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CITY OF GRAMBLING
GRAMBLING, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

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Release Date: 6/21/02

CITY OF GRAMBLING, LOUISIANA
GRAMBLING, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

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CITY OF GRAMBLING, LOUISIANA
GRAMBLING, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

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CITY OF GRAMBLING, LOUISIANA
GRAMBLING, LOUISIANA
FINANCIAL STATEMENTS
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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Grambling,
Grambling, LA 71245

I have audited the accompanying general purpose financial statements and the combining, individual fund and account group financial statements of the City of Grambling as of December 31, 2001, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the City of Grambling's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the City of Grambling at December 31, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles. Also, in my opinion, the combining and individual fund, and account group financial statements referred to in the first paragraph present fairly, in all material aspects, the financial position of each of the individual funds and account groups of the City of Grambling as of December 31, 2001, and the results of operations of such funds and the cash flows of the individual proprietary fund for the year then ended, in conformity with generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining and individual fund and account group financial statements. The accompanying financial information listed as supplementary information in the table of contents on pages 64 to 78, is presented for purposes of additional

To the City Council
City of Greentling
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analysis and is not a required part of the financial statements of the City of Greentling, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining, and individual fund and account group financial statements and, in my opinion is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

Respectfully,



Rodan L. Hornigan
Certified Public Accountant

June 14, 2002

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF GRAMBLING, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS
 Combined Balance Sheet, December 31, 2001

	GOVERNMENTAL FUNDS		
	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS
ASSETS AND OTHER DEBITS			
Cash and cash equivalents	\$ 397,574	\$ 293,963	\$ 14,384
Investments	139,118		86,449
Receivables (net of allowance for uncollectibles)			
Taxes	117,739	-	8,977
Accounts	34,893	25,923	387
Due from other funds	103,645	3,569	1,638
Due from other governmental agencies	1,688	-	-
Construction in Progress	-		
Restricted assets			
Cash	-	-	-
Investments, at cost	-	-	-
Fixed assets	-	-	-
Utility plant and equipment (net)	-	-	-
Amount available in debt service funds	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$1,659,577	\$321,435	\$152,315

**LIABILITIES, EQUITY, AND
 OTHER CREDITS**

LIABILITIES:

Accounts payable	\$ 42,393	\$ 1,778	\$ -
Accounts and other liabilities	16,567	1,632	-
Payable from restricted assets			
Accounts payable	-	-	-
Accrued (warrant) payable	-	-	-
Accrued interest payable	-	-	-
Customer's deposits	-	-	-
Due to other funds	84,679	17,671	74,386
Notes Payable	143,884		
Bonds payable			
General obligation bonds payable	-	-	-
Revenue bonds payable	-	-	-
Accumulated unpaid compensated absences	-	-	-
TOTAL LIABILITIES	269,495	18,881	74,386

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS FUNDS	PROPRIETARY	ACCOUNT GROUPS		TOTALS	
	FUND	GENERAL	GENERAL	(MEMORANDUM ONLY)	
	ENTERPRISE FUND	FIXED ASSETS	LONG-TERM OBLIGATIONS	December 31, 2000	December 31, 2000
\$ -	\$ 26,094	\$ -	\$ -	\$ 931,897	\$ 687,682
101,264	-	-	-	417,861	397,699
	12,698	-	-	140,334	162,241
1,088	98,374	-	-	190,373	132,902
4,345	132,829	-	-	247,246	177,337
-	-	-	-	-	-
-	-	-	-	1,698	90,293
-	182,990	-	-	182,990	348,313
-	316,116	-	-	316,116	208,464
-	-	1,485,383	-	1,485,383	1,424,347
-	3,755,114	-	-	3,755,114	4,032,390
-	-	-	75,165	75,165	58,090
<u>\$ 198,727</u>	<u>\$ 4,479,377</u>	<u>\$ 1,485,383</u>	<u>\$ 75,165</u>	<u>\$ 7,694,797</u>	<u>\$ 7,618,840</u>

\$ -	\$ 11,755	\$ -	\$ -	\$ 35,438	\$ 41,678
-	3,261	-	-	21,790	18,514
-	-	-	-	-	-
-	84,200	-	-	84,200	154,000
-	69,597	-	-	69,597	70,922
-	75,625	-	-	75,625	74,788
-	92,250	-	-	348,946	177,138
-	193,000	-	-	285,984	169,685
-	-	-	-	-	-
-	2,220,140	-	-	2,220,140	2,211,989
-	-	-	75,165	75,165	58,090
-	<u>2,707,138</u>	-	<u>75,165</u>	<u>3,148,383</u>	<u>2,980,728</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS
Combined Balance Sheet, December 31, 2001

	GOVERNMENTAL FUND		
	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS
FUND EQUITY:			
Contributed capital	-	-	-
Investment in general fixed assets	-	-	-
Retained earnings			
Reserved for debt retirement	-	-	-
Unreserved	-	-	-
Fund balances			
Reserved	-	-	28,329
Unreserved and undesignated	249,082	300,772	-
TOTAL FUND EQUITY	249,082	300,772	28,329
TOTAL LIABILITIES AND FUND EQUITY	\$1,014,577	\$320,450	\$112,715

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS FUNDS	PROPRIETARY		ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	ENTERPRISE	GENERAL	GENERAL	GENERAL	December 31,	December 31,
	FUND	FUND	FIXED ASSETS	LONG-TERM OBLIGATIONS	2001	2000
-	1,399,186	-	-	-	1,399,186	1,399,186
-	-	1,483,783	-	-	1,483,783	1,424,387
-	114,111	-	-	-	114,111	114,111
-	254,952	-	-	-	254,952	626,240
-	-	-	-	-	38,329	34,349
199,727	-	-	-	-	1,245,381	1,048,345
199,727	1,768,249	1,483,783	-	-	4,537,942	4,639,118
<u>\$ 199,727</u>	<u>\$ 4,435,377</u>	<u>\$1,483,783</u>	<u>\$ 35,165</u>	<u>\$ 7,684,797</u>	<u>\$ 7,610,840</u>	

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
GOVERNMENTAL FUND TYPES
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances/Equity
For the Year Ended December 31, 2021

	GOVERNMENTAL FUNDS			
	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
REVENUES				
Taxes:				
Ad valorem	\$ 151,394	\$ -	\$ 1,210	\$ -
Sales and use	285,213	-	-	-
Other taxes, penalties, interest, etc.	172	-	-	-
Fire Taxes	196,264	-	-	-
Licenses and permits	99,292	-	-	-
Intergovernmental revenues	22,844	179,257	-	-
Fines and forfeitures	126,893	-	-	-
Use of money and property	-	-	-	-
Other revenues	24,288	48,377	3,363	8,912
Total revenues	655,962	228,754	4,574	8,912
 EXPENDITURES				
General government	197,883	-	-	-
Public safety	432,389	-	-	-
Health and sanitation	-	155,168	-	-
Highways and streets	22,284	-	-	-
Park and recreation	633	-	-	-
Debt Service	-	-	594	90,285
Total expenditures	653,189	155,168	594	90,285
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES				
	22,773	73,586	3,980	(81,373)
 OTHER FINANCING SOURCES (Uses)				
Operating transfers in	35,408	-	-	-
Operating transfers out	-	25,500	-	-
Total other financing sources (uses)	35,408	(25,500)	-	-

The accompanying notes are an integral part of this statement.

TOTALS
(MEMORANDUM (\$M.))

2001	2000
133,005	\$ 242,700
283,210	280,850
172	386
136,266	-
99,292	107,110
193,201	196,667
126,095	267,811
-	-
84,948	55,089
1,098,182	1,190,835
193,881	133,462
432,389	541,513
155,198	140,432
22,266	21,796
831	4,347
90,865	21,081
899,274	903,631
158,968	183,804
33,488	109,676
13,300	111,962
8,988	(2,286)

The accompanying notes are an integral part of this statement.

CITY OF GRANBERG, LOUISIANA
GOVERNMENTAL FUND TYPES
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances/Equity
For the Year Ended December 31, 2000

	GOVERNMENTAL FUNDS			
	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$48,385	38,008	1,980	(81,385)
FUND BALANCES (Deficit), BEGINNING	496,899	262,796	34,358	181,510
FUND BALANCES (Deficit), ENDING	\$ 745,882	\$ 300,804	\$ 36,338	\$ 199,635

The accompanying notes are an integral part of this statement.

TOTALS
(MEMORANDUM ONLY)

<u>2001</u>	<u>2000</u>
<u>200,318</u>	<u>283,718</u>
1,073,085	788,377
<u>\$1,283,901</u>	<u>\$1,075,895</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
GOVERNMENTAL FUNDS - PRIMARY GOVERNMENT
GENERAL AND SPECIAL REVENUE FUNDS

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2000

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes:			
Ad valorem	\$ 235,800	\$ 150,794	\$ (85,006)
Sales and use	275,000	285,213	10,213
Other taxes, penalties, interest, etc.	500	172	(328)
Fire Taxes	284,687	196,264	(88,423)
Licenses and permits	101,154	99,292	(1,862)
Intergovernmental revenues	34,000	22,844	(11,156)
Fines and forfeitures	151,208	126,099	(25,109)
Use of money and property	-	-	-
Other revenues	18,430	24,288	5,858
Total revenues	1,824,387	1,061,962	(762,425)
EXPENDITURES			
General government	211,280	197,681	13,599
Public safety	467,890	433,189	34,701
Health and sanitation	-	-	-
Highways and streets	33,700	22,288	11,412
Park and recreation	2,025	631	1,394
Debt service	-	-	-
Total expenditures	714,895	653,189	61,706
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	319,482	211,735	108,707

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUND				TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	
\$ -	\$ -	\$ -	\$ 235,000	\$ 151,794	\$ (83,206)	
-	-	-	275,000	283,213	8,213	
-	-	-	500	172	(328)	
-	-	-	394,687	156,344	(238,343)	
-	-	-	105,550	98,292	(7,258)	
175,000	170,357	(4,643)	209,000	193,201	(15,799)	
-	-	-	151,280	126,895	(24,385)	
-	-	-	-	-	-	
48,400	48,377	(23)	66,850	72,665	5,815	
223,400	218,734	(4,666)	1,247,787	1,084,696	(163,091)	
-	-	-	211,280	197,880	(13,400)	
-	-	-	457,800	433,389	(24,411)	
143,325	153,198	(9,873)	145,373	153,198	(7,825)	
-	-	-	33,700	23,288	(10,412)	
-	-	-	2,025	631	(1,394)	
-	-	-	-	-	-	
143,325	153,198	(9,873)	430,298	408,395	(21,903)	
78,825	83,336	(4,511)	397,507	278,311	(119,196)	

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
GOVERNMENTAL FUNDS - PRIMARY GOVERNMENT
GENERAL AND SPECIAL REVENUE FUNDS

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

	GENERAL FUND		VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
OTHER FINANCING SOURCES (Uses)			
Operating transfers in	35,000	35,406	406
Operating transfers out	(35,000)	-	35,000
Total other financing sources (uses)	-	35,406	35,406
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	315,482	348,183	32,701
FUND BALANCES (Deficit), BEGINNING		496,899	
FUND BALANCES (Deficit), ENDING		845,082	

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUND			TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
-	-	-	35,000	35,408	408
(33,000)	35,500	9,500	(70,000)	(25,500)	44,500
(33,000)	(25,500)	9,500	(35,000)	9,908	44,908
43,025	38,036	(4,989)	362,507	368,219	(5,712)
	362,736			708,634	
	<u>\$380,772</u>			<u>\$1,043,853</u>	

The accompanying notes are an integral part of this statement.

**CITY OF GRAMBLING, LOUISIANA
PROPRIETARY FUND TYPE**

Combined Statement of Revenues, Expenses, and
Changes in Retained Earnings
For the Year Ended December 31, 2001

OPERATING REVENUES

Charges for services:

Water sales	176,702
Water connection charges	1,000
Sewerage fees	172,681

Total operating revenues 350,383

OPERATING EXPENSES

Water department	346,505
Sewer distribution department	218,231
Sewer plant department	213,807

Total operating expenses 778,543

OPERATING INCOME (Loss) (442,200)

NONOPERATING REVENUES (Expenses)

Other income	9,428
Interest income	12,728
Ad valorem tax	33,967
Intergovernmental revenues	-
Interest expense	25,000

Total nonoperating revenues (expenses) 80,723

INCOME (LOSS) BEFORE OPERATING TRANSFERS (361,477)

OPERATING TRANSFERS IN (Out)

Operating transfers in	24,204
Operating transfers out	(34,110)

Total operating transfers in (out) (9,906)

NET INCOME (Loss)	(371,388)
RETAINED EARNINGS (Deficit), BEGINNING	626,348
RETAINED EARNINGS (Deficit), ENDING	<u>254,960</u>

CITY OF GRAMBLING, LOUISIANA
PROPRIETARY FUND TYPE

Combined Statement of Revenues, Expenses, and
 Changes in Retained Earnings - Budget (GAAP Basis) and Actual
 For the Year Ended December 31, 2001

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
OPERATING REVENUES			
Charges for services:			
Water sales	\$ 185,000	176,732	(8,268)
Water connection charges	2,000	1,880	(120)
Sewerage fees	480,000	472,661	(7,339)
Total operating revenues	<u>667,000</u>	<u>651,273</u>	<u>(15,727)</u>
OPERATING EXPENSES			
Water department	485,608	541,558	155,950
Sewer distribution department	95,938	216,281	(120,343)
Sewer plant department	207,210	215,807	(8,597)
Total operating expenses	<u>788,756</u>	<u>773,646</u>	<u>(15,110)</u>
OPERATING INCOME (Loss)	<u>(121,756)</u>	<u>(122,373)</u>	<u>(557)</u>
NONOPERATING REVENUES (Expenses)			
Other income	13,200	9,428	(3,772)
Interest income	4,200	32,730	8,530
Ad valorem tax	30,000	33,567	3,567
Interest expense	-	-	-
Rural Development Grant	25,000	25,000	-
Total nonoperating revenues (expenses)	<u>72,400</u>	<u>100,725</u>	<u>28,325</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>(49,356)</u>	<u>(21,648)</u>	<u>(27,708)</u>
OPERATING TRANSFERS IN (Out)			
Opening transfers in	60,000	34,204	(25,796)
Opening transfers out	15,000	(34,115)	(19,115)
Total operating transfers in (out)	<u>45,000</u>	<u>(1,911)</u>	<u>(46,911)</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
PROPRIETARY FUND TYPE

*Combined Statement of Revenues, Expenses, and
 Changes in Retained Earnings - Budget (GAAP Basis) and Actual
 For the Year Ended December 31, 2011*

	VARIANCE		
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
NET INCOME (Loss)	(51,345)	(371,388)	(310,043)
RETAINED EARNINGS (Deficit), BEGINNING		626,340	
RETAINED EARNINGS (Deficit), ENDING		254,952	

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
PROPRIETARY FUND
Combined Statement of Cash Flows
For the Year Ended December 31, 2003

Cash flows from operating activities:	
Operating (loss)	(571,360)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Decrease in taxes receivable	(7,938)
Decrease in accounts receivable	48,994
Decrease in due from other funds	(34,833)
Increase in investments	
Decrease in accounts payable	(11,458)
Decrease in accrued liabilities	(200)
Depreciation	352,666
Other	
Other Assets	<u>72,704</u>
Net cash provided by operating activities	46,869
Cash flows from noncapital financing activities:	
Other income	-
Ad valorem taxes	-
Transfers (out)	<u>-</u>
Net cash provided by noncapital financing activities	-
Cash flow from capital and related financing activities:	
Purchase of PP&E	(74,733)
Principal paid on bonds	(93,649)
Note Proceeds	<u>150,000</u>
Net cash (used by) capital and related financing activities	11,618
Cash flows from investing activities:	
Interest income	-
Net cash provided by investing activities	-

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
PROPRIETARY FUND
Combined Statement of Cash Flows
For the Year Ended December 31, 2000

Net increase in cash and cash equivalents	<u>58,489</u>
Cash and cash equivalents at beginning of year	391,048
Cash and cash equivalents at end of year	<u>449,537</u>
Cash in current assets	26,856
Cash in restricted assets	422,681
Total cash and cash equivalents	<u>\$449,537</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2005

The accounting and reporting policies of the City of Grambling conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guidelines set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, *Audit of State and Local Governmental Units*.

The following notes to the financial statements are an integral part of the City's General Purpose Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Grambling, Louisiana, was incorporated in 1939 under the provisions of the Louisiana Act. The City operates under a Mayor-Board of Alderpersons form of government. The City's major operations include public safety, fire protection, public works, recreation and parks, utility services, and general administrative services.

The National Council of Governmental Accounting (NCGA), in order to clarify which organizations, functions, and activities of government should be included in general purpose financial statements, issued NCGA-3 (Defining the Governmental Reporting Entity) in December 1981. The NCGA has been replaced by the Governmental Accounting Standards Board (GASB), but the latter organization has endorsed NCGA-3. In issuing NCGA-3, the NCGA's intention was to provide a basis for making comparisons among units of government, to reduce the possibility of arbitrary exclusions and to enable financial statement users to identify the operations for which governmental entities are responsible. The NCGA concluded that the basic criterion for including an agency, institution, authority, or other organization in a governmental unit's reporting entity is the exercise of oversight responsibility over such agencies by the governmental unit's elected officials. Oversight responsibility is defined to include, but is not limited to:

(1) **Financial Interdependency**

When a separate agency produces a financial benefit for or imposes a financial burden on a unit of government, that agency is part of the reporting entity. Manifestations of financial interdependency include responsibility for financial deficits, statements to taxpayers, and guarantee of, or "moral responsibility" for, debt.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2000

- (2) **Selection of Governing Authority**
An authoritative appointment is one where the entity's chief elected official maintains a significant continuing relationship with the appointed officials with respect to carrying out important public functions.
- (3) **Designation of Management**
When management is appointed by and held accountable to a governing authority that is included in the entity, the activity being managed falls within the entity.
- (4) **Ability to Significantly Influence Operations**
This ability includes, but is not limited to, the authority to review and approve budgetary requests, adjustments, and amendments.
- (5) **Accountability for Fiscal Matters**
Fiscal authority normally includes the authority for final approval over budgetary appropriations, responsibility for funding deficits and operating deficiencies, disposal of surplus funds, control over the collection and disbursement of funds, and maintenance of title to assets.

There may be, however, factors other than oversight that are so significant that exclusion of a particular agency from a reporting entity's financial statements would be misleading. These other factors include:

- a. **Scope of Public Service** - Aspects to be considered include who the activity benefits and whether it is conducted within the entity's geographic boundaries and generally available to its citizens.
- b. **Special Financing Relationship** - Such a relationship may have been created to benefit the entity by providing for the insurance of debt on behalf of the entity.
Based on the criteria established by NCGA-3, as supplemented by NCGA Interpretation-7 (Clarification as to the Application of the Criteria in NCGA Statement-5-Defining the Governmental Reporting Entity), the City of Grambling's financial statements do not include the Housing Authority of the City of Grambling. The

CITY OF GRAMBLING, LOUISIANA

Notes to the Financial Statements

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Authority provides housing to qualified residents and is funded through Governmental grants and rental charges. The City is not responsible for funding its deficits nor does it have the right to its surpluses. Except as cited above, this report includes all funds and account groups which meet the above criteria. No other potential component units have been included or excluded in this report.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the City of Grambling are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The City has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures/expenses. 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.

The funds are grouped into two fund types and five generic funds as described below:

(1) General Fund Types

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

a. General Fund

This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

CITY OF GRAMBLING, LOUISIANA

Notes to the Financial Statements

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- b. **Special Revenue Funds**
These funds are established to account for the proceeds of specific revenue sources other than expendable trusts or major capital projects that are legally restricted to expenditures for specified purposes.
- c. **Debt Service Funds**
These funds are established for the purpose of accumulating resources for the payment of interest and principle on long-term general obligation debt other than those payable from Enterprise Funds.
- d. **Capital Projects Funds**
Capital Projects Funds are used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Principal sources of revenue are municipal long-term debt proceeds, interest income and various types of grants.

(2) **Proprietary Fund Types**

These funds account for operations that are organized to be self-supporting through user charges. Included in this category are the Enterprise Funds.

- a. **Enterprise Funds**

These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

(3) **General Fixed Assets Account Group**

This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes and includes fixed assets in the Enterprise Funds.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2000

(4) **General Long-Term Debt Account Group**

This is not a fund but rather an account group that is used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

C. BASIS OF ACCOUNTING

Governmental funds, Dependable Trust Funds, and Agency Funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable. Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash. General property taxes, self-assessed taxes and investment earnings are recorded when earned (when they are assessable and available).

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service, prepaid expenses, and other long-term obligations which are recognized when paid.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Agency Fund assets and liabilities are accounted for on the modified accrual basis.

D. BUDGETARY DATA

Fiscal budgetary accounting is employed as a management control for the General, Proprietary, and Special Revenue Funds of the City. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required, and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis. Budgets for Debt Service and Capital Projects Funds are not adopted and are therefore not presented in the accompanying combined and combining financial statements. Budgetary control is exercised at the departmental level as by projects.

All unencumbered budget appropriations lapse at the end of each fiscal year.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2000

E. CASH & CASH EQUIVALENTS

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Certificates of deposit and other securities with original maturities over three months are classified as short-term investments and stated at cost, which approximates market value.

F. RECEIVABLES

All receivables are reported at their gross value and, reduced by the estimated portion that is expected to be uncollectible.

G. INVESTMENTS

Investments are valued at cost.

H. DUE TO AND DUE FROM OTHER FUNDS

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are occurred.

I. INTEREST RECEIVABLE

Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

J. INVENTORIES

Inventories for all governmental funds are valued at cost (first-in, first-out). Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriations even though they are a component of reported assets.

K. RESTRICTED ASSETS

Enterprise funds, based on certain bond covenants, are required to establish and maintain prescribed amount of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt.

L. PROPERTY, LAND AND EQUIPMENT

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Public Domain ("Infrastructure") general fixed assets consisting of certain improvements other than buildings, such as

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2001

roads, sidewalks, bridges and drainage improvements are capitalized. Property, plant and equipment acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditures and capitalized at cost in the *General Fixed Assets Account Group*.

Property, plant and equipment acquired by proprietary funds are capitalized in the respective funds which it applies.

Property, plant and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation of exhaustible fixed assets used by proprietary funds are charged as an expense against operations, and accumulated depreciation is reported on the proprietary funds' balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation.

M. LONG-TERM DEBT

Long-term general obligations of the City are reported in the *General Long-Term Debt Account Group*. Long-term liabilities for revenue bonds are reported in the appropriate Enterprise Fund.

N. PENSIONS

All employees are covered under Social Security benefits.

O. FUND EQUITY

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distribution. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2001

P. REVENUES AND EXPENDITURES/EXPENSES

Revenues for governmental funds are recorded when they are determined to be both measurable and available.

Generally, tax revenues, fees, and grants revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Revenues and expenses of proprietary funds are recognized utilizing the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Q. PROPERTY TAX REVENUES

Property taxes levied are based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every four years. The last revaluation date was January 1998.

R. VACATION, SICK LEAVE, AND OTHER COMPENSATED ABSENCES

The City of Grambling recognition and measurement criteria for compensated absences follows:

GAAS Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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Notes to the Financial Statements
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GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

For governmental and similar trust funds, only the current portion of the liability for compensated absences should be reported in the fund. The current portion is the amount left unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. The remainder of the liability should be reported in the general long-term obligations account group.

At December 31, 2001, employees of the City had accumulated and vested \$75,165 of employee leave benefits. This amount is recorded within the general long-term obligations account group.

5. COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2001

T. TOTAL COLUMNS

The Combined Financial Statements include a total column that is described as memorandum only. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Interfund transactions have not been eliminated from the total column of each financial statement.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. COMPLIANCE WITH BOND COVENANTS

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

B. DEPOSITS WITH FINANCIAL INSTITUTIONS

State statutes require that the City's deposits be collateralized by securities. All deposits were not adequately collateralized at December 31, 2001. There was approximately \$70,313 of uncollateralized funds at December 31, 2001. However, it is undeterminable if this requirement was complied with throughout the year.

C. EXCESS OF EXPENDITURES OVER REVENUE

One fund had expenditures that exceeded revenue for the current year.

3. CASH

All significant bank balances of deposits as of the balance sheet date are insured or collateralized with securities.

4. PROPERTY TAXES

Property taxes are attached 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 all valorem taxes are budgeted in the year billed. The City bills and collects its own property taxes using the assessed values

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2001

determined by the tax assessors of Lincoln Parish.

All property taxes are recognized in compliance with NCGA Interpretation-1 (Revenue Recognition - Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable within the current period and collected no longer than 60 days after the close of the current period.

For the year ended December 31, 2001, taxes of 36.08 mills were levied on property with assessed valuations totaling \$6,234,685.90 and were dedicated as follows:

General Corporate Purpose	7.08 Mills
Street Maintenance	6.2 Mills
Water Maintenance	3.0 Mills
Police Services	3.3 Mills
Fire Protection	32.0 Mills

Total taxes levied were \$256,575. Taxes receivable at December 31, 2001, consisted of the following:

Taxes receivable current roll	\$196,441
Taxes receivable prior roll	46,159
Allowances for uncollectible taxes	<u>(100,027)</u>
TOTAL	<u>142,573</u>

5. INVESTMENTS

The City is authorized to make direct investments in United States government bonds, treasury notes, treasury bills or certificates, or time certificates of deposit of state banks organized under the Laws of Louisiana and national banks having their principal office in the State of Louisiana or any other federally insured investment.

The City's investments are categorized below to give an indication of the level of risk assumed by the City at year end. Category 1 provides for investments insured or registered, or securities held by the City or its agents in the City's name. Category 2

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2001

provides for uninsured and unregistered securities held by the county's trust department or agent in the City's name. Category 3 includes uninsured and unregistered securities held by the county's trust department or agent but not in the City's name. (In accordance with GASB 3, this category includes certificates of deposit or money market accounts that are collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the City's name although balances so collateralized meet the requirements of state law. Of the amount shown in Category 3, \$1,035,390 is collateralized by securities held by the pledging financial institution's agent but not in the City's name.)

	CATEGORY			CARRYING AMOUNT	MARKET VALUE
	1	2	3		
Savings and Certificates of deposit	—	—	715,879	715,879	715,879

6. DUE TO/FROM OTHER FUNDS

	Interfund Receivables	Interfund Payables
General Fund	\$ 105,340	\$ 64,638
Debt Service Fund	1,688	74,386
Utility Fund	214,418	174,639
Capital Projects Fund	6,345	-
Health & Sanitation	—	17,629
	227,791	261,292

7. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2001, consisted of the following:

Due From State of Louisiana & Other Federal Agency	\$ 1,688
TOTAL	1,688

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2001

8. PROPERTY, PLANT, AND EQUIPMENT

	Balance <u>1-1-01</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12-31-01</u>
Land	\$ 23,790	\$ -	\$ -	\$ 23,790
Buildings	318,685	18,538	-	337,223
Improvements/Other than Buildings	322,627	-	-	322,627
Equipment	359,283	44,858	-	404,141
Construction in Progress	-	-	-	-
Total General Fixed Assets	1,424,387	63,396	0	1,487,783

A summary of proprietary fixed type property, plant and equipment and depreciation at December 31, 2001 follows:

<u>Property, Plant & Equipment</u>	<u>Life in Years</u>	<u>Balance 1-1-01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-01</u>
Land/Improvements		\$ 16,526	\$ -	-	\$ 16,526
Waterworks/G sewer System	15-20	2,862,253	74,732	-	2,936,985
Automobiles/Trucks	5	12,758	-	-	12,758
Office Equipment	5-8	47,112	-	-	47,112
Storey Equipment	5-8	32,038	-	-	32,038
Sewage Plant	15-20	2,499,175	-	-	2,499,175
Waterworks	15-20	1,430,472	-	-	1,430,472
Total		6,858,325	74,732	-	6,933,057

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2001

Less: Accumulated Depreciation	2,817,942	352,696	—	3,168,851
Net Property, Plant and Equipment	4,022,790	—	—	3,755,116

9. CLAIMS AND JUDGMENTS

The City of Grambling participated in various state and federal programs in previous fiscal years. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed, based on subsequent audits, they will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

10. RESTRICTED ASSETS, ENTERPRISE FUND

Under terms of various bond indentures, the Enterprise Fund is required to establish and maintain a Bond Reserve Fund, Bond Interest Redemption Fund, and a Contingency Fund. In addition to these funds, the City maintains a Customer Deposit Fund.

Compositions of the various Restricted Assets are as follows:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Bond and Interest Redemption	180,146	-	180,146
Reserve	-	218,696	218,696
Contingency/Replacement	-	32,639	32,639
Customer Deposit	<u>3,244</u>	<u>75,181</u>	<u>78,425</u>
	<u>183,390</u>	<u>316,516</u>	<u>499,906</u>

11. CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the City for the year ended December 31, 2001.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2001

	<u>Revenue Bond Issued</u>	<u>Total</u>
Bonds Payable January 1, 2001	\$2,318,479	\$2,318,479
Bonds Issued	-	-
Bonds Retired	<u>667,132</u>	<u>667,132</u>
 Bond Payable, December 31, 2001	 <u>\$2,251,347</u>	 <u>\$2,251,347</u>

Bonds payable at December 31, 2001 are comprised of the following individual issues:

Bonds Outstanding
12-31-01

Revenue Bonds

588,000 1979 Water Sewer System
 Junior Lien Revenue Bonds, due in
 annual installments of \$9,000 to
 \$17,000 through January 1, 2012,
 interest at 5.375 percent.

183,000

1,250,000 Utilities Revenue Bonds
 Series 1985, due in annual installments
 of \$70,000 to \$75,000 through March
 2015, interest at 5 to 5 1/8 percent
 (this issue secured by water fees
 to be collected by the city)

1,189,982

CITY OF GRANBLENG, LOUISIANA
Notes to the Financial Statements
December 31, 2001

1,170,000 Utility Revenue Bonds, Series, 1993, due in annual installments of \$75,000 to \$80,000 through March 2005, interest at 1.95 percent (this loan secured by Sewer User fee to be collected by the City) \$79,785

The annual requirements to amortize all debts outstanding at December 31, 2001 including interest payments of \$2,143,218 are as follows:

Year Ending December 31	Combined Revenue
2002	167,121
2003-2007	839,689
2007-2011	839,689
2011-2025	1,089,418
	3,945,775

\$100,794 is available in the Debt Service Funds to service general obligations and other long-term obligations.

During the year ended December 31, 2001, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance 1-1-01	Additions	Reductions	Balance 12-31-01
Compensated absences	<u>39,690</u>	<u>16,875</u>	-	<u>56,565</u>
Total	<u>39,690</u>	<u>16,875</u>	-	<u>56,565</u>

CITY OF GRABBLENG, LOUISIANA
Notes to the Financial Statements
December 31, 2001

12. FLOW OF FUNDS

Under the terms of the bond indentures on outstanding Combined Utility Revenue Refunding Bonds dated January 1, 1978, and Water & Sewer Sanitary Line Revenue Bonds dated July 1, 1978, all income and revenues (hereinafter referred to as revenues) of every nature, earned or derived from operation of the Utility System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Out of the revenue there shall be set aside from time to time into an "Operation and Maintenance Fund" amounts sufficient to provide for the payment of the reasonable and necessary expenses of operating and maintaining the system.

Each month, there will be set aside into a fund called the "Bond and Interest Redemption Fund" an amount constituting 1/12 of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.

There shall also be set aside into a "Bond Reserve Fund" an amount equal to 20% of the principal and interest payments required during the current fiscal year until there shall have been accumulated in the Reserve Account an amount equal to the maximum principal and interest requirements in any one maturity year, that amount being \$28,501. (Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Redemption Fund and as to which there would otherwise be default.

Funds will also be set aside into a Contingency Fund at the rate of \$1.50 each month until the amount of \$40,000 is on deposit in the fund. Money in this fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds. The balance in this fund shall never be reduced below a minimum of \$5,000.

CITY OF GRAMBLING, LOUISIANA

Notes to the Financial Statements

December 31, 2006

All of the revenues received in any fiscal year and not required to be paid in each fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

Under the terms of the bond indentures on the outstanding Utility Revenue Bonds, Series, 1993, and the Utility Revenue Bonds, Series, 1995, the following conditions of payments and various reserve accounts were stated.

Sinking Fund - A monthly payment equal to 1/12 of the current year principal and interest installments due on the Bond issues.

Reserve Fund - Payments shall be made in combined sum equal to 25% of the monthly Sinking Fund payment on the Series 1993 bonds and 20% of the monthly Sinking Fund payment on the Series 1995 until an amount equal to the Reserve Fund Requirement is on deposit in the Reserve Fund. The initial Reserve Fund Requirement to be accumulated is approximately \$155,181.

Replacement Fund - Payments equal to 5% of the net revenues of the combining Waterworks System and Sewerage System, provided, however, such payments shall not be less than \$300 per month over the life of the Series 1995 Bonds, until a Replacement Fund balance of \$75,000 is accumulated.

13. FUND EQUITY

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify that portion of the fund balance that is not available for future expenditures. Specific reservations of the fund balance accounts are summarized below:

Reserve for Inventories

This reserve was created to segregate the portion of the fund balance that is not available for expenditures because the City expects to use these resources within the next budgetary period.

Reserve for Debt Service

This reserve was created to segregate a portion of the fund balance account for debt

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2001

service, including both principal payments and interest payments. The reservation was established to satisfy legal restrictions imposed by various bond agreements.

Reserve for Retained Earnings

Reservations of retained earnings of Enterprise Funds are created by increases in assets restricted for debt service. These increases result from earnings on restricted assets and other interfund transfers to restricted accounts. Earnings on restricted assets are included in net income of the Enterprise Funds. When reserved retained earnings are increased, there is an equal reduction to the portion of retained earnings that is unreserved.

14. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

The City is a defendant in a few lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY OF GRAMBLING, LOUISIANA
GENERAL FUND

Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balances
 For the Year Ended December 31, 2000

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>	<u>YEAR</u> <u>ENDED</u> <u>12/31/00</u> <u>ACTUAL</u>
REVENUES				
Taxes				
Ad Valorem Taxes	\$ 235,000	151,794	\$ (83,206)	\$232,921
Sales Taxes - Income	275,000	281,213	16,213	280,952
Fire Taxes	304,687	156,264	(148,423)	-
Other taxes, penalties, interest, etc.	500	172	(328)	356
Total Taxes	<u>715,187</u>	<u>589,443</u>	<u>(125,744)</u>	<u>514,229</u>
Licenses and Permits				
Occupational Licenses	38,000	38,785	785	44,691
Alcoholic Beverages	5,500	4,139	(1,361)	3,268
Inspection Fees	200	138	(82)	65
Building Permits	5,000	4,880	(120)	2,875
Electrical Permits	1,250	1,080	(170)	825
Plumbing Permits	600	388	(212)	200
Franchise - Cablevision	10,000	12,500	2,500	10,273
Franchise - ARKLA	16,000	9,413	(6,587)	14,260
Franchise - LP & L	25,000	22,618	(2,382)	24,907
Franchise - Chalson Electric	6,000	5,321	(679)	3,494
Total Licenses and Permits	<u>105,550</u>	<u>99,282</u>	<u>(6,268)</u>	<u>107,118</u>
Intergovernmental				
Louisiana Beer Tax	7,000	4,133	(2,867)	6,268
Louisiana Tobacco Tax	-	(7,000)	(7,000)	27,998
Louisiana Fire Insurance	11,000	11,247	247	10,728
Sales Tax Deduction	15,000	14,465	(535)	-
Total Intergovernmental	<u>33,000</u>	<u>22,845</u>	<u>(10,155)</u>	<u>44,994</u>
Fees and Forfeiture Fees				
Fire Assessment	3,200	3,663	(137)	1,376
Fines - Police Department	42,000	34,647	(7,353)	42,898
Court Cost - Municipal	20,000	17,407	(2,593)	19,893

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
GENERAL FUND

Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balances
 For the Year Ended December 31, 2001

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	YEAR ENDED 12/31/00 ACTUAL
Refuse - Lincoln Parish (DWE)	11,000	9,079	(1,921)	3,754
Police - Special Grants	35,000	32,251	(2,749)	183,913
Dept of Transportation	-	27,648	27,648	11,569
Police and Fire Reports	-	-	-	703
Total Fines and Penalties Fees	<u>151,200</u>	<u>126,959</u>	<u>(24,241)</u>	<u>205,811</u>
Miscellaneous Revenues				
Sale of Land	-	-	-	13,800
Rent - Community Center and Park	50	10	(40)	40
Sale of Garbage Bags	1,200	858	(342)	1,018
Interest & Dividend Income	3,160	9,870	6,710	15,426
Miscellaneous - Other	12,500	13,420	920	9,684
Cablevision Lease Income	1,200	100	(1,100)	1,200
Total Miscellaneous Revenues	<u>18,450</u>	<u>24,188</u>	<u>5,738</u>	<u>40,968</u>
Total Revenues	<u>1,024,387</u>	<u>865,962</u>	<u>(158,425)</u>	<u>975,163</u>
EXPENDITURES				
General Government				
Salaries	87,000	104,340	(17,340)	82,514
Council Per Diem	13,000	12,825	175	12,950
Building Administration	2,700	2,700	-	2,700
Utilities Inspector	2,700	2,700	-	2,700
PICA	6,500	7,989	(1,489)	6,297
Workers's Compensation	1,500	-	1,500	1,463
Employee Group Insurance	3,500	5,459	(1,959)	3,262
Unemployment Taxes	450	476	(26)	(131)
Insurance				
Other	-	629	(629)	-
General Liability	1,000	18	982	91
Bonding Insurance	600	500	100	500
Property Insurance	1,200	1,080	120	2,074

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
GENERAL FUND

Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balances
 For the Year Ended December 31, 2001

	BUDGET	ACTUAL	VARIANCE PAYORABLE (UNPAVABLE)	YEAR ENDED 12/31/00 ACTUAL
Vehicle Insurance	500	-	500	-
Audit	6,000	9,422	(3,422)	6,359
Dues & Subscriptions	5,000	6,365	(1,365)	-
Election Expense	14,000	4,352	11,658	1,441
Legal Retainer	6,200	2,192	4,008	3,942
Legal Advertising	2,700	2,348	352	2,409
Lincoln Parish Tax Assessor	3,500	2,720	780	2,794
Office Supplies	1,000	(776)	1,776	1,064
Printing	-	-	-	283
Postage	1,000	2,145	(1,145)	1,177
Telephones	3,600	2,481	1,119	2,760
Town Hall Expense	2,000	781	1,219	1,033
Travel	100	-	100	240
Utilities	6,500	4,084	2,416	11,410
Professional Fees	12,000	3,782	8,218	-
Court Costs	2,000	1,995	5	-
Capital Outlays				
Building	-	-	-	-
Town Hall Equipment, Renov., & Pur	150	-	150	124
Computer System Upgrade	800	483	317	50
Accounting	1,000	1,104	(104)	1,136
Personnel Training	150	-	150	-
Equipment Repair and Maintenance	6,000	5,669	331	6,138
Building Repairs	500	205	295	477
Professional Services - Coroner	1,200	-	1,200	1,609
Christmas Decorations	1,000	-	1,000	2,802
Exam - ICC HR	250	230	20	250
Col.#Cons. Dev Pro	2,000	1,836	164	-
Garbage Bags	2,500	-	2,500	2,590
Miscellaneous/Contingency	500	-	500	1,600
Sales Tax	1,000	314	686	708
Bank Charges	500	522	(22)	176

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
GENERAL FUND

Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2000

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	YEAR ENDED 12/31/00 ACTUAL
Fees/fees	1,800	1,684	116	100
Court Magistrate	3,000	3,000	000	5,830
Bad Debt	-	450	(450)	-
Cleaning Building	900	210	690	-
Total General Government	211,380	187,381	13,999	173,462
Police Department				
Salaries	238,000	244,810	(6,810)	237,752
Employee Group Insurance	38,000	38,349	(349)	32,797
Unemployment Taxes	1,200	561	639	128
FICA	22,000	18,994	3,006	18,188
Workers's Compensation	3,000	-	3,000	2,880
Interest Expense	-	1,788	(1,788)	3,865
Insurance				
General Liability	7,000	7,849	(849)	7,348
Vehicles	7,000	8,955	(1,955)	7,801
Property	-	-	-	483
Police Uniforms	1,500	1,504	(4)	1,670
Supplies	12,000	9,284	2,716	8,426
Telephones	8,500	6,280	2,220	7,946
Personnel Training	2,500	2,449	51	1,108
Professional Fees	-	-	-	93,000
Equipment/Building Repairs	9,000	2,925	6,075	3,010
Travel	500	-	500	956
Gas & Oil	12,000	7,449	4,551	12,897
Dees and Subscriptions	1,500	1,356	144	268
Miscellaneous/Contingency	1,000	1,408	(418)	2,070
Capital Outlays				
Equipment/Building	21,000	21,747	(747)	-
Vehicles	20,000	-	20,000	7,730
Ratios	2,500	-	2,500	465
Vehicle Maintenance	3,000	2,370	630	3,734

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
GENERAL FUND
 Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balances
 For the Year Ended December 31, 2000

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	YEAR ENDED 12/31/00 ACTUAL
Vehicle Repair	5,500	5,367	133	170
Radio Repair	5,600	1,889	3,711	2,010
Total Police Department	<u>411,300</u>	<u>285,266</u>	<u>26,040</u>	<u>212,058</u>
Fire Department				
Salary - Fire Chief	2,700	235	2,465	-
Compensation - Firemen	4,000	4,975	(975)	3,679
Insurance - Firemen	400	-	400	-
Workers Compensation	500	-	500	203
Supplies	3,200	2,931	269	2,847
Insurance - Vehicle	6,800	5,713	1,087	3,351
Insurance - Property	300	4,045	(3,745)	240
Interest	-	7,864	(7,864)	-
Drugs and Subscriptions	590	115	475	185
Telephones	2,800	1,510	1,290	1,810
Utilities	2,000	1,310	690	1,783
Travel/Training	1,350	1,214	136	280
Vehicle Gas & Oil	580	355	225	200
Radio Repair	250	30	220	35
Miscellaneous	500	565	(65)	-
Capital Outlay	18,000	17,029	971	146,813
Vehicle Repairs	4,500	492	4,008	3,599
Total Fire Department	<u>46,500</u>	<u>47,129</u>	<u>(629)</u>	<u>169,433</u>
Streets and Highways				
Insurance - Street Liability	5,500	1,517	3,983	1,612
Street Lights	25,000	17,822	7,178	19,529
Street Maintenance	3,200	2,943	257	660
Total Streets and Highways	<u>33,700</u>	<u>22,282</u>	<u>11,418</u>	<u>21,799</u>
Parks and Recreation				
Salaries	-	-	-	-

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
GENERAL FUND

Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2001

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>YEAR ENDED 12/31/01 ACTUAL</u>
Payroll Taxes	-	-	-	-
Insurance	-	-	-	-
Utilities	525	431	(104)	3,768
Repairs and Maintenance	1,500	-	1,500	133
Telephone	-	-	-	444
Total Parks and Recreation	<u>2,025</u>	<u>431</u>	<u>1,594</u>	<u>4,347</u>
Total Expenditures	<u>704,900</u>	<u>653,187</u>	<u>51,713</u>	<u>743,318</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>209,482</u>	<u>212,773</u>	<u>(106,787)</u>	<u>234,043</u>
OTHER FINANCING SOURCES (Uses)				
Operating transfers in	33,000	33,488	(488)	280,000
Operating transfers out	<u>(33,000)</u>	<u>-</u>	<u>(33,000)</u>	<u>(344,887)</u>
Total other financing sources (uses)	<u>-</u>	<u>33,488</u>	<u>(33,488)</u>	<u>45,113</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USE	<u>219,482</u>	<u>246,261</u>	<u>71,299</u>	<u>279,156</u>
FUND BALANCES (Deficit), BEGINNING		496,899		
FUND BALANCES (Deficit), ENDING		<u>743,060</u>		

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUND

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

HEALTH & SANITATION FUND

This fund is used to account for the receipts and subsequent expenditures of the health and sanitation program.

CITY OF GRAMBLING, LOUISIANA
SPECIAL REVENUE FUND
 Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balances
 For the Year Ended December 31, 2000

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	YEAR ENDED 12/31/99 ACTUAL	
REVENUES					
Intergovernmental Revenues	\$175,000	\$170,337	\$	(4,663)	\$ 151,632
Garbage Collection Fees	36,000	35,962		(38)	33,883
Miscellaneous/Containers	6,680	8,749		(851)	9,161
Interest Income	2,800	3,666		866	3,668
Total Revenues	<u>220,480</u>	<u>218,714</u>		<u>(4,666)</u>	<u>197,344</u>
EXPENDITURES					
Salaries	77,000	73,566		3,434	73,566
FICA	6,000	5,633		366	5,632
Workers Compensation	8,000	8,000		-	8,000
Unemployment Taxes	300	107		193	100
Employee Group Insurance	12,000	12,738		(738)	12,738
Insurance	8,000	7,846		154	7,846
Audit	4,000	5,183		(1,183)	5,180
Accounting Services	1,000	1,913		(913)	1,913
Bank Service Charge	150	15		135	13
Capital Outlay	9,000	9,235		1,765	7,235
Maintenance & Repairs	80,000	80,723		(723)	80,723
Miscellaneous	1,750	17,115		(18,365)	17,115
Supplies	1,675	608		1,067	608
Vehicle Gas & Oil	6,300	4,497		2,083	4,497
Total expenditures	<u>143,375</u>	<u>155,198</u>		<u>(9,823)</u>	<u>135,198</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>77,105</u>	<u>63,516</u>		<u>14,089</u>	<u>59,964</u>
OTHER FINANCING SOURCES (Uses)					
Operating transfers in	-	-		-	13,206
Operating transfers out to General Fund	(35,000)	(25,500)		9,500	(30,000)
Total other financing sources (uses)	<u>(35,000)</u>	<u>(25,500)</u>		<u>9,500</u>	<u>(16,794)</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
SPECIAL REVENUE FUND
 Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balances
 For the Year Ended December 31, 2001

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>YEAR ENDED 12/31/99 ACTUAL</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	45,025	18,034	(4,989)	40,170
FUND BALANCES (Deficit), BEGINNING		282,734		222,968
FUND BALANCES (Deficit), ENDING		<u>330,773</u>		<u>263,138</u>

The accompanying notes are an integral part of this statement.

DEBT SERVICE FUNDS

The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from government resources.

1984 SEWER IMPROVEMENTS

This fund is used to accumulate monies for payment of the 1984 \$268,000 Sewer System Improvement Bonds, which are serial bonds due in annual installments, plus interest, through maturity in 2004. Debt service is financed by the levy of a specific ad valorem tax.

CITY OF GRAMBLING, LOUISIANA

DEBT SERVICE FUND

Balance Sheet, December 31, 2000

ASSETS	
Cash and cash equivalents	14,304
Investments	88,449
Receivables:	
Taxes (net of allowance for uncollectibles)	6,917
Accrued interest	387
Interfund receivable	1,658
TOTAL ASSETS	<u><u>\$ 112,715</u></u>
 LIABILITIES AND FUND EQUITY	
Liabilities:	
Interfund payable	<u>\$ 74,386</u>
Total Liabilities	74,386
 Fund Equity:	
Reserved for debt service	34,349
Unreserved - undesignated	<u>3,980</u>
Total Fund Equity	38,329
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 112,715</u></u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
DEBT SERVICE FUND

Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balances
 For the Year Ended December 31, 2001

REVENUES	
Taxes	1,211
Other revenues	1,363
Total revenues	4,574
EXPENDITURES	
General government	-
Debt service:	
Principal retirement	
Interest and bank charges	90
Other expenditures	500
Total expenditures	590
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	3,984
OTHER FINANCING SOURCES (Uses)	
Operating transfer in	-
Operating transfers out	-
Total other financing sources (uses)	-
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	3,984
FUND BALANCES (Deficit), BEGINNING	54,349
FUND BALANCES (Deficit), ENDING	\$ 58,333

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

1984 SEWER IMPROVEMENTS

This fund is used to account for the construction of sewer line extensions.

CITY OF GRAMBLING, LOUISIANA
CAPITAL PROJECTS FUNDS
 Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balances
 For the Year Ended December 31, 2001

REVENUES	
Grant Revenue	\$ -
Interest Revenue	4,912
Total revenues	<u>4,912</u>
EXPENDITURES	
General government	-
Capital Projects	90,299
Total expenditures	<u>90,299</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(85,387)</u>
OTHER FINANCING SOURCES (Uses)	
Operating transfers in	-
Operating transfers out	-
Total other financing sources (uses)	<u>-</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(85,387)</u>
FUND BALANCES (Deficit), BEGINNING	281,110
FUND BALANCES (Deficit), ENDING	<u><u>\$ 195,723</u></u>

The accompanying notes are an integral part of this statement.

PROPRIETARY FUNDS (UTILITY FUNDS)

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the interest of the government's council is that the costs of providing goods and services to the general public primarily through user charges or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes. The City of Grandblair operates its water and sewer system as an Enterprise Fund.

**CITY OF GRAMBLING, LOUISIANA
PROPRIETARY FUND**

**Schedule of Proprietary Fund
Operating Expenses, By Department
For the Year Ended December 31, 2001**

	<u>December 31, 2001</u>
WATER DEPARTMENT	
Salaries	38,257
FICA	4,309
Workers compensation	-
Unemployment taxes	150
Employee group insurance	6,070
Insurance	7,161
Audit	8,047
Accounting and legal services	6,848
Dues and Subscriptions	1,776
Bad Debts	27,684
Bank service charge	892
Interest Expense	4,219
Sales tax	7,894
Capital Outlay	-
Maintenance and repairs	1,658
Water system repair	1,806
Miscellaneous	3,095
Supplies	24,586
Office expense	2,027
Travel/Training	-
Vehicle gas and oil	5,328
Utilities	43,186
Depreciation	143,395
Total Water department operating expenses	368,535
 SEWER DISTRIBUTION DEPARTMENT	
Salaries	9,241
FICA	787
Workers Compensation	1,386
Miscellaneous	146
Depreciation	86,323
General Liability Insurance	398
Maintenance and repairs	4,834

The accompanying notes are an integral part of this statement.

**CITY OF GRAMBLING, LOUISIANA
PROPRIETARY FUND**

**Schedule of Proprietary Fund
Operating Expenses, By Department
For the Year Ended December 31, 2000**

Sewer system repair	-
DDQ Loan	4,519
Interest Expense	85,800
Supplies	1,000
Utilities	20,973
Total Sewer distribution department operating expenses	<u>216,233</u>

SEWER PLANT DEPARTMENT

Salaries	31,245
FICA	3,424
Insurance	6,049
Capital outlay	640
American Wastewater Association	21,487
Maintenance and repairs	423
Miscellaneous	148
Supplies	3,457
Vehicle gas and oil	18
Utilities	22,498
Travel/Training	499
Depreciation	128,459
Total Sewer distribution department operating expenses	<u>213,897</u>

TOTAL OPERATING EXPENSES \$ 780,375

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
PROPRIETARY FUND
 Schedule of Proprietary Fund
 Changes in Assets Restricted for
 Kansas Bond Debt Service
 For the Year Ended December 31, 2001

	CASH WITH PAYING AGENT	BOND AND INTEREST RESERVATION	RESERVE	CONTINGENCY	TOTAL
CASH - BLSMO	-	180,148	170,899	20,593	371,640
CASH AND INVESTMENTS, BLSMO	\$ -	\$ 180,148	\$ 170,899	\$ 20,593	\$ 371,640
CASH RECEIPTS					
Transfers from operating account on investment	-	184,320	-	1,675	186,000
Transfers from bond and invest redemption	205,141	-	28,188	-	233,329
TOTAL CASH RECEIPTS	205,141	184,320	28,188	1,675	419,324
TOTAL CASH AND INVESTMENTS AVAILABLE	205,141	364,468	199,087	22,268	791,964
CASH DISBURSEMENTS					
Transfer to paying agent	-	158,141	-	-	158,141
Principal payments	62,111	-	-	-	62,111
Interest payments	89,008	-	-	-	89,008
Transfer to Reserve	-	28,188	-	-	28,188
TOTAL CASH DISBURSEMENTS	151,119	186,329	-	-	337,448
CASH AND INVESTMENTS, 12/31/01	\$ -	\$ 178,139	\$ 199,087	\$ 22,268	\$ 407,534

The accompanying notes are an integral part of this statement.

ACCOUNT GROUPS

CITY OF GRAMBLING, LOUISIANA
STATEMENTS OF GENERAL LONG-TERM DEBT
DECEMBER 31, 2001

	GENERAL OBLIGATION	COMPENSATED ABSENCES	TOTAL
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT			
Amount available in debt service funds for debt retirement	\$ -	\$ 75,168	\$ 75,168
Amount to be provided from Ad Valorem taxes			
TOTAL AVAILABLE	<u>\$ -</u>	<u>\$ 75,168</u>	<u>\$ 75,168</u>
GENERAL LONG-TERM DEBT PAYABLE			
Bonds payable	\$ -	-	-
Unpaid compensated absences	\$ -	\$ 75,168	\$ 75,168
TOTAL GENERAL LONG-TERM DEBT PAYABLE	<u>\$ -</u>	<u>\$ 75,168</u>	<u>\$ 75,168</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAYSON, LOUISIANA
 STATEMENTS OF CHANGES IN GENERAL FUND ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2004

	LAND	IMPROVEMENTS	IMPROVEMENTS OTHER THAN IMPROVEMENTS	EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
General Fund assets, beginning of year	\$ 21,795	\$ 219,800	\$ 50,527	\$ 769,300	\$ -	\$ 1,491,422
ADDITIONS:						
General Fund	-	95,000	-	34,000	-	149,000
Health and Bioscience Fund	-	-	-	4,000	-	4,000
Capital Projects Fund	-	-	-	-	-	-
-	-	95,000	-	44,000	-	149,000
TOTAL BALANCES AND ADDITIONS:	<u>21,795</u>	<u>314,800</u>	<u>50,527</u>	<u>804,300</u>	<u>-</u>	<u>1,640,422</u>
DEDUCTIONS:						
Assets transferred to other funds	-	-	-	-	-	-
Sales of Land	-	-	-	-	-	-
-	-	-	-	-	-	-
General Fund assets, end of year	\$ 21,795	\$ 314,800	\$ 50,527	\$ 804,300	\$ -	\$ 1,640,422

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
DECEMBER 31, 2001 & 2000

	December 31,	
	<u>2001</u>	<u>2000</u>
GENERAL FIXED ASSETS, AT COST		
Land	23,762	23,762
Buildings	335,229	318,685
Improvements other than buildings	322,627	322,627
Equipment	<u>804,141</u>	<u>759,283</u>
TOTAL GENERAL FIXED ASSETS	<u>1,485,759</u>	<u>1,424,357</u>
INVESTMENT IN GENERAL FIXED ASSETS	<u>1,485,759</u>	<u>1,424,357</u>

SUPPLEMENTARY INFORMATION

RAIMAN L. HENNIGAN

Certified Public Accountant
2503 Quarters Road, Suite 1
Baton Rouge, Louisiana 71279
(504) 255-5055
FAX (504) 255-7397

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

To the City Council
City of Gretnbling
Gretnbling, Louisiana 71243

We have audited the general purpose financial statements of City of Gretnbling, Louisiana as of and for the year ended December 31, 2001 and have issued our report thereon dated June 14, 2002. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Gretnbling, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Section I of Management's Corrective Action Plan as items 2001-2, 2001-3, 2001-4 and 2001-5.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Gretnbling, Louisiana's control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters causing to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect City of Gretnbling, Louisiana's ability to record, process, summarize and report financial data consistent with assertions of management in the general

To the City Council
City of Greenburg
Page 2

purpose financial statements. Reportable conditions are described in the accompanying Section I of Management's Corrective Action Plan as item 2001-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

However, of the reportable conditions described above, we consider item 2001-1 to be a material weakness.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Respectfully,



Nathan L. Hennigan
Certified Public Accountant

June 14, 2002

CITY OF GRAMBLING, LOUISIANA

Combined Schedule of Investments

December 31, 2001

	<u>INTEREST</u> Rate	<u>DATE</u> <u>ACQUIRED</u>	<u>MATURITY</u> <u>DATE</u>	<u>BOOK</u> <u>VALUE</u>
GENERAL FUND				
Certificates of Deposits				
Bank One	1.49%	11/18/01	11/18/02	14,870
Bank One	3.25%	05/08/01	05/08/02	20,098
Bank One	4.10%	03/14/01	03/14/02	25,274
Bank One	2.96%	07/28/01	07/28/02	9,580
Bank One	2.66%	07/28/01	07/28/02	14,874
Regions Bank	1.867%	12/03/01	06/03/02	28,291
Regions Bank	2.108%	11/28/01	05/28/02	26,727
Savings Account				
Bank One	1.50%			3,281
Bank One	1.50%			12,054
Grambling Federal Credit Union	2.00%			<u>196,441</u>
TOTAL GENERAL FUND				351,395
ENTERPRISE FUND				
Subsidiary State Bank	3.50%	08/31/00	01/31/02	144,255
Regions Bank	3.603%	09/14/02	09/14/03	16,117
Bank One	1.50%	12/05/00	12/05/02	20,080
Bank One	3.35%	05/18/00	05/18/02	18,528
Regions Bank	2.115%	02/24/00	02/24/02	<u>99,221</u>
TOTAL ENTERPRISE FUND				298,199
DEBT SERVICE FUND				
Certificates of Deposits				
Bank One	1.49%	11/18/01	11/18/02	44,138
Bank One	1.49%	11/18/01	11/18/02	10,508
Regions Bank	3.082%	09/14/01	09/14/02	<u>31,978</u>
TOTAL DEBT SERVICE FUND				86,624
CAPITAL PROJECTS				
Certificates of Deposits				
Bank One	1.49%	11/18/01	11/18/02	4,176
Bank One	1.49%	11/18/01	11/18/02	36,591
Bank One	1.70%	11/18/01	11/18/02	112,463
Bank One	3.40%	05/10/01	05/10/02	<u>37,664</u>
TOTAL CAPITAL PROJECTS				190,894
GRAND TOTAL				<u>936,256</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA

Combined Schedule of Bonds Payable

December 31, 2006

DESCRIPTION	INTEREST		Issue Date	Final Maturity Date	Annual Serial Payments
	Rate	Payment Dates			
REVENUE BONDS					
Water & Sewer System Junior Lien Revenue Bond	5.38%	1-1,7-1	7/1/1978	1/1/2010	
Water & Sewer Utility Revenue Bonds Series, 1995	5.00%	3-1	3/1/1995	3/1/2035	
Water & Sewer Utility Revenue Bonds, 1993	2.85%	3-1	3/1/1993	3/1/2015	
GRAND TOTAL					

The accompanying notes are an integral part of this statement.

Authorized & Issued	Bonds	
	Retired	Outstanding 12/31/00
<u>380,000</u>	<u>197,000</u>	<u>183,000</u>
<u>1,290,000</u>	<u>60,418</u>	<u>1,189,582</u>
<u>1,170,000</u>	<u>261,215</u>	<u>908,785</u>
<u>\$ 2,800,000</u>	<u>\$ 548,633</u>	<u>\$ 2,251,267</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
Schedule of Compensation Paid Council Members
For the Year Ended December 31, 1991

<u>COUNCIL MEMBERS</u>	<u>AMOUNT</u>
Beverly Spearman	2,700
Walter Copeland	2,500
A. D. Smith	2,700
Margaret Bryan	200
Martha Andrews	2,700
Toby Bryan	<u>1,800</u>
	<u>12,600</u>

CITY OF GRAMBLING, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDING AND QUESTION COSTS
FOR THE YEAR ENDED DECEMBER 31, 2001

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of City of Grambling, Louisiana.
2. Some reportable conditions were disclosed during the audit of the general purpose financial statements. See Management's Corrective Action Plan.
3. Some instances of noncompliance material to the general purpose financial statements of City of Grambling, Louisiana, were disclosed during the audit. See Management's Corrective Action Plan.
4. There are no major programs.
5. The threshold for distinguishing Types A and B programs was \$300,000.
6. City of Grambling, Louisiana was not determined to be low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

See Management's Corrective Action Plan.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

**CITY OF GRAMBLING, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2001**

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
<p>2001-1 The Water & Sewer Department's efforts to collect past due accounts receivable this past year has been lacking. The Department's procedures for non-payment of customer's bill is adequate. These procedures need to be consistently implemented. As part of our procedures we reviewed and tested related party transactions as concerns Water and Sewer billings. Of the related party accounts, there was only one that became a bad debt write-off when the customer left the system for approximately \$23,000. The employee accounts and other related party accounts that were reviewed, all were current except for a few accounts. The accounts that had arrearages were on a repayment plan to extinguish the outstanding balance. In review, the predominant problem that seems to arise for the water and sewer system, as a whole, is that of collection of billings. The system has an excessive amount of past due accounts that are not on a repayment plan. Our recommendations are: 1) Review active customers that are in arrears and establish a repayment plan and; 2) those customers no longer on the system but have outstanding bills need to be turned over to a collection agency or written off.</p> <p>The City's established cut-off procedures for past-due water and sewer bills are adequate. These procedures need to be consistently applied.</p>	<p>The management of the City of Grambling has instituted a monitoring process by which untimely payments of customer billings will be examined and promptly acted upon. The current past due accounts are actively being reviewed and procedures implemented to collect them.</p>
<p>2001-2 The General Fund and the Proprietary Fund (Enterprise) failed to meet budgeted revenues and expenditures by more than five percent. The City needs to review its budget vs. actual financial reports on a quarterly basis and take appropriate actions.</p>	<p>The City has begun procedures and provisions for oversight controls to review General Fund and Enterprise Fund budget vs. actual revenue and expenditure activity on a quarterly basis and make appropriate adjustments as needed.</p>

**CITY OF GRAMBLING, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2001**

2001-3 A schedule of garnishments needs to be maintained by employee in order that an accurate accounting of garnishments levied and paid off can be ascertained by the City and the employee.	The payroll clerk will maintain a schedule of garnishments withheld, paid and refunded per employee.
2001-4 The Purchase order procedures of the City are not consistently applied to expenditures. Our tests revealed some instances that no Purchase Orders were prepared or Purchase Orders were prepared after the expenditure was incurred and paid.	The management of the city will monitor this procedure more closely.
2001-5 The City has delinquent property tax notices that extend beyond the legal due date for collection. Appropriate actions need to be instigated to attempt collection and/or follow up procedures to attach the property in order to collect delinquent taxes.	The City is actively pursuing legal compliance with property tax collections. The City has made major strides forward in this area.

**CITY OF GRAMBLING, LOUISIANA
FOR THE YEAR ENDING DECEMBER 31, 2000**

QUESTIONED COSTS

There were no questioned costs found.

CITY OF GRABLING, LOUISIANA
Schedule of Prior Year Findings
For the Year Ended December 31, 1991

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
2000-1 The billing for the January 1990 Water and Sewer system activity was delayed until late February 2000 causing a temporary revenue flow slowdown for the Proprietary Fund.	The delay in billing for the Water and Sewer system activity was due to a conversion to a new water and sewer system software package. The software system conversion has since been implemented and made operational. Partially Resolved
2000-2 The police department's ticket logbook is not reconciled to cash receipts, tickets issued, or tickets outstanding. The police department should set up procedures to reconcile monthly the ticket logbook to cash receipts, tickets issued, and tickets outstanding. This procedure should be assigned to an individual within the police department with oversight provided by the Police Chief.	The City's police department has purchased new computer hardware and software that is specifically designed to accurately track the issuance of tickets, cash receipts, and outstanding tickets by establishing improved reporting and monitoring procedures. Resolved
2000-3 The General Fund actual revenues and expenditures failed to meet budgeted revenues and expenditures by more than five percent. The City needs to review its General Fund budget vs actual financial reports on a quarterly basis and take appropriate actions.	The City will begin procedures and provide oversight controls to review the Enterprise Fund actual vs budgeted revenue and expenditure activity on a quarterly basis and make the appropriate amendments as needed. Partially Resolved
2000-4 The City has delinquent property tax notices that exceed beyond the legal due date for collection. Appropriate actions need to be investigated to arrange collection and/or follow-up steps to attach the property in order to collect delinquent taxes.	The City has begun procedures to contact land owners and business owners through certified mail and other legal procedures to expedite the collection of past due property tax notices. Not Resolved