turning them over for reconciliation. Unusual items noted during the review should be investigated promptly.

TOWN OF MANGHAM, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012 (continued)

12-2 Improving Segregation of Cash Duties (continued)

- Signed checks should be also mailed without allowing them to be returned to the employee responsible for accounts payable.
- Management should review supporting documents for normal recurring disbursements (not usually reviewed) on a spot-check basis. Nonroutine testing would aid in ensuring compliance with Town policy for all disbursements.
- Credit card statements should be reviewed monthly by the mayor or an alderman.

Also, the Town should consider hiring another person to train to help the Town Clerk and assist her in her daily duties.

Response:

The Town's Aldermen have the opportunity to review the bank statements and reconciliations at each monthly Council meeting. The monthly invoices are also reviewed at that time. Two signatures are required on all checks written and the Mayor reviews each invoice prior to his signature. The cost of hiring a second employee to provide these safeguards far outweigh the benefits.

TOWN OF MANGHAM, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

11-1 Controls Over Accounting for Ticket Fines

Condition:

During the audit it was noted the Town was not reporting paid traffic violations to the Louisiana Department of Public Safety & Corrections.

Recommendation:

It is recommended that all tickets, whether paid or unpaid, be sent to the Louisiana Department of Public Safety and Corrections.

Action Taken:

The Town is still currently not remitting all tickets to the Louisiana Department of Public Safety and Corrections.

11-2 Improving Segregation of Cash Duties

Condition:

At present, the Town Clerk of Mangham, Louisiana handles all aspects of the accounting system. She is responsible for, or has access to, the handling, recording and mailing of cash disbursements.

Recommendation:

Although the size of the Company's accounting staff prohibits complete adherence to this concept, we believe the following practices could be implemented to improve existing internal control without impairing efficiency.

- Mail should be opened by an employee not responsible for accounting, such as the mayor or an alderman. Cash receipts could be recorded and the deposit prepared by this person.
- Cash receipts should be deposited intact daily. Holding receipts exposes the Town to loss.
- Bank statements, cancelled checks, etc. should be received by someone other than the employee maintaining cash records. Such items could be periodically reviewed prior to turning them over for reconciliation. Unusual items noted during the review should be investigated promptly.
- Signed checks should be also mailed without allowing them to be returned to the employee responsible for accounts payable.
- Management should review supporting documents for normal recurring disbursements (not usually reviewed) on a spot-check basis. Nonroutine testing would aid in ensuring compliance with Town policy for all disbursements.
- Credit card statements should be reviewed monthly by the mayor or an alderman.

Action Taken:

The Town feels that it is not cost beneficial to hire another employee.

TOWN OF MANGHAM, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012 (continued)

11-3 Incomplete Budgets

Condition:

During the 2010 Louisiana Legislative regular session, requirements were added to the state budget law effective January 1, 2011, that required a budget message and a side-by-side detailed comparison of information for the current year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by source; year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character; and the percentage change for each item of information. These items were not in the 2011-2012 proposed budget as required.

Recommendation:

It was recommended that when the Town adopts its next year's budget that these items also be included with the budget report.

Action Taken:

The Town currently is in compliance with the Louisiana Budget Act.

11-4 Failure to Report Grant Funds

Condition:

The individual responsible for monitoring the Louisiana Development Community Block Grant notified the prior year auditor subsequent to the issuance of our report dated December 28, 2011 that grant funds received during the fiscal year 2011 were not reported on the financial statements of the Town.

Recommendation:

It was recommended the Town maintain a separate file for each grant and that all activity involving that grant be maintained in that file including the grant application, approval, reimbursement requests, invoices, etc. A register should be included in the file that documents the flow of funds in and out of the grant and the dates on which they occurred including check numbers. Support showing the recording of the grants on the ledger should be included in the file as well.

Action Taken:

The Town is currently recording all grant funds as they are received and spent.