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CITY OF GRAMBLING
GRAMBLING, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

Release Date JUN 24 2008

CITY OF GRABLING, LOUISIANA
GRABLING, LOUISIANA

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1997

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GRAMBLING, LOUISIANA

FINANCIAL STATEMENTS
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CITY OF GRAMBLING, LOUISIANA
GRAMBLING, LOUISIANA

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GRAMBLING, LOUISIANA

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FINANCIAL SECTION

RADIAN L. HENNINGAN
Certified Public Accountant
1585 Goodwin Road
Baton, LA 71270
318-213-9168

INDEPENDENT AUDITORS 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, 1997, 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. Those 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, 1997, 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 respects, the financial position of each of the individual funds and account groups of the City of Grambling as of December 31, 1997, 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 84 to 94, is presented for purposes of additional analysis and is not a required part of the financial statements of the City of Grambling.

To the City Council
City of Grambling
Page 2

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,



Radwan L. Hennigan
Certified Public Accountant

May 5, 1988

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF GRAMBLING, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, December 31, 1997

	GOVERNMENTAL FUNDS			
	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS
ASSETS AND OTHER DEBITS				
Cash and cash equivalents	\$ 23,965	\$133,597	\$ 21,000	\$ -
Investments	91,396	-	96,590	158,750
Receivables (net of allowance for uncollectibles)				
Taxes	18,629	15,561	26,998	6,663
Accounts	11,388			
Due from other funds	2,897	80,800	1,659	6,345
Due from other governmental agencies	13,090	-	-	-
Restricted assets				
Cash	-	-	-	-
Investments, at cost	-	-	-	-
Fixed assets	-	-	-	-
Utility plant and equipment (net)	-	-	-	-
Amount available in debt service funds	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$136,795	\$239,158	\$156,048	\$ 171,758
LIABILITIES, EQUITY, AND OTHER CREDITS				
LIABILITIES				
Accounts payable	\$ 14,125	\$ -	\$ -	\$ -
Accrued and other liabilities	4,398	273	-	-
Payable from restricted assets				
Accounts payable	-	-	-	-
Accrued (compens) payable	-	-	-	-
Accrued interest payable	-	-	-	-
Customer's deposits	-	-	-	-
Due to other funds	61,784	-	74,386	-
Bonds payable				
General obligation bonds payable	-	-	-	-
Revenue bonds payable	-	-	-	-
Accumulated unpaid compensated absences	-	-	-	-
TOTAL LIABILITIES	80,485	273	74,386	-

The accompanying notes are an integral part of this statement.

PROPRIETARY FUND	ACCOUNT GROUPS		TOTALS (MEMORANDUM-ONLY)	
	GENERAL	GENERAL	December 31, 1997	December 31, 1996
	FIXED ASSETS	LONG-TERM OBLIGATIONS		
\$ 152,735	\$ -	\$ -	\$ 341,398	\$ 353,369
-	-	-	346,436	389,207
9,419	-	-	69,268	41,965
123,825	-	-	136,933	98,967
76,150	-	-	146,251	121,250
-	-	-	15,090	101,510
321,740	-	-	221,740	233,678
123,966	-	-	123,966	66,546
-	1,174,859	-	1,174,699	1,168,909
5,051,987	-	-	5,051,987	5,223,296
-	-	81,853	81,853	195,663
<u>\$ 3,756,223</u>	<u>\$1,174,959</u>	<u>\$ 81,853</u>	<u>\$ 7,708,972</u>	<u>\$ 8,094,778</u>

9,140	\$ -	\$ -	\$ 23,266	\$ 18,487
999	-	-	5,872	2,143
-	-	-	-	34,470
80,179	-	-	91,175	132,561
59,638	-	-	59,638	52,339
75,464	-	-	75,464	65,546
10,191	-	-	146,251	121,249
-	-	33,000	33,000	170,000
2,493,398	-	-	2,493,398	2,931,438
-	-	28,853	28,853	25,663
<u>3,728,118</u>	<u>-</u>	<u>81,853</u>	<u>2,963,517</u>	<u>3,303,908</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, 1997

	GOVERNMENTAL FUNDS			
	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS
FUND EQUITY:				
Contributed capital	-	-	-	-
Investment in general fixed assets	-	-	-	-
Retained earnings				
Reserved for debt retirement	-	-	-	-
Unreserved	-	-	-	-
Fund balances				
Reserved	-	-	\$1,660	-
Unreserved and undesignated	75,916	208,283	-	171,738
TOTAL FUND EQUITY	75,916	208,283	\$1,660	171,738
TOTAL LIABILITIES AND FUND EQUITY	\$156,395	\$208,158	\$156,046	\$ 171,738

The accompanying notes are an integral part of this statement.

PROPRIETARY FUND	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	GENERAL	GENERAL	December 31, 1997	December 31, 1996
	FIXED ASSETS	LONG-TERM OBLIGATIONS		
1,399,186	-	-	1,399,186	1,399,186
-	1,174,959	-	1,174,959	1,168,909
114,111	-	-	114,111	114,111
1,517,298	-	-	1,517,298	1,682,322
-	-	-	81,669	190,375
-	-	-	496,531	493,967
<u>3,030,385</u>	<u>1,174,959</u>	<u>-</u>	<u>4,345,673</u>	<u>4,988,870</u>
<u>\$ 5,359,623</u>	<u>\$1,174,959</u>	<u>\$ 81,669</u>	<u>\$ 3,309,572</u>	<u>\$ 8,094,778</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, 1987

	GOVERNMENTAL FUNDS			
	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PRODUCTS
REVENUES				
Taxes:				
Ad valorem	\$ 38,550	\$ -	\$ 33,080	\$ -
Sales and use	181,585	-	-	-
Other taxes, penalties, interest, etc.	809	-	(51)	-
Licenses and permits	502,488	-	-	-
Intragovernmental revenues	98,275	112,535	-	-
Fines and forfeitures	117,421	-	-	-
Use of money and property	2,790	-	-	-
Other revenues	26,791	50,268	-	13,191
Total revenues	962,799	162,803	33,029	13,191
 EXPENDITURES				
General government	166,581	-	-	-
Public safety	431,335	-	-	-
Health and sanitation	-	180,246	-	-
Highways and streets	27,633	-	-	-
Park and recreation	11,508	-	-	-
Debt Service	-	-	131,744	-
Total expenditures	637,057	180,246	131,744	-
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES				
	(74,258)	62,557	(98,715)	13,191
 OTHER FINANCING SOURCES (Uses)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-

The accompanying notes are an integral part of this statement.

TOTALS
(MEMORANDUM ONLY)

1997	1996
\$ 41,630	\$ 105,239
181,583	189,433
848	55,900
182,438	51,587
200,810	285,483
107,421	111,169
2,760	2,933
84,250	89,508
781,792	897,252
166,581	161,417
431,335	412,098
100,246	126,973
27,635	23,884
11,508	9,891
131,744	122,973
868,149	768,737
(107,257)	48,213
-	311,256
-	(363,782)
-	(56,430)

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
GOVERNMENTAL FUND TYPES
Combined Statement of Revenues, Expenditures,
and Change in Fund Balances/Equity
For the Year Ended December 31, 1997

	GOVERNMENTAL FUNDS			
	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(74,298)	62,537	(108,715)	11,181
FUND BALANCES (Deficit), BEGINNING	150,209	146,516	160,375	158,547
FUND BALANCES (Deficit), ENDING	<u>\$ 75,911</u>	<u>\$ 209,053</u>	<u>\$ 51,660</u>	<u>\$ 171,728</u>

The accompanying notes are an integral part of this statement.

TOTALS
(MEMORANDUM ONLY)

<u>1997</u>	<u>1996</u>
<u>(107,257)</u>	<u>(9,821)</u>
643,448	654,284
<u>\$ 536,191</u>	<u>\$ 644,463</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, 1997

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes:			
Ad valorem	\$ 25,200	\$ 25,550	\$ 350
Sales and use	197,760	181,580	(16,180)
Other taxes, penalties, interest, etc.	54,700	55,551	851
Licenses and permits	62,700	47,856	(14,844)
Intergovernmental revenues	61,800	98,279	36,479
Fines and forfeitures	119,500	117,431	(2,069)
Use of money and property	3,780	3,768	(12)
Other revenues	28,000	20,790	(7,210)
Total revenues	963,470	962,708	(662)
EXPENDITURES			
General government	158,500	186,580	28,080
Public safety	254,780	431,339	(176,559)
Health and sanitation	-	-	-
Highways and streets	22,000	27,635	(5,635)
Park and recreation	13,125	11,908	1,217
Debt service	-	-	-
Total expenditures	558,405	657,462	(99,057)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(25,000)	(74,754)	(49,754)

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)
\$ -	\$ -	\$ -	\$ 33,208	\$ 38,290	\$ 5,082
-	-	-	197,768	181,585	(16,173)
-	-	-	54,708	55,551	843
-	-	-	62,708	47,828	(14,880)
138,000	112,539	(25,461)	191,808	208,810	17,002
-	-	-	119,348	117,421	(1,927)
-	-	-	3,700	2,700	(900)
52,000	50,268	(1,732)	88,080	71,059	(17,021)
<u>182,000</u>	<u>162,807</u>	<u>(19,193)</u>	<u>748,410</u>	<u>725,972</u>	<u>(22,438)</u>
-	-	-	198,905	196,581	(2,324)
-	-	-	204,780	491,515	(28,255)
118,255	100,246	(18,009)	118,255	100,246	(18,009)
-	-	-	22,800	27,615	(4,815)
-	-	-	13,125	11,508	(1,617)
-	-	-	-	-	-
<u>118,255</u>	<u>100,246</u>	<u>(18,009)</u>	<u>706,665</u>	<u>727,362</u>	<u>(20,697)</u>
<u>63,745</u>	<u>62,597</u>	<u>(1,148)</u>	<u>38,748</u>	<u>(11,733)</u>	<u>(50,478)</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, 1997

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE PAYABLE (UNPAYABLE)
OTHER FINANCING SOURCES (Uses)			
Operating transfer in	25,000	-	(25,000)
Operating transfer out	-	-	-
Total other financing sources (uses)	25,000	-	(25,000)
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	(74,250)	(74,250)
FUND BALANCES (Deficit), BEGINNING	150,200	150,200	-
FUND BALANCES (Deficit), ENDING	\$150,200	\$ 75,950	\$ (74,250)

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)
-	-	-	25,000	-	(25,000)
(25,000)	-	25,000	(25,000)	-	25,000
<u>(25,000)</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
38,745	62,527	23,812	38,745	(11,733)	(19,478)
146,126	145,326	-	296,526	296,526	-
<u>\$184,871</u>	<u>\$207,853</u>	<u>\$ 23,812</u>	<u>\$335,271</u>	<u>\$284,797</u>	<u>\$ (50,474)</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, 1997

OPERATING REVENUES	
Charges for services:	
Water sales	\$ 309,387
Water connection charges	5,011
Sewerage fee	271,243
Total operating revenues	585,641
OPERATING EXPENSES	
Water department	443,738
Sewer distribution department	93,687
Sewer plant department	191,100
Total operating expenses	728,525
OPERATING INCOME (Loss)	(142,884)
NONOPERATING REVENUES (Expenses)	
Other income	580
Interest income	9,353
Ad valorem tax	20,896
Intergovernmental revenue	-
Interest expense	(73,499)
Total nonoperating revenues (expenses)	(22,670)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(165,554)
OPERATING TRANSFERS IN (Out)	
Operating transfers in	-
Operating transfers out	-
Total operating transfers in (out)	-

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
PROPRIETARY FUND TYPE

Combined Statement of Revenue, Expense, and
Changes in Retained Earnings
For the Year Ended December 31, 1997

NET INCOME (Loss)	<u>(145,548)</u>
RETAINED EARNINGS (Deficit), BEGINNING	1,662,754
RETAINED EARNINGS (Deficit), ENDING	<u><u>\$1,517,206</u></u>

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, 1997

Cash flows from operating activities:	
Operating (loss)	\$ (186,896)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Increase in taxes receivable	(2,761)
Increase in accounts receivable	(51,918)
Decrease in due from other governmental agencies	81,387
Increase in investments	(8,918)
Increase in accounts payable	3,796
Increase in accrued liabilities	374
Depreciation	348,375
Other	432
	<hr/>
Net cash provided by operating activities	290,087
Cash flows from noncapital financing activities:	
Increase in customer deposits	8,918
Other income	580
Ad valorem taxes	16,696
	<hr/>
Net cash provided by noncapital financing activities	26,194
Cash flow from capital and related financing activities:	
Decrease in financing payables	(14,470)
Purchase of PP&E	(74,064)
Principal paid on bonds	(60,238)
Interest paid on bonds	(69,191)
	<hr/>
Net cash (used by) capital and related financing activities	(217,963)
Cash flows from investing activities:	
Interest income	9,553
	<hr/>
Net cash provided by investing activities	9,553

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, 1997

Net increase in cash and cash equivalents	87,882
Cash and cash equivalents at beginning of year	335,093
Cash and cash equivalents at end of year	<u>422,975</u>
Cash in current assets	361,257
Cash in restricted assets	61,718
Total cash and cash equivalents	<u>\$ 422,975</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 1987

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 requirement of Louisiana Revised Statutes 24:517 and to the guides 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Grambling, Louisiana, was incorporated in 1999 under the provisions of the Louisiana Act. The City operates under a Mayor-City Council 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 as 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, endorsements to mortgages, and guarantees of, or "moral responsibility" for, debt.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 1997

- (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 control 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 issuance 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 Statutes-3-Defining the Governmental Reporting Entity), the City of Grambling's financial statements do not include the Housing Authority of the City of Grambling. The Authority provides housing to qualified residents and is funded through Government grants and rental charges. The City is not

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 1997

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 (over) the 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.

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

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 1997

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 excludes fixed assets in the Enterprise Funds.

(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, expendable 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

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 1997

property taxes, self-assessed taxes and investment earnings are recorded when earned (when they are measurable and available).

Expenditures are recognized in the accounting period in which the legal 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

Formal budgetary accounting is employed as a management control for the General 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 or by projects.

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

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.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 1997

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 executed.

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 appropriation 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 amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt.

L. PROPERTY, PLANT AND EQUIPMENT

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fund assets consist of certain improvements other than buildings, such as 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 to 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 depreciable fixed assets used by proprietary funds are charged as an expense against operations, and accumulated depreciation is reported on the

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 1997

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 *gross* 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 distributions. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes.

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 certain 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 values. A revaluation of all real property must be made every four years. The last revaluation date was January 1994.

R. VACATION, SICK LEAVE, AND OTHER COMPENSATED ABSENCES

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 1997

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

GAISS 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.

GAISS 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.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 1997

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, 1997, employees of the City had accumulated and vested \$26,633 of employee leave benefits. This amount is recorded within the general long-term obligations account group.

3. 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.

E. 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 columns 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 statute requires that the City's deposits be collateralized by securities. All deposits were adequately collateralized at

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 1997

December 31, 1997. However, it is undeterminable if this requirement was complied with throughout the year.

C. EXCESS OF EXPENDITURES OVER REVENUE

Three funds had expenditures that exceeded revenue for the current year.

3. CASH

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

4. PROPERTY TAXES

Property taxes are assessed as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Lincoln Parish.

All property taxes are recognized in compliance with NCCA Interpretation-3 (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, 1997, taxes of 15.00 mills were levied on property with assessed valuations totaling \$5,578,840.00 and were dedicated as follows:

General Corporate Purposes	7.0 Mills
Debt Services	3.0 Mills
Water Maintenance	5.0 Mills

Total taxes levied were \$83,774. Taxes receivable at December 31, 1997, consisted of the following:

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 1997

Taxes receivable current roll	\$ 47,335
Taxes receivable prior roll	10,600
Allowances for uncollectible taxes	<u>(11,530)</u>
TOTAL	<u>\$ 46,405</u>

5. **INVESTMENTS**

The City is authorized to make direct investments in United States government bonds, treasury notes, treasury bills or certificates, or time and letters 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 provides for an insured and unregistered securities held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered securities held by the counterparty or by its 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, \$637,934.00 is collateralized by securities held by the pledging financial institution's agent but not in the City's name.)

	<u>CATEGORY</u>			<u>CARRYING AMOUNT</u>	<u>MARKET VALUE</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Savings and Certificates of deposit	<u>-</u>	<u>-</u>	<u>\$449,639</u>	<u>\$449,639</u>	<u>\$449,639</u>

CITY OF GRAMBLING, LOUISIANA

Notes to the Financial Statements

December 31, 1997

6. **DUE TO/FROM OTHER FUNDS**

	Interfund Receivables	Interfund Payables
General Fund	\$ 2,097	\$ 61,764
Debt Service Fund	1,659	74,389
Utility Fund	76,158	16,181
Capital Projects Fund	6,945	-
Health & Sanitation	<u>90,000</u>	<u>-</u>
	<u>\$ 146,859</u>	<u>\$ 146,351</u>

7. **DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units at December 31, 1997, consisted of the following:

Due From State of Louisiana & Other Federal Agency	<u>\$ 15,099</u>
TOTAL	<u>\$ 15,099</u>

8. **PROPERTY, PLANT, AND EQUIPMENT**

	Balance 1/1/97	Additions	Deletions	Balance 12/31/97
Land	\$ 37,392	\$ -	\$ -	\$ 37,392
Buildings	282,482	6,290		288,772
Improvements Other than Buildings	322,627	-	-	322,627
Equipment	506,259	-	-	506,259
Construction in Progress	-	-	-	-
Total General Fixed Assets	<u>\$ 1,146,758</u>	<u>\$ 6,290</u>	<u>\$ -</u>	<u>\$ 1,174,992</u>

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 1997

A summary of proprietary fund type property, plant and equipment and depreciation at December 31, 1997 follows:

Property, Plant & Equipment	Life in Years	Balance 1-1-97	Additions	Deletions	Balance 12-31-97
Land/Improvements		\$ 16,526	\$ -	\$ -	\$ 16,526
Waterworks/Sewer Systems	15-20	2,814,952	40,661	-	2,854,913
Automobiles/Trucks	5	12,758	-	-	12,758
Office Equipment	5-8	44,808	-	-	44,808
Sundry Equipment	5-8	24,655	31,889	-	56,524
Sewage Plant	15-20	2,407,669	1,315	-	2,409,175
Waterworks	15-20	1,430,472	-	-	1,430,472
Total		6,751,111	74,665	-	6,825,178
Less: Accumulated Depreciation		<u>1,427,816</u>	<u>345,373</u>	<u>-</u>	<u>1,773,189</u>
Net Property, Plant and Equipment		<u>\$ 5,323,295</u>	<u>\$ (270,708)</u>	<u>\$ -</u>	<u>\$ 5,052,587</u>

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.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 1997

Components of the various Restricted Assets are as follows:

	Cash	Investments	Total
Cash-Construction Projects \$	-	\$ -	\$ -
Bond and Interest Redemption	124,597	48,982	173,579
Reserve	79,241	-	79,241
Contingency/Replacement	17,903	-	17,903
Customer Deposit	-	75,464	75,464
	<u>\$ 221,741</u>	<u>\$ 123,966</u>	<u>\$ 345,707</u>

11. CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the City for the year ended December 31, 1997:

	General Obligation	Revenue Bond Issues	Total
Bonds Payable January 1, 1997	\$ 170,000	\$ 2,834,000	\$ 2,804,000
Bonds Issued	-	-	-
Bonds Retired	(115,000)	(88,227)	(203,227)
Bond Payable, December 31, 1997	<u>\$ 55,000</u>	<u>\$ 2,373,773</u>	<u>\$ 2,613,773</u>

Bonds payable at December 31, 1997 are comprised of the following individual issues:

General Obligation Bonds	Bonds Outstanding 12-31-97
--------------------------	---

\$268,000 1984 Sewer System Improvement
 Bonds, due in annual installments of
 \$10,000 to \$30,000 through April 1,
 2004, interest at 8.00 percent (this
 issue secured by levy and collection

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 1997

of all valuation taxes) \$ 33,000

Revenue Bonds

380,000 1978 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. 245,000

1,250,000 Utilities Revenue Bonds Series 1995, due in annual installments of \$78,000 to \$75,000 through March 2005, interest at 5 to 5 1/8 percent (this issue insured by water fees to be collected by the city) 1,248,773

1,170,000 Utilities Revenue Bonds, Series, 1993, due in annual installments of \$75,000 to \$80,000 through March 2015, interest at 3.95 percent (this issue secured by Sewer User fees to be collected by the City) 1,880,000

The annual requirements to amortize all debts outstanding at December 31, 1997, including interest payments of \$2,943,338 are as follows:

Year Ending December 31	General Obligation	Combined Revenue	Total
1998	\$ 29,682	\$ 182,598	\$ 212,280
1998-2000	63,760	685,417	749,177
2001-2003	-	903,798	903,798
2004-2010	-	902,716	902,730
2010-2035	-	<u>1,053,116</u>	<u>1,053,136</u>
	<u>\$ 93,442</u>	<u>\$ 4,838,649</u>	<u>\$ 4,932,091</u>

\$127,381 is available in the Debt Service Funds to service the general obligation bonds and other long-term obligations.

CITY OF GRAMBLING, LOUISIANA

Notes to the Financial Statements

December 31, 1997

During the year ended December 31, 1997, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance 1-1-97	Additions	Reductions	Balance 12-31-97
General Obligation bonds payable	\$ 170,000	\$ -	\$ 215,000	\$ 385,000
Compensated Absences	<u>26,653</u>	<u>900</u>	—	<u>26,653</u>
Total	<u>\$ 196,653</u>	<u>\$ 900</u>	<u>\$ 215,000</u>	<u>\$ 412,553</u>

12. FLOW OF FUNDS

Under the terms of the local indentures on outstanding Combined Utility Revenue Refunding Bonds dated January 1, 1978, and Water & Sewer Senior Lien 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 Systems are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Out of the revenues 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 1/2 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 \$23,581. (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.

CITY OF GRAMBLING, LOUISIANA

Notes to the Financial Statements

December 31, 1997

Funds will also be set aside into a Contingency Fund at the rate of \$150 each month until the amount of \$495,000 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 by payment in the other bond funds. The balance in this fund shall never be reduced below a minimum of \$5,000.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above special 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 and 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 \$133,181.

Replacement Fund - Payments equal to 3% of the net revenues of the combining Wastewater System and Sewerage System, provided, however, such payments shall not be less than \$307 per month over the life of the Series 1993 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 appreciable for future expenditures. Specific reservations of the fund balance accounts are summarized below:

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 1997

Reserve for Inventories

This reserve was created to represent the portion of the fund balance that is not available for expenditures because the City expects to use those 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 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, 1997

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)	YEAR ENDED 12/31/96 <u>ACTUAL</u>
REVENUES				
Taxes				
Ad Valorem Taxes	\$ 37,200	\$38,530	\$ 1,330	\$ 28,694
Sales Taxes - Income	(97,760)	181,583	(18,175)	189,433
Other taxes, penalties, interest, etc.	800	899	99	882
Total Taxes	<u>23,240</u>	<u>221,012</u>	<u>(16,746)</u>	<u>228,909</u>
Licenses and Permits				
Occupational Licenses	45,800	37,590	(7,609)	40,094
Alcoholic Beverage	10,000	4,235	(5,765)	4,860
Inspection Fees	200	188	(92)	134
Building Permits	4,750	4,282	(468)	3,689
Electrical Permits	1,820	1,820	(820)	1,865
Plumbing Permits	990	990	(240)	825
Franchise - Cablevision	8,580	9,771	871	9,254
Franchise - ARELA	18,000	16,626	(1,204)	12,890
Franchise - Claiborne Electric	23,000	22,603	(397)	4,218
Franchise - LP&L	4,000	5,642	1,642	22,984
Total Licenses and Permits	<u>116,940</u>	<u>192,488</u>	<u>(14,112)</u>	<u>100,934</u>
Intergovernmental				
Louisiana Beer Tax	6,500	4,211	(2,287)	4,985
Louisiana Tobacco Tax	28,000	27,998	(2)	27,998
Louisiana Fire Insurance	10,300	10,168	(132)	10,177
Grant Revenue	17,000	53,896	36,896	57,625
Total Intergovernmental	<u>61,800</u>	<u>96,273</u>	<u>34,475</u>	<u>106,795</u>
Fines and Penalties Fees				
Fire Assessment	1,000	(145)	(2,145)	1,341
Fines - Police Department	77,500	72,328	(5,175)	71,218
Court Cost - Municipal	32,000	30,136	(1,864)	30,272
Rebate - Lincoln Parish DWI	8,000	15,103	7,103	8,338

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, 1997**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>YEAR ENDED 12/31/96 ACTUAL</u>
Police and Fire Reports	50	-	(50)	-
Total Fines and Forfeiture Fees	<u>119,350</u>	<u>117,421</u>	<u>(1,929)</u>	<u>111,689</u>
Miscellaneous Revenues				
Rent - Community Center and Park	2,300	1,500	(800)	2,150
Sale of Garbage Bags	2,600	1,500	(1,100)	1,732
Interest Income	1,000	3,967	2,967	3,244
Miscellaneous - Other	23,000	13,564	(9,436)	20,341
Cablevision Lease Income	1,200	1,200	-	1,200
Total Miscellaneous Revenues	<u>21,700</u>	<u>23,551</u>	<u>(8,149)</u>	<u>28,709</u>
Total Revenue	<u>583,418</u>	<u>563,789</u>	<u>(19,629)</u>	<u>568,383</u>
EXPENDITURES				
General Government				
Salaries	73,000	71,510	1,490	68,928
Council For Deeds	11,000	9,600	1,320	9,875
Building Administrator	2,400	2,400	-	2,400
Utilities Inspector	2,400	2,400	-	2,400
FICA	5,600	3,970	(1,700)	6,358
Workman's Compensation	28,100	4,832	23,468	4,703
Employee Group Insurance	4,100	4,413	(255)	4,499
Unemployment Taxes	800	300	400	107
Insurance				
General Liability	8,900	1,627	7,273	9,859
Bonding Insurance	750	350	400	300
Property Insurance	4,800	1,927	2,873	71
Audit	6,000	7,103	(1,103)	2,727
Dues & Subscriptions	600	4,853	(3,253)	6,403
Election Expense	-	1,288	(1,288)	-
Legal Retainer	1,500	1,500	-	1,500
Legal Advertising	1,400	2,091	(691)	1,474

The accompanying notes are an integral part of this statements.

**CITY OF GRAMBLING, LOUISIANA
GENERAL FUND**

Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 1997

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>YEAR ENDED 12/31/96 ACTUAL</u>
Lincoln Parish Tax Assessor	1,780	3,741	(2,041)	2,165
Office Supplies	3,880	4,418	(648)	1,480
Printing	150	-	150	-
Postage	1,275	1,317	(342)	1,000
Telephone	4,380	8,277	(2,177)	4,458
Town Hall Expense	2,000	1,852	348	1,162
Travel	200	-	200	175
Utilities	6,850	4,628	2,822	5,115
Gas and Oil	200	-	200	-
Vehicle Maintenance	-	76	(76)	-
Capital Outlays				
Banking	-	6,208	(6,208)	-
Town Hall Equipment, Rances., & Fur	3,850	1,599	2,066	1,732
Computer System Upgrade	3,150	2,469	759	2,969
Accounting	3,750	1,699	1,757	2,082
Personnel Training	150	-	150	85
Equipment Repair and Maintenance	3,000	2,212	787	4,287
Building Repairs	1,250	170	1,180	759
Professional Services - Coroner	1,200	680	519	924
Christmas Decorations	250	-	250	50
Road - KCC RR	200	230	(30)	-
Community Center Repair	1,250	-	1,250	-
Cultural/Community Development Proj	3,000	1,000	2,000	2,970
Garbage Bags	2,100	2,088	12	2,088
Miscellaneous/Contingency	1,200	292	908	1,556
Sales Tax	2,000	2,671	(671)	2,275
Bank Charges	720	880	(160)	19
Penalties	200	-	200	202
Total General Government	<u>198,505</u>	<u>166,581</u>	<u>31,924</u>	<u>181,236</u>
Police Department				
Salaries	213,779	263,973	(54,194)	251,338

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, 1997**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>YEAR ENDED 12/31/96 ACTUAL</u>
Employee Group Insurance	31,250	30,274	(9,824)	29,332
Unemployment Taxes	1,800	509	-91	490
FICA	10,326	20,404	(10,094)	18,753
Workmen's Compensation	11,834	31,168	(19,264)	23,433
Police Retirement Insurance	-	-	-	615
General Liability	16,800	-	16,800	22,280
Vehicles	12,000	4,147	3,853	6,848
Property	-	466	(466)	-
Police Uniforms	2,700	3,106	(406)	1,673
Supplies	8,300	8,777	(2,473)	6,181
Telephones	3,000	3,368	-(368)	3,066
Personnel Training	5,525	7,239	(4,014)	1,782
Equipment/Building Repairs	1,450	78	1,372	1,125
Travel	1,350	1,062	288	480
Gas & Oil	12,680	17,978	(5,298)	14,820
Dues and Subscriptions	450	159	291	425
Miscellaneous/Contingency	150	150	(0)	164
Computer System Upgrade	250	-	250	220
Capital Outlays				
Equipment/Building	900	223	675	100
Vehicles	-	-	-	2,575
Radios	900	478	422	634
Vehicle Maintenance	4,250	8,647	(4,397)	4,112
Vehicle Repair	4,250	7,089	(2,799)	5,336
Radio Repair	1,500	2,785	(1,285)	2,716
Total Police Department	<u>130,364</u>	<u>418,004</u>	<u>(87,640)</u>	<u>368,983</u>
Fire Department				
Salary - Fire Chief	2,400	2,400	-	2,400
Compensation - Firemen	2,080	1,280	720	820
Insurance - Firemen	380	-	380	217

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, 1997**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	YEAR ENDED 12/31/98 ACTUAL
Workers Compensation	216	274	(58)	-
Supplies	980	1,874	(1,274)	2,629
Insurance - Vehicle	6,700	3,778	2,924	3,587
Insurance - Property	300	234	66	-
Dues and Subscriptions	508	185	323	185
Telephone	1,500	1,441	59	1,447
Utilities	2,000	1,219	681	2,230
Travel/Training	1,000	222	778	303
Vehicle Gas & Oil	900	528	372	484
Radio Repair	200	27	173	21
Capital Outlay				
Building	1,000	-	1,000	-
Other	4,500	-	4,500	-
Vehicle Repairs	1,000	-	1,000	320
Total Fire Department	<u>24,416</u>	<u>13,330</u>	<u>11,086</u>	<u>13,113</u>
Streets and Highways				
Insurance - Street Liability	4,000	-	4,000	3,290
Street Lights	15,000	18,825	(3,825)	19,631
Street Maintenance	3,000	3,810	(3,810)	963
Total Streets and Highways	<u>22,000</u>	<u>22,635</u>	<u>(635)</u>	<u>23,884</u>
Parks and Recreation				
Salaries	-	5,269	(5,269)	-
Payroll Taxes	-	482	(482)	-
Insurance	1,200	-	1,200	1,030
Supplies	30	881	(851)	39
Utilities	6,973	3,048	3,925	7,408
Repair and Maintenance	2,550	1,343	1,207	374
Capital Outlay	900	-	900	-
Cleaning	900	-	900	-

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, 1997

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	YEAR ENDED 12/31/96 ACTUAL
Telephone	550	561	(11)	548
Risk Charges	-	14	(14)	-
Total Parks and Recreation	13,125	11,588	1,537	8,681
Total Expenditures	518,410	517,059	(48,649)	607,809
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(25,000)</u>	<u>(74,290)</u>	<u>(48,290)</u>	<u>(37,123)</u>
OTHER FINANCING SOURCES (Uses)				
Operating transfers in	25,000	-	(25,000)	311,538
Operating transfers out	-	-	-	(261,682)
Total other financing sources (uses)	25,000	-	(25,000)	49,856
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USE	<u>-</u>	<u>(74,290)</u>	<u>(74,290)</u>	<u>12,734</u>
FUND BALANCES (Deficit), BEGINNING	150,380	150,200	-	136,553
FUND BALANCES (Deficit), ENDING	<u>\$150,380</u>	<u>\$75,910</u>	<u>\$</u> (74,290)	<u>\$149,053</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, 1997

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	YEAR ENDED 12/31/96 ACTUAL
REVENUES				
Intergovernmental Revenues	\$130,000	\$112,553	\$ (17,447)	\$102,778
Garbage Collection Fees	47,000	44,479	(2,521)	51,281
Miscellaneous/Containers	3,000	4,688	(168)	4,785
Interest Income	-	1,099	1,099	-
Total Revenues	182,000	162,819	(19,181)	138,844
EXPENDITURES				
Salaries	\$7,250	\$8,384	(1,134)	\$5,777
FICA	3,900	4,323	(423)	2,689
Workers Compensation	13,600	12,772	828	21,564
Unemployment Taxes	350	117	233	112
Employee Group Insurance	6,500	7,227	(677)	8,363
Insurance	17,000	6,801	10,199	28,518
Audit	3,000	2,801	(1)	1,363
Accounting Services	1,500	600	900	3,490
Bank Service Charge	15	186	(161)	30
Capital Outlay	2,280	-	2,280	-
Maintenance & Repair	6,800	5,156	1,644	6,159
Miscellaneous	1,000	437	563	-
Supplies	1,900	(5,138)	3,238	2,914
Vehicle Gas & Oil	3,980	3,568	132	3,428
Total expenditures	118,255	100,246	18,009	126,973
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	63,745	62,573	(1,172)	31,869
OTHER FINANCING SOURCES (Uses)				
Operating transfers in	-	-	-	-
Operating transfers out to General Fund	(25,000)	-	25,000	(69,787)
Total other financing sources (uses)	(25,000)	-	25,000	(69,787)

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, 1997

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>YEAR ENDED 12/31/96 ACTUAL</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>34,345</u>	<u>62,557</u>	<u>28,212</u>	<u>(17,911)</u>
FUND BALANCES (Deficit), BEGINNING	146,326	146,326		164,243
FUND BALANCES (Deficit), ENDING	<u>319,071</u>	<u>305,883</u>	<u>\$ 23,188</u>	<u>3146,327</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 \$265,000 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, 1997

ASSETS	
Cash and cash equivalents	31,000
Investments	96,360
Receivables:	
Taxes (net of allowance for uncollectibles)	26,337
Accrued interest	439
Interfund receivable	1,889
TOTAL ASSETS	<u>\$ 156,045</u>
LIABILITIES AND FUND EQUITY	
Liabilities:	
Interfund payable	<u>\$ 34,386</u>
Total Liabilities	34,386
Fund Equity:	
Reserved for debt service	81,660
Unreserved - undesignated	-
Total Fund Equity	<u>81,660</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 156,045</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, 1997*

REVENUES	
Taxes	23,080
Other revenues	(51)
Total revenues	23,029
 EXPENDITURES	
General government	-
Debt service:	
Principal retirement	131,292
Interest and bank charges	129
Other expenditures	323
Total expenditures	131,744
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	 (108,715)
 OTHER FINANCING SOURCES (Uses)	
Operating transfers in	-
Operating transfers out	-
Total other financing sources (uses)	-
 EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	 (108,715)
 FUND BALANCES (Deficit), BEGINNING	 190,379
 FUND BALANCES (Deficit), ENDING	 81,664

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.

1964 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, 1997

REVENUES	
Other revenues - interest income	\$ 13,191
Total revenues	<u>13,191</u>
EXPENDITURES	
General government	-
Capital Projects	-
Total expenditures	<u>-</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>13,191</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>13,191</u>
FUND BALANCES (Deficit), BEGINNING	138,547
FUND BALANCES (Deficit), ENDING	<u><u>\$ 171,738</u></u>

The accompanying notes are an integral part of this statement.

PROPRIETARY FUNDS (UTILITY FUND)

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent 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 Grantham 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, 1997

	December 31, 1997
WATER DEPARTMENT	
Salaries	73,606
FICA	5,871
Workers compensation	5,523
Unemployment taxes	174
Employee group insurance	9,124
Insurance	2,344
Audit	6,088
Accounting and legal services	1,708
Bank service charge	109
Rent/equipment	12,565
Sales tax	3,076
Maintenance and repairs	8,788
Water system repair	3,225
Miscellaneous	1,627
Supplies	12,713
Office expense	7,537
Tuition/training	1,174
Vehicle gas and oil	4,368
Utilities	61,043
Depreciation	224,204
Total water department operating expenses	<u>445,718</u>
SEWER DISTRIBUTION DEPARTMENT	
Salaries	26,559
FICA	2,349
Workers compensation	1,512
Employee group insurance	(248)
Maintenance and repairs	1,047
Sewer system repair	8,128
Miscellaneous	14
Supplies	3,768
Utilities	10,531
Total sewer distribution department operating expenses	<u>55,657</u>

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, 1997

SEWER PLANT DEPARTMENT

Insurance	1,876
Capital outlay	1,159
Bonds/compost	39,810
Maintenance and repairs	373
Oxidation pond project	2,763
Supplies	62,471
Vehicle gas and oil	359
Utilities	21,642
Depreciation	120,459
Total sewer distribution department operating expenses	<u>191,102</u>

TOTAL OPERATING EXPENSES \$ 693,328

The accompanying notes are an integral part of this statement.

CITY OF CHAMBLING

Comprehensive Fund—Water and Sewer
 Schedule of Changes in Assets Restricted for
 Bureau Bonds Debt Service
 Year Ended December 31, 1997

	CASH WITH BOND AND INTEREST REDEMPTION RESERVE			
CASH - 01-01-97	\$	-	\$	145,314
CASH AND INVESTMENTS, 01-01-97		-		145,314
CASH RECEIPTS				
Transfer from Operating		-		1,179
Interest on Investments		-		2,877
Transfer from Bond and Interest Redemption		171,089		-
TOTAL CASH RECEIPTS		171,089		4,056
TOTAL CASH AND INVESTMENTS AVAILABLE		171,089		291,370
CASH DISBURSEMENTS				
Transfer to Paying Agent		-		171,089
Principal Payments		60,234		-
Interest Payments		119,855		-
Transfer to Operating		-		-
TOTAL CASH DISBURSEMENTS		171,089		171,089
CASH AND INVESTMENTS, 12-31-97	\$	-	\$	120,281

The accompanying notes are an integral part of this statement.

<u>CONTINGENCY</u>	<u>TOTAL</u>
\$ 14,219	\$ 253,078
<u>14,219</u>	<u>253,078</u>
2,880	204,273
704	3,681
-	171,089
<u>3,684</u>	<u>379,243</u>
<u>17,903</u>	<u>632,421</u>
-	171,089
-	68,234
-	118,865
-	-
<u>-</u>	<u>343,178</u>
<u>\$ 17,903</u>	<u>\$ 270,243</u>

The accompanying notes are an integral part of this statement.

ACCOUNT GROUPS

CITY OF GRAMBLING, LOUISIANA

Statements of General Long-Term Debt

December 31, 1997

	<u>GENERAL DELEGATION</u>	<u>COMPENSATED ABSENCES</u>	<u>TOTAL</u>
AMOUNT AVAILABLE & TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT			
<i>Amount Available in Debt Service Funds for Debt Retirement</i>			
	\$ 55,000	\$ 26,653	\$81,653
<i>Amount to be Provided from Ad Valorem Taxes</i>			
	-	-	-
TOTAL AVAILABLE	<u>55,000</u>	<u>26,653</u>	<u>81,653</u>
GENERAL LONG-TERM DEBT PAYABLE			
Bonds Payable	55,000	-	55,000
Unpaid Compensated Absences	-	<u>26,653</u>	<u>26,653</u>
TOTAL GENERAL LONG-TERM DEBT PAYABLE	<u>\$ 55,000</u>	<u>\$ 26,653</u>	<u>\$81,653</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
Statement of Changes in General Fixed Assets
Year Ended December 31, 1997

	LAND	BUILDING	IMPROVEMENT OTHER THAN		EQUIPMENT	CONSTRUCTION IN PROGRESS		TOTAL
			BUILDING					
General Fixed Assets, Beginning of Year	\$37,592	\$292,685	\$	\$22,627	\$ 516,259	\$	\$	\$1,188,758
ADDITIONS								
General Fixed	-	6,200	-	-	-	-	-	6,200
Health & Sanitation	-	-	-	-	-	-	-	-
Capital Project	-	-	-	-	-	-	-	-
	-	6,200	-	-	-	-	-	6,200
TOTAL BALANCES								
AND ADDITIONS	37,592	298,885		22,627	516,259			1,174,958
DEDUCTIONS								
Assets Transferred to Other Funds	-	-	-	-	-	-	-	-
General Fixed Assets, End of Year	\$37,592	\$305,085	\$	\$22,627	\$ 516,259	\$	\$	\$1,174,959

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
Comparative Statement of General Fixed Assets
December 31, 1997 & 1996

	DECEMBER 31,	
	1997	1996
GENERAL FIXED ASSETS, AT COST		
Land	\$ 37,392	\$ 37,392
Buildings	298,485	298,485
Improvement Other Than Buildings	322,627	322,627
Equipment	<u>516,235</u>	<u>516,235</u>
TOTAL GENERAL FIXED ASSETS	<u>1,174,739</u>	<u>1,168,739</u>
INVESTMENT IN GENERAL FIXED ASSETS	<u>\$ 1,174,739</u>	<u>\$ 1,168,739</u>

The accompanying notes are an integral part of this statement.

SUPPLEMENTARY FINANCIAL INFORMATION

CITY OF GRAMBLING, LOUISIANA

Combined Schedule of Investments

December 31, 1997

	INTEREST RATE	DATE ACQUIRED	MATURITY DATE	BOOK VALUE
GENERAL FUND				
Certificates of Deposits				
Central Bank	5.00%	11/28/97	11/28/98	\$ 12,289
Central Bank	4.87%	09/14/97	09/14/98	28,970
Savings Account				
Central Bank	1.50%			3,807
Central Bank	1.50%			11,860
Central Bank	5.00%	05/20/97	05/20/98	16,670
Grambling Federal Credit Union	2.00%			26,389
TOTAL GENERAL FUND				<u>91,385</u>
ENTERPRISE FUND				
Security First National Bank	5.15%	09/14/97	09/14/98	13,197
Bank One	4.81%	09/18/97	09/18/98	15,344
Bank One	4.61%	12/08/97	12/08/98	28,090
Security First National Bank	3.80%	02/24/97	02/24/98	79,960
TOTAL ENTERPRISE FUND				<u>128,591</u>
DEBT SERVICE FUND				
Certificates of Deposits				
Central Bank	5.00%	12/28/97	12/28/98	36,534
Central Bank	5.00%	11/28/97	11/28/98	8,559
Bank One	4.92%	07/29/97	01/18/98	26,470
TOTAL DEBT SERVICE FUND				<u>71,563</u>
CAPITAL PROJECTS				
Certificates of Deposits				
Central Bank	5.00%	11/20/97	11/19/98	35,130
Central Bank	5.00%	05/04/97	05/04/98	29,524
Central Bank	5.00%	11/20/97	11/19/98	30,623
Central Bank	5.00%	11/20/97	11/19/98	3,492
TOTAL CAPITAL PROJECTS				<u>138,779</u>
GRAND TOTAL				<u>\$ 449,688</u>

The accompanying notes are an integral part of this statement.

Bonds

Authorized & Issued	Retired	Outstanding, 12/31/97
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\$ 265,000	\$ 210,000	\$ 55,000
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380,000	125,000	255,000
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1,230,000	1,227	1,248,773
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1,170,000	90,000	1,080,000
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\$ 3,065,000	\$ 435,227	\$ 2,629,773
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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, 1997

COUNCIL MEMBERS	AMOUNT
Edward Adams	\$ 1,680
Beverly Sprouman	900
Birden Copeland	1,680
Richard J. Gallos, Jr.	1,680
A.D. Smith	1,680
Earl Bibbs (resigned)	700
	<u>\$ 8,400</u>

The accompanying notes are an integral part of this statement.

CITY OF GRABBLENG, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 1997

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
1996-1 Customers of Water & Sewer system have been allowed to remain on the system despite delinquent account status. We recommend that the city implement and follow an approved delinquent customer cutoff procedure for all customers that do not pay their water and sewer bills within the allowed time period.	Partially resolved. The city has been investigating those overdue balances and intends to take action against them within the next year.
1996-2 The police department's ticket log book is not reconciled to cash receipts, tickets issued, or tickets outstanding. The police department should set up procedures to reconcile monthly the ticket log book to cash receipts, tickets issued, and tickets outstanding.	Partially resolved. The police department has begun developing procedures to accurately track the issuance of tickets, cash receipts, and outstanding tickets by establishing improved reporting and recording. See current year findings.
1996-3 Property tax delinquency notices were not timely mailed out and filed for collection of unpaid property taxes. We recommend that the city implement controls to properly track and schedule property tax payments and follow-up procedures for delinquent property tax notices.	Partially resolved. The city has begun designing procedures to monitor property tax notices and subsequent delinquencies. See current year findings.
1996-4 The city needs to update its employee manual, specifically, to address the issue of compensated absences.	Partially resolved. The city currently has a project committee formed to address this issue and formally amend the employee manual for compensated absences. See current year findings.
1996-5 The General Fund and Special Revenue Fund actual revenues fall to meet budgeted revenues by more than five percent. The city needs to review its General Fund and Special Revenue Fund budget vs. actual financial reports on a quarterly basis and take appropriate actions.	Partially resolved. The finance committee of the city is reviewing the actual vs. budget Revenue & Expenditure Statement of the General Fund and Special Revenue Fund on a quarterly basis and making amendments to the budget on a quarterly or semi-annual basis as needed. See current year findings.
SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
N/A	
SECTION III - MANAGEMENT LETTER	
N/A	

OTHER SUPPLEMENTARY REPORTS AND INFORMATION

SINGLE AUDIT SECTION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

RADIAN L. HENNEGAN
Certified Public Accountant
1989 Goodwin Road
Baton Rouge, LA 71270
318-255-8908

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

To the City Council
City of Grambling
Grambling, LA 71227

I have audited the financial statements and the combining, individual fund and account group financial statements of the City of Grambling, Louisiana, as of and for the year ended December 31, 1997, and have issued my report thereon dated May 5, 1998. These financial statements are the responsibility of the City of Grambling, Louisiana 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, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audit of State and Local Governments." These standards and OMB Circular A-128 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 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.

My audit was conducted for the purposes of forming an opinion on the financial statements of the City of Grambling, Louisiana, taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements.

To the City Council
City of Grandling
Page 2

The information on that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Respectfully,



Rodian L. Hanzigan
Certified Public Accountant

May 5, 1998

CITY OF GRAMBLING, LOUISIANA
 Schedule of Federal Financial Assistance
 For the Year Ended December 31, 1997

GRANT/PROGRAM TITLE	Federal CFDA Number	Grantor's Number	Program or Award Amount	Fund Balance 1-1-97	Revenue	Expenditures	Fund Balance 12/31/97
Department of Agriculture	16-418	AG44	\$1,250,000	\$ -	\$31,018	\$ 71,068	\$ -
Passed through the Harris Administration Waste & Water Disposal System of Bass Communitien							
Safe and Drug-Free Schools and Communities	16-579	28-97-7682-D	\$ 18,712	\$ -	\$18,712	\$ 18,712	\$ -
Governor Safe and Drug- Free program							

The accompanying notes are an integral part of this statement.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL
STATEMENT AUDIT CONDUCTED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

RADIAN L. HENNINGAN
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1500 Goodwin Road
Baton, LA 70800
338-255-9905

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL
STATEMENT AUDIT CONDUCTED IN ACCORDANCE
WITH GOVERNMENT ACCOUNTING STANDARDS

To the City Council
City of Grumblerg
Grumblerg, LA

I have audited the general purpose financial statements and the combining (individual fund and account group) financial statements of the City of Grumblerg, Louisiana, as of and for the year ended December 31, 1997, and have issued my report thereon dated May 3, 1998.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements.

In planning and performing my audit of the financial statements referred to in the first paragraph of the City of Grumblerg, Louisiana, for the year ended December 31, 1997, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on these financial statements and not to provide assurance on the internal control structure.

The management of the City of Grumblerg, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operations of policies and procedures may deteriorate.

To the City Council
City of Grandblow
Page 2

For the purpose of this report, I have classified the significant internal control structure policies and procedures in the following categories:

- Billings/Receivables
- Cash Receipts
- Accounts Payable
- Purchasing
- Cash Disbursements
- Payroll
- Property & Equipment
- General Ledger

For all of the control categories listed above, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed the control risk.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

I. FINDING & EFFECTS

Based on the testing performed on the Police Department's internal control system, I have determined the following:

1. The department does not maintain a log that accounts for each ticket number or its disposition. Without such documentation, the department cannot reconcile or maintain proper control over their outstanding tickets.
2. The computer does not contain information regarding the adjudication of tickets. Therefore, one must trace the ticket to the specific court date's docket to find the ticket's present status.
3. Department personnel continue to accept money orders even though the Mayor has instituted a policy that prohibits such actions.

RECOMMENDATION

The Department should utilize their computers in maintaining a ticket log book that accounts for every ticket number. Such a log could easily be maintained using a spreadsheet software. Following judicial proceedings, each ticket's file on the computer should be updated to indicate the current status.

RESPONSE

The city's police department has begun procedures to accurately track the issuance of tickets, cash receipts, and outstanding tickets by establishing improved reporting and recording.

II. FINDING & EFFECTS

Property Tax Delinquency Notices were not timely mailed out and filed for collection of unpaid property taxes.

RECOMMENDATION

Implement controls to properly track and schedule property tax payments and follow-up procedures for delinquent property tax notices.

RESPONSE

The City has implemented and put in place procedures to monitor property tax notices and subsequent delinquencies.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions, and accordingly would not necessarily disclose all reportable conditions that are also considered to be a material weaknesses as defined above. However, I consider the findings noted above to be material weaknesses.

To the City Council
City of Grambling
Page 4

This report is intended for the management of the City of Grambling, Louisiana, its cognizant audit agency and other agencies granting funds to the City. This restriction is not intended to limit the distribution of this report, which is matter of public record.

Respectfully,



Eudine L. Hennigan
Certified Public Accountant

May 5, 1998

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL
CONTROL STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

RADIAN L. HENNINGAN
Certified Public Accountant
1545 Goodwin Road
Baton, LA 70870
318-253-9165

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL
CONTROL STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the City Council
City of Grambling
Grambling, LA

I have audited the general purpose financial statements and the combining, individual fund and account group financial statements of the City of Grambling, Louisiana, as of and for the year ended December 31, 1997, and have issued my report thereon dated May 5, 1998.

I conducted my audit in accordance with generally accepted auditing standards; *General Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing my audit for the year ended December 31, 1997, I considered the City's internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the City's general purpose financial statements and on the compliance of City of Grambling with requirements applicable to major programs and not to provide assurance on the internal control structure. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed policies and procedures relevant to my audit of the general purpose financial statements in a separate report dated May 5, 1998.

The management of the City of Grambling, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with

applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures used in administering federal financial assistance program in the following categories:

Autonomous Controls

- Payroll/Local entities
- Cash Receipts
- Accounts Payable
- Cash Disbursements
- Property & Equipment
- General Ledger
- Grant Program

General Responsibilities

1. Political Activity
2. Double-Block Art
3. Civil Rights
4. Cash Management
5. Financial Reports
6. Allowable Costs/Grant Principles

Specific Requirements

1. Types of Services Allowed/Unallowed
2. Reporting
3. Special Requirements

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and I assessed control risk.

To the City Council
City of Grambling
Page 3

During the year ended December 31, 1997, the City of Grambling, Louisiana had no major federal financial assistance program and expended over 70 percent of its total federal financial assistance under the following nonmajor federal financial assistance program: Water and Waste Disposal Systems for Rural Communities.

I performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements that are applicable to the aforementioned nonmajor program. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure, that, in my judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements or to administer federal financial assistance programs in accordance with applicable laws and regulations.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above. However, I noted certain matters that I have reported to the management of the City of Grambling in a separate letter dated May 3, 1998.

To the City Council
City of Greentling
Page 4

This report is intended for the information of management of the City of Greentling, Louisiana, its cognizant audit agency and other agencies granting funds to the City. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Respectfully,



Radon L. Henigan
Certified Public Accountant

May 5, 1998

INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

RADIAN L. HENNIGAN
Certified Public Accountant
1931 Goodwin Road
Baton, LA 71279
788-335-9325

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the City Council
City of Grambling
Grambling, LA 71244

I have audited the general purpose financial statements and the individual fund and account group financial statements of the City of Grambling, Louisiana, as of and for the year ended December 31, 1999, and have issued my report thereon dated May 5, 1998.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the City of Grambling, Louisiana, is the responsibility of the City of Grambling, Louisiana's management. As part of obtaining reasonable assurance about whether the financial statements referred to above are free of material misstatement, I performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants. However, my objective was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in laws, regulations, contracts, or grants, that cause me to conclude that the aggregation of misstatements resulting from those failures or violations is material to the general purpose financial statements. The results of my tests of compliance disclosed the following material instance of noncompliance:

FINDINGS & EFFECTS

The City needs to update its employee manual, specifically, to address the issue of compensated absences.

To the City Council
City of Grambling
Page 2

RECOMMENDATION

The employee manual should be amended to address the issue of compensated absences.

RESPONSE

The City currently has a project committee formed to address this issue, and formally amend the employee manual for compensated absences.

FINDINGS & EFFECTS

General Fund and Special Revenue Fund actual revenues fall to meet budgeted revenues by more than five percent.

RECOMMENDATION

The City needs to review its General Fund and Special Revenue Fund budget vs actual financial reports on a quarterly basis and take appropriate actions.

RESPONSE

The finance committee of the City is reviewing the actual vs. budget Revenue & Expenditure Statement of the General Fund and Special Revenue Fund on a quarterly basis and making amendments to the budget on a quarterly or semi-annual basis as needed.

I considered these material instances of noncompliance in forming my opinion on whether the financial statements referred to in the first paragraph are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated May 3, 1998 on those financial statements referred to in the first paragraph.

Except as described above, the results of my tests of compliance indicate that, with respect to the items tested, City of Grambling, Louisiana, complied in all material respects, with the provisions referred to in the third paragraph of this report, and with respect to items not tested, nothing came to my attention.

To the City Council
City of Grandblanc
Page 3

that caused me to believe that the City had not complied, in all material respects, with these provisions.

This report is intended for the management of the City of Grandblanc, Louisiana, its cognizant audit agency, and other agencies granting funds to the City. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Respectfully,



Radwan L. Herwig, Jr.
Certified Public Accountant

May 5, 1988

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

RADIAN L. HENNIGAN

Certified Public Accountant

1383 Goodwin Road

Baton Rouge, LA 70820

318-255-8308

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the City Council
City of Grambling
Grambling, LA

I have audited the general purpose financial statements and the combining, individual fund and account group financial statements of the City of Grambling, Louisiana, as of and for the year ended December 31, 1997, and have issued my report thereon dated May 5, 1998.

I have applied procedures to test the City of Grambling, Louisiana's compliance with the following requirements applicable to its nonmajor federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended December 31, 1997.

1. Political Activity
2. Davis-Bacon Act
3. Civil Rights
4. Cash Management
5. Financial Reports
6. Allowable Costs/Cost Principles

My procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments." My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City of Grambling, Louisiana's compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to

To the City Council
City of Grambling
Page 2

Items not tested, nothing came to my attention that caused me to believe that the City of Grambling, Louisiana had not complied, in all material respects, with these requirements.

This report is intended for the information of management of the City of Grambling, Louisiana its cognizant audit agency, and other agencies granting funds to the City. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Respectfully,



Radlan L. Henriquez
Certified Public Accountant

May 5, 1998

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO
NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

RADIAN L. HENNINGAN
Certified Public Accountant
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Ruston, LA. 71270
338-233-9385

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO
NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

To the City Council
City of Grambling
Grambling, LA

I have audited the general purpose financial statements and the combining, individual fund and account group financial statements of the City of Grambling, Louisiana, as of and for the year ended December 31, 1997, and have issued my report thereon dated May 5, 1998.

In connection with my audit of the general purpose financial statements of City of Grambling, Louisiana and with my consideration of City of Grambling, Louisiana's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, Audits of State and Local Governments, I selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1997. As required by OMB Circular A-128, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowable; reimbursements; eligibility; and matching that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City of Grambling, Louisiana's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that the City of Grambling, Louisiana, had not complied, in all material respects, with these requirements.

To the City Council
City of Greentling
Page 2

This report is intended for the information and management of the City of Greentling, Louisiana, its cognizant audit agency and other agencies granting funds to the City. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Respectfully,



Radnor L. Hennigan
Certified Public Accountant

May 3, 1988

**CITY OF GRAMBLING, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 1997**

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
<p>1997-1</p> <p>a. The police department does not maintain a log that accounts for each ticket number or its disposition. Without such documentation, the department cannot reconcile or maintain proper control over their outstanding tickets.</p> <p>b. The police department's software does not contain information regarding the adjudication of tickets. Therefore, one must trace the ticket to the specific court date's docket to find the ticket's present status.</p> <p>c. Department personnel continue to accept money orders even though the mayor has instituted a policy that prohibits such actions.</p> <p>The police department should utilize their computers in maintaining a ticket log book that accounts for every ticket number. Such a log could easily be maintained using spreadsheet software. Following judicial procedure, each ticket's file on the computer should be updated to indicate the current status.</p>	<p>The police department has begun procedures to accurately track the issuance of tickets, cash receipts, and outstanding tickets by establishing improved reporting and recording.</p>
<p>1997-2 Property tax delinquency notices were not timely mailed out and filed for collection of unpaid property taxes.</p> <p>The city should implement controls to properly track and schedule property tax payments and follow-up procedures for delinquent property tax notices.</p>	<p>The city has implemented and put in place procedures to monitor property tax notices and subsequent delinquencies.</p>
<p>1997-3 The city needs to update its employee manual, specifically, to address the issue of compensated absences.</p>	<p>The city currently has a project committee formed to address this issue and formally amend the employee manual for compensated absences.</p>

**CITY OF GRAHLING, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 1997**

SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS (Cont.)	
<p>1997-4 General Fund and Special Revenue Fund actual revenues and expenditures fail to meet budgeted revenues and expenditures by more than five percent.</p> <p>The city needs to review its General Fund and Special Revenue Fund budget vs. actual financial reports on a quarterly basis and take appropriate actions.</p>	<p>The finance committee of the city is reviewing the actual vs. budget Revenue and Expenditure Statement of the General Fund and Special Revenue Fund on a quarterly basis and making amendments to the budget on a quarterly or semi-annual basis as needed.</p>
SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
N/A	
SECTION III – MANAGEMENT LETTER	
<p>1997-5 Some customers of the Water & Sewer system are allowed to remain on the system despite delinquent account status. Although the reasons for some of these delinquent situations seem to be valid, the City needs to develop a comprehensive policy for delinquencies and cut-off procedures.</p>	<p>The Water Superintendent and Mayor are developing a more comprehensive policy to address the issues of delinquent account status and cut-off procedures to be administered by the Water & Sewer department.</p>
<p>1997-6 The correct entry of unit and mileage information of police unit is imperative when using gas cards.</p>	<p>The Mayor has instructed the Chief of Police to advise the police force that only one gas card is to be used for each police unit. A monthly review will be performed by the Accounts Payable department to determine if there has been compliance by police department employees. The results of monthly review will be communicated to the Chief of Police for appropriate action.</p>
<p>1997-7 A schedule of garnishments needs to be maintained in order that an accurate accounting of garnishments levied and paid off can be ascertained by the City and the employee.</p>	<p>The payroll clerk will maintain a schedule of garnishments withheld, paid and refunded per employee.</p>

RADIAN L. HENNIGAN
Certified Public Accountant
1300 Goodwin Road
Baton Rouge, LA 71279
318-285-9365

To the City Council
City of Gretna
Gretna, LA 71245

This letter is intended to bring to your attention items I feel need some further corrective action. In relation to the general purpose financial statements taken as a whole, these items have been properly disclosed and reflected in the financial data, thus they do not have a material impact on the statements.

- 1. Water & Sewer Customer**
Some customers of the Water & Sewer System are allowed to remain on the system despite delinquent account status. Although the reasons for some of these delinquent situations seem to be valid, the City needs to develop a comprehensive policy for delinquencies and cut-off procedures.
- 2. Use of Gas Card in Police Department**
The correct entry of unit and mileage information of police unit is imperative when using gas cards.
- 3. Schedule of Garnishments**
A schedule of Garnishments needs to be maintained in order that an accurate accounting of garnishments levied and paid off can be ascertained by the City and the employee.

Our firm would welcome the opportunity to discuss further the suggestions listed above and assist you in the implementation of the agreed upon solutions.

Respectfully,



Radian L. Hennigan
Certified Public Accountant

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