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VILLAGE OF GRAYSON

Grayson, Louisiana

Audit Report

As of and For the Year Ended December 31, 1997

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the Auditor, or reviewer, entity and other appropriate public officials. This report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Audited Date 11-2-1998

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**VILLAGE OF GRAYSON**  
**Grayson, Louisiana**  
**General Purpose Financial Statements As of and For the Year Ended**  
**December 31, 1997**  
**With Supplemental Information Schedules**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Village of Grayson  
Grayson, Louisiana  
June 25, 1998

I have audited the accompanying general purpose financial statements of Village of Grayson, Louisiana, as of and for the year ended December 31, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my 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. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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 above present fairly, in all material respects, the financial position of the Village of Grayson as of December 31, 1997, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also tested my report dated June 25, 1998, on my consideration of Village of Grayson's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

My audit was performed for the purpose of forming an opinion on the general-purpose financial statements of Village of Grayson, Louisiana, taken as a whole. 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, *Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in my opinion, is fairly stated, in all material respects in relation to the general purpose financial statements taken as a whole.

*Edmund Self, CPA*

Edmund Self, CPA  
June 25, 1998

**TABLE 10. REVENUES, EXPENSES,  
 AND OPERATING RESULTS OF THE COMPANY  
 CONSOLIDATED BALANCE SHEET, AS AT DECEMBER 31, 2007**

	CONSOLIDATED BALANCE SHEET		CONSOLIDATED INCOME STATEMENT		CONSOLIDATED STATEMENT OF EQUITY	
	2007	2006	2007	2006	2007	2006
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Accounts receivable	500	500	500	500	500	500
Inventory	1,000	1,000	1,000	1,000	1,000	1,000
Prepaid expenses	500	500	500	500	500	500
<b>Total Current Assets</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>
<b>Non-current Assets</b>						
Property, plant and equipment	10,000	10,000	10,000	10,000	10,000	10,000
Intangible assets	5,000	5,000	5,000	5,000	5,000	5,000
<b>Total Non-current Assets</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>
<b>Total Assets</b>	<b>\$ 18,000</b>	<b>\$ 18,000</b>	<b>\$ 18,000</b>	<b>\$ 18,000</b>	<b>\$ 18,000</b>	<b>\$ 18,000</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities</b>						
Accounts payable	1,000	1,000	1,000	1,000	1,000	1,000
Short-term debt	500	500	500	500	500	500
<b>Total Current Liabilities</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>
<b>Non-current Liabilities</b>						
Long-term debt	5,000	5,000	5,000	5,000	5,000	5,000
<b>Total Non-current Liabilities</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>
<b>Total Liabilities</b>	<b>\$ 6,500</b>	<b>\$ 6,500</b>	<b>\$ 6,500</b>	<b>\$ 6,500</b>	<b>\$ 6,500</b>	<b>\$ 6,500</b>
<b>Equity</b>						
Common stock	10,000	10,000	10,000	10,000	10,000	10,000
Retained earnings	1,500	1,500	1,500	1,500	1,500	1,500
<b>Total Equity</b>	<b>\$ 11,500</b>	<b>\$ 11,500</b>	<b>\$ 11,500</b>	<b>\$ 11,500</b>	<b>\$ 11,500</b>	<b>\$ 11,500</b>

THE INFORMATION CONTAINED HEREIN IS UNCLASSIFIED AND IS IN THE PUBLIC DOMAIN.

VILLAGE OF GRAYSON, LOUISIANA  
 ALL-GOVERNMENTAL FUND TYPES  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED DECEMBER 31, 1997

	<u>GENERAL FUND</u>
<b>REVENUES:</b>	
PROPERTY & OTHER TAXES	\$ 9,436
TOBACCO TAX	0
FINES	4,997
OCCUPATIONAL LICENSE	18,094
FRANCHISE FEES	5,165
DONATIONS	0
GRANT INCOME	0
FUND RAISER	1,176
FIRE PROTECTION ASSESSMENT	21,742
RESURFACEMENT	0
INTERGOVERNMENTAL REVENUE	0
MISCELLANEOUS INCOME	8,688
TOTAL REVENUES	<u>67,198</u>
<b>EXPENDITURES:</b>	
GENERAL GOVERNMENT	\$4,168
TOTAL EXPENDITURES	<u>4,168</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	
FUND BALANCE AT BEGINNING OF YEAR:	<u>11,395</u>
FUND BALANCE AT END OF YEAR	<u>\$ 24,226</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

CS-9908

VILLAGE OF CRIVELLO, LOUISIANA  
 GOVERNMENTAL FUNDS TYPE: GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE-BUDGET (PLAN BASIS) AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 1997

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES:</b>			
SALES TAX	\$ 1,179	\$ 0	\$ (1,179)
INTEREST	45	0	(45)
PROPERTY TAXES	5,994	7,436	1,442
TOBACCO TAX	1,800	0	(1,800)
FINES	4,941	4,997	56
OCCUPATIONAL LICENSE	80,054	80,054	0
TRAILER REG FEE	9,134	9,165	31
DONATIONS	110	0	(110)
GRANT INCOME	0	0	0
FUND RAISER	0	1,156	1,156
FIRE PROTECTION ARRANGMENT	11,524	11,743	219
REIMBURSEMENT	0	0	0
TYRES TAXES	0	0	0
MISCELLANEOUS INCOME	1,077	1,068	(9)
<b>TOTAL REVENUES</b>	<u>115,654</u>	<u>117,763</u>	<u>2,109</u>
<b>EXPENDITURES:</b>			
GENERAL GOVERNMENT	11,445	11,307	1,138
<b>TOTAL EXPENDITURES</b>	<u>11,445</u>	<u>11,307</u>	<u>1,138</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>104,209</b>	<b>106,456</b>	<b>2,247</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>15,136</u>	<u>11,309</u>	<u>(3,827)</u>
<b>FUND BALANCE AT END OF YEAR:</b>	<u>\$ 0</u>	<u>\$ 14,165</u>	<u>\$ 14,165</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

B-1003

VILLAGE OF GRAYSON, LOUISIANA  
 FUNDRIED FLOOD CONTROL/STORM PUMP  
 COMBINED STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED DECEMBER 31, 1997

OPERATING REVENUES:		
CHARGES FOR SERVICES		141,911
MISCILLANEOUS INCOME		1,497
TOTAL OPERATING INCOME		<u>143,408</u>
OPERATING EXPENSES:		
SALARIES		25,457
AUTO EXPENSE		1,086
REPAIRS & MAINTENANCE		3,176
ORANGEBOLE WATER DISTRICT		4,156
INSURANCE		3,946
MATERIAL & SUPPLIES		5,497
REPAIRS/MAINTENANCE-CLARGE		475
OFFICE EXPENSE		1,333
PRINTING		628
LEASE PURCHASE-JOHN DEERE		1,497
MAINTENANCE		826
OPERATION FUND		911
PAVEDIA TAXES		1,514
EQUIPMENT RENTAL		721
CLERICAL FEES		569
TEL EXPENSE		475
SALES TAX		3,766
UTILITIES		11,806
ELECTRICITY-OPERATION FUND		6,190
DEPRECIATION		68,055
MOWING-OPERATION FUND		100
TOTAL OPERATING EXPENSES		<u>111,962</u>
OPERATING INCOME (LOSS):		31,446
NON-OPERATING REVENUES (EXPENSES):		
INTEREST INCOME		5,213
INTEREST EXPENSE		<u>(2,599)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)		<u>2,614</u>
NET INCOME (LOSS):		34,060
RETAINED EARNINGS FUND BALANCES AT BEGINNING OF YEAR:		
RETAINED EARNINGS - RESERVED		65,413
RETAINED EARNINGS - UNRESERVED		<u>188,076</u>
RETAINED EARNINGS FUND BALANCES AT END OF YEAR:		
RETAINED EARNINGS - RESERVED		65,413
RETAINED EARNINGS - UNRESERVED		<u>194,726</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.



**STATE OF CALIFORNIA, LOS ANGELES  
 COUNTY OF SAN FRANCISCO  
 FINANCIAL STATEMENT OF CLAIMS  
 FOR THE YEAR ENDED DECEMBER 31, 2007**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

<b>NET INCOME</b>	<u>175,000</u>
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
INCREASE (DECREASE) IN RECEIVABLES	40,000
INCREASE (DECREASE) IN ACCOUNTS RECEIVABLE	(2,000)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	2,000
INCREASE (DECREASE) IN OTHER LIABILITIES	(1,000)
DEPRECIATION EXPENSE	40,000
NET CASH PROVIDED BY OPERATIONS	<u>252,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
CAPITAL EXPENDITURES	(15,000)
NET CASH FROM INVESTING ACTIVITIES	<u>(15,000)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

PAYMENT OF LONG TERM DEBT	(2,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>(2,000)</u>

**NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS**

235,000

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR**

95,000

**CASH AND CASH EQUIVALENTS AT END OF YEAR**

\$ 330,000

**CASH PAID FOR INTEREST: \$0.00**

**THIS STATEMENT OF CASH FLOWS IS AN INTEGRAL PART OF THIS STATEMENT.**

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VILLAGE OF GRAYSON  
Grayson, Louisiana  
Notes to the Financial Statements  
December 31, 1993

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Grayson was incorporated under the provisions of the Louisiana Act (Louisiana Revised Statutes (LSA - R.S.) 33:521 - 463) and operates under a Mayor-Board of Aldermen/Warren form consisting of 4 members of government. It provides the following services to its residents: public safety (police), highways and streets, gas, water, sewer, and sanitation facilities through the utility fund, culture/recreation, and general administrative services.

The accounting and reporting policies of the municipality 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 industry audit guide, Audits of State and Local Governmental Units.

**A. REPORTING ENTITY**

As the municipal governing authority, for reporting purposes, the Village of Grayson, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) municipality, the organizations for which the primary government is financially accountable, and (c) other organizations for which 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.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village of Grayson, Louisiana for the financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - A. The ability of the municipality to impose its will on that organization and/or
  - B. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

No component units are included in this report, since there are none.

VILLAGE OF GRAYSON  
Grayson, Louisiana  
Notes to the Financial Statements  
December 31, 1997

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**B. FUND ACCOUNTING**

The Village of Grayson uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Village of Grayson are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

**Governmental Funds**

Governmental funds account for all or most of the Village of Grayson's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fund assets, and the servicing of general long-term debt. Governmental funds include:

General Fund - the general operating fund of the Village of Grayson accounts for all financial resources, except those required to be accounted for in other funds.

**Proprietary Funds**

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

Enterprise Fund - (composed of Water and Sewer Funds) accounts for operations (a) that are financed and operated in a manner similar to a private business enterprise 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 fees, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**C. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds, and agency funds. There are four board members, including the mayor. The population is approximately 344. Approximately 10 people are employed by the town. The governmental funds use the following practices in recording revenues and expenditures:

VILLAGE OF GRAYSON  
Grayson, Louisiana  
Notes to the Financial Statements  
December 31, 1997

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**Revenues**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the Village in September or October and are actually billed in October 1, and are mailed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from all various taxes are budgeted in the year billed.

The Village bills and collects its own property taxes using the assessed value determined by the tax assessor of Franklin Parish.

The year ended December 31, 1997, taxes of 5.89 mills were levied on property with assessed valuations totaling \$79,244 and were debited as follows:

General corporate purposes	5.89 mills
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Property tax revenues are recognized when they become available. Available includes those property tax receivables deemed to be collected within sixty days after year end. Delinquent taxes are considered fully collectible and therefore an allowance for uncollectible taxes is not provided. These taxes and other major revenue sources are recognizable to account.

Fines, local initiatives, and fees are recognized when collected by the Village. Interest income is recorded when it is credited to accounts by the bank.

**Expenditures**

Salaries are recorded as expenditures when earned by employees.

Expenditures are generally recognized under the modified accrual basis of accounting when the related final liability is incurred.

Principal and interest on general long - term debt and installment purchase payments are recognized when due.

The Water and Sewerage Enterprise Funds are maintained on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred. The Water and Sewerage Enterprise Funds use the economic resources measurement focus. The accounting objectives are determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its balance sheet.

**D. BUDGETS**

The Village of Grayson (Mayor and Council) uses the following budget practices:

- 1) Prior to December 31, the town Clerk submits to the Mayor and Council Members a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The budget is submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department classification level.

**VILLAGE OF GRAYSON**  
Grayson, Louisiana  
Notes to the Financial Statements  
December 31, 1997

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- (2) Public hearings are conducted to obtain taxpayer consent.
- (3) During the month of January the budget is legally enacted through passage of an ordinance.
- (4) Fiscal budgetary integration is employed as a management control device during the year for the General Fund.
- (5) Budgets for the General Fund, are adopted on the GAAP basis.
- (6) Appropriations lapse at the end of each fiscal year.
- (7) The Mayor and Council Members authorize supplemental appropriations during the year. Supplemental appropriations were made during the fiscal year.

**F. ENCUMBRANCES**

Encumbrance accounting is not used.

**F. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village of Grayson may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Village of Grayson may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

**G. RESTRICTED ASSETS**

Certain proceeds of enterprise fund revenue bonds, as well as certain monies set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

**H. FIXED ASSETS**

Fixed Assets used in governmental fund operations (general fund assets) are accounted for in the general fund assets account group rather than the governmental funds. Public domain or infrastructure are not capitalized. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

Fixed assets of the Enterprise Funds are recorded at cost, if purchased, and at fair market value at date of gift, if donated. They are included on the balance sheet net of accumulated depreciations. Major additions are capitalized while maintenance and repairs that do not improve or extend life of the respective assets are charged to expenses. Contributions received in aid of construction are credited to contributions accounts and do not reduce the cost of the assets acquired within such transactions.

**VILLAGE OF GRAYSON**  
**Gretna, Louisiana**  
**Notes to the Financial Statements**  
**December 31, 1987**

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Depreciation of all depreciable fixed assets used by the proprietary fund operations is charged to an expense against operations. Depreciation on assets acquired by grants is recognized to retained earnings and amortized against cost shared capital. Depreciation of property, plant and equipment has been provided over the estimated useful life using the straight-line method of 3-40 years.

The general fixed assets account group is not a fund. It is concerned only with the measurement of financial position, not with measurement of results of operations.

Long-term obligations expected to be financed from governmental funds are reported in the general long-term debt obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in these funds.

**I. LONG-TERM OBLIGATIONS**

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in these funds.

**J. COMPENSATED ABSENCES**

Village employees are entitled to ten days of compensated absences. However, compensated absences do not vest or accumulate and are recorded as expenditures when they are paid.

**K. FUND EQUITY**

*Contributed Capital*

Contributed capital is recorded in the Encroachment Fund that has received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources. This depreciation is charged to the contributed capital account and is reflected as an adjustment to net income.

*Reserves*

Reserves represent those portions of fund equity not appropriate for expenditures or legally segregated for a specific future use.

*Designated Fund Balances*

Designated fund balances represent tentative plans for future use of financial resources.

**L. TOTAL COLUMNS ON COMBINED STATEMENTS**

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, result of operations, or changes in financial position in conformity with generally accepted accounting principles.

**VILLAGE OF GRAYSON**  
Grayson, Louisiana  
Notes to the Financial Statements  
December 31, 1997

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Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 2 - LEVIED TAXES**

Authorized Millage 3.89 - Levied Millage 3.89

**NOTE 3 - CASH AND CASH EQUIVALENTS**

The following is a summary of cash and cash equivalents (bank balances) at December 31, 1997, the Village had cash totaling \$147,793, as follows:

Demand Deposits	104,797
Restricted Assets (Cash)	43,016
Total	<u>147,793</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the 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. Cash and cash equivalents (bank balances) at December 31, 1997 are secured as follows:

Bank Balances	147,793
Federal Deposit Insurance	300,000
Pledged Securities	146,998
Total	<u>394,791</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of OASB Statement 3, Louisiana Revised Statute 39:1219 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

**NOTE 4 - RECEIVABLES**

The receivables of 18,247 at December 31, 1997, are as follows:

General Fund	1,267
Enterprise Fund	16,980
Total	<u>18,247</u>

No allowance for Doubtful Accounts has been established.

**VILLAGE OF GRAYSON**  
**Grayson, Louisiana**  
**Notes to the Financial Statements**  
**December 31, 1997**

**NOTE 5 - CHANGES IN FIXED ASSETS**

A summary of changes in general fixed assets follows:

	Balance 12-31-96	Additions	Depreciations	Balance 12-31-97
<b>GENERAL FIXED ASSETS</b>				
Land	3,680	-	0	3,680
Building	265,481	-	0	265,481
Equipment	8,310	791	0	9,101
Auto	1,296	-	0	1,296
<b>TOTAL</b>	<b>388,667</b>	<b>791</b>	<b>0</b>	<b>389,458</b>

A summary of the fund type property, plant & equipment at December 31, 1996, follows:

	Water Fund	Sewer Fund	Totals
<b>Buildings &amp; Equipment</b>			
Sewer System	0	45,033	45,033
Water System	0	3,536	3,536
<b>Total</b>	<b>208,469</b>	<b>1,627,801</b>	<b>1,836,270</b>
Less - Accumulated Depreciation	(68,957)	(527,451)	(596,408)
<b>Total</b>	<b>208,492</b>	<b>1,100,350</b>	<b>1,308,842</b>

**NOTE 7 - PENSION PLAN**

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

**A. Municipal Employees Retirement System of Louisiana**

**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 municipality are members of (Plan A) (Plan B) for Some employees of the municipality are members of Plan A and some are members of Plan B.]

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the Systems. [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 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary. Furthermore, employees with at least 30 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 67, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary.] Final-average salary is the employee's average salary over the 36 consecutive (or joint) months that produce the highest average. Employees who terminate with at least the amount of



**VILLAGE OF GRAYSON**  
**Grayson, Louisiana**  
**Notes to the Financial Statements**  
**December 31, 1997**

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

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70804, or by calling (504) 925-4810.

**Funding Policy:** (Under Plan B, members are required by state statute to contribute 3.8 percent of their annual covered salary and the Village of Grayson is required to contribute at an actuarially determined rate. The current rate is 3.72 percent of annual covered payroll.) Contributions to the System also include one-fourth of one percent (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 Village of Grayson are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:105, the employee 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. (Village of Grayson contributions to the System under Plan B for the years ending December 31, 1993, 1996, and 1995, were \$2,836, \$ 2,941 and \$2,765, respectively, equal to the required contributions of each year.)

**NOTE 8 - ACCOUNTS, SALARIES, AND OTHER PAYABLES OF TAXED ARE AS FOLLOWS:**

The following is a summary of payables at December 31, 1997:

Accounts Payable - General Fund	1,823
Accounts Payable - Enterprise Fund	<u>4,278</u>
Total	<u>\$6,101</u>

**NOTE 9 - LONG - TERM DEBT**

Long-term debt at December 31, 1997, was composed of the following:

312,700	Senior Revenue Bond (Bond B-1) dated August 4, 1989; due in annual installments of \$12,500; due August 4, 1991-2029; Interest at 5%	197,337
257,500	Senior Revenue Bond (Bond B-2) dated August 4, 1989; due in annual installments of \$13,958; due August 4, 1991-2029; Interest at 5%	<u>220,170</u>
		<u>418,188</u>
	Less Current Portion:	3813
		<u>\$414,375</u>

**VILLAGE OF GRAYSON**  
 Grayson, Louisiana  
 Notes to the Financial Statements  
 December 31, 1997

The annual requirements to amortize all long-term debt outstanding as of December 31, 1997, including interest payments of \$114,813 are as follows:

Year	Revenue Bonds
1998	26,458
1999	26,458
2000	26,458
2001	26,458
2002	26,458
2003-2029	714,773

Under the terms of the bond indenture on outstanding sewer revenue bonds, dated August 4, 1999, all income and revenues (hereinafter referred to as revenues) of every nature, earned or derived from operations of the sewer system are pledged and dedicated to the retirement of said bonds, and are to be set aside in the following funds:

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

The following is a schedule of deposits that should be made to the Sinking Fund:

PERIOD	MONTHLY DEPOSITS
08-20-98 through 07-28-00	\$ 2,184.95

- b. There shall also be set aside in a Reserve Fund an amount equal to 7% of the principal and interest payments required during the month and there shall have been accumulated in the Reserve Account an amount equal to \$28,202.

The following is a schedule of deposits that should be made to the Reserve Fund:

PERIOD	MONTHLY DEPOSITS
08-20-98 through 07-28-00	\$178.23 per month must be deposited into the fund until \$42,294 has been accumulated.

- c. Monthly deposits of \$112 should also be made for the period of August 30, 1998 through July 20, 2009 to the Contingency Fund.

**NOTE 10 - POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The Village of Grayson has no retired employees as of December 31, 1997.

**NOTE 11 - SEGMENT INFORMATION - ENTERPRISE FUNDS**

The Village maintains two Enterprise Funds, of which one provides water service and the other sewer services. Segment information as of and for the year ended December 31, 1997, was as follows:

**VILLAGE OF GRAYSON**  
**Grayson, Louisiana**  
**Notes to the Financial Statements**  
**December 31, 1997**

	WATER		TOTALS
	FUND	FUND	
Operating Revenues	86,413	48,608	143,217
Depreciation	35,855	52,298	88,253
Operating Income (Loss)	505	(13,740)	(13,235)
Net Income	12,754	39,818	52,572
Property, Plant & Equipment	349,404	1,348,818	1,698,222
Net Working Capital	46,772	21,468	68,240
Total Assets	377,308	1,410,474	1,787,782
Amount Payable from Operating Revenues	0	(108,103)	(108,103)
Total Equity	254,548	591,858	1,246,406

**NOTE 12 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

**Litigation**

According to the Village's attorney there were no pending litigations or claims against the Village as of December 31, 1997.

**Federal Assisted Programs**

The Village received financial assistance from Federal and State governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified on the grant agreements.

**NOTE 13 - LEASES**

There are no leases.

VILLAGE OF GRAYSON  
Grayson, Louisiana  
Notes to the Financial Statements  
December 31, 1997

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Supplemental Information Schedules  
Proprietary Fund Types

VILLAGE OF GRAYSON  
Grayson, Louisiana  
Notes to the Financial Statements  
December 31, 1997

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VILLAGE OF GRAYSON  
SUPPLEMENTAL INFORMATION  
For the Year Ended December 31, 1997

ENTERPRISE FUNDS:

Sewer Fund

The Sewer System Fund accounts for operations of the Village Sewerage System and construction of this System.

Water System Fund

The Water System Fund accounts for the operations of the Village water system.

1014 AND 1015 HIGHWAY, LITTLETON  
 CITY OF DENVER, COLORADO  
 COMBINED BALANCE SHEET  
 DECEMBER 31, 1997

	1997 \$ MIL	1996 \$ MIL	TOTAL DEFERRED ANNUITY FUNDING
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
CASH	\$ 48,000	\$ 5,400	\$ 75,714
RECEIVABLES	0	0	11,000
DEFERRED CURRENT ASSETS	65,200	11,000	96,000
<b>NON-CURRENT ASSETS</b>			
PROPERTY, PLANT AND EQUIPMENT	0	45,000	45,000
<b>TOTAL ASSETS</b>	<u>\$ 113,200</u>	<u>\$ 61,400</u>	<u>\$ 271,714</u>
<b>LIABILITIES AND FUNDING DEFICIT</b>			
<b>LIABILITIES</b>			
<b>LONG TERM LIABILITIES</b>			
DEBT PAYABLE	\$ 5,000	\$ 0	4,000
OTHER PAYABLE	0	0	0
DEFERRED CONTRIBUTIONS	0	0	0
<b>TOTAL LONG TERM LIABILITIES</b>	<u>\$ 5,000</u>	<u>\$ 0</u>	<u>\$ 4,000</u>
<b>DEFERRED CONTRIBUTIONS</b>			
DEFERRED CONTRIBUTIONS	0	0	0
DEFERRED CONTRIBUTIONS	0	0	0
<b>TOTAL DEFERRED CONTRIBUTIONS</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>NET FUNDING DEFICIT</b>	<u>\$ 108,200</u>	<u>\$ 61,400</u>	<u>\$ 267,714</u>
<b>EQUITY</b>			
<b>NET FUNDING DEFICIT</b>			
NET FUNDING DEFICIT	0	0	0
NET FUNDING DEFICIT	0	0	0
<b>TOTAL NET FUNDING DEFICIT</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL LIABILITIES AND FUNDING DEFICIT</b>	<u>\$ 108,200</u>	<u>\$ 61,400</u>	<u>\$ 267,714</u>

101400

STATE AND LOCAL GOVERNMENTS, FEDERAL GOVERNMENT AND  
 INTERNATIONAL ORGANIZATIONS  
 CONTRACTS AND AGREEMENTS FOR SUPPLY OF GOODS, SERVICES AND  
 THE PROVISION OF SPECIAL EDUCATION SERVICES TO BE DELIVERED  
 FROM THE STATE FISCAL YEAR 2010 TO 2011

	2010 FY09	2010 FY10	2011 FY11
<b>OPERATING EXPENSES</b>			
<b>STANDARD BUDGETED TO</b>	\$ 64,871	\$ 65,000	\$ 64,871
<b>AMOUNTS ALLOCATED FROM</b>		1,497	1,497
<b>TOTAL BUDGETED EXPENSES</b>	<u>64,871</u>	<u>66,497</u>	<u>66,368</u>
<b>OPERATING EXPENSES</b>			
<b>STATE</b>	64,871	6,800	64,871
<b>WARRANTY</b>	1,000		1,000
<b>REPAIRS AND MAINTENANCE</b>	1,000	11	1,111
<b>REPAIRS AND MAINTENANCE - CONTRACTS</b>	4,750		4,750
<b>CONTRACTS</b>	1,000	44	1,044
<b>REPAIRS AND MAINTENANCE</b>	1,000	6,844	7,844
<b>REPAIRS AND MAINTENANCE - CONTRACTS</b>	471		471
<b>REPAIRS AND MAINTENANCE - CONTRACTS</b>	1,497		1,497
<b>REPAIRS AND MAINTENANCE - CONTRACTS</b>		1,000	1,000
<b>PERSONNEL</b>	600		600
<b>PERSONNEL</b>	600		600
<b>PERSONNEL</b>		600	600
<b>PERSONNEL</b>			0
<b>PERSONNEL</b>	1,000	114	1,114
<b>PERSONNEL</b>	700		700
<b>PERSONNEL</b>	600		600
<b>PERSONNEL</b>	471		471
<b>PERSONNEL</b>	1,000	1,497	2,497
<b>PERSONNEL</b>	11,000		11,000
<b>PERSONNEL</b>	1,000	1,000	2,000
<b>PERSONNEL</b>	14,000	11,700	25,700
<b>PERSONNEL</b>		100	100
<b>PERSONNEL</b>			0
<b>PERSONNEL</b>			0
<b>TOTAL BUDGETED EXPENSES</b>	<u>64,871</u>	<u>66,497</u>	<u>66,368</u>
<b>OPERATING EXPENSES</b>	0	(6,700)	(6,700)
<b>NONOPERATING EXPENSES (REVENUES)</b>			
<b>EXPENSES</b>	1,700	1,000	2,700
<b>EXPENSES</b>		(1,700)	(1,700)
<b>TOTAL NONOPERATING EXPENSES</b>	<u>1,700</u>	<u>(1,700)</u>	<u>(1,700)</u>
<b>NET FISCAL GAINS</b>	1,700	(6,700)	(7,100)
<b>REVENUES (EXPENSES) TO BE ALLOCATED AT END OF FISCAL YEAR</b>			
<b>REVENUES</b>		66,497	66,497
<b>REVENUES</b>	<u>67,197</u>	<u>64,797</u>	<u>68,197</u>
<b>REVENUES (EXPENSES) TO BE ALLOCATED AT END OF FISCAL YEAR</b>			
<b>REVENUES</b>	0	64,797	64,797
<b>REVENUES</b>	<u>1,000,000</u>	<u>64,797</u>	<u>1,000,000</u>

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VILLAGE OF GRAYSON  
Grayson, Louisiana  
Notes to the Financial Statements  
December 31, 1997

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VILLAGE OF GRAYSON  
Schedule of Compensation Paid to the Mayor and Aldermen/Women  
For the Year Ended December 31, 1997

Mayor I H Butler, Jr.	2,270
Alderman Carold Runking	900
Alderman Dennis Nugent	900
Alderman Raymond Cruse	900
TOTAL	<u>4,970</u>

VILLAGE OF GRAYSON, LOUISIANA  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 1997

<u>Federal Agency or Department</u>	<u>CFDA No.</u>	<u>Grant Number</u>	<u>Federal Award Amount</u>	<u>1997 Program Assistance Received</u>	<u>1997 Expenditures</u>	<u>Total Program Expenditures to December 31, 1997</u>
United States Department of Housing and Urban Development - State of Louisiana, Division of Administration, Louisiana Development Block Grant Program	14.219	101-5872	<u>0.0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Federal Financial Assistance			<u>0.0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total FPA, Decided Loans #1 12-31-97		** 418,017				

\*\* Decided Major Program

44-1000

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

Board of Commissioners  
Village of Grayson  
Grayson, Louisiana  
June 25, 1998

I have audited the financial statements of the Village of Grayson, Louisiana, as of and for the year ended December 31, 1997 and have issued my report thereon dated June 25, 1998. I conducted my 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 Village of Grayson, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

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

This report is intended for the information of the Village of Grayson's management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Jimmie Self, CPA*

Jimmie Self, CPA  
June 25, 1998

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

Board of Commissioners  
Village of Grayson  
Grayson, Louisiana  
June 23, 1993

**Compliance**

I have audited the compliance of Village of Grayson, Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year December 31, 1992. Village of Grayson's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Village of Grayson's management. My responsibility is to express an opinion on Village of Grayson's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards, 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, Audit of States, Local Governments, and Non-Profit Organizations. These standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Village of Grayson's compliance with these 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. My audit does not provide a legal determination on Village of Grayson's compliance with these requirements.

In my opinion, Village of Grayson complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1992.

**Internal Control Over Compliance**

The management of Village of Grayson is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Village of Grayson's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the Village of Grayson's management and Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Jermaine Sells, CPA*

Jermaine Sells, CPA

June 25, 1998

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended December 31, 1997

I have audited the financial statements of House of Representatives as of and for the year ended December 31, 1997, and have issued my report thereon dated 1 Dec 21 97. I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in *Comptroller's Auditing Standards*, issued by the Comptroller General of the United States, (and the provisions of OAG Circular A-133). My audit of the financial statements as of December 31, 1997 resulted in an unqualified opinion (qualified, adverse, disclaimer).

**Section I - Summary of Auditor's Reports**

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

**Internal Control**

**Material Weaknesses**  Yes  No **Reportable Conditions**  Yes  No

**Compliance**

**Compliance Material to Financial Statements**  Yes  No

**B. Federal Awards**

**Internal Control**

**Material Weaknesses**  Yes  No **Reportable Conditions**  Yes  No

**Type of Opinion on Compliance**  
**For Major Programs**

Unqualified  Qualified   
Disclaimer  Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .516(g)?

Yes  No

**C. Identification of Major Programs**

CPDA Number (S) 0, A, 0

Name of Federal Program (or Cluster) USA Teacher

House - US Dept of Education

FORM 7500-101 (REV. 10-95)

CPDA Form

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 500,000

Is the auditor a low-risk auditor, as defined by OMB Circular A-133?  Yes  No

#### Section II Financial Statement Findings

**1997-1. (DESCRIPTIVE CAPTION)** (This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported by addressees with paragraphs 8.18 through 8.20 of Government Auditing Standards. Auditors should refer to those paragraphs, as well as the reports content section of Chapter 7 of Government Auditing Standards for additional guidance on preparing this section of the schedule. If there are no findings, state that no matters were reported.

The findings should include a reference number, as indicated above. It is suggested that the reference number include, at least parenthetically, the first year the finding was included in the report. Also, the findings should include a descriptive caption. The finding number and descriptive caption will enable identification of the finding throughout the report and in future reports. Audit findings which relate to both the financial statements and federal awards should be reported in both Section II and Section III. However, the reporting in one section may be in summary form, with reference to a detailed reporting in the other section – the reference number and caption facilitate this approach. For example, a material weakness in internal control that affects an entity as a whole, including its federal awards, would generally be reported in detail in this section. Section III would then include the reference to the finding through the identification number and descriptive caption.

Each finding should fully describe the: criteria or specific requirement, condition found, effect, cause, questioned costs, and recommendations.

It is suggested that management be required to complete a Management Corrective Action Plan. As an alternative, the auditor may include management's response in the finding. However, the response must detail the specific actions taken by management or those specific actions intended to be taken by management.

#### Section III Federal Award Findings and Questioned Costs of DOHS

**1997-1. (DESCRIPTIVE CAPTION)** (This section identifies the audit findings required to be reported by Circular A-133, Section 310(a) (e.g., reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs). Where practical, findings should be organized by federal agency or pass-through entity.

Identify each finding with a reference number and descriptive caption. If there are no findings, state that no matters were reported. Audit findings which relate to both the financial statements and federal awards should be reported in both Section II and Section III. However, the reporting

Same as Section II.





**SCHEDULE OF PRIOR YEAR FINDINGS**  
 For the Year Ended: 1 - 31 - 97

<b>SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
1996-1 (Descriptive Caption) A brief summary of the recommendation.	Resolved, Partially Resolved, Management Disagreement, Unresolved and referenced to current year finding.
1996-2 (Descriptive Caption) A brief summary of the recommendation.	Resolved, Partially Resolved, Management Disagreement, Unresolved and referenced to current year finding.
<b>SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
1996-3 (Descriptive Caption) A brief summary of the recommendation.	Resolved, Partially Resolved, Management Disagreement, Unresolved and referenced to current year finding. (This narrative should include whether or not a Management Decision has been issued by a Federal or pass-through agency.)
<b>SECTION III MANAGEMENT LETTER</b>	
(Descriptive Caption) A brief summary of the recommendation.	Resolved, Partially Resolved, Management Disagreement, Unresolved and referenced to current year finding.

If no findings have been reported under a specific section, the schedule should so state.

**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
For the Year Ended 12-31-1979

<b>SECTION I: INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT</b>	
<p>1987-1 (Descriptive Caption) A brief summary of the recommendation.</p> <p align="center">— 0 —</p>	<p>Management should clearly state the actions taken to date, or their intended actions. The actions should be listed in detail. Those responsible should be identified and completion dates for each step should be listed. Should management suggest an alternative remedy, that resolution should be listed in detail and it should be stated whether or not the auditor agrees with the alternative solution. Management should state whether the federal grantor or pass-through entity has been contacted concerning resolution of the matter.</p>
<b>SECTION II: INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
<p>1987-2 (Descriptive Caption) A brief summary of the recommendation.</p> <p><i>inadequate supervision of duties</i> <i>Classroom units by Board and Mayor</i></p>	<p>Management should clearly state the actions taken to date, or their intended actions. The actions should be listed in detail. Those responsible should be identified and completion dates for each step should be listed. Should management suggest an alternative remedy, that resolution should be listed in detail and it should be stated whether or not the auditor agrees with the alternative solution. Management should state whether the federal grantor or pass-through entity has been contacted concerning resolution of the matter.</p>
<b>SECTION III: MANAGEMENT LETTER</b>	
<p>1987-3 (Descriptive Caption) A brief summary of the recommendation.</p> <p align="center">— 0 —</p>	<p>Management should clearly state the actions taken to date, or their intended actions. The actions should be listed in detail. Those responsible should be identified and completion dates for each step should be listed. Should management suggest an alternative remedy, that resolution should be listed in detail and it should be stated whether or not the auditor agrees with the alternative solution. Management should state whether the federal grantor or pass-through entity has been contacted concerning resolution of the matter.</p>

Note: If all findings are reflected on a Schedule of Questioned Cost and Findings, this schedule can be organized and referenced in that schedule.