

CITY OF MANSFIELD, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
DECEMBER 31, 2012

CITY OF MANSFIELD, LOUISIANA

Financial Statements
And Independent Auditor's Reports

As of and for the Year Ended December 31, 2012

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CITY OF MANSFIELD, LOUISIANA

Financial Statements
And Independent Auditor's Reports

As of and for the Year Ended December 31, 2012

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INDEPENDENT AUDITOR'S REPORT

WILLIAM E. WEATHERFORD, CPA, LLC
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

The Honorable Curtis W. McCoy, Mayor
and the Members of the Board of Aldermen
City of Mansfield, Louisiana

Report on the Financial Statements

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 City of Mansfield, Louisiana, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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 City of Mansfield, Louisiana, as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-13 and 50-52 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 any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mansfield, Louisiana's basic financial statements. The accompanying financial information listed as "other supplementary information" in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying "other supplementary information" is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the "other supplementary information" is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 16, 2013 on my consideration of the City of Mansfield, Louisiana's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Mansfield, Louisiana's internal control over financial reporting and compliance.

William E. Weatherford, CPA, LLC

William E. Weatherford, CPA, LLC
Certified Public Accountant
Shreveport, Louisiana
August 26, 2013

REQUIRED SUPPLEMENTAL INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS



The City of Mansfield

INCORPORATED 1847

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CITY OF MANSFIELD, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Mansfield, Louisiana, we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Mansfield as of and for the year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

FINANCIAL HIGHLIGHTS

As of December 31, 2012, the assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$16,218,870. As of December 31, 2012, there was a deficit of unrestricted net position in the amount of \$630,059. During 2012, net position of the governmental activities decreased by \$2,107,281 (46.64%), while net assets of the business-type activities increased \$4,064,394 (41.71%).

As of close of the fiscal year 2012, the City's governmental funds reported a combined ending fund balance of \$5,415,501, an increase of \$643,680 (13.89%).

The City of Mansfield had an increase in its property tax base (growth in the value of properties located within the City) of approximately eighteen percent (18%) during the year ended December 31, 2012.

During the year ended December 31, 2012, employee group health insurance expense increased 12.84% (\$71,838) from a total of \$559,312 during 2011 to a total of \$631,150.

Improvements to the water booster stations were substantially completed on August 16, 2012 at a cost of \$429,585, primarily funded by a Drinking Water Revolving Loan.

A new water treatment facility was substantially completed on August 16, 2012 at a cost of \$231,596, primarily funded by a Drinking Water Revolving Loan.

On November 15, 2012, the City's program for the replacement of water meters was substantially completed at a cost of \$1,125,821, primarily funded by a Drinking Water Revolving Loan.

The City retired the Sewer Revenue Bonds, Series 2003, on March 1, 2012 and it retired the Sewer Revenue Bonds, Series 1996, on May 11, 2012.

During 2012, the City expended \$376,099 for improvements to the following streets: S. Kavanaugh, Hogan Alley, Georgia, S. Washington, Nancy, Monroe, Ford Lane, Kenneth, and Ruffin Alley. These street improvements were partially funded by a Louisiana Community Development Block Grant in the amount of \$239,470.

CURTIS W. MCCOY
MAYOR

MARVIN R. JACKSON
CITY CLERK

RICHARD Z. JOHNSON, JR.
CITY ATTORNEY

G. B. HALL III
ALDERMAN, DISTRICT A

TROY N. TERRELL
ALDERMAN, DISTRICT B

MITCHELL L. LEWIS
ALDERMAN, DISTRICT C

JOSEPH HALL, JR.
ALDERMAN, DISTRICT D

ALVIN RAY WOODLEY
ALDERMAN, DISTRICT E

The City has issued \$1,550,000 of Limited Tax Revenue Bonds, Series 2010. On November 10, 2011 the City entered a loan and pledge agreement with the Louisiana Department of Health and Hospitals whereby the Department agreed to purchase the Limited Tax Revenue Bonds, Series 2010 through the State Drinking Water Revolving Loan Fund for the purpose of financing a portion of the costs of constructing and acquiring improvements, extensions and replacements to its water system. The loan is secured and payable from a pledge and dedication of the full faith and credit of the City. The City borrowed \$964,319 through this bond issue during 2012. An additional \$413,279 was forgiven by the Louisiana Department of Health and Hospitals through a 30% principal forgiveness program.

The City has issued \$3,280,000 of Sales Tax Bonds, Series 2011. On January 6, 2012 the City entered a loan and pledge agreement with the Louisiana Department of Health and Hospitals whereby the Department agreed to purchase the Sales Tax Bonds, Series 2011 through the State Drinking Water Revolving Loan Fund for the purpose of financing a portion of the costs of replacement of approximately 74,000 linear feet of the water distribution system, constructing and acquiring improvements to the water treatment facility, and constructing and acquiring improvements to water booster stations. The loan is secured and payable from a pledge and dedication of the revenues of a ½% sales and use tax of the City authorized at an election held on October 4, 2008. The City borrowed \$2,501,978 through this bond issue during 2012. An additional \$660,000 was forgiven by the Louisiana Department of Health and Hospitals through a 30% principal forgiveness program.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional required supplementary information (budgetary schedules) and other supplementary information in addition to the basic financial statements. These components are described below:

Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the City – the **Government-wide Financial Statements** and the **Fund Financial Statements**. These financial statements also include the **Notes to the Financial Statements** that explain some of the information in the financial statements and provide additional detail.

Government-wide Financial Statements

The government-wide financial statements provide a broad view of the City's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the City's financial position, which assists users in assessing the City's economic condition at the end of the year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting similar to methods used by most businesses. These statements report all revenues and expenses connected with the year even if cash has not been received or paid and include all assets of the City as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB 34 in regards to interfund activity, payables, and receivables. The government-wide financial statements include two statements:

- **The *statement of net position*** presents all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources reported as "net position".
- **The *statement of activities*** presents information showing how the City's net position changed during the most recent year using the full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and

some expenses that are reported in this statement will not result in cash flows until future years. This statement also presents a comparison between direct expenses and program revenues for each function of the City.

These two statements report the City's net position and changes in net position. You can think of the City's net position – the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources – as one way to measure the City's financial health. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

Both of the above financial statements have separate sections for the two different types of City activities. These activities are:

Governmental Activities – The activities in this section are mostly supported by taxes and intergovernmental revenues (grants). Most services normally associated with the City fall into this category, including general government, public safety, public works, sanitation, parks and recreation, and maintenance.

Business-type Activities – These functions are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activities of the City consist of the provision of water and sewer services.

The government-wide financial statements can be found immediately following this discussion and analysis.

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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. The funds of the City can be divided into two categories. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The two categories of funds are:

Governmental Funds – Most of the basic services provided by the City are financed through 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, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements. This approach is known as using the flow of financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the City's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the City.

Because the focus of the governmental funds financial statements 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, users may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances

provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental funds financial statement.

The City has four governmental funds: the General Fund, the Police Witness Fees Fund, the Capital Projects Fund and the Debt Service Fund. The General Fund and the Debt Service Fund are considered major funds for presentation purposes. That is, each major fund is presented in a separate column in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances.

The basic governmental funds financial statements can be found immediately following the government-wide financial statements.

Proprietary Funds – These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside customers, including local governments, they are known as enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The City has two enterprise funds, the Water Fund and the Sewer Fund, each of which is considered a major proprietary fund for presentation purposes.

The basic proprietary funds financial statements can be found immediately following the governmental funds financial statements.

Notes to the Financial Statements

The notes to the financial statements 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 can be found immediately following the funds financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund and the Debt Service Fund as presented in the governmental funds financial statements. Annual budgets are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Following the required supplementary information is other supplementary information that is provided to show additional details.

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES

Net Position

The City's combined net position (governmental and business-type activities) totaled \$16,218,870 and \$14,261,757 as of December 31, 2012 and 2011 respectively, an increase of \$1,957,113 (13.72%).

As of December 31, 2012, \$15,744,302 (97.07%) of the City's net position consists of investment in capital assets such as land, buildings, equipment, and water and sewer plant and improvements, less any related debt used to acquire those assets that is still outstanding, compared to \$10,494,690 (73.58%) of the City's net position as of the close of the prior year. The City uses these capital assets to provide services to the citizens of Mansfield; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to

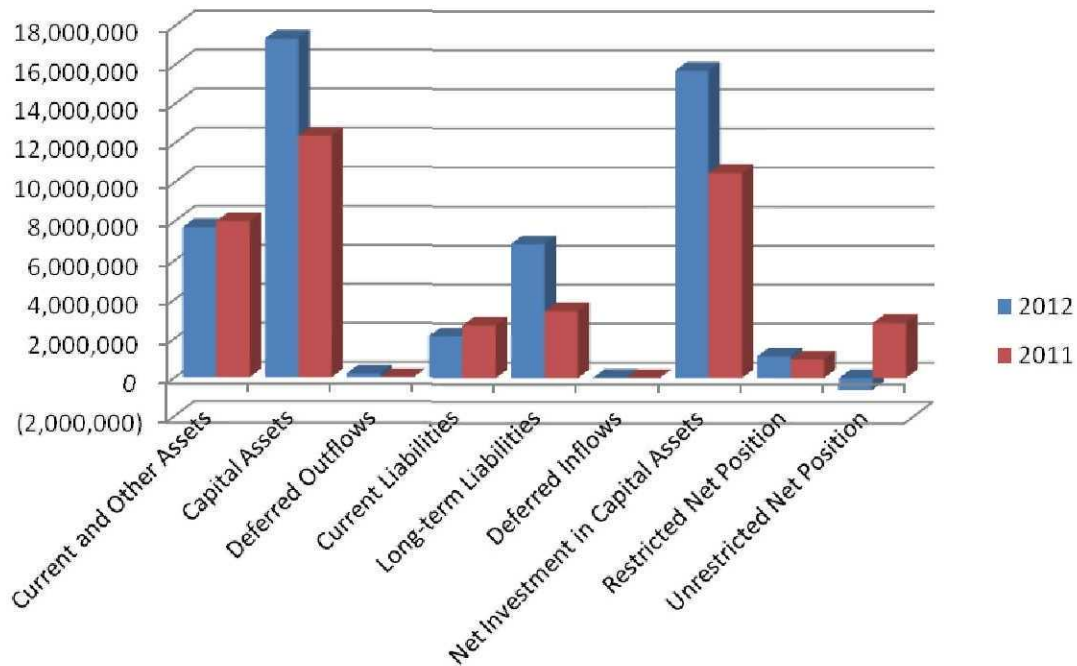
repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of net position, \$1,104,627 (6.81%), is restricted by loan covenants for repayment of principal and interest on long-term debt.

The other portion of the City's net position, a deficit of \$630,059 (-3.88%) and \$2,810,907 (19.72%) as of December 31, 2012 and 2011 respectively, is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors at the discretion of the mayor and council of Mansfield. The City continues to maintain a high level of liquidity with \$6,893,195 of cash, demand deposits, and certificates of deposit at December 31, 2012.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 6,026,680	\$ 6,066,338	\$ 1,653,768	\$ 1,913,402	\$ 7,680,448	\$ 7,979,740
Capital assets	3,366,542	2,322,094	13,976,390	10,042,612	17,342,932	12,364,706
Deferred outflows	172,930	-	26,043	-	198,973	-
Total assets and deferred outflows	<u>9,566,152</u>	<u>8,388,432</u>	<u>15,656,201</u>	<u>11,956,014</u>	<u>25,222,353</u>	<u>20,344,446</u>
Current liabilities	1,048,436	1,347,003	1,082,286	1,333,107	2,130,722	2,680,110
Long-term liabilities outstanding	6,092,897	2,523,726	765,467	878,853	6,858,364	3,402,579
Deferred inflows	14,397	-	-	-	14,397	-
Total liabilities and deferred outflows	<u>7,155,730</u>	<u>3,870,729</u>	<u>1,847,753</u>	<u>2,211,960</u>	<u>9,003,483</u>	<u>6,082,689</u>
Net position:						
Net investment in capital assets	3,366,542	2,322,094	12,377,760	8,172,596	15,744,302	10,494,690
Restricted	944,020	442,909	160,607	513,251	1,104,627	956,160
Unrestricted (deficit)	(1,900,140)	1,752,700	1,270,081	1,058,207	(630,059)	2,810,907
Total net position	<u>\$ 2,410,422</u>	<u>\$ 4,517,703</u>	<u>\$ 13,808,448</u>	<u>\$ 9,744,054</u>	<u>\$ 16,218,870</u>	<u>\$ 14,261,757</u>

Net Position



Changes in Net Position

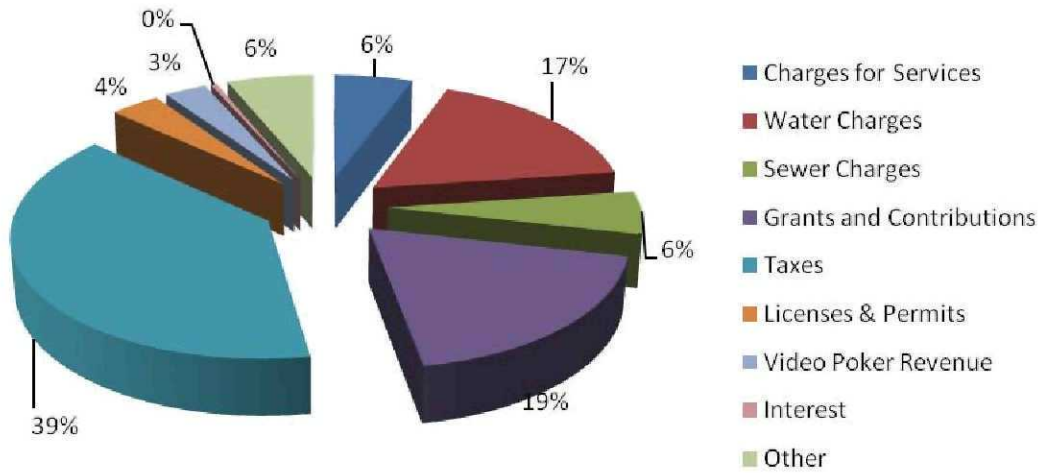
The City's net position increased by \$1,957,113 (13.72%) during the year ended December 31, 2012 compared to an increase of \$3,395,219 (31.24%) in 2011. This change is due primarily to a decrease in charges for services of \$269,522, a decrease in tax revenues of \$580,983, a decrease in of gas revenues of \$724,058, an increase in general government expenses of \$85,447, and an increase in public works expenses of \$177,197 that was partially offset by an increase in grant revenues of \$142,266 and an increase in other revenues of \$343,274.

Approximately 28.52% (\$2,310,660) of the City's total revenues was derived through charges for services in 2012 compared to 28.07% (\$2,580,182) in 2011. During the year ended December 31, 2012, approximately 52.73% (\$4,271,851) was derived from general revenues including taxes and interest compared to 56.95% (\$5,234,142) during 2011. The City received \$1,519,131 (18.75%) and \$1,376,865 (14.98%) of its total revenues through program grants and contributions during 2012 and 2011, respectively.

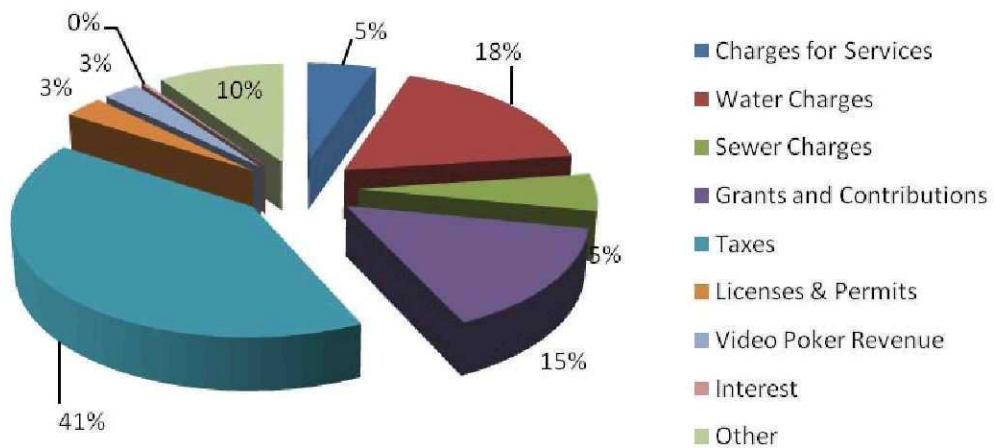
The largest expenses were for public works (including the provision of water and sewer services), public safety, and general government. In fiscal year 2012, governmental activity expenses exceeded program revenues resulting in the use of \$1,926,853 in general revenues, mostly taxes. The business-type activities program expenses exceeded revenues by \$387,885.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 458,835	\$ 482,475	\$ 1,851,825	\$ 2,097,707	\$ 2,310,660	\$ 2,580,182
Operating grants and contributions	176,382	191,176	-	-	176,382	191,176
Capital grants and contributions	1,342,749	996,733	-	188,956	1,342,749	1,185,689
General revenues:						
Taxes	3,192,047	3,773,030	-	-	3,192,047	3,773,030
Licenses and permits	292,410	283,442	-	-	292,410	283,442
Video poker revenue	246,207	259,439	-	-	246,207	259,439
Rent and royalties	147,045	871,103	-	-	147,045	871,103
Interest	23,717	18,964	10,804	11,817	34,521	30,781
Other	316,654	16,347	42,967	-	359,621	16,347
Total revenues	<u>6,196,046</u>	<u>6,892,709</u>	<u>1,905,596</u>	<u>2,298,480</u>	<u>8,101,642</u>	<u>9,191,189</u>
Expenses:						
General government	1,533,561	1,448,114	-	-	1,533,561	1,448,114
Public safety	1,683,907	1,617,417	-	-	1,683,907	1,617,417
Public works	460,951	389,042	2,239,710	2,134,422	2,700,661	2,523,464
Sanitation	147,170	132,120	-	-	147,170	132,120
Parks and recreation	18,836	16,044	-	-	18,836	16,044
Maintenance	60,394	58,811	-	-	60,394	58,811
Total expenses	<u>3,904,819</u>	<u>3,661,548</u>	<u>2,239,710</u>	<u>2,134,422</u>	<u>6,144,529</u>	<u>5,795,970</u>
Excess before transfers	<u>2,291,227</u>	<u>3,231,161</u>	<u>(334,114)</u>	<u>164,058</u>	<u>1,957,113</u>	<u>3,395,219</u>
Transfers in (out)	<u>(4,398,508)</u>	<u>(1,729,278)</u>	<u>4,398,508</u>	<u>1,729,278</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(2,107,281)</u>	<u>1,501,883</u>	<u>4,064,394</u>	<u>1,893,336</u>	<u>1,957,113</u>	<u>3,395,219</u>
Net position - beginning	<u>4,517,703</u>	<u>3,015,820</u>	<u>9,744,054</u>	<u>7,850,718</u>	<u>14,261,757</u>	<u>10,866,538</u>
Net position - ending	<u>\$ 2,410,422</u>	<u>\$ 4,517,703</u>	<u>\$ 13,808,448</u>	<u>\$ 9,744,054</u>	<u>\$ 16,218,870</u>	<u>\$ 14,261,757</u>

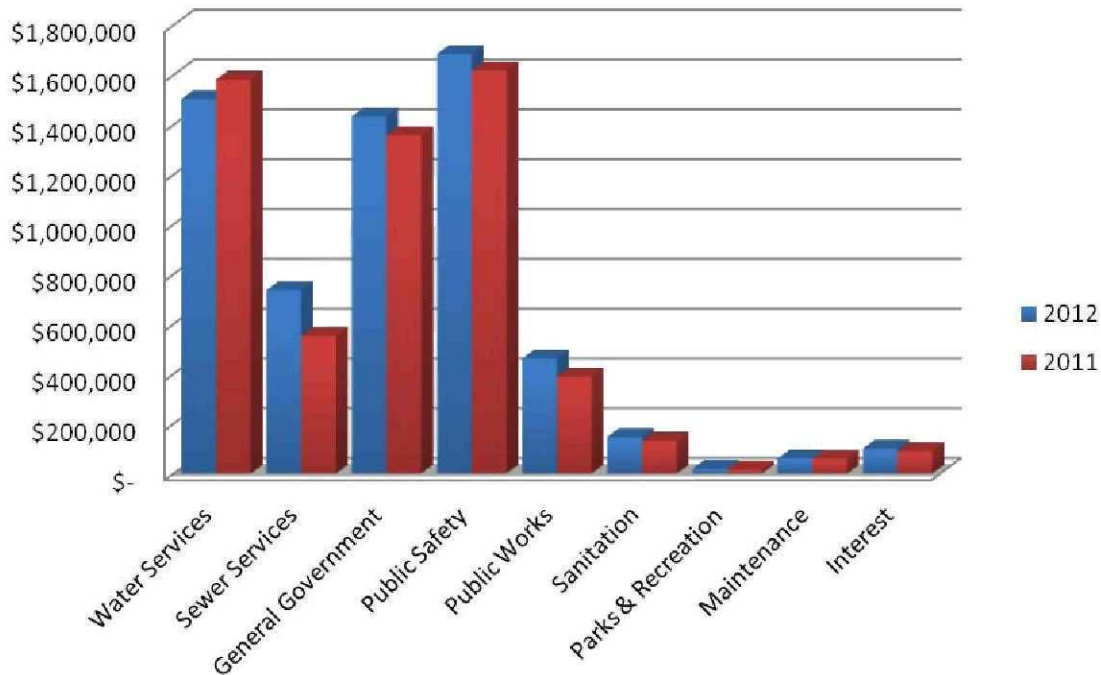
REVENUES 2012



REVENUES 2011



EXPENSES



FINANCIAL ANALYSIS OF THE INDIVIDUAL FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City’s governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City’s net resources available for spending at the end of the year.

At the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$5,415,501, an increase of \$643,680(13.49%) in comparison with the prior year. Approximately 62.67% (\$3,393,694) of this total amount consists of *unassigned fund balance*, which is available for spending at the City’s discretion.

Proprietary Funds

The City’s proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, which are considered to be major funds of the City. The City’s proprietary funds consist of enterprise funds which report the same functions presented as business-type activities in the government-wide financial statements.

At the end of the current fiscal year, the City's proprietary funds reported combined ending net position of \$13,808,448; an increase of \$4,064,394 (41.71%) in comparison with the prior year's ending net position of \$9,744,054. The Water Fund had an increase in net position of \$4,336,501 (69.45%), and the Sewer Fund had a decrease in net position of \$272,107 (7.77%). \$12,377,760 (89.64%) represents investment in capital assets net of accumulated depreciation and related outstanding debt. A total of \$160,607 (1.16%) is restricted by loan covenants for repayment of principal and interest on long-term debt and \$1,270,081 (9.20%) is unrestricted and is available for spending at the City's discretion.

GENERAL FUND BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the City complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA – R.S. 39:1301 et seq.).

The City's General Fund budget was amended because public safety, public works, and capital outlays were more than originally budgeted.

The actual revenues and other financing sources were \$658,163 above the original budgeted amounts and the actual expenditures were \$14,936 less than the final budgeted amounts.

CAPITAL ASSET ADMINISTRATION

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2012 totaled \$31,040,073, net of accumulated depreciation of \$13,697,141, leaving a book value of \$17,342,932. This investment in capital assets consists of land, buildings, equipment, and water and sewer plant and improvements. The net increase in the City's investment in capital assets for the current year was \$5,798,452, about 22.83% in terms of historical cost. Depreciation charges for the year totaled \$820,227 for 2012 compared to \$663,179 for the prior year.

During 2012, major capital expenditures included \$2,096,883 for improvements to the water system, \$1,623,342 for water treatment improvements, \$376,644 for a water booster station, \$141,155 for a water treatment facility, \$864,480 for street and sidewalk improvements, \$253,916 for building additions for Fire Station No. 2, and \$79,869 for new vehicles.

DEBT ADMINISTRATION

At year-end, the City had \$8,108,287 in bonds and notes outstanding, an increase of \$3,552,171 (77.96%) compared to the prior year.

Debt considered a liability of governmental activities increased \$3,830,171 due to the issuance of Series 2010B Sales Tax Bonds in the amount of \$363,874, the issuance of Series 2010 Limited Tax Revenue Bonds in the amount of \$964,319, and the issuance of Series 2011 Sales Tax bonds in the amount of \$2,501,978.

Debt considered a liability of the business-type activities decreased by \$271,386 due to the retirement of Series 1996 Sewer Revenue Bonds in the amount of \$78,000, the retirement of Series 2003 Sewer Revenue Bonds in the amount of \$140,000, the normal amortization of previously existing debt (\$60,000), and the recognition of a deferred loss on current refunding (\$6,614).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors were considered when the budget for the General Fund for the fiscal year ended December 31, 2013 was prepared:

- Revenues are expected to be approximately \$3,706,875 during the fiscal year ended 2013.
- The budget provides for a merit increase for employees.
- The City intends to expend \$1,222,500 for capital outlays during 2013.
- Other expenditures are expected to remain consistent with the prior year.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the finances of the City and seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Mansfield, P.O. Box 773, Mansfield, Louisiana 71052 or by calling (318) 872-0406.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MANSFIELD, LOUISIANA

Statement of Net Position
December 31, 2012

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents:	\$ 4,556,701	\$ 395,329	\$ 4,952,030
Certificates of deposit	942,745	229,267	1,172,012
Taxes receivable	434,454	-	434,454
Accounts receivable - net	76,985	275,814	352,799
Internal balances	15,795	(15,795)	-
Total current assets	<u>6,026,680</u>	<u>884,615</u>	<u>6,911,295</u>
Restricted Assets:			
Cash and cash equivalents	-	396,735	396,735
Certificates of deposit	-	372,418	372,418
Total restricted assets	<u>-</u>	<u>769,153</u>	<u>769,153</u>
Non-current assets:			
Capital assets (net of accumulated depreciation)	<u>3,366,542</u>	<u>13,976,390</u>	<u>17,342,932</u>
Total Assets	<u>9,393,222</u>	<u>15,630,158</u>	<u>25,023,380</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Unamortized bond issuance costs	132,854	-	132,854
Prepaid expenses	40,076	26,043	66,119
Total Deferred Outflows of Resources	<u>172,930</u>	<u>26,043</u>	<u>198,973</u>
Total Assets and Deferred Outflows of Resources	<u>9,566,152</u>	<u>15,656,201</u>	<u>25,222,353</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

CITY OF MANSFIELD, LOUISIANA

Statement of Net Position
December 31, 2012

	Governmental Activities	Business-type Activities	Total
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 527,222	\$ 37,037	\$ 564,259
Cash bonds payable	40,205	-	40,205
Accrued salaries	41,019	12,110	53,129
Payroll withholding payable	4,122	-	4,122
Accrued interest payable	48,868	6,169	55,037
Current portion of bonds payable	387,000	833,163	1,220,163
Total current liabilities	<u>1,048,436</u>	<u>888,479</u>	<u>1,936,915</u>
Payable from restricted assets:			
Customer deposits	-	193,807	193,807
Non-current liabilities:			
Bonds payable	6,092,897	795,227	6,888,124
Deferred loss on current refunding	-	(29,760)	(29,760)
Total non-current liabilities	<u>6,092,897</u>	<u>765,467</u>	<u>6,858,364</u>
Total liabilities	<u>7,141,333</u>	<u>1,847,753</u>	<u>8,989,086</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred school security fees	14,397	-	14,397
Total Liabilities and Deferred Inflows of Resources	<u>7,155,730</u>	<u>1,847,753</u>	<u>9,003,483</u>
<u>NET POSITION</u>			
Net investment in capital assets	3,366,542	12,377,760	15,744,302
Restricted for debt service	944,020	160,607	1,104,627
Unrestricted -(deficit)	(1,900,140)	1,270,081	(630,059)
Total net position	<u>\$ 2,410,422</u>	<u>\$ 13,808,448</u>	<u>\$ 16,218,870</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

CITY OF MANSFIELD, LOUISIANA

Statement of Activities
For the Year Ended December 31, 2012

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 1,433,764	\$ 430	\$ 3,700	\$ 1,073,279
Public safety	1,683,907	337,255	155,423	5,000
Public works	460,951	-	16,259	264,470
Sanitation	147,170	121,150	-	-
Parks and recreation	18,836	-	1,000	-
Maintenance	60,394	-	-	-
Interest and fiscal charges	99,797	-	-	-
Total governmental activities	<u>3,904,819</u>	<u>458,835</u>	<u>176,382</u>	<u>1,342,749</u>
Business-type activities:				
Sewer	736,413	460,326	-	-
Water	1,503,297	1,391,499	-	-
Total business-type activities	<u>2,239,710</u>	<u>1,851,825</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,144,529</u>	<u>\$ 2,310,660</u>	<u>\$ 176,382</u>	<u>\$ 1,342,749</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

CITY OF MANSFIELD, LOUISIANA

Statement of Activities
For the Year Ended December 31, 2012

	<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:			
General government	\$ (356,355)	\$ -	\$ (356,355)
Public safety	(1,186,229)	-	(1,186,229)
Public works	(180,222)	-	(180,222)
Sanitation	(26,020)	-	(26,020)
Parks and recreation	(17,836)	-	(17,836)
Maintenance	(60,394)	-	(60,394)
Interest and fiscal charges	(99,797)	-	(99,797)
Total governmental activities	<u>(1,926,853)</u>	<u>-</u>	<u>(1,926,853)</u>
Business-type activities:			
Sewer	-	(276,087)	(276,087)
Water	-	(111,798)	(111,798)
Total business-type activities	<u>-</u>	<u>(387,885)</u>	<u>(387,885)</u>
Total	<u>(1,926,853)</u>	<u>(387,885)</u>	<u>(2,314,738)</u>
General revenues			
Taxes-			
Ad valorem	425,898	-	425,898
Sales and use taxes	2,296,104	-	2,296,104
Franchise taxes	292,046	-	292,046
Hotel occupancy taxes	177,999	-	177,999
Licenses and permits	292,410	-	292,410
Video poker revenue	246,207	-	246,207
Interest and investment earnings	23,717	10,804	34,521
Sale of assets	15,201	42,967	58,168
Insurance reimbursement	293,612	-	293,612
Oil and gas royalties	147,045	-	147,045
Miscellaneous	7,841	-	7,841
Transfers	(4,398,508)	4,398,508	-
Total general revenues	<u>(180,428)</u>	<u>4,452,279</u>	<u>4,271,851</u>
Change in net position	(2,107,281)	4,064,394	1,957,113
Net position- beginning of year	<u>4,517,703</u>	<u>9,744,054</u>	<u>14,261,757</u>
Net position - end of year	<u><u>\$ 2,410,422</u></u>	<u><u>\$ 13,808,448</u></u>	<u><u>\$ 16,218,870</u></u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

CITY OF MANSFIELD, LOUISIANA

Balance Sheet – Governmental Funds
December 31, 2012

	General Fund	Debt Service Fund	Other Governmental Fund	Total
ASSETS				
Cash and cash equivalents	\$ 2,254,081	\$ 2,216,672	\$ 85,948	\$ 4,556,701
Certificates of deposit	942,745	-	-	942,745
Taxes receivable	351,161	83,293	-	434,454
Accounts receivable - net	76,985	-	-	76,985
Due from other funds	18,652	-	-	18,652
Total assets	<u>3,643,624</u>	<u>2,299,965</u>	<u>85,948</u>	<u>6,029,537</u>
DEFERRED OUTFLOWS OF RESOURCES				
Prepaid expenses	40,076	-	-	40,076
Total Assets and Deferred Outflows of Resources	<u>\$ 3,683,700</u>	<u>\$ 2,299,965</u>	<u>\$ 85,948</u>	<u>\$ 6,069,613</u>
LIABILITIES				
Accounts payable	\$ 123,240	\$ 403,982	\$ -	\$ 527,222
Cash bonds payable	40,205	-	-	40,205
Accrued salaries payable	41,019	-	-	41,019
Payroll withholding payable	4,122	-	-	4,122
Due to other funds	2,657	-	200	2,857
Total liabilities	<u>211,244</u>	<u>403,982</u>	<u>200</u>	<u>615,426</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	38,687	-	-	38,687
Total Liabilities and Deferred Inflows of Resources	<u>249,930</u>	<u>403,982</u>	<u>200</u>	<u>654,112</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenses	40,076	-	-	40,076
Restricted for:				
Debt service:				
Rural Water Revolving Loan	-	944,020	-	944,020
Committed to:				
Construction	-	951,963	-	951,963
Assigned to:				
Police witness fees	-	-	85,748	85,748
Unassigned	3,393,694	-	-	3,393,694
Total fund balances	<u>3,433,770</u>	<u>1,895,983</u>	<u>85,748</u>	<u>5,415,501</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$ 3,683,700</u>	<u>\$ 2,299,965</u>	<u>\$ 85,948</u>	<u>\$ 6,069,613</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

CITY OF MANSFIELD, LOUISIANA

Reconciliation of Fund Balances on the Balance Sheet for Governmental
Funds to Net Position of Governmental Activities on the Statement of Net Position
December 31, 2012

Fund Balance - total governmental funds		\$ 5,415,501
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Add - capital assets	\$ 5,932,202	
Deduct - accumulated depreciation	<u>(2,565,660)</u>	
		3,366,542
Unamortized bond issuance costs are not recognized in the funds		132,854
Some of the City's revenues will be collected after year-end but are not available soon enough to pay the current period's expenditures and therefore are deferred inflows of resources in the funds:		
Ad valorem taxes		24,290
Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Those liabilities consist of:		
Series 2010B Sales Tax Bonds	(2,892,919)	
Limited Tax Revenue Bonds, Series 2010	(1,085,000)	
Sales Tax Bonds, Series 2011	<u>(2,501,978)</u>	
		(6,479,897)
Interest on long-term debt is accrued in the Statement of Net Position but not in the governmental funds		<u>(48,868)</u>
Net position of governmental activities		<u><u>\$ 2,410,422</u></u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

CITY OF MANSFIELD, LOUISIANA

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the Year Ended December 31, 2012

	General Fund	Debt Service Fund	Other Governmental Fund	Total
REVENUES				
Taxes:				
Ad valorem	\$ 426,436	\$ -	\$ -	\$ 426,436
Sales and use	1,539,323	756,781	-	2,296,104
Franchise	292,046	-	-	292,046
Hotel occupancy	177,999	-	-	177,999
Licenses and permits	292,410	-	-	292,410
Fees, charges and commissions	194,858	-	31,675	226,533
Video poker revenue	246,207	-	-	246,207
Fines and forfeitures	232,302	-	-	232,302
Intergovernmental:				
Federal grants:	-	1,073,279	239,470	1,312,749
State funds:	171,683	-	-	171,683
Interest	16,950	6,690	77	23,717
Contributions	34,700	-	-	34,700
Oil and gas royalties	147,045	-	-	147,045
Miscellaneous	7,841	-	-	7,841
Total revenues	<u>3,779,800</u>	<u>1,836,750</u>	<u>271,222</u>	<u>5,887,772</u>
EXPENDITURES				
Current:				
General government:	1,412,398	15,893	-	1,428,291
Public safety	1,518,612	-	13,443	1,532,055
Public works	398,039	-	-	398,039
Sanitation	136,920	-	-	136,920
Parks and recreation	5,681	-	-	5,681
Maintenance	59,400	-	-	59,400
Capital outlay	1,102,119	-	239,470	1,341,589
Debt service:				
Principal retirement	-	-	-	-
Interest	-	82,593	-	82,593
Total expenditures	<u>4,633,169</u>	<u>98,486</u>	<u>252,913</u>	<u>4,984,568</u>
Excess of Revenues				
Over Expenditures	<u>(853,369)</u>	<u>1,738,264</u>	<u>18,309</u>	<u>903,204</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	-	3,830,171	-	3,830,171
Proceeds from sale of assets	15,201	-	-	15,201
Proceeds from insurance reimbursement	293,612	-	-	293,612
Transfers in	-	-	-	-
Transfers out	-	(4,398,508)	-	(4,398,508)
Total Other Financing Sources (Uses)	<u>308,813</u>	<u>(568,337)</u>	<u>-</u>	<u>(259,524)</u>
NET CHANGE IN FUND BALANCE	<u>(544,556)</u>	<u>1,169,927</u>	<u>18,309</u>	<u>643,680</u>
FUND BALANCE - beginning of year	<u>3,978,326</u>	<u>726,056</u>	<u>67,439</u>	<u>4,771,821</u>
FUND BALANCE - end of year	<u>\$3,433,770</u>	<u>\$ 1,895,983</u>	<u>\$ 85,748</u>	<u>\$ 5,415,501</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

CITY OF MANSFIELD, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2012

Net Change in Fund Balance - total governmental funds	\$ 643,680
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$1,341,589) exceeds depreciation expense (\$297,141) in the current period.	1,044,448
Governmental funds report bond issuance costs as an expenditure when incurred whereas bond issuance costs are deferred and amortized in the government-wide statements. This is the amount by which amortization of bond issuance costs (\$2,812) exceeds the bond issuance costs incurred (\$55,316) in the current period.	52,504
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Net change in deferred ad valorem taxes	(538)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Proceeds from bond issuance	(3,830,171)
Some expenditures reported in the governmental funds were previously reported as an expense in the statement of activities :	
Net change in accrued interest not reflected in governmental funds	<u>(17,204)</u>
Change in Net Position - statement of activities	<u><u>\$ (2,107,281)</u></u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

PROPRIETARY FUNDS

CITY OF MANSFIELD, LOUISIANA

Statement of Net Position – Proprietary Funds
December 31, 2012

	Business-type Activities- Enterprise Funds		
	Sewer Fund	Water Fund	Total
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 189,041	\$ 206,288	\$ 395,329
Certificates of deposit	229,267	-	229,267
Receivables (net of allowance for uncollectible)	64,825	210,989	275,814
Due from other funds	-	2,657	2,657
Total current assets	<u>483,133</u>	<u>419,934</u>	<u>903,067</u>
Restricted Assets:			
Cash and cash equivalents	-	396,735	396,735
Certificates of deposit	-	372,418	372,418
Total restricted assets	<u>-</u>	<u>769,153</u>	<u>769,153</u>
Non-current Assets:			
Capital assets (net of accumulated depreciation)	<u>2,758,848</u>	<u>11,217,542</u>	<u>13,976,390</u>
Total Assets	<u>3,241,981</u>	<u>\$ 12,406,629</u>	<u>15,648,610</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Prepaid expenses	<u>3,313</u>	<u>22,730</u>	<u>26,043</u>
Total Deferred Outflows of Resources	<u>3,313</u>	<u>22,730</u>	<u>26,043</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

CITY OF MANSFIELD, LOUISIANA

Statement of Net Position – Proprietary Funds
December 31, 2012

	<u>Business-type Activities- Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	\$ 15,087	\$ 21,950	\$ 37,037
Accrued salaries	2,230	9,880	12,110
Accrued interest payable	-	6,169	6,169
Due to other funds	-	18,452	18,452
Current portion of bonds payable	-	833,163	833,163
Total current liabilities	<u>17,317</u>	<u>889,614</u>	<u>906,931</u>
Payable from Restricted Assets:			
Customer deposits	-	193,807	193,807
Non-current Liabilities:			
Notes and bonds payable	-	795,227	795,227
Deferred loss on current refunding	-	(29,760)	(29,760)
Total non-current liabilities	<u>-</u>	<u>765,467</u>	<u>765,467</u>
Total Liabilities	<u>17,317</u>	<u>1,848,888</u>	<u>1,866,205</u>
<u>NET POSITION</u>			
Net investment in capital assets	2,758,848	9,618,912	12,377,760
Restricted for debt service	-	160,607	160,607
Unrestricted	469,129	800,952	1,270,081
Total Net Position	<u>\$ 3,227,977</u>	<u>\$ 10,580,471</u>	<u>\$ 13,808,448</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

CITY OF MANSFIELD, LOUISIANA

Statement of Revenues, Expenses and Changes in Fund Net Position-
Proprietary Funds
For the Year Ended December 31, 2012

	Business-type Activities- Enterprise Funds		
	Sewer Fund	Water Fund	Total
OPERATING REVENUES:			
Charges for services:			
Water sales	\$ -	\$ 1,367,257	\$ 1,367,257
Sewer service	447,667	-	447,667
Other operating revenues	12,659	24,242	36,901
Total operating revenues	<u>460,326</u>	<u>1,391,499</u>	<u>1,851,825</u>
OPERATING EXPENSES:			
Salaries and related expenses	150,664	737,423	888,087
Billing office	6,857	11,036	17,893
Water distribution system	-	138,872	138,872
Sewer collection system	50,619	-	50,619
Treating facilities	133,946	359,748	493,694
General and administrative	55,897	29,679	85,576
Depreciation	330,984	192,102	523,086
Total operating expenses	<u>728,967</u>	<u>1,468,860</u>	<u>2,197,827</u>
OPERATING INCOME (LOSS)	<u>(268,641)</u>	<u>(77,361)</u>	<u>(346,002)</u>
NON-OPERATING REVENUES-(EXPENSES):			
Interest earnings	2,480	8,324	10,804
Gain on sale of assets	1,500	41,467	42,967
Interest expense	(1,298)	(34,437)	(35,735)
Amortization of bond costs	(6,148)	-	(6,148)
Total non-operating revenues (expenses)	<u>(3,466)</u>	<u>15,354</u>	<u>11,888</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(272,107)</u>	<u>(62,007)</u>	<u>(334,114)</u>
Transfers in	-	4,398,508	4,398,508
CHANGE IN NET POSITION	<u>(272,107)</u>	<u>4,336,501</u>	<u>4,064,394</u>
TOTAL NET POSITION - beginning	3,500,084	6,243,970	9,744,054
TOTAL NET POSITION - ending	<u>\$ 3,227,977</u>	<u>\$ 10,580,471</u>	<u>\$ 13,808,448</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

CITY OF MANSFIELD, LOUISIANA

Statement of Cash Flows-
Proprietary Funds
For the Year Ended December 31, 2012

	Business-type Activities- Enterprise Funds		
	Sewer Fund	Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 496,896	\$ 1,347,262	\$ 1,844,158
Payments to suppliers	(392,541)	(793,706)	(1,186,247)
Payments to employees	(104,732)	(498,161)	(602,893)
Net cash provided (used) by operating activities	(377)	55,395	55,018
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from other funds	-	4,398,508	4,398,508
Cash paid to other funds	-	(28,495)	(28,495)
Net cash provided by noncapital related financing activities	-	4,370,013	4,370,013
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(3,969)	(4,452,895)	(4,456,864)
Proceeds from sale of capital assets	1,500	41,467	42,967
Proceeds from federal grant	103,120	-	103,120
Principal paid on long-term debt	(218,000)	(60,000)	(278,000)
Interest paid on long-term debt	(1,298)	(35,246)	(36,544)
Net cash used by capital and related financing activities	(118,647)	(4,506,674)	(4,625,321)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments matured	227,310	365,817	593,127
Investments purchased	(229,267)	(372,418)	(601,685)
Interest received	2,480	8,324	10,804
Net cash provided by investing activities	523	1,723	2,246
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(118,501)	(79,543)	(198,044)
Cash and Cash Equivalents, Beginning of Year	307,542	682,596	990,138
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 189,041</u>	<u>\$ 603,053</u>	<u>\$ 792,094</u>
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:			
Cash and cash equivalents	\$ 189,041	\$ 206,288	\$ 395,329
Restricted cash and cash equivalents	-	396,765	396,765
Total	<u>\$ 189,041</u>	<u>\$ 603,053</u>	<u>\$ 792,094</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

CITY OF MANSFIELD, LOUISIANA

Statement of Cash Flows-
Proprietary Funds
For the Year Ended December 31, 2012

	Business-type Activities- Enterprise Funds		
	Sewer Fund	Water Fund	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (268,641)	\$ (77,361)	\$ (346,002)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	330,984	192,102	523,086
Deferred bond refunding costs	-	6,614	6,614
Change in uncollectible accounts	-	(130,881)	(130,881)
Decrease (increase) in trade accounts receivable	36,570	83,656	120,226
Decrease (increase) in prepaid expenses	(3,313)	(22,730)	(26,043)
Increase in customer deposits	-	2,615	2,615
Increase (decrease) in accounts payable	(94,440)	1,007	(93,433)
Increase (decrease) in accrued expenses	(1,537)	343	(1,194)
Other	-	30	30
Total adjustments	268,264	132,756	401,020
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (377)	\$ 55,395	\$ 55,018
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	None	None	None

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

Introduction:

The City of Mansfield, Louisiana (City) was incorporated in 1847 under the provisions of Act 128 of the General Assembly of the State of Louisiana. The City is located in the Parish of DeSoto.

The City operates under the Mayor-Board of Aldermen form of government. Elected officials of the City consist of the mayor and five (5) aldermen, who are elected to four-year terms. The affairs of the City are conducted and managed by the mayor and the board of aldermen. The City provides the following services as authorized by its charter: police and fire protection, water and sewerage, sanitation, streets, and general administrative services.

The accompanying financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. GAAP as applicable to governments also conforms to the requirements of Louisiana R.S. 24:517 and the guides set forth in the *Louisiana Municipal Audit and Accounting Guide* and to the industry guide, *Audits of State and Local Government Units*, published by the American Institute of Certified Public Accountants.

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 the provisions of this Statement, the City 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 City 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, or issue bonded debt.

1. Summary of Significant Accounting Policies:

The accounting and reporting framework and the more significant accounting policies of the City are described as follows:

- A. Reporting Entity – In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose a financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There were no entities that were determined to be component units of the City of Mansfield, Louisiana.
- B. Basis of Presentation - The accompanying basic financial statements of the City have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The City's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Both the government-wide and the fund financial statements categorize activities as either governmental activities or business-type activities.

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

1. Summary of Significant Accounting Policies (Continued):

- C. Fund Accounting – The City uses funds to maintain its financial records during the year. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

The funds of the City are classified into two categories: governmental and proprietary. The City uses governmental funds to account for all or most of the City's general activities and the accumulation of resources and payments made for principal and interest on long-term general obligation debt. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between the governmental fund's assets and deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations.

The following are the City's governmental funds:

General Fund – The General Fund is the primary operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Debt Service Fund – The Debt Service Fund is used to account for the financial resources accumulated and payments made for principal and interest on the Sales Tax Bond, Series 2010B, the Limited Tax Revenue Bonds, Series 2011, and the Sales Tax Bond, Series 2011.

Police Witness Fees Fund – The Police Witness Fees Fund is used to account for all financial resources used to pay witness fees to police officers providing court testimony.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources used for the acquisition or construction of major capital facilities funded through the Louisiana Community Development Block Grant Program.

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. The following is the City's proprietary fund type:

Enterprise Funds – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises- where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City's enterprise funds are:

- *Sewer Fund* – Accounts for the provision of sewerage services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

1. Summary of Significant Accounting Policies (Continued):

C. Fund Accounting – (Continued)

- *Water Fund* – Accounts for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

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

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements (GWFS)

The statement of net position and the statement of activities report information on all the financial activities of the City. Individual funds are not displayed, but the statements distinguish governmental activities, which are normally supported by taxes and intergovernmental revenues, from business-type activities, which rely to a significant extent on fees and charges for support. The effect of most interfund activity is eliminated from these financial statements.

Information contained in these statements reflects the “economic resources” measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. Property taxes are recognized as revenues in the year 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment of the City’s activities is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues reduce the cost of the function to be financed from the City’s general revenues. Program revenues included in the statement of activities are (1) derived directly from charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, (2) operating grants and contributions, and (3) capital grants and contributions. For identifying to which function a program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which functions the revenues are restricted. Revenues not classified as program revenues are presented as general revenues, which include ad valorem taxes, sales taxes, franchise taxes, hotel occupancy taxes, rent and royalties, interest, and other items not properly included in program revenues.

1. Summary of Significant Accounting Policies (Continued):

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial Statements (FFS)

The fund financial statements report financial information by major and nonmajor funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent (10%) of the corresponding total for all funds of that category or type.
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent (5%) of the corresponding total for all government and enterprise funds combined.
- c. The City's management believes that the fund is particularly important to the financial statement users.

The City considers the General Fund, the Debt Service Fund, the Sewer Fund, and the Water Fund to be "major funds".

Governmental Fund Financial Statements- The amounts reflected in the governmental fund financial statements are accounted for using the "current financial resources" measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on the balance sheet. When the "current financial resources" measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. Furthermore, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as an other financing source and repayment of long-term debt is reported as an expenditure. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the City's operations.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, however, principle and interest on general obligation long-term debt is recognized when due.

The governmental funds use the following practices in recording revenues and expenditures:

Sales tax and hotel occupancy tax revenues are recorded in the period in which the underlying exchange has occurred.

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

1. Summary of Significant Accounting Policies (Continued):

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Gaming tax revenues are recorded in the period during which the exchange transactions on which the tax is imposed occur.

Fines, forfeitures, and fees are recognized in the period they are collected by the City.

Interest earnings on deposits are recorded when credited by the financial institution.

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47: 1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are generally collected in December of the year assessed and January and February of the ensuing year.

Revenue from federal and state grants is recognized when all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which resources are provided to the City on a reimbursement basis.

Those revenues susceptible to accrual are sales taxes, hotel occupancy taxes, property taxes, franchise taxes, grants, and charges for services. Substantially all other revenues, including fines, permits, and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Expenditures are generally recognized under the modified accrual basis when a liability is incurred.

Salaries and related benefits are recorded when employee services are provided to the City.

Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased.

Commitments under construction contracts are recognized as expenditures when earned by the contractor.

Purchases of capital assets in the governmental funds are recorded as expenditures when purchased. Governmental fund capital assets are reported at cost, net of accumulated depreciation, only in the government-wide financial statements.

General obligation bond principal payments are recorded as expenditure when paid. The amount of general obligation bonds outstanding at December 31, 2012 has been reported only in the government-wide financial statements.

Proprietary Fund Financial Statements – The financial statements of the proprietary funds are reported using the “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows.

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

1. Summary of Significant Accounting Policies (Continued):

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The amounts reflected in the proprietary fund financial statements use the accrual basis of accounting. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. 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. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Proprietary fund equity is classified as net position.

E. Budgets and Budgetary Accounting

Annual appropriated operating budgets of proposed expenditures (expenses) and the means of financing them are adopted annually. Budgets are prepared in conformity with GAAP using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds. Budget comparison statements included in the accompanying financial statements include the original adopted budget and final amounts, if amended, and actual results (on a budgetary basis).

Budgets are adopted on a line item basis. Administrative adjustments can be made on a departmental basis between line item accounts only. Interdepartmental amendments, interfund amendments, and additional appropriations from one fund to another are subject to board approval. The overall level of control is on an interdepartmental basis.

Unexpended appropriations lapse at year-end and must be re-appropriated in the next year's budget to be expended. The City does not utilize encumbrance accounting in its budget practices.

F. Cash and Cash Equivalents and Investments

Cash and cash equivalents include cash on hand; amounts in demand deposits, interest bearing demand deposits, and time deposits (certificates of deposit); and short term, highly liquid investments with original maturities of six months or less when purchased. Investments are interest-bearing time deposits with original maturities dated in excess of six months when purchased. Investments are stated at cost, which approximates market value.

The City's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the City may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The City may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local Louisiana governments are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana which operates a local government investment pool.

G. Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivables for the governmental activities include ad valorem taxes, franchise taxes, sales and use taxes, hotel occupancy taxes, grants, and video poker revenues. Business-type activities report customer's water and sewer service charges as its major receivables. The City uses the allowance method

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

1. Summary of Significant Accounting Policies (Continued):

G. Receivables – (Continued)

to account for bad debts for ad valorem taxes and water and sewer service charges. Uncollectible amounts due are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The provision for bad debts is recorded as a current expenditure with a corresponding increase to the allowance for doubtful accounts. Accounts receivable are reported in the financial statements net of the allowance account.

H. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2012 are recorded as prepaid expenses.

I. Capital Assets

Capital assets which include property, plant, equipment, works of art and historical treasures, and infrastructure assets (consisting of roads, bridges, curbs and gutters, streets and sidewalks, lighting systems, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the in the fund financial statements for the proprietary funds. Capital assets are capitalized at historical cost. Donated assets are recorded at their estimated fair value at the date of donation. The City maintains a threshold level of \$1,000 for capitalizing assets.

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.

In accordance with GASB Statement 34, because of the costs involved in retroactively capitalizing infrastructure, the City has elected an exception for local governments with annual revenues of less than \$10 million and is prospectively capitalizing infrastructure from the date of implementation of GASB Statement 34 forward and will not retroactively capitalize infrastructure.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives depending upon the expected durability of the particular asset:

<u>Description</u>	<u>Estimated Lives</u>
Computer and peripheral equipment	4-5 years
Equipment	3-10 years
Portable building	10 years
Water meters	10 years
Water pumping station	20 years
Water distribution system	40 years
Sewerage treatment plant	20 years
Sewerage collection system	20 years
Streets and sidewalks	40 years

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

1. Summary of Significant Accounting Policies (Continued):

J. Compensated Absences

City employees earn from ten (10) to twenty (20) days of vacation leave and from twelve (12) to thirty (30) days of sick leave each year. Vacation leave does not accumulate and accrued sick leave does not vest with the employee; therefore, there is no accrual for compensated absences as of December 31, 2012.

K. Interfund Transactions

Quasi-external transactions, if any, are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without the expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient fund and as an expenditure by the providing fund.

L. Interfund Balances (Due from/to Other Funds)

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as “due to and due from other funds”. These receivables and payables are classified as internal balances on the statement of net position and as due from/to other funds in the fund financial statements.

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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.

M. Deferred Revenues

Deferred revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria have been met or the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

1. Summary of Significant Accounting Policies (Continued):

N. Long-term Debt

The accounting treatment of long-term debt depends upon whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide financial statements. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred outflows of resources and are amortized over the term of the related debt.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. In the fund financial statements, governmental funds 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 resources 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.

The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

The City's long term debt consists of sales tax bonds, revenue bonds, and notes to the Louisiana Department of Transportation and Development for Utility Relocation Assistance Funding.

O. Fund Equity

The City of Mansfield, Louisiana, has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

In the government-wide financial statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of liabilities is classified as net position and is reported in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- b. Unrestricted net position – Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The City of Mansfield, Louisiana, has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

1. Summary of Significant Accounting Policies (Continued):

O. Fund Equity – (Continued)

In the fund financial statements, governmental fund balance is presented in five possible categories:

- *Nonspendable* – resources which cannot be spent because they are either (a) not in spendable form (such as prepaid items) or; (b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations or constraints to specific purposes the government imposes upon itself at its highest level of decision making (the City Council). These amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- *Assigned* – resources neither restricted nor committed for which the City has a stated intended use as established by the City Council or a body or official (Mayor) to which the City Council has delegated the authority to assign amounts for specific purposes.
- *Unassigned* – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount.

The City establishes (and modifies and rescinds) fund balance commitments and assignments by passage of an ordinance or resolution.

The City would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

- P. Encumbrances – The City does not utilize encumbrance accounting. Management does not believe that the use of encumbrance accounting would provide any significant benefit for budgetary purposes.

- Q. Ad Valorem Taxes – Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1, of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City bills and collects its own property taxes, using the assessed values determined by the tax assessor of DeSoto Parish.

- R. Risk Management

The City is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for the risk of loss including automobile liability, general liability, property damage, workers compensation, errors and omissions, and surety bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

2. Cash and Cash Equivalents and Investments

Cash and Cash Equivalents:

At December 31, 2012, the City had cash and cash equivalents (book balances) totaling \$5,348,765 as follows:

Cash on hand	\$ 750
Demand deposits	3,932,809
Time deposits	201,417
LAMP deposits	1,213,789
	<u>\$ 5,348,765</u>

Investments:

At December 31, 2012, the City had investments (book balances) totaling \$1,544,430 as follows:

Time deposits	<u>\$ 1,544,430</u>
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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.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the City's name.

The cash equivalents and investments of the City are subject to the following risks:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits.

At year end, the City had collected bank balances of \$5,944,309 which were fully protected by \$1,517,834 of federal depository insurance, \$184,450 of national credit union share insurance, and pledged securities with a fair market value of \$7,841,497 held by the custodial banks in the name of the City.

Interest Rate Risk: The City's certificates of deposit have maturities of two years or less which limits exposure to fair value losses arising from rising interest rates.

Credit Risk: The City's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the City may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The City may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

2. Cash and Cash Equivalents and Investments – (Continued):

Cash and cash equivalents held at December 31, 2012 include \$1,213,789 invested with the Louisiana Asset Management Pool (LAMP), a local government investment pool. The Louisiana Asset Management Pool is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

LAMP is rated AAAM by Standard & Poors.

3. Property Taxes:

For the year ended December 31, 2012, taxes of 16.44 mills were levied on properties with assessed valuations totaling \$24,721,504 and were dedicated as follows:

General alimony	8.07 mills
Operating	8.37 mills

Total ad valorem taxes levied were \$406,422. Taxes receivable at December 31, 2012, were \$100,956.

The following are the principal taxpayers and the related ad valorem tax assessment:

Taxpayer	Assessed Valuation	Tax Amount	Percent of Total Assessed Valuation
Capital One	\$ 1,539,385	\$ 25,307	6.23%
Community Bank of Louisiana	1,395,875	22,948	5.65%
CLECO	1,291,740	21,236	5.23%
Chesapeake Operating, Inc.	731,236	12,022	2.96%
Wal-Mart Louisiana, LLC	723,201	11,889	2.93%
Wal-Mart Real Estate	717,195	11,791	2.90%
Govind Hospitality, LLC	658,279	10,822	2.66%
Citizens National Bank	472,580	7,769	1.91%
Brookshire Grocery Company	396,771	6,523	1.60%
Mansfield Auto World	392,805	6,458	1.59%
	<u>\$ 8,319,067</u>	<u>\$ 136,765</u>	<u>33.66%</u>

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

4. Receivables:

As of December 31, 2012, receivables consist of the following:

	Governmental Activities		Business-Type Activities		Total
	General Fund	Debt Service Fund	Sewer Fund	Water Fund	
Taxes:					
Sales	\$ 166,610	\$ 83,293	\$ -	\$ -	\$ 249,903
Ad valorem	100,956	-	-	-	100,956
Franchise	74,597	-	-	-	74,597
Hotel occupancy	8,998	-	-	-	8,998
Video poker	36,837	-	-	-	36,837
Water utility	-	-	-	218,521	218,521
Sewer utility	-	-	64,825	-	64,825
Gas royalties	13,048	-	-	-	13,048
State grants	27,000	-	-	-	27,000
Other	100	-	-	-	100
Allowance	-	-	-	(7,532)	(7,532)
	<u>\$ 428,146</u>	<u>\$ 83,293</u>	<u>\$ 64,825</u>	<u>\$ 210,989</u>	<u>\$ 787,253</u>

5. Due From/To Other Funds and Operating Transfers:

Amounts due from and to other funds as reported in the fund financial statements at December 31, 2012, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water Fund	\$ 18,452
General Fund	Capital Projects Fund	200
Water Fund	General Fund	2,657
		<u>\$ 21,309</u>

In the ordinary course of business, the City often transfers resources between its funds. Transfers are used to (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, and (2) use unrestricted revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations. The interfund transfers during the year ended December 31, 2012 are as follows:

Transfer In	Transfer Out	Amount
Water Fund	Debt Service Fund	<u>\$ 4,398,508</u>

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

6. Capital Assets:

Capital assets and depreciation activity as of and for the year ended December 31, 2012 for the City is as follows:

	Balance January 1, 2012	Additions	Retirements and Transfers	Balance December 31, 2012
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 15,885	\$ 389,505	\$ -	\$ 405,390
Land	189,115	-	-	189,115
	<u>205,000</u>	<u>389,505</u>	<u>-</u>	<u>594,505</u>
Capital assets being depreciated:				
Buildings	740,674	321,762	-	1,062,436
Improvements other than buildings	1,668,748	474,975	-	2,143,723
Equipment	681,559	75,478	-	757,037
Office furniture	3,555	-	-	3,555
Vehicles	1,355,635	79,869	(64,558)	1,370,946
Total capital assets being depreciated	<u>4,450,171</u>	<u>952,084</u>	<u>(64,558)</u>	<u>5,337,697</u>
Less accumulated depreciation for:				
Buildings	(392,962)	(19,645)	-	(412,607)
Improvements other than buildings	(914,591)	(29,919)	-	(944,510)
Equipment	(296,659)	(100,576)	-	(397,235)
Office furniture	(3,138)	(70)	-	(3,208)
Vehicles	(725,727)	(146,931)	64,558	(808,100)
Total accumulated depreciation	<u>(2,333,077)</u>	<u>(297,141)</u>	<u>64,558</u>	<u>(2,565,660)</u>
Total capital assets - net	<u>\$ 2,322,094</u>	<u>\$ 1,044,448</u>	<u>\$ -</u>	<u>\$ 3,366,542</u>

Depreciation expense of \$297,141 for the year ended December 31, 2012, was charged to the following governmental functions:

General government	\$ 57,978
Public safety	151,852
Public works	62,912
Sanitation	10,250
Maintenance	994
Parks and recreation	13,155
Total	<u>\$ 297,141</u>

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

6. Capital Assets (Continued):

	Balance January 1, 2012	Additions	Retirements and Transfers	Balance December 31, 2012
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 2,021,820	\$ 3,655,047	\$ -	\$ 5,676,867
Land	70,361	-	-	70,361
	<u>2,092,181</u>	<u>3,655,047</u>	<u>-</u>	<u>5,747,228</u>
Capital assets being depreciated:				
Buildings	3,095	-	-	3,095
Water treatment plant	2,277,643	231,596	-	2,509,239
Machinery and equipment	683,317	10,638	(94,958)	598,997
Pumping station	977,087	465,120	-	1,442,207
Transmission line	3,687,728	94,462	-	3,782,190
Water system	3,582,516	-	-	3,582,516
Sewer system	4,456,069	-	-	4,456,069
Sewer treatment plant	2,986,330	-	-	2,986,330
Total capital assets being depreciated	<u>18,653,785</u>	<u>801,816</u>	<u>(94,958)</u>	<u>19,360,643</u>
Less accumulated depreciation for:				
Buildings	(3,095)	-	-	(3,095)
Water treatment plant	(2,216,896)	(6,179)	-	(2,223,075)
Machinery and equipment	(384,758)	(45,186)	94,958	(334,986)
Pumping station	(934,875)	(14,409)	-	(949,284)
Transmission line	(2,127,984)	(44,162)	-	(2,172,146)
Water system	(642,637)	(88,688)	-	(731,325)
Sewer system	(2,313,858)	(173,780)	-	(2,487,638)
Sewer treatment plant	(2,079,251)	(150,682)	-	(2,229,933)
Total accumulated depreciation	<u>(10,703,354)</u>	<u>(523,086)</u>	<u>94,958</u>	<u>(11,131,481)</u>
Total capital assets - net	<u>\$ 10,042,612</u>	<u>\$ 3,933,777</u>	<u>\$ -</u>	<u>\$ 13,976,390</u>

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

7. Long-Term Obligations:

The following is a summary of the long-term obligation transactions for the year ended December 31, 2012.

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Funds:				
Series 2010B Sales Tax Bonds	\$ 2,529,045	\$ 363,874	\$ -	\$ 2,892,919
Series 2010 Limited Tax Revenue Bonds	120,681	964,319	-	1,085,000
Series 2011 Sales Tax Bonds	-	2,501,978	-	2,501,978
	<u>2,649,726</u>	<u>3,830,171</u>	<u>-</u>	<u>6,479,897</u>
Proprietary Funds:				
Series 1996 Sewer Revenue Bonds	78,000	-	(78,000)	-
Series 2003 Sewer Revenue Bonds	140,000	-	(140,000)	-
Series 2005 Water Revenue Refunding Bonds	542,000	-	(60,000)	482,000
Less: Deferred loss on current refunding	(36,374)	-	6,614	(29,760)
URAF Agreements 8085, 8751, 8996	383,227	-	-	383,227
URAF Agreement 06465	133,858	-	-	133,858
URAF Agreement LTM -116-02	49,573	-	-	49,573
URAF Agreement LTM-399	579,732	-	-	579,732
	<u>1,870,016</u>	<u>-</u>	<u>(271,386)</u>	<u>1,598,630</u>
Total	<u>\$ 4,519,742</u>	<u>\$ 3,830,171</u>	<u>\$ (271,386)</u>	<u>\$ 8,078,527</u>

Bonds and notes payable at December 31, 2012, are comprised of the following individual issues:

Revenue Bonds:

Sales Tax Bonds, Series 2010, interest at 2.95%, dated February 11, 2010, in the original amount of \$4,120,000. Scheduled principal and interest payments due annually through February 1, 2030. \$ 2,892,919

Limited Tax Revenue Bonds, Series 2010, interest at 2.95%, dated November 10, 2011, in the original amount of \$1,550,000. Interest only through 2012 with scheduled principal and interest payments due annually through October 1, 2032. 1,085,000

Sales Tax Bonds, Series 2011, interest at 2.95%, dated January 6, 2012, in the original amount of \$3,280,000. Scheduled principal and interest payments due annually through February 1, 2032. 2,501,978

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

7. Long-Term Obligations (Continued):

Water Refunding Bonds, Series 2005 (Refunding 1997 Bonds) at variable interest rates dated October 5, 2005, in the original amount of \$809,000. Scheduled principal and interest payments due annually through April 1,2018.	\$ 482,000
Utility Relocation Assistance Funding Agreement, non interest bearing, dated March 14, 1991 (\$238,029); July 24, 1996 (\$106,665); and July 9, 1998 (\$50,533). Principal payments of \$3,000 due annually through 2139.	383,227
Utility Relocation Assistance Funding Agreement - 06465, non interest bearing, dated July 12, 1982, due upon demand	133,858
Utility Relocation Assistance Funding Agreement - LTM 116-02, non interest bearing, dated May 16, 2006, due upon demand	49,573
Utility Relocation Assistance Funding Agreement - LTM 399-02, non interest bearing, dated December 16, 2008, due upon demand	579,732
	<u>8,108,287</u>
Less:	
Current portion of long-term debt	(1,220,163)
Deferred loss on current refunding	(29,760)
	<u>(1,249,923)</u>
Total long-term debt	<u>\$ 6,858,364</u>

The total annual requirements to amortize all debt outstanding as of December 31, 2012, including interest payments of \$ 2,135,767 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Governmental funds:			
Debt Service Fund:			
Sales Tax Bonds, Series 2010B:			
2013	\$ 255,000	\$ 82,792	\$ 337,792
2014	132,000	78,942	210,942
2015	136,000	74,989	210,989
2016	139,000	70,933	209,933
2017	142,000	66,788	208,788
2018-2030	2,088,919	442,072	2,530,991
	<u>2,892,919</u>	<u>816,516</u>	<u>3,709,435</u>
Limited Tax Revenue Bonds, Series 2010:			
2013	39,000	32,008	71,008
2014	40,000	30,857	70,857
2015	41,000	29,677	70,677
2016	43,000	28,468	71,468
2017	44,000	27,199	71,199
2018-2032	878,000	223,404	1,101,404
	<u>1,085,000</u>	<u>371,613</u>	<u>1,456,613</u>

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

7. Long-Term Obligations (Continued):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Governmental funds:			
Sales Tax Bonds, Series 2011:			
2013	93,000	75,918	168,918
2014	96,000	73,131	169,131
2015	100,000	70,240	170,240
2016	103,000	67,245	170,245
2017	107,000	64,148	171,148
2018-2032	2,002,978	508,919	2,511,897
	<u>2,501,978</u>	<u>859,601</u>	<u>3,361,579</u>
Total governmental funds	<u>\$ 6,479,897</u>	<u>\$ 2,047,730</u>	<u>\$ 8,527,627</u>
Proprietary funds:			
Water Fund:			
Series 2005 Refunding Revenue Bond:			
2013	64,000	25,300	89,300
2014	73,000	21,564	94,564
2015	76,000	17,448	93,448
2016	85,000	12,937	97,937
2017	88,000	8,028	96,028
2018	96,000	2,760	98,760
	<u>482,000</u>	<u>88,037</u>	<u>570,037</u>
URAF Agreement 8085,8751,8996:			
2013	6,000	-	6,000
2014	3,000	-	3,000
2015	3,000	-	3,000
2016	3,000	-	3,000
2017	3,000	-	3,000
2018-2139	365,227	-	365,227
	<u>383,227</u>	<u>-</u>	<u>383,227</u>
URAF Agreement 06465			
2011	133,858	-	133,858
URAF Agreement LTM-116-02			
2011	49,573	-	49,573
URAF Agreement LTM-399:			
2011	579,732	-	579,732
Total Water Fund	<u>1,628,390</u>	<u>88,037</u>	<u>1,716,427</u>
Total proprietary funds	<u>1,628,390</u>	<u>88,037</u>	<u>1,716,427</u>
Total	<u>\$ 8,108,287</u>	<u>\$ 2,135,767</u>	<u>\$ 10,244,054</u>

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

7. Long-Term Obligations (Continued):

On October 5, 2005, the City completed a current refunding of outstanding Water Revenue Bonds, Series 1997. GASB Statement No. 23, requires that the difference between the book value of the refunded debt and the amount required to retire the debt be accounted for as a deferral and capitalized as a contra liability account (offset against bonds payable) and amortized in a systematic manner over the lesser of the original remaining life of the old bonds or the life of the new bonds.

The City has issued \$4,120,000 of taxable Sales Tax Bonds, Series 2010. The bond issue consisted of \$1,000,000 of Sales Tax Revenue Bonds, Series 2010A (ARRA) and \$3,120,000 of Sales Tax Bonds, Series 2010B. On February 11, 2010 the City entered a loan and pledge agreement with the Louisiana Department of Health and Hospitals whereby the Department agreed to purchase the Sales Tax Bonds, Series 2010 through the State Drinking Water Revolving Loan Fund for the purpose of constructing and acquiring improvements, extensions and replacements to its water system. The loan is secured and payable from a pledge and dedication of sales and use tax revenues and the net revenues of the water system. The City borrowed \$363,874 through the Drinking Water Revolving Loan Fund during 2012.

The City has issued \$1,550,000 of Limited Tax Revenue Bonds, Series 2010. On November 10, 2011 the City entered a loan and pledge agreement with the Louisiana Department of Health and Hospitals whereby the Department agreed to purchase the Limited Tax Revenue Bonds, Series 2010 through the State Drinking Water Revolving Loan Fund for the purpose of financing a portion of the costs of constructing and acquiring improvements, extensions and replacements to its water system. The loan is secured and payable from a pledge and dedication of the full faith and credit of the City. The net revenues of the water system shall be set aside in the funds and accounts described in the authorizing ordinance and shall be and remain so pledged for the security and payment of the bonds in principal and interest, until the bonds shall be fully paid and discharged. The City borrowed \$1,377,598 through the Drinking Water Revolving Loan Fund during 2012. \$413,279 was forgiven by the Louisiana Department of Health and Hospitals through a 30% principal forgiveness program.

The City has issued \$3,280,000 of Sales Tax Bonds, Series 2011. On January 6, 2012, the City entered a loan and pledge agreement with the Louisiana Department of Health and Hospitals whereby the Department agreed to purchase the Sales Tax Bonds, Series 2011 through the State Drinking Water Revolving Loan Fund for the purpose of financing a portion of the costs of constructing and acquiring improvements, extensions and replacements to its water system. The loan is secured and payable from a pledge and dedication of the revenues of a ½% sales and use tax of the City authorized at an election held on October 4, 2008, after payment of the reasonable and necessary costs of collecting and administering the tax. The net revenues of the tax shall be and remain so pledged for the security and payment of the bonds in principal and interest, until the bonds shall be fully paid and discharged. The City borrowed \$3,161,978 through the Drinking Water Revolving Loan Fund during 2012. \$660,000 was forgiven by the Louisiana Department of Health and Hospitals through a 30% principal forgiveness program.

8. Restricted Assets:

Certain resources set aside for repayment of bonded indebtedness and customers' utility deposits are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond ordinances or deposit agreements.

Water revenue bonds are obligations of the City solely secured by a pledge of the net revenues of the water system. The revenue of the water system and the various special depository accounts established by the bond ordinances collateralize the bonds. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance of the system and then to meet the funding covenants of the obligations. Any remaining revenues may then be used for any lawful purpose.

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

8. Restricted Assets (Continued):

The ordinances authorizing the water revenue bonds require the City to establish certain depository accounts. The City is required to make monthly deposits to these accounts to satisfy the requirements of the related bond covenants to assure payment of principal and interest when due.

The bond covenants of the water revenue bonds require the City to establish the following accounts:

Waterworks Revenue Bond and Interest Sinking Fund – The City must transfer into this fund, each month, one twelfth of the principal and one-sixth of the interest due on the next principal and interest payment dates. Such transfers will be fully sufficient to promptly and fully pay principal and interest installments as they become due and may be used only for such payments.

Waterworks Revenue Bond Reserve Fund – The City must transfer into this fund, each month, an amount equal to five percent of the amount paid into the Sinking Fund until there will have accumulated in the Reserve Fund an amount equal to the Reserve Fund Requirement of \$80,900. The money in the Reserve Fund shall be retained solely for the purpose of paying the principal of and interest on bonds payable from the Sinking Fund as to which there would otherwise be default.

Waterworks Depreciation and Contingencies Fund – The City must transfer into this fund, each month, an amount equal to five percent of the amount paid into the Sinking Fund until there will have accumulated in the Depreciation and Contingencies Fund an amount equal to \$25,000. The money in the Depreciation and Contingencies Fund shall be used to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the system. In addition, the money in this fund may be used to pay the principal and interest on bonds payable for which there is not sufficient money in the Sinking Fund or the Reserve Fund.

At December 31, 2012, the City is in compliance with each of the funding requirements described above.

9. Debt Service Fund:

Under the terms of the loan and pledge agreements for the Drinking Water Revolving Loan Fund utilized by the Louisiana Department of Health and Hospitals to purchase the City's Sales Tax Bonds, Series 2010 and Series 2011; the City is required to establish a Debt Service Fund to account for transactions related to these bond issues.

The loan and pledge agreement requires four separate bank deposit accounts be established and maintained within the Debt Service Fund:

- *Sales Tax Account* – the proceeds of the ½% sales tax dedicated to fund the Sales Tax Bonds, Series 2010 and Series 2011, shall be deposited daily into this account.
- *Construction Account* – each installment of the purchase price of the Bonds is to be deposited into this account and the costs of the project will be disbursed from this account.
- *Sinking Fund Account* – The City must transfer from the Sales Tax Account into this account, each month on or before the 20th day of each month, an amount equal to the principal and interest accruing on the Bonds for such month, together with such additional proportionate sum as may be required to pay said principal; and interest and administrative fee as the same respectively become due.

9. Debt Service Fund (Continued):

- *Reserve Fund Account* – maintained solely for the purpose of paying the principal of and interest on Series 2010 and Series 2011 Bonds. The Reserve Fund is required to be funded in an amount equal to one half of the highest principal and interest requirements for any succeeding Bond Year on the Bonds by transferring such amounts as will result in the sum on deposit to be equal to the reserve account requirement. For the year ended December 31, 2012, this reserve account requirement was \$106,847.

Under the terms of the loan and pledge agreement for the Drinking Water Revolving Loan Fund utilized by the Louisiana Department of Health and Hospitals to purchase the City's Limited Tax Revenue Bonds, Series 2010; the City is required to establish a Debt Service Fund to account for transactions related to this bond issue.

The loan and pledge agreement requires two separate bank deposit accounts be established and maintained within the Debt Service Fund:

- *Construction Account* – each installment of the purchase price of the Bonds is to be deposited into this account and the costs of the project will be disbursed from this account.
- *Sinking Fund Account* – The City must deposit from the reserves of the tax or moneys available from any source, including the one half of one percent sales and use tax not less than fifteen (15) days prior to the date that any principal and /or interest falls due, sufficient funds to pay said principal and interest.

10. Retirement Systems

Substantially all employees of the City of Mansfield, Louisiana 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 a separate board of trustees. Pertinent information relative to each plan follows:

Municipal Employees Retirement System of Louisiana (System)

A. Plan Description

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the City are members of Plan A.

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 City funds and all elected City officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 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.

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

10. Retirement Systems (Continued):

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 (225) 925-4810.

B. Funding Policy

Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 17.00% 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 City of Mansfield, Louisiana 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 City of Mansfield, Louisiana's contributions to the System under Plan A for the years ending December 31, 2012, 2011 and 2010 were \$235,444, \$215,226 and \$168,999, respectively, equal to the required contributions for each year.

Municipal Police Employees Retirement System of Louisiana (System):

- A. 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 (225) 929-7411.

- B. Funding Policy – Plan members are required by state statute to contribute 7.50% of their annual covered salary and the City of Mansfield, Louisiana, is required to contribute at an actuarially determined rate. The current rate is 31.00% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Mansfield, Louisiana's contributions to the System for the year ending December 30, 2012, 2011 and 2010 were \$171,273, \$149,682, and \$84,289, respectively, equal to the required contributions for each year.

CITY OF MANSFIELD, LOUISIANA

Notes to the Financial Statements
December 31, 2012

11. Commitments and Contingencies

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

Lawsuits

At December 31, 2012, the City of Mansfield was named as defendant in one lawsuit. The City intends to present an aggressive defense and counsel has indicated that the City's exposure is not expected to be significant.

Grant Audit

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

Commitments

As of December 31, 2012, the City had entered the following contractual agreements:

- Water distribution system improvements with an adjusted contract price of \$3,104,146 with \$2,925,604 completed.
- Water treatment improvements with an adjusted contract price of \$1,776,860 with \$1,623,342 completed.

12. Related Party Transactions:

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended December 31, 2012.

13. On-Behalf Payments:

City employees received a total of \$133,917 in supplemental pay from the State of Louisiana, \$49,150 for firemen and \$84,767 for police officers. The City is responsible for withholding taxes from the employees and paying the City's matching portion of social security taxes for the amount of supplemental pay received. These payments are recognized as intergovernmental revenue and as public safety expenditures in the general fund.

14. Subsequent Events:

On January 29, 2013, The City issued \$355,000 of Taxable Water Revenue Refunding Bonds, Series 2013. The proceeds of this issue were used to retire the City's Taxable Water Revenue Bonds, Series, 2005.

Subsequent events have been evaluated through August 26, 2013, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

CITY OF MANSFIELD, LOUISIANA

Budgetary Comparison Schedule- General Fund
For the Year Ended December 31, 2012

	General Fund			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 346,500	\$ 409,337	\$ 426,436	\$ 17,099
Sales and Use	1,509,000	1,409,000	1,539,323	130,323
Franchise	348,800	303,700	292,046	(11,654)
Hotel occupancy	135,000	135,000	177,999	42,999
Licenses and permits	260,300	289,737	292,410	2,673
Fees, charges and commissions	163,800	134,300	194,858	60,558
Video poker revenue	230,000	210,000	246,207	36,207
Fines and forfeitures	229,500	263,600	232,302	(31,298)
Intergovernmental:				
State funds:	37,250	203,295	171,683	(31,612)
Interest	10,300	16,250	16,950	700
Contributions	-	-	34,700	34,700
Oil and gas royalties	60,000	60,000	147,045	87,045
Miscellaneous	100,000	385,000	7,841	(377,159)
Total revenues	<u>3,430,450</u>	<u>3,819,219</u>	<u>3,779,800</u>	<u>(39,419)</u>
EXPENDITURES				
Current:				
General government:	1,708,550	1,722,655	1,412,398	310,257
Public safety	1,202,400	1,335,860	1,518,612	(182,752)
Public works	334,100	336,600	398,039	(61,439)
Sanitation	125,900	133,300	136,920	(3,620)
Parks and recreation	-	-	5,681	(5,681)
Maintenance	59,500	58,800	59,400	(600)
Capital outlay	962,550	1,060,890	1,102,119	(41,229)
Total expenditures	<u>4,393,000</u>	<u>4,648,105</u>	<u>4,633,169</u>	<u>14,936</u>
Excess of Revenues Over Expenditures.	<u>(962,550)</u>	<u>(828,886)</u>	<u>(853,369)</u>	<u>(24,483)</u>
OTHER FINANCING SOURCES				
Proceeds from sale of assets	-	-	15,201	15,201
Proceeds from insurance reimbursement	-	-	293,612	293,612
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>308,813</u>	<u>308,813</u>
NET CHANGE IN FUND BALANCE	<u>(962,550)</u>	<u>(828,886)</u>	<u>(544,556)</u>	<u>284,330</u>
FUND BALANCE - beginning of year	<u>3,978,326</u>	<u>3,978,326</u>	<u>3,978,326</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 3,015,776</u>	<u>\$ 3,149,440</u>	<u>\$ 3,433,770</u>	<u>\$ 284,330</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

CITY OF MANSFIELD, LOUISIANA

Budgetary Comparison Schedule- Debt Service Fund
For the Year Ended December 31, 2012

	Debt Service Fund			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes:				
Sales and use	\$ 875,000	\$ 755,000	\$ 756,781	\$ 1,781
Intergovernmental:				
Federal grants:	1,000,000	1,000,000	1,073,279	73,279
Interest	3,500.00	7,000	6,690	(310)
Total revenues	<u>1,878,500</u>	<u>1,762,000</u>	<u>1,836,750</u>	<u>74,750</u>
EXPENDITURES				
Current:				
General government:	75,200	16,000	15,893	107
Debt service:				
Principal retirement	-	-	-	-
Interest	-	82,593	82,593	-
Total expenditures	<u>75,200</u>	<u>98,593</u>	<u>98,486</u>	<u>107</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,803,300</u>	<u>1,663,407</u>	<u>1,738,264</u>	<u>74,857</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	1,500,000	1,500,000	3,830,171	2,330,171
Transfers out	(2,700,000)	(2,700,000)	(4,398,508)	(1,698,508)
Total Other Financing Sources (Uses)	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>(568,337)</u>	<u>631,663</u>
NET CHANGE IN FUND BALANCE	603,300	463,407	1,169,927	706,520
FUND BALANCE - beginning of year	726,056	726,056	726,056	-
FUND BALANCE - end of year	<u>\$ 1,329,356</u>	<u>\$ 1,189,463</u>	<u>\$ 1,895,983</u>	<u>\$ 706,520</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

CITY OF MANSFIELD, LOUISIANA

Notes to the Budgetary Comparison Schedule
For the Year Ended December 31, 2012

The proposed budget for the December 31, 2012, fiscal year was made available for public inspection at the office of the mayor in the City Hall of Mansfield, Louisiana on November 10, 2011. A public hearing was held and the budget was formally adopted on November 28, 2011. The proposed budget is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Budgets for governmental funds are adopted annually on the modified accrual basis of accounting.

The City follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Mayor and City Clerk prepare a proposed budget and submit it to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an enabling ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. The budget is structured such that revenues are budgeted by source and appropriations are budgeted by department and by principal object of expenditure. The Board of Aldermen may revise or amend the budget at its discretion during legally convened sessions. The budgetary information presented in these financial statements is as so amended. Management may amend the budget only below the department level.
6. The City utilizes formal budgetary integration as a management control device for all funds.

The Louisiana Local Government Budget Act provides that “the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing year”. The “total estimated funds available” is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year.

Through the budget, the City allocates its resources and establishes its priorities. The annual budget assures the efficient and effective uses of the City’s economic resources. It establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the City’s performance.

Expenditures may not legally exceed appropriations at the fund level. Appropriations that are not expended lapse at year end. .

The budget for the year ended December 31, 2012 was last amended on December 26, 2012.

The budgetary comparison schedules present comparisons of the original and final legally adopted budgets for the General Fund and the Debt Service Fund with the actual data.

OTHER SUPPLEMENTAL INFORMATION

OTHER GOVERNMENTAL FUNDS

CITY OF MANSFIELD, LOUISIANA

Balance Sheet –
Other Governmental Funds
December 31, 2012

	GOVERNMENTAL FUNDS		
	Police Witness Fees	Capital Projects Fund	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 85,748	\$ 200	\$ 85,948
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to other funds	\$ -	\$ 200	\$ 200
Fund Balances:			
Assigned to:			
Police witness fees	85,748	-	85,748
Total fund balances	85,748	-	85,748
Total liabilities and fund balances	\$ 85,748	\$ 200	\$ 85,948

Supplementary information.
Presented for purposes of additional analytical analysis only.
See the accompanying independent auditor's report.

CITY OF MANSFIELD, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balance –
Other Governmental Funds
For the Year Ended December 31, 2012

	GOVERNMENTAL FUNDS		
	Police Witness Fees	Capital Projects Fund	Total
REVENUES			
Fees for services	\$ 31,675	\$ -	\$ 31,675
Intergovernmental :			
Federal Grants	-	239,470	239,470
Interest	77	-	77
Total revenues	<u>31,752</u>	<u>239,470</u>	<u>271,222</u>
EXPENDITURES			
Current:			
Public safety	13,443	-	13,443
Capital outlay	-	239,470	239,470
Total expenditures	<u>13,443</u>	<u>239,470</u>	<u>252,913</u>
NET CHANGE IN FUND BALANCES	<u>18,309</u>	<u>-</u>	<u>18,309</u>
FUND BALANCES- beginning of year	67,439	-	67,439
FUND BALANCES- end of year	<u>\$ 85,748</u>	<u>\$ -</u>	<u>\$ 85,748</u>

Supplementary information.
Presented for purposes of additional analytical analysis only.
See the accompanying independent auditor's report.

CITY OF MANSFIELD, LOUISIANA

Schedule of Mayor and Aldermen's Compensation
For the Year Ended December 31, 2012

The schedule of compensation paid to the mayor and the aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the mayor and aldermen is included in the general government expenditures of the General Fund. During 2012, the following amounts were paid to the Mayor and Aldermen:

	<u>Per Diem</u>	<u>Expense Re-imbursements</u>	<u>Total</u>
Honorable Curtis W. McCoy - Mayor	\$ 18,000	\$ 575	\$ 18,575
Aldermen:			
Honorable G. B. Hall, III - District A	9,600	-	9,600
Honorable Troy Terrell - District B	9,600	199	9,799
Honorable Mitchell L. Lewis - District C	9,600	-	9,600
Honorable Joseph Hall, Jr. - District D	9,600	199	9,799
Honorable Alvin Ray Woodley - District E (deceased October 10, 2012)	8,000	-	8,000
Honorable Cynthia T. Cruse - District E	1,200	-	1,200
Totals	<u>\$ 65,600</u>	<u>\$ 973</u>	<u>\$ 66,573</u>

The term of the current elected officials expires on December 31, 2014.

Supplementary information.
Presented for purposes of additional analytical analysis only.
See the accompanying independent auditor's report.

CITY OF MANSFIELD, LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through Grantor's Number	Award Amount	Federal Revenues	Federal Expenditures
ENVIRONMENTAL PROTECTION AGENCY:					
Passed Through the Louisiana Department of Health and Hospitals:					
Capitalization Grants for Drinking Water State Revolving Funds	66.468	1031009-1B	3,120,000	363,874	363,874
Capitalization Grants for Drinking Water State Revolving Funds	66.468	1031009-02	1,550,000	1,377,598	1,377,598
Capitalization Grants for Drinking Water State Revolving Funds	66.468	1031009-03	3,280,000	3,161,978	3,161,978
Total Environmental Protection Agency			<u>7,950,000</u>	<u>4,903,450</u>	<u>4,903,450</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:					
Passed through the Louisiana Division of Administration:					
Community Development Block Grant/State's Program	14.228	B-11-DC-22-0001	<u>239,470</u>	<u>239,470</u>	<u>239,470</u>
Total Federal Financial Assistance			<u>\$ 8,189,470</u>	<u>\$ 5,142,920</u>	<u>\$ 5,142,920</u>

The schedule of expenditures of federal awards includes the federal grant activity of the City of Mansfield, Louisiana and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the primary government financial statements.

Supplementary information.
Presented for purposes of additional analytical analysis only.
See the accompanying independent auditor's report.

CITY OF MANSFIELD, LOUISIANA

Schedule of Insurance in Force

December 31, 2012

Insurer	Risks Covered	Policy Amount	Expiration Date
Travelers Insurance Companies	Commercial General Liability:		May 1, 2013
	Public entity general liability	\$500,000 - general aggregate limit	
	Personal and advertising injury	\$500,000	
	Products and completed operations	\$500,000	
	Each occurrence limit	\$500,000	
	Sewerage backup	\$250,000 - each occurrence	
	Damage to premises rented to you	\$100,000	
	Employee benefit plans administration liability	\$500,000 each employee \$1,500,000 aggregate limit \$1,000 deductible- each employee	
	Failure to supply	\$250,00 - each occurrence	
	Law enforcement liability	\$500,000 - each wrongful act \$500,000 - aggregate limit \$5,000 deductible- each wrongful act	
	Public entity management liability	\$500,000 - each wrongful act \$500,000 - aggregate limit \$5,000 deductible- each wrongful act	
	Automobile liability	\$500,000	
Travelers Insurance Companies	Automobile Physical Damage	Actual cash value- \$500 -\$1,000 deductible	May 1, 2013

Supplementary information.
Presented for purposes of additional analytical analysis only.
See the accompanying independent auditor's report.

CITY OF MANSFIELD, LOUISIANA

Schedule of Insurance in Force

December 31, 2012

Insurer	Risks Covered	Policy Amount	Expiration Date
Travelers Insurance Companies	Commercial Property:		September 28, 2013
	Building and business personal property	\$10,958,261 - \$2,500 deductible	
	Equipment	Scheduled - \$1,000 deductible	
	Theft: valuable documents	\$100,000	
	Accounts receivable	\$100,000	
	Equipment breakdown	\$10,000,000	
Louisiana Municipal Risk	Workers compensation	Statutory	January 1, 2013
	Employers liability:		
	Bodily injury by accident	\$100,000 each accident	
	Bodily injury by disease	\$100,000 each employee	
		\$500,000 policy limit	

Supplementary information.
 Presented for purposes of additional analytical analysis only.
 See the accompanying independent auditor's report.

CITY OF MANSFIELD, LOUISIANA

Schedule of System Fees and Users

December 31, 2012

WATER FEES:

Inside city limits \$14.00 minimum for usage to 2,000 gallons of water
\$4.50 per each additional 1,000 gallons of water above 2000 gallons

Outside city limits \$16.00 minimum for usage to 2,000 gallons of water
\$5.25 per each additional 1,000 gallons of water above 2000 gallons

SEWER FEES:

Inside city limits \$9.95 minimum for usage to 1,000 gallons of water
\$.89 per each additional 1,000 gallons of water above 1000 gallons

Outside city limits \$12.95 minimum for usage to 1,000 gallons of water
\$1.00 per each additional 1,000 gallons of water above 1000 gallons

SYSTEM USERS: As of December 31, 2012, the system had 2,751 active customers.

SYSTEM BILLINGS: During the year ended December 31, 2012, the system billed \$1,281,450 for water service and \$433,560 for sewer service. The system had an average customer base of 2,768 with an average monthly billing of \$51.63 per customer.

Supplementary information.
Presented for purposes of additional analytical analysis only.
See the accompanying independent auditor's report.

CITY OF MANSFIELD, LOUISIANA

Schedule of Funds
Sales Tax Bonds

For the Year Ended December 31, 2012

	Construction Account	Sinking Fund	Reserve Fund
Balance - beginning of year	\$ 14,159	\$ 182,177	\$ 246,573
Deposits:			
January	755,847	402,546	197,995
February	682,751	-	-
March	567,857	-	-
April	304,556	-	-
May	-	-	-
June	1,005,265	-	-
July	-	-	-
August	1,216,659	-	-
September	113,244	-	-
October	-	-	-
November	276,093	-	-
December	32,461	-	-
Interest earned	-	1,796	1,490
Disbursements:			
January	(761,972)	(1,355)	-
February	(682,751)	-	-
March	(567,857)	-	-
April	(304,566)	-	-
May	-	-	-
June	(1,005,255)	-	-
July	-	(95,237)	-
August	(1,216,659)	-	-
September	(113,244)	-	-
October	-	-	-
November	(276,093)	-	-
December	(32,461)	-	-
Balance-end of year	<u>\$ 8,034</u>	<u>\$ 489,927</u>	<u>\$ 446,058</u>

Supplementary information.
Presented for purposes of additional analytical analysis only.
See the accompanying independent auditor's report.

Book Asset Detail 1/01/12 - 12/31/12

FYE: 12/31/2012

Schedule of Fixed Assets - Sewer Fund

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
Group: BUILDINGS												
1		Portable Building	1/09/95	3,095.00	0.00	0.00	3,095.00	0.00	3,095.00	0.00	S/L	10.0
		BUILDINGS		<u>3,095.00</u>	<u>0.00c</u>	<u>0.00</u>	<u>3,095.00</u>	<u>0.00</u>	<u>3,095.00</u>	<u>0.00</u>		
Group: EQUIPMENT												
3		Kenwood Radio	1/09/87	677.00	0.00	0.00	677.00	0.00	677.00	0.00	S/L	3.0
5		Line Testing Equipment	4/09/92	1,260.00	0.00	0.00	1,260.00	0.00	1,260.00	0.00	S/L	3.0
6		Delta Processing Equipment	8/09/92	928.00	0.00	0.00	928.00	0.00	928.00	0.00	S/L	3.0
7		Dewatering Pump	3/09/93	461.00	0.00	0.00	461.00	0.00	461.00	0.00	S/L	3.0
9		Mobile Radio	1/19/93	603.00	0.00	0.00	603.00	0.00	603.00	0.00	S/L	3.0
10		John Deere Tractor Mower	5/09/94	9,540.00	0.00	0.00	9,540.00	0.00	9,540.00	0.00	S/L	3.0
11		Utility Cart	1/09/95	343.00	0.00	0.00	343.00	0.00	343.00	0.00	S/L	3.0
13		Mobile Radio	1/09/96	687.00	0.00	0.00	687.00	0.00	687.00	0.00	S/L	3.0
14		Air Compressor	1/09/96	362.00	0.00	0.00	362.00	0.00	362.00	0.00	S/L	3.0
15		4' Box Blade	1/09/96	416.00	0.00	0.00	416.00	0.00	416.00	0.00	S/L	3.0
16		Air Conditioner	1/09/98	551.00	0.00	0.00	551.00	0.00	551.00	0.00	S/L	3.0
17		Communications Tower	1/09/00	762.00	0.00	0.00	762.00	0.00	762.00	0.00	S/L	3.0
18		Honda Pump	1/09/00	1,125.00	0.00	0.00	1,125.00	0.00	1,125.00	0.00	S/L	3.0
19		Honda Generator	1/09/00	1,535.00	0.00	0.00	1,535.00	0.00	1,535.00	0.00	S/L	3.0
20		Cut Off Saw	1/09/01	900.00	0.00	0.00	900.00	0.00	900.00	0.00	S/L	3.0
30		High Pressure Sewer Machine	1/06/99	27,444.00	0.00	0.00	17,838.60	1,372.20	19,210.80	8,233.20	S/L	20.0
50		Aluminum Awnings	12/16/11	10,064.00	0.00	0.00	0.00	2,012.80	2,012.80	8,051.20	S/L	5.0
52		Air Mask	4/10/12	3,969.00	0.00c	0.00	0.00	595.35	595.35	3,373.65	S/L	5.0
		EQUIPMENT		<u>61,627.00</u>	<u>0.00c</u>	<u>0.00</u>	<u>37,988.60</u>	<u>3,980.35</u>	<u>41,968.95</u>	<u>19,658.05</u>		
Group: SEWER SYSTEM												
2		Regina Street Sewer Location	3/15/05	21,919.50	0.00	0.00	7,489.19	1,095.98	8,585.17	13,334.33	S/L	20.0
22		Smoke Blower	1/09/86	579.00	0.00	0.00	579.00	0.00	579.00	0.00	S/L	10.0
23		Sewer Collection System	12/09/92	701,168.00	0.00	0.00	701,164.20	3.80	701,168.00	0.00	S/L	20.0
24		Highway 509 Realignment	1/09/91	110,000.00	0.00	0.00	104,500.00	5,500.00	110,000.00	0.00	S/L	20.0
25		Sewer Improvements	1/09/96	677,180.00	0.00	0.00	541,744.00	33,859.00	575,603.00	101,577.00	S/L	20.0
26		Sewer Improvements	1/09/96	223,337.00	0.00	0.00	178,670.80	11,166.85	189,837.65	33,499.35	S/L	20.0
27		Sewer Improvements	1/09/97	122,046.00	0.00	0.00	91,532.40	6,102.30	97,634.70	24,411.30	S/L	20.0
28		State Sewer Improvement	1/09/98	50,000.00	0.00	0.00	35,268.00	2,500.00	37,768.00	12,232.00	S/L	20.0
29		Collection System Improvement	1/09/98	25,254.00	0.00	0.00	17,677.80	1,262.70	18,940.50	6,313.50	S/L	20.0
31		Collection System Improvements	1/09/01	17,861.00	0.00	0.00	9,823.55	893.05	10,716.60	7,144.40	S/L	20.0
32		Collection System Improvements	1/09/02	2,167.00	0.00	0.00	1,083.50	108.35	1,191.85	975.15	S/L	20.0
33		Collection System Improvements	1/09/03	667,337.00	0.00	0.00	300,301.65	33,366.85	333,668.50	333,668.50	S/L	20.0
34		Collection System Improvements	1/09/03	4,461.00	0.00	0.00	2,007.45	223.05	2,230.50	2,230.50	S/L	20.0
35		Improve DPSB	1/29/91	278,801.00	0.00	0.00	278,801.00	0.00	278,801.00	0.00	S/L	20.0
38		Collection System Improvement	5/30/05	5,804.19	0.00	0.00	1,910.55	290.21	2,200.76	3,603.43	S/L	20.0
39		Meadow Park Improvements	7/31/06	34,660.00	0.00	0.00	9,387.08	1,733.00	11,120.08	23,539.92	S/L	20.0
40		Francine & Ginger Improvements	1/30/06	4,250.00	0.00	0.00	1,062.50	212.50	1,275.00	2,975.00	S/L	20.0
42		Hwy 171 Sewer Relocation	9/15/08	48,403.04	0.00	0.00	8,067.17	2,420.15	10,487.32	37,915.72	S/L	20.0
44		High School & DeSoto Plaza Impro	11/15/09	83,428.50	0.00	0.00	9,038.10	4,171.43	13,209.53	70,218.97	S/L	20.0
46		Wastewater Collection Improvemen	12/31/10	170,874.92	0.00	0.00	8,543.75	8,543.75	17,087.50	153,787.42	S/L	20.0

Supplementary information. Presented for purposes of additional analytical analysis only.

See the accompanying independent auditor's report.

Book Asset Detail 1/01/12 - 12/31/12

FYE: 12/31/2012

Schedule of Fixed Assets - Sewer Fund

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
Group: SEWER SYSTEM (continued)												
47		Sewer Collection System Improvem	11/29/11	1,010,431.31	0.00	0.00	4,210.13	50,521.57	54,731.70	955,699.61	S/L	20.0
48		Sewer Collection System Improvem	11/29/11	188,956.37	0.00	0.00	787.32	9,447.82	10,235.14	178,721.23	S/L	20.0
51		Sewer Line Extension- Hwy 171	6/15/11	7,150.00	0.00	0.00	208.54	357.50	566.04	6,583.96	S/L	20.0
SEWER SYSTEM				4,456,068.83	0.00c	0.00	2,313,857.68	173,779.86	2,487,637.54	1,968,431.29		
Group: TREATMENT PLANT												
36		Metal Canopy	1/29/93	9,518.00	0.00	0.00	9,518.00	0.00	9,518.00	0.00	S/L	3.0
37		Treatment Plant	10/09/93	2,101,926.00	0.00	0.00	1,996,826.40	105,096.30	2,101,922.70	3.30	S/L	20.0
45		2008 LCDBG Wastewater Treatmer	4/30/10	874,882.00	0.00	0.00	72,906.83	43,744.10	116,650.93	758,231.07	S/L	20.0
TREATMENT PLANT				2,986,326.00	0.00c	0.00	2,079,251.23	148,840.40	2,228,091.63	758,234.37		
Group: VEHICLES												
8		1988 Ford F 150	1/09/88	11,137.00	0.00	0.00	11,137.00	0.00	11,137.00	0.00	S/L	3.0
21	d	2001 Dodge Ram	1/09/01	18,562.00	0.00	0.00	18,562.00	0.00	18,562.00	0.00	S/L	3.0
41		2007 Dodge PU -93817	3/31/07	17,756.00	0.00	0.00	16,868.20	887.80	17,756.00	0.00	S/L	5.0
49		2011 Ford F-250 Super Duty Truck	8/15/11	17,476.00	0.00	0.00	1,456.33	3,495.20	4,951.53	12,524.47	S/L	5.0
VEHICLES				64,931.00	0.00c	0.00	48,023.53	4,383.00	52,406.53	12,524.47		
*Less: Dispositions and Transfers				18,562.00	0.00	0.00	18,562.00	0.00	18,562.00	0.00		
Net VEHICLES				46,369.00	0.00c	0.00	29,461.53	4,383.00	33,844.53	12,524.47		
Grand Total				7,572,047.83	0.00c	0.00	4,482,216.04	330,983.61	4,813,199.65	2,758,848.18		
Less: Dispositions and Transfers				18,562.00	0.00	0.00	18,562.00	0.00	18,562.00	0.00		
Net Grand Total				7,553,485.83	0.00c	0.00	4,463,654.04	330,983.61	4,794,637.65	2,758,848.18		

Supplementary information. Presented for purposes of additional analytical analysis only.
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Book Asset Detail 1/01/12 - 12/31/12

FYE: 12/31/2012

Schedule of Fixed Assets - Water Fund

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
Group: CONSTRUCTION IN PROGRESS												
188		CIP- Water System Improvement	12/31/10	4,051,424.75	0.00	0.00	0.00	0.00	0.00	4,051,424.75	Memo	0.0
193		CIP- Disinfection Improvements	12/31/11	2,100.00	0.00	0.00	0.00	0.00	0.00	2,100.00	Memo	0.0
198		CIP- Water Treatment Improvement	12/31/11	1,623,342.46	0.00	0.00	0.00	0.00	0.00	1,623,342.46	Memo	0.0
CONSTRUCTION IN PROGRESS				5,676,867.21	0.00c	0.00	0.00	0.00	0.00	5,676,867.21		
Group: EQUIPMENT												
1		Case Loader Back	8/01/82	23,355.00	0.00	0.00	23,355.00	0.00	23,355.00	0.00	S/L	7.0
4		Snapper Weedeater	4/01/89	395.00	0.00	0.00	395.00	0.00	395.00	0.00	S/L	3.0
5		GE 40 Watt Radio Antenna	11/01/89	639.00	0.00	0.00	639.00	0.00	639.00	0.00	S/L	3.0
6		GE 40 Watt Radio Antenna	11/01/89	639.00	0.00	0.00	639.00	0.00	639.00	0.00	S/L	3.0
7		Davis Trencher	1/01/76	2,485.00	0.00	0.00	2,485.00	0.00	2,485.00	0.00	S/L	3.0
8		Motorola Radio	1/01/78	1,114.00	0.00	0.00	1,114.00	0.00	1,114.00	0.00	S/L	3.0
9		Motorola Radio	1/01/78	1,166.00	0.00	0.00	1,166.00	0.00	1,166.00	0.00	S/L	3.0
10		1980 Mobile Home	1/01/80	11,329.00	0.00	0.00	11,329.00	0.00	11,329.00	0.00	S/L	7.0
12		Furnish & Install Utilities	6/01/88	3,177.00	0.00	0.00	3,177.00	0.00	3,177.00	0.00	S/L	3.0
13		Line Locator	10/01/89	2,352.00	0.00	0.00	2,352.00	0.00	2,352.00	0.00	S/L	3.0
14		Panasonic Answering Machine	4/01/89	127.00	0.00	0.00	127.00	0.00	127.00	0.00	S/L	3.0
15		Kenwood Mobile Radio	2/01/89	1,273.00	0.00	0.00	1,273.00	0.00	1,273.00	0.00	S/L	3.0
16		Tamper Multiquip	1/01/90	1,710.00	0.00	0.00	1,710.00	0.00	1,710.00	0.00	S/L	3.0
17		Hyd Hammer Power Pak	1/01/90	5,859.00	0.00	0.00	5,859.00	0.00	5,859.00	0.00	S/L	3.0
18		Lawn Mower	7/01/90	627.00	0.00	0.00	627.00	0.00	627.00	0.00	S/L	3.0
19		Weedeater	7/01/90	416.00	0.00	0.00	416.00	0.00	416.00	0.00	S/L	3.0
20		Air Conditioner	7/01/91	864.00	0.00	0.00	864.00	0.00	864.00	0.00	S/L	3.0
21		Tank Wrap Adapter to Truck	2/01/92	485.00	0.00	0.00	485.00	0.00	485.00	0.00	S/L	5.0
22		Norwell Equipment Trailer	3/01/92	1,073.00	0.00	0.00	1,073.00	0.00	1,073.00	0.00	S/L	5.0
24		Ditch Witch Saw	5/01/92	1,983.00	0.00	0.00	1,983.00	0.00	1,983.00	0.00	S/L	3.0
25		Truck Bed Liner	6/01/92	954.00	0.00	0.00	954.00	0.00	954.00	0.00	S/L	3.0
27		PH Meter	1/01/93	485.00	0.00	0.00	485.00	0.00	485.00	0.00	S/L	3.0
28		Poulan Chain Saw	1/01/93	280.00	0.00	0.00	280.00	0.00	280.00	0.00	S/L	3.0
29		Police Band Radio	1/01/93	759.00	0.00	0.00	759.00	0.00	759.00	0.00	S/L	3.0
30		Radius M120	1/09/95	415.00	0.00	0.00	415.00	0.00	415.00	0.00	S/L	3.0
31		Max Trac Mobile Radio	1/09/95	569.00	0.00	0.00	569.00	0.00	569.00	0.00	S/L	10.0
32		Valve Box Locator	1/01/95	588.00	0.00	0.00	588.00	0.00	588.00	0.00	S/L	10.0
33		Snapper Riding Mower	1/09/95	4,000.00	0.00	0.00	4,000.00	0.00	4,000.00	0.00	S/L	3.0
34		ST 63 Toolbox	1/09/95	289.00	0.00	0.00	289.00	0.00	289.00	0.00	S/L	3.0
35		Ford Duraliner	1/09/95	199.00	0.00	0.00	199.00	0.00	199.00	0.00	S/L	3.0
36		Utility Trailer	1/09/95	675.00	0.00	0.00	675.00	0.00	675.00	0.00	S/L	3.0
37		3 Air Mask Pack	1/09/96	4,425.00	0.00	0.00	4,425.00	0.00	4,425.00	0.00	S/L	3.0
39		Power Washer	2/22/97	1,243.00	0.00	0.00	1,243.00	0.00	1,243.00	0.00	S/L	3.0
40		Husqvarna Saw	5/01/97	861.00	0.00	0.00	861.00	0.00	861.00	0.00	S/L	3.0
41		PH Meter	1/09/97	530.00	0.00	0.00	530.00	0.00	530.00	0.00	S/L	3.0
42		Drilling Machine	1/09/97	2,122.00	0.00	0.00	2,122.00	0.00	2,122.00	0.00	S/L	3.0
43		8 Drawer Tool Chest	1/09/97	140.00	0.00	0.00	140.00	0.00	140.00	0.00	S/L	3.0
44		5 Drawer Tool Chest	1/09/97	160.00	0.00	0.00	160.00	0.00	160.00	0.00	S/L	3.0
45		Cordless Drill	1/09/97	130.00	0.00	0.00	130.00	0.00	130.00	0.00	S/L	3.0
46		Socket Wrench	1/09/97	200.00	0.00	0.00	200.00	0.00	200.00	0.00	S/L	3.0
47		Socket Wrench Large	1/09/97	200.00	0.00	0.00	200.00	0.00	200.00	0.00	S/L	3.0

Supplementary information. Presented for purposes of additional analytical analysis only.

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Book Asset Detail 1/01/12 - 12/31/12

FYE: 12/31/2012

Schedule of Fixed Assets - Water Fund

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
Group: EQUIPMENT (continued)												
48		Tap and Die Set	1/09/97	100.00	0.00	0.00	100.00	0.00	100.00	0.00	S/L	3.0
49		PH Meter with Electrode	1/09/98	520.00	0.00	0.00	520.00	0.00	520.00	0.00	S/L	3.0
50		Chain Saw	1/09/98	120.00	0.00	0.00	120.00	0.00	120.00	0.00	S/L	3.0
51		Mobile Radio	1/09/99	506.00	0.00	0.00	506.00	0.00	506.00	0.00	S/L	10.0
52		Propane Tank	1/09/99	882.00	0.00	0.00	882.00	0.00	882.00	0.00	S/L	3.0
53		Base Radio	1/09/99	750.00	0.00	0.00	750.00	0.00	750.00	0.00	S/L	3.0
54		Digital Benchtop PH Meter	1/09/99	544.00	0.00	0.00	544.00	0.00	544.00	0.00	S/L	3.0
55		Frederich Air Conditioner	1/09/99	865.00	0.00	0.00	865.00	0.00	865.00	0.00	S/L	3.0
56		Mobile Radio 10	1/09/99	506.00	0.00	0.00	506.00	0.00	506.00	0.00	S/L	10.0
58		Mobile Radio 30	1/09/99	474.00	0.00	0.00	474.00	0.00	474.00	0.00	S/L	10.0
59		Frederich Quietmaster	1/09/00	865.00	0.00	0.00	865.00	0.00	865.00	0.00	S/L	3.0
60		Reh Propane Heater	1/09/00	280.00	0.00	0.00	280.00	0.00	280.00	0.00	S/L	3.0
61		Reh Propane Heater	1/09/00	550.00	0.00	0.00	550.00	0.00	550.00	0.00	S/L	3.0
62		Trailmaster Trailer	1/09/00	1,295.00	0.00	0.00	1,295.00	0.00	1,295.00	0.00	S/L	3.0
63		Kubota Mower	1/09/00	9,763.00	0.00	0.00	9,763.00	0.00	9,763.00	0.00	S/L	3.0
64		Kubota Tractor Bumper	1/09/00	274.00	0.00	0.00	274.00	0.00	274.00	0.00	S/L	3.0
66		PH Meter	1/09/01	804.00	0.00	0.00	804.00	0.00	804.00	0.00	S/L	3.0
67		Reciprocating Saw	1/09/00	131.00	0.00	0.00	131.00	0.00	131.00	0.00	S/L	3.0
70		John Deere Mower	1/09/03	3,321.00	0.00	0.00	3,321.00	0.00	3,321.00	0.00	S/L	3.0
71		PH Meter	1/09/93	420.00	0.00	0.00	420.00	0.00	420.00	0.00	S/L	3.0
72		Chlorine Analyzer	12/10/04	3,997.50	0.00	0.00	3,997.50	0.00	3,997.50	0.00	S/L	3.0
73		Turbidimeter	2/27/04	1,746.00	0.00	0.00	1,746.00	0.00	1,746.00	0.00	S/L	3.0
74		Ammonia Equipment TP	4/26/04	8,235.00	0.00	0.00	8,235.00	0.00	8,235.00	0.00	S/L	3.0
200		Generators	4/13/11	220,093.30	0.00	0.00	16,507.00	22,009.33	38,516.33	181,576.97	S/L	10.0
202		Pipe and cable locator	3/23/12	2,700.00	0.00c	0.00	0.00	405.00	405.00	2,295.00	S/L	5.0
203		Air mask	4/10/12	3,969.00	0.00c	0.00	0.00	595.35	595.35	3,373.65	S/L	5.0
		EQUIPMENT		344,002.80	0.00c	0.00	133,747.50	23,009.68	156,757.18	187,245.62		
Group: LAND												
75		Unknown Land	1/01/81	45,361.00	0.00	0.00	0.00	0.00	0.00	45,361.00	Land	0.0
76		Nabors Property	1/01/81	25,000.00	0.00	0.00	0.00	0.00	0.00	25,000.00	Land	0.0
		LAND		70,361.00	0.00c	0.00	0.00	0.00	0.00	70,361.00		
Group: OFFICE EQUIPMENT												
77		Refrigerator	6/09/81	450.00	0.00	0.00	450.00	0.00	450.00	0.00	S/L	8.0
78		Air Conditioner	8/09/84	389.00	0.00	0.00	389.00	0.00	389.00	0.00	S/L	10.0
79		Air Conditioner	7/09/86	199.00	0.00	0.00	199.00	0.00	199.00	0.00	S/L	10.0
80		Amana Refrigerator	8/09/89	535.00	0.00	0.00	535.00	0.00	535.00	0.00	S/L	10.0
81		Refrigerator	12/08/89	472.00	0.00	0.00	472.00	0.00	472.00	0.00	S/L	10.0
82		Executive Desk	1/09/91	367.00	0.00	0.00	367.00	0.00	367.00	0.00	S/L	10.0
83		Two Side Chairs	1/09/91	300.00	0.00	0.00	300.00	0.00	300.00	0.00	S/L	10.0
84		Executive Chair	1/09/91	408.00	0.00	0.00	408.00	0.00	408.00	0.00	S/L	10.0
85		Wood Book Case	1/09/91	106.00	0.00	0.00	106.00	0.00	106.00	0.00	S/L	10.0
86		Steel Work Surface	1/09/91	634.00	0.00	0.00	634.00	0.00	634.00	0.00	S/L	8.0
87		Room Divider Panels	3/09/91	4,691.00	0.00	0.00	4,691.00	0.00	4,691.00	0.00	S/L	8.0
88		Billing Office Chair	3/09/92	304.00	0.00	0.00	304.00	0.00	304.00	0.00	S/L	8.0

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Book Asset Detail 1/01/12 - 12/31/12

FYE: 12/31/2012

Schedule of Fixed Assets - Water Fund

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
Group: OFFICE EQUIPMENT (continued)												
89		HP Vectra Computer	10/15/94	5,795.00	0.00	0.00	5,795.00	0.00	5,795.00	0.00	S/L	8.0
90		Monitor	10/15/94	1,995.00	0.00	0.00	1,995.00	0.00	1,995.00	0.00	S/L	8.0
91		UPS	10/15/94	525.00	0.00	0.00	525.00	0.00	525.00	0.00	S/L	8.0
92		Panasonic Printer	10/15/94	429.00	0.00	0.00	429.00	0.00	429.00	0.00	S/L	8.0
93		Frederich Air Conditioner	1/09/95	390.00	0.00	0.00	390.00	0.00	390.00	0.00	S/L	10.0
94		Air Conditioner	1/09/95	306.00	0.00	0.00	306.00	0.00	306.00	0.00	S/L	10.0
95		3 Black Storage Cabinets	1/09/95	780.00	0.00	0.00	780.00	0.00	780.00	0.00	S/L	10.0
96		Book Case	1/09/95	121.00	0.00	0.00	121.00	0.00	121.00	0.00	S/L	10.0
97		3 Black Storage Cabinets	1/09/95	960.00	0.00	0.00	960.00	0.00	960.00	0.00	S/L	10.0
98		Frederich Air Conditioner	1/09/95	864.00	0.00	0.00	864.00	0.00	864.00	0.00	S/L	10.0
99		Victor Calculator	2/14/97	74.00	0.00	0.00	74.00	0.00	74.00	0.00	S/L	3.0
100		Fred Air Conditioner	7/24/97	865.00	0.00	0.00	865.00	0.00	865.00	0.00	S/L	10.0
101		Storage Cabinet	1/09/97	219.00	0.00	0.00	219.00	0.00	219.00	0.00	S/L	3.0
102		Storage Cabinet	1/09/97	110.00	0.00	0.00	110.00	0.00	110.00	0.00	S/L	3.0
103		ADDS Chart	1/09/97	234.00	0.00	0.00	234.00	0.00	234.00	0.00	S/L	3.0
104		2 Victor Calculators	1/09/98	118.00	0.00	0.00	118.00	0.00	118.00	0.00	S/L	3.0
105		Table Printer Stand	1/09/98	63.00	0.00	0.00	63.00	0.00	63.00	0.00	S/L	3.0
106		Speaker Telephone	1/09/98	76.00	0.00	0.00	76.00	0.00	76.00	0.00	S/L	3.0
107		Computer Desk	1/01/98	108.00	0.00	0.00	108.00	0.00	108.00	0.00	S/L	3.0
108		Air Conditioner	1/09/98	865.00	0.00	0.00	865.00	0.00	865.00	0.00	S/L	3.0
109		Air Conditioner	1/09/98	865.00	0.00	0.00	865.00	0.00	865.00	0.00	S/L	3.0
110		File Cabinet	1/09/99	139.00	0.00	0.00	139.00	0.00	139.00	0.00	S/L	3.0
111		Answering Machine	1/09/99	30.00	0.00	0.00	30.00	0.00	30.00	0.00	S/L	3.0
112		2 Map Stands	1/09/99	614.00	0.00	0.00	614.00	0.00	614.00	0.00	S/L	3.0
113		Desk Phone	1/09/99	43.00	0.00	0.00	43.00	0.00	43.00	0.00	S/L	3.0
114		Tilting Chair	1/09/00	170.00	0.00	0.00	170.00	0.00	170.00	0.00	S/L	3.0
115		2 Guest Chair Sled Base	1/09/00	188.00	0.00	0.00	188.00	0.00	188.00	0.00	S/L	3.0
116		TV VCR	1/09/00	260.00	0.00	0.00	260.00	0.00	260.00	0.00	S/L	3.0
117		HON Desk	1/09/02	380.00	0.00	0.00	380.00	0.00	380.00	0.00	S/L	3.0
118		HON File Cabinet	1/09/02	649.00	0.00	0.00	649.00	0.00	649.00	0.00	S/L	3.0
176		5 Ton Heat Pump	8/30/07	7,598.00	0.00	0.00	3,292.47	759.80	4,052.27	3,545.73	S/L	10.0
189		Jayhawk Software	8/15/10	2,000.00	0.00	0.00	944.45	666.67	1,611.12	388.88	S/L	3.0
OFFICE EQUIPMENT				36,688.00	0.00c	0.00	31,326.92	1,426.47	32,753.39	3,934.61		
Group: PUMPING STATIONS												
119		Pumping Stations	1/09/81	710,069.00	0.00	0.00	710,069.00	0.00	710,069.00	0.00	S/L	20.0
120		Upgrade Required by DEQ	1/09/92	81,833.00	0.00	0.00	81,833.00	0.00	81,833.00	0.00	S/L	20.0
121		Upgrade Required by DEQ	1/09/93	107,103.00	0.00	0.00	101,747.85	5,355.15	107,103.00	0.00	S/L	20.0
122		Trash Pump	1/09/97	1,159.00	0.00	0.00	869.25	57.95	927.20	231.80	S/L	20.0
123		1" Water Pump	1/09/97	252.00	0.00	0.00	191.80	12.60	204.40	47.60	S/L	20.0
124		Booster Station Improvement	1/09/00	29,541.00	0.00	0.00	16,247.40	1,477.05	17,724.45	11,816.55	S/L	20.0
125		TP Filter Upgrade	1/09/02	18,860.00	0.00	0.00	9,430.00	943.00	10,373.00	8,487.00	S/L	20.0
126		Vertical Turbine Inake Pump	1/09/03	13,015.00	0.00	0.00	5,856.75	650.75	6,507.50	6,507.50	S/L	20.0
165		30 HP Motor & Pump	5/15/05	12,364.76	0.00	0.00	8,243.20	1,236.48	9,479.68	2,885.08	S/L	10.0
190		Air Conditioner- AAAY01619	5/03/11	1,445.00	0.00	0.00	192.67	289.00	481.67	963.33	S/L	5.0
191		Air Conditioner - AAAY01598	5/03/11	1,445.00	0.00	0.00	192.67	289.00	481.67	963.33	S/L	5.0
204		S. Mansfield Water Station Injector	6/08/12	35,535.00	0.00c	0.00	0.00	518.22	518.22	35,016.78	S/L	40.0

Supplementary information. Presented for purposes of additional analytical analysis only.

See the accompanying independent auditor's report.

Book Asset Detail 1/01/12 - 12/31/12

FYE: 12/31/2012

Schedule of Fixed Assets - Water Fund

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
Group: PUMPING STATIONS (continued)												
207		Water Booster Station	8/16/12	429,584.49	0.00c	0.00	0.00	3,579.87	3,579.87	426,004.62	S/L	40.0
PUMPING STATIONS				1,442,206.25	0.00c	0.00	934,873.59	14,409.07	949,282.66	492,923.59		
Group: TRANSMISSION LINE												
127		Transmission Line	1/09/81	1,958,822.00	0.00	0.00	1,958,822.00	0.00	1,958,822.00	0.00	S/L	20.0
169		Hwy. 171 Water Relocation	11/15/06	213,798.99	0.00	0.00	27,615.68	5,344.97	32,960.65	180,838.34	S/L	40.0
170		Fannan Street Extension	7/31/06	58,909.60	0.00	0.00	7,977.34	1,472.74	9,450.08	49,459.52	S/L	40.0
175		Retainage- Hwy 171	1/02/06	1,506.34	0.00	0.00	225.96	37.66	263.62	1,242.72	S/L	40.0
177		Hwy 171 Relocation	9/15/08	845,035.56	0.00	0.00	70,419.63	21,125.89	91,545.52	753,490.04	S/L	40.0
178		Water Tank Renovation	4/30/07	226,000.00	0.00	0.00	26,366.67	5,650.00	32,016.67	193,983.33	S/L	40.0
179		Transmission Line Improvements	8/15/07	285,202.90	0.00	0.00	31,491.14	7,130.07	38,621.21	246,581.69	S/L	40.0
180		Monroe Street Improvements	2/15/08	2,759.80	0.00	0.00	270.25	69.00	339.25	2,420.55	S/L	40.0
181		Henderson Street Improvements	12/30/08	59,201.30	0.00	0.00	2,960.06	1,480.03	4,440.09	54,761.21	S/L	40.0
184		Line Relocation- Division Street	10/30/09	12,432.25	0.00	0.00	673.42	310.81	984.23	11,448.02	S/L	40.0
185		Hwy 171 Line Relocation	12/15/09	21,479.65	0.00	0.00	1,118.73	536.99	1,655.72	19,823.93	S/L	40.0
194		Extension- Kyle Porter Road	5/09/11	2,580.00	0.00	0.00	43.00	64.50	107.50	2,472.50	S/L	40.0
201		Arrons Fire Line	3/01/12	12,182.00	0.00c	0.00	0.00	253.79	253.79	11,928.21	S/L	40.0
205		Water System Improvement	8/27/12	82,280.00	0.00c	0.00	0.00	685.67	685.67	81,594.33	S/L	40.0
TRANSMISSION LINE				3,782,190.39	0.00c	0.00	2,127,983.88	44,162.12	2,172,146.00	1,610,044.39		
Group: TREATMENT PLANT												
182		Intake Water Pump	11/30/08	11,512.00	0.00	0.00	3,549.53	1,151.20	4,700.73	6,811.27	S/L	10.0
183		Filter Underdrain	2/12/08	13,810.98	0.00	0.00	2,704.65	690.55	3,395.20	10,415.78	S/L	20.0
TREATMENT PLANT				25,322.98	0.00c	0.00	6,254.18	1,841.75	8,095.93	17,227.05		
Group: VEHICLES												
2	d	1986 Ford Ranger	8/01/86	8,307.00	0.00	0.00	8,307.00	0.00	8,307.00	0.00	S/L	3.0
3	d	1986 Ford Ranger	8/01/86	8,304.00	0.00	0.00	8,304.00	0.00	8,304.00	0.00	S/L	3.0
23	d	1992 F 150 Truck	5/01/92	14,374.00	0.00	0.00	14,374.00	0.00	14,374.00	0.00	S/L	3.0
38	d	1997 Ford Truck	1/09/97	15,697.00	0.00	0.00	15,697.00	0.00	15,697.00	0.00	S/L	3.0
57	d	Dodge TP 3	1/09/99	15,152.00	0.00	0.00	15,152.00	0.00	15,152.00	0.00	S/L	3.0
65	d	2001 Dodge Ram	1/09/01	14,562.00	0.00	0.00	14,562.00	0.00	14,562.00	0.00	S/L	3.0
68		2001 Dodge Ram	1/09/01	19,000.00	0.00	0.00	19,000.00	0.00	19,000.00	0.00	S/L	3.0
69		2003 Ford F 150	1/09/03	14,960.00	0.00	0.00	14,960.00	0.00	14,960.00	0.00	S/L	3.0
164		2005 Ford F-150 Pickup	4/20/05	14,423.00	0.00	0.00	14,423.00	0.00	14,423.00	0.00	S/L	5.0
192		2011 Ford F-150 Pickup	7/07/11	14,552.00	0.00	0.00	1,455.20	2,910.40	4,365.60	10,186.40	S/L	5.0
195		2011 Ford F-150 PU #4982	1/14/11	14,951.00	0.00	0.00	2,990.20	2,990.20	5,980.40	8,970.60	S/L	5.0
196		2011 Ford PU #4983	1/14/11	14,951.00	0.00	0.00	2,990.20	2,990.20	5,980.40	8,970.60	S/L	5.0
197		2011 Ford F-250- Super Duty	8/11/11	17,476.00	0.00	0.00	1,456.33	3,495.20	4,951.53	12,524.47	S/L	5.0
VEHICLES				186,709.00	0.00c	0.00	133,670.93	12,386.00	146,056.93	40,652.07		
*Less: Dispositions and Transfers				76,396.00	0.00	0.00	76,396.00	0.00	76,396.00	0.00		
Net VEHICLES				110,313.00	0.00c	0.00	57,274.93	12,386.00	69,660.93	40,652.07		

Supplementary information. Presented for purposes of additional analytical analysis only.

See the accompanying independent auditor's report.

Book Asset Detail 1/01/12 - 12/31/12

FYE: 12/31/2012

Schedule of Fixed Assets - Water Fund

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
Group: WATER AND SEWER SYSTEMS												
128		Water Meters	1/09/81	6,760.00	0.00	0.00	6,760.00	0.00	6,760.00	0.00	S/L	10.0
129		Submersible Pumper	3/09/84	2,125.00	0.00	0.00	2,125.00	0.00	2,125.00	0.00	S/L	15.0
130		Water Meter Boxes	1/09/85	7,205.00	0.00	0.00	7,205.00	0.00	7,205.00	0.00	S/L	20.0
131		Water Meter Boxes	1/09/86	13,596.00	0.00	0.00	13,596.00	0.00	13,596.00	0.00	S/L	20.0
132		Water Meter Boxes	1/09/87	18,717.00	0.00	0.00	18,717.00	0.00	18,717.00	0.00	S/L	20.0
133		Unknown Water Wells	1/09/81	54,449.00	0.00	0.00	54,449.00	0.00	54,449.00	0.00	S/L	20.0
134		Cast Iron Pipe	1/09/81	20,661.00	0.00	0.00	20,661.00	0.00	20,661.00	0.00	S/L	20.0
135		Valves	1/09/78	15,262.00	0.00	0.00	15,262.00	0.00	15,262.00	0.00	S/L	20.0
136		Portable Building	8/09/81	2,495.00	0.00	0.00	2,495.00	0.00	2,495.00	0.00	S/L	10.0
137		Water and Sewer Improvements	6/09/90	6,253.00	0.00	0.00	6,253.00	0.00	6,253.00	0.00	S/L	10.0
138		1982 Water & Sewer Improvements	1/09/82	26,025.00	0.00	0.00	26,025.00	0.00	26,025.00	0.00	S/L	20.0
139		1983 Improvements	1/09/83	57,175.00	0.00	0.00	57,175.00	0.00	57,175.00	0.00	S/L	200.0
140		1984 Improvements	1/09/84	11,471.00	0.00	0.00	11,471.00	0.00	11,471.00	0.00	S/L	20.0
141		1984 Water Meter Boxes	1/09/84	1,632.00	0.00	0.00	1,632.00	0.00	1,632.00	0.00	S/L	20.0
142		Pumps and Meters	9/09/87	1,626.00	0.00	0.00	1,626.00	0.00	1,626.00	0.00	S/L	10.0
143		Water Pump	1/29/88	572.00	0.00	0.00	572.00	0.00	572.00	0.00	S/L	10.0
144		Water Meters	12/09/88	24,664.00	0.00	0.00	24,664.00	0.00	24,664.00	0.00	S/L	10.0
145		Water Pump	12/09/88	2,891.00	0.00	0.00	2,891.00	0.00	2,891.00	0.00	S/L	10.0
146		Water Pump	12/09/88	4,781.00	0.00	0.00	4,781.00	0.00	4,781.00	0.00	S/L	10.0
147		Water System Improvements	12/09/91	69,699.00	0.00	0.00	69,699.00	0.00	69,699.00	0.00	S/L	20.0
148		Line Extension	8/09/92	8,395.00	0.00	0.00	8,395.00	0.00	8,395.00	0.00	S/L	20.0
149		Gibbs Street Water Main	1/09/93	89,265.00	0.00	0.00	84,801.75	4,463.25	89,265.00	0.00	S/L	20.0
150		Hwy 509 Realignment	1/09/93	164,989.00	0.00	0.00	156,739.55	8,249.45	164,989.00	0.00	S/L	20.0
151		Water Distribution Improvement	6/08/04	33,160.00	0.00	0.00	12,573.17	1,658.00	14,231.17	18,928.83	S/L	20.0
163		Water System Improvement	9/15/05	16,807.06	0.00	0.00	2,661.14	420.18	3,081.32	13,725.74	S/L	40.0
171		Line Locator	4/15/06	3,485.00	0.00	0.00	3,485.00	0.00	3,485.00	0.00	S/L	5.0
172		Centrifugal Trash Pump	5/30/06	1,132.75	0.00	0.00	1,132.75	0.00	1,132.75	0.00	S/L	5.0
173		2100NTurbidimeter	2/15/06	1,750.00	0.00	0.00	1,750.00	0.00	1,750.00	0.00	S/L	5.0
174		C-12 Emergency Repair Kit	3/30/06	1,975.11	0.00	0.00	1,975.11	0.00	1,975.11	0.00	S/L	5.0
186		Pump & Motor- Well #1	11/29/09	14,126.00	0.00	0.00	2,942.92	1,412.60	4,355.52	9,770.48	S/L	10.0
199		Water System Imp.- Phase I	9/16/11	2,899,371.77	0.00	0.00	18,121.07	72,484.29	90,605.36	2,808,766.41	S/L	40.0
WATER AND SEWER SYSTEMS				3,582,515.69	0.00c	0.00	642,636.46	88,687.77	731,324.23	2,851,191.46		
Group: WATER TREATMENT PLANT												
152		FMHA Plant	1/01/81	2,121,775.00	0.00	0.00	2,121,775.00	0.00	2,121,775.00	0.00	S/L	2.0
153		1985 Additions	1/01/85	9,596.00	0.00	0.00	9,596.00	0.00	9,596.00	0.00	S/L	15.0
154		1986 Additions	1/01/86	2,171.00	0.00	0.00	2,171.00	0.00	2,171.00	0.00	S/L	20.0
155		1987 Additions	1/01/87	473.00	0.00	0.00	473.00	0.00	473.00	0.00	S/L	15.0
156		1988 Additions	1/01/88	16,767.00	0.00	0.00	16,767.00	0.00	16,767.00	0.00	S/L	20.0
157		1989 Air Compressor	1/01/89	3,236.00	0.00	0.00	3,236.00	0.00	3,236.00	0.00	S/L	20.0
158		1992 Additions	1/01/92	957.00	0.00	0.00	957.00	0.00	957.00	0.00	S/L	20.0
159		1998 Turbidimeter	1/01/98	10,455.00	0.00	0.00	7,318.50	522.75	7,841.25	2,613.75	S/L	20.0
160		2000 Additions	1/01/00	24,703.00	0.00	0.00	14,821.80	1,235.15	16,056.95	8,646.05	S/L	20.0
161		2002 Additions	1/01/02	17,047.00	0.00	0.00	8,523.50	852.35	9,375.85	7,671.15	S/L	20.0
162		2003 Transfer from Equipment	1/01/03	11,200.00	0.00	0.00	11,200.00	0.00	11,200.00	0.00	S/L	3.0
166		Fre Flow IV Underdrain	5/15/05	24,706.68	0.00	0.00	8,235.54	1,235.33	9,470.87	15,235.81	S/L	20.0
167		CL 17 Chlorine Analyzer	12/29/06	4,237.50	0.00	0.00	4,237.50	0.00	4,237.50	0.00	S/L	5.0

Supplementary information. Presented for purposes of additional analytical analysis only.

See the accompanying independent auditors report.

Book Asset Detail 1/01/12 - 12/31/12

FYE: 12/31/2012

Schedule of Fixed Assets - Water Fund

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
Group: WATER TREATMENT PLANT (continued)												
168		Filter No. 4 Improvements	9/15/06	3,975.00	0.00	0.00	1,060.00	198.75	1,258.75	2,716.25	S/L	20.0
187		Digital Meter & Probe	9/15/10	1,022.00	0.00	0.00	272.53	204.40	476.93	545.07	S/L	5.0
206		Water Treatment Facility	8/16/12	231,596.46	0.00c	0.00	0.00	1,929.97	1,929.97	229,666.49	S/L	40.0
WATER TREATMENT PLANT				2,483,917.64	0.00c	0.00	2,210,644.37	6,178.70	2,216,823.07	267,094.57		
Grand Total				17,630,780.96	0.00c	0.00	6,221,137.83	192,101.56	6,413,239.39	11,217,541.57		
Less: Dispositions and Transfers				76,396.00	0.00	0.00	76,396.00	0.00	76,396.00	0.00		
Net Grand Total				17,554,384.96	0.00c	0.00	6,144,741.83	192,101.56	6,336,843.39	11,217,541.57		

Supplementary information. Presented for purposes of additional analytical analysis only.

See the accompanying independent auditor's report.

**OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS,
THE LOUISIANA GOVERNMENTAL AUDIT GUIDE,
AND OMB CIRCULAR A-133**

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***

The following independent auditor's 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* is presented in compliance with requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

WILLIAM E. WEATHERFORD, CPA, LLC
CERTIFIED PUBLIC ACCOUNTANT

**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***

INDEPENDENT AUDITOR'S REPORT

The Honorable Curtis W. McCoy, Mayor
and the members of the Board of Aldermen
City of Mansfield, Louisiana

I have audited 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mansfield, Louisiana, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City of Mansfield, Louisiana's basic financial statements, and have issued my report thereon dated August 26, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City of Mansfield, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 City of Mansfield, Louisiana's internal control. Accordingly, I do not express an opinion on the effectiveness of the City of Mansfield, Louisiana's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control that I consider to be material weaknesses.

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 *significant deficiency* is a deficiency, or a 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.

A *material weakness* is a deficiency, or a 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. I consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. Item 12-4

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mansfield, Louisiana's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 12-1, 12-2, and 12-3.

The City of Mansfield, Louisiana's Response to Findings

The City of Mansfield, Louisiana's response to the findings identified in my audit are described in the accompanying "Management's Corrective Action Plan". The City of Mansfield, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 21:513, this report is a public document and its distribution is not limited.

William E. Weatherford, CPA, LLC

William E. Weatherford, CPA, LLC
Certified Public Accountant
Shreveport, Louisiana
August 26, 2013

WILLIAM E. WEATHERFORD, CPA, LLC
CERTIFIED PUBLIC ACCOUNTANT

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Curtis W. McCoy, Mayor
and the members of the Board of Aldermen
City of Mansfield, Louisiana

Report on Compliance for Each Major Federal Program

I have audited the City of Mansfield, Louisiana's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of the City of Mansfield, Louisiana's major federal programs for the year ended December 31, 2012. The City of Mansfield, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the City of Mansfield, Louisiana's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Mansfield, Louisiana's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the City of Mansfield, Louisiana's compliance.

Opinion on Each Major Federal Program

In my opinion, the City of Mansfield, Louisiana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Other Matters

The results of my auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item FA-12-1.

My opinion on each major federal program is not modified with respect to these matters.

The City of Mansfield, Louisiana's response to the noncompliance findings identified in my audit is described in the accompanying management's corrective action plan. The City of Mansfield, Louisiana's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City of Mansfield, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the City of Mansfield, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City of Mansfield, Louisiana's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

I have audited the financial statements of the City of Mansfield, Louisiana as of and for the year ended December 31, 2012 and have issued my report thereon dated August 26, 2013, which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally

accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is for the information and use of the City of Mansfield, Louisiana, the Louisiana Legislative Auditor, management, the City Council, others within the entity, 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. However, under Louisiana Revised Statute 24:513, this is a public record and its distribution is not limited.

William E. Weatherford, CPA, LLC

William E. Weatherford, CPA, LLC
Certified Public Accountant
Shreveport, Louisiana
August 26, 2013

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

CITY OF MANSFIELD, LOUISIANA

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

A. Summary of Auditor's Results

Financial Statements:

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Mansfield, Louisiana.
2. The 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* reports one deficiency which is considered to be a material weakness related to internal control over financial reporting.
3. The 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* reports three instances of noncompliance material to the financial statements.
4. Management's Summary Schedule of Prior Audit Findings is included in the financial statements.
5. No Memorandum of Other Comments and Recommendations was issued.
6. Management's Corrective Action Plan is included in the financial statements.

Federal Awards:

7. The Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 expressed an unqualified opinion.
8. The Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 reports no significant deficiency related to internal control over major programs.
9. The Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 reports one audit findings required to be reported in accordance with Circular A-133, Section 510(a).
10. Identification of major programs:
 - CFDA # 66.468 – Capitalization Grants for Drinking Water State Revolving Funds
 - CFDA # 14.228 – Community Development Block Grant – State's Program
11. The threshold for distinguishing between type A and type B programs was \$300,000.
12. The City of Mansfield, Louisiana does not qualify as a low-risk auditee.

CITY OF MANSFIELD, LOUISIANA

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

B. Findings Relating to the Financial Statements Which are Required to be Reported Under Government Auditing Standards.

FINDINGS RELATED TO COMPLIANCE

Item: 12-1

Criteria or specific requirement:

Louisiana Revised Statute (LSA-R.S.) 24:513(A) (5) (a) requires “audits shall be completed within six months of the close of the entity’s fiscal year”.

Condition:

The City’s annual financial audit was not completed and filed with the Louisiana Legislative Auditor on or before June 30, 2013.

Questioned costs:

None

Context:

The City’s annual financial audit was issued after the mandatory due date of June 30, 2013.

Effect:

The City is not in compliance with Louisiana Revised Statute (LSA-R.S.) 24:513(A) (5) (a).

Cause:

The financial records of the City provided to the auditor for the year ended December 31, 2012 were materially misstated. The records were auditable but significant additional time was required to analyze and adjust year end account balances. The additional time required to perform these unanticipated auditing procedures delayed completion of the audit. In addition, the auditor had a death in the family during April and suffered from serious illness during the months of June and July. These factors caused the financial audit to be completed and filed after the mandatory due date of June 30, 2013.

Recommendation:

None

Item: 12-2

Criteria or specific requirement:

The Amendment to Utility Relocation Assistance Funding Agreement (URAF) executed on June 18, 2008, requires the City of Mansfield to make annual payments on the outstanding principal amount of the loans in the amount of three thousand dollars (\$3,000) per year on or before January 15 of each year.

CITY OF MANSFIELD, LOUISIANA

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

Condition:

The City did not make the scheduled payment to the Louisiana Department of Transportation and Development for fiscal year 2012.

Questioned costs:

\$3,000

Context:

The City did not make the annual payment due for the year 2012. Failure to make the scheduled annual payment could result in the Louisiana Department of Transportation and Development suspending the issuance of permits to the City until the minimum required annual payment amount is received timely for three (3) consecutive years or the Louisiana Department of Transportation and Development could require the City to make a lump sum payment of twenty-five percent (25%) of the total remaining outstanding URAF debt, \$95,807. The City also failed to make the required annual payment during the fiscal year ended December 31, 2010.

Effect:

The City is in default on the Utility Relocation Assistance Funding Agreement with the Louisiana Department of Transportation and Development.

Cause:

The City did not properly monitor the URAF principal payments due to the Louisiana Department of Transportation and Development to ensure that the payments were made in a timely fashion.

Recommendation:

The city accountant should be assigned the duty of monitoring all principal and interest payments due on the outstanding debt obligations of the City. The city accountant should be responsible for ensuring the principal and interest payments on all outstanding debt is paid as scheduled in the respective loan agreements.

Item: 12-3

Criteria or specific requirement:

The Louisiana Revised Statute 39:1310 requires the operating budgets of the general and special revenue funds to be amended whenever the governing authority receives notification that:

1. Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.
2. Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.
3. Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

CITY OF MANSFIELD, LOUISIANA

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

Condition:

The actual expenditures for the Debt Service Fund (a special revenue fund financed by a ½% sales tax dedication) exceeded the budgeted expenditures and other uses by \$1,698,401 (60.69%).

Questioned costs:

None

Context:

The City did not correctly amend the operating budget for the Debt Service Fund when total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year exceeded the total budgeted expenditures and other uses by five percent or more.

Effect:

The City is not in compliance with Louisiana Revised Statute 39:1310.

Cause:

The City amended the operating budget for the Debt Service Fund on December 26, 2012. However, the financial records maintained by the City for the Debt Service Fund were materially misstated preventing management from correctly amending the fund's operating budget.

Recommendation:

The City should consider additional training for the city accountant to improve the accuracy and reliability of financial information maintained by the accounting department and provided to management.

FINDINGS RELATED TO INTERNAL CONTROL

Item: 12-4

Criteria or specific requirement:

The financial records of the City must be maintained in a manner that ensures the financial information provided to management is not significantly misstated. Management must have timely and accurate information in order to make informed decisions.

Condition:

The year-end financial information of the City was significantly misstated.

Questioned costs:

None

CITY OF MANSFIELD, LOUISIANA

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

Context:

The year-end financial information contained many obvious and significant errors including accounts with unnatural balances, items posted to accounts with narrative descriptions that indicated an obvious posting error, and incorrectly posted loan proceeds and grant revenues.

Effect:

Information provided to management was significantly misstated. Significant additional time was required to complete the year-end audit and a large number of adjusting entries were required to correct the financial misstatements.

Cause:

The city accountant does not seem to have an adequate understanding of governmental accounting principles and does not appear to be reviewing the financial information prior to issuing it to management.

Recommendation:

Management should instruct the city accountant to carefully review financial information for obvious errors prior to issuing the financial information. In addition, the City should consider sending the city accountant to some governmental accounting education courses to familiarize herself with governmental accounting principles.

Findings and Questioned Costs for Major Federal Award Programs Audit

Item: FA: 12-1

Criteria or specific requirement:

The Loan and Pledge Agreement with the Louisiana Department of Health and Hospitals for the Sales Tax Bonds, Series 2010, Loan No. 1031009-01B, provides for annual payments of principal due on February 1.

Condition:

The City did not make the scheduled payment of principal due on February 1, 2012.

Questioned costs:

\$126,000

Context:

The City did not make the annual payment due for the year 2012. Failure to make the payment due February 1, 2012 is an event of default.

Effect:

The City is in default on the Sales Tax Bonds, Series 2010, Loan No. 1031009-01B, with the Louisiana Department of Health and Hospitals.

CITY OF MANSFIELD, LOUISIANA

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

Cause:

The City did not properly monitor the Sales Tax Bonds, Series 2010, Loan No. 1031009-01B principal payments due to the Louisiana Department of Health and Hospitals to ensure that the payments were made in accordance with the Loan and Pledge Agreement.

Recommendation:

The accountant should be assigned the duty of monitoring all principal and interest payments due on the outstanding debt obligations of the City. The accountant should be responsible for ensuring the principal and interest payments on all outstanding debt is paid as scheduled in the respective loan agreements.

CITY OF MANSFIELD, LOUISIANA

Management's Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2012

FINDINGS RELATED TO COMPLIANCE

Item: 11-1

Condition:

The City's annual financial audit was not completed and filed with the Louisiana Legislative Auditor on or before June 30, 2012.

Status:

Unresolved, see similar finding Item 12-1.

Item: 11-2

Condition:

The actual expenditures for the General Fund exceeded the budgeted expenditures by \$613,535 (15.44%). Expenditures and other uses for the Debt Service Fund (a special revenue fund financed by a ½% sales tax dedication) exceeded the budgeted expenditures and other uses by \$520,899 (35.19%).

Status:

Unresolved, see similar finding Item 12-3.

FINDINGS RELATED TO INTERNAL CONTROL

Item: 11-3

Condition:

The utility billing department has posted charges that were obviously erroneous to customers' accounts.

Status:

Resolved.

Item: 11-4

Condition:

The detailed accounts receivable for the utility customers maintained by the utility billing software is not reconciled on a monthly basis to the general ledger control account.

Status:

Resolved

CITY OF MANSFIELD, LOUISIANA

Management's Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2012

Findings and Questioned Costs for Major Federal Award Programs Audit

Item: FA: 11-1

Condition:

During 2011, the City did not make deposits into the *Sinking Fund Account* on or before the 20th day of each month.

Status:

Resolved

Item: FA: 11-2

Condition:

\$172,402 drawn through the Limited Tax Revenue Bonds, Series 2010 was deposited into and disbursed from the construction bank account for the Sales Tax Bonds Series 2010.

Status:

Resolved



The City of Mansfield

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MANAGEMENTS CORRECTIVE ACTION PLAN

The City of Mansfield, Louisiana, submits the following corrective action plan for the items included in the Schedule of Findings and Questioned Costs. The responses are numbered consistently with the numbers assigned in the schedule.

FINDINGS RELATED TO COMPLIANCE

Item: 12-1 – Timely filing of annual audit report.

The 2013 annual audited financial statements will be filed on or before June 30, 2014.

Item: 12-2 – Timely payment of LOTD obligation

The City will make the payments to the Louisiana Department of Transportation and Development as scheduled.

Item: 12-3 – Budget Amendments

The City will consider additional training for the city accountant to improve the accuracy and reliability of financial information.

Item 12-4 – Incorrect financial information

The City will consider additional training for the city accountant to improve the accuracy and reliability of financial information.

Item: FA: 12-1 – Timely payment of loan obligations

The City will make the payments to the Louisiana Department of Health and Hospitals as scheduled.

CURTIS W. MCCOY
MAYOR

MARVIN R. JACKSON
CITY CLERK

RICHARD Z. JOHNSON, JR.
CITY ATTORNEY

G. B. HALL III
ALDERMAN, DISTRICT A

TROY N. TERRELL
ALDERMAN, DISTRICT B

MITCHELL L. LEWIS
ALDERMAN, DISTRICT C

JOSEPH HALL, JR.
ALDERMAN, DISTRICT D

ALVIN RAY WOODLEY
ALDERMAN, DISTRICT E