

VILLAGE OF GRAYSON
Grayson, Louisiana

Report On Audit
Of
Basic Financial Statements
For The Year Ended
December 31, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 7/28/10

Jimmie Self, CPA
A Professional Accounting Corporation
2908 Cameron Street, Suite C
Monroe, Louisiana 71201
Phone 318/323-4656 • FAX 318/388-0724

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Grayson, Louisiana

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Grayson, Louisiana

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A Professional Accounting Corporation
2908 Cameron Street, Suite C
Monroe, Louisiana 71201
Phone 318-323-4656 Fax 318-388-0724

Independent Auditor's Report

To the Honorable Mayor
And the Board of Commissioners
Village of Grayson, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Grayson, Louisiana, as of and for the year ended December 31, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Grayson's management. My responsibility is to express opinions on these financial statements, based on my audit.

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

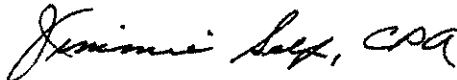
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Grayson, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 29, 2010, on my consideration of the Village of Grayson's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of my audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Grayson's basic financial statements as a whole. The other supplemental information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I express no opinion on them.



Jimmie Self, CPA
Monroe, Louisiana
June 29, 2010

**Required Supplementary Information
(Part I)**

Management's Discussion and Analysis

VILLAGE OF GRAYSON
GRAYSON, LOUISIANA
Management Discussion and Analysis
December 31, 2009

As management of the Village of Grayson we offer readers the Management's Discussion and Analysis (MD&A), a narrative overview and examination of the financial activities for the year ended December 31, 2009. The MD&A is designed to provide an objective and easy to read evaluation of the Village's financial activities based on currently known facts, decisions, and conditions. It is also intended to provide readers with a broad overview of the Village's finances and an analysis of short-term and long-term activities of the Village based on information presented in the financial report and fiscal policies that have been adopted. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the financial activity, identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify fund issues or concerns.

As with other sections of the financial report, the information contained within the MD&A should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes (Notes to the Financial Statements), reports, and the other Financial Statements Schedules (Required Supplementary Information) that are provided in addition to this Management Discussion and Analysis.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's financial statements. The basic financial statements consist of the following components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements
4. Other Supplementary Information, which is in addition to the basic financial statements themselves.

1. Government-Wide Financial Statements

Government-Wide Financial Statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the Village's financial position and results of operations in a manner similar to a private-sector business.

A. The *Statement of Net Assets* presents information on all the Village's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or weakening.

VILLAGE OF GRAYSON
GRAYSON, LOUISIANA
Management Discussion and Analysis
December 31, 2009

B. The *Statement of Activities* presents information showing how government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

The government-wide financial statements further assist the reader in their evaluation by distinguishing functions of the Village into:

A. *Governmental activities* that are principally supported by taxes and intergovernmental revenues, and

B. *Business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges.

Financial Analysis of the Town as a Whole

As year to year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Town as a whole. Below is a brief description of the total assets, total liabilities, and net assets showing restricted and unrestricted portions, the program revenues, and the related expenditures and expenses.

VILLAGE OF GRAYSON
Summary of Statement of Net Assets
December 31, 2009

	Governmental Activities		Business-type Activities		Totals	
	2008	2009	2008	2009	2008	2009
Current and other assets	117,860	139,551	189,564	197,432	307,424	336,983
Capital Assets	800,280	832,262	1,497,454	1,435,838	2,297,734	2,268,100
Total Assets	918,140	971,813	1,687,018	1,633,270	2,605,158	2,605,083
Long-Term Liabilities	-	-	330,133	319,752	330,133	319,752
Other Liabilities	7,499	18,759	80,727	91,684	88,226	110,443
Total Liabilities	7,499	18,759	410,860	411,436	418,360	430,195
Net Assets						
Invested in capital Assets						
net of related debt	800,280	832,262	1,117,012	1,106,609	1,917,292	1,938,871
Restricted	-	-	53,307	36,458	53,307	36,458
Unrestricted	110,361	120,792	105,839	78,767	216,200	199,559
Total net assets	910,641	953,054	1,276,158	1,221,834	2,186,799	2,174,888

VILLAGE OF GRAYSON
GRAYSON, LOUISIANA
Management Discussion and Analysis
December 31, 2009

VILLAGE OF GRAYSON
Summary of the Statement of Activities
For the Year Ended December 31, 2009

	2008			2009		
	Governmental	Business-	Total	Governmental	Business-	Total
	Activities	Type Activities		Activities	Type Activities	
Charges for Services	23,299	284,494	307,793	35,555	244,745	280,300
Operating Grants & Contributions	17,520	-	17,520	29,016	5,066	34,082
Capital Grants	120,472	-	120,472	76,214	-	76,214
GENERAL REVENUES:						
Property Taxes	9,142	-	9,142	9,176	-	9,176
Franchise License Fees	14,199	-	14,199	10,607	-	10,607
Occupational Licenses	24,398	-	24,398	31,852	-	31,852
Fines	98,725	-	98,725	69,061	-	69,061
Investment Income	2,690	1,409	4,099	2,279	1,408	3,687
Other Miscellaneous Income	11,505	-	11,505	7,115	-	7,115
Special Items (Note 3)	-	-	-	-	-	-
Transfers	(27,202)	27,202	-	-	-	-
Total Revenues	294,748	313,105	607,853	270,875	251,219	522,094
EXPENSES:						
General Administration	170,493	-	170,493	202,228	-	202,228
Public Works	28,657	-	28,657	5,739	-	5,739
Public Safety	16,884	-	16,884	20,495	-	20,495
Water	-	227,655	227,655	-	194,796	194,796
Sewer	-	77,396	77,396	-	94,056	94,056
Interest Expense	-	17,887	17,887	-	16,691	16,691
Total Expenses	216,034	322,938	538,972	228,462	305,543	534,005
Change in Net Assets	78,714	(9,834)	68,880	42,413	(54,325)	(11,912)
Net Assets, Beginning	831,927	1,285,992	2,117,919	910,641	1,276,159	2,186,800
Net Assets, Ending	910,641	1,276,158	2,186,799	953,054	1,221,834	2,174,888

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like any other state or local governments, uses fund accounting to ensure and demonstrate compliance

VILLAGE OF GRAYSON
GRAYSON, LOUISIANA
Management Discussion and Analysis
December 31, 2009

with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

A. Governmental funds are used to account for most of the Village's basic services as reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Those funds are reported using modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general governmental operations and basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are located on pages 15 and 17.

The Village maintains two individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund. The basic governmental fund financial statements can be found on pages 14 and 16 of this report

3. Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential for a full understanding of the data provided in the government-wide and financial statements. The notes to the financial statements can be found immediately following the section entitled "Basic Financial Statements."

4. Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found beginning with a section entitled "Required Supplementary Information – Part I."

**VILLAGE OF GRAYSON
GRAYSON, LOUISIANA
Management Discussion and Analysis
December 31, 2009**

A. Budgetary Comparison Schedule – The Village adopts an annual appropriated budget for its general fund. A budgetary comparison schedule (Schedule 1 in the Required Supplementary Information Part II section) has been provided for these funds to demonstrate compliance with the adopted budget and state laws.

The Village has prepared its General Fund Budget for the Year 2009 on the assumption that revenues and expenditures will remain fairly constant next year. Revenues and expenditures for the Utility Enterprise Fund should also remain constant during the next year.

B. Analysis of Significant Budget Variances in the General Fund.

Budget Variances – General Fund	2008	2009
Revenues	\$61,209 favorable	\$19,205 favorable
Expenditures	\$25,401 unfavorable	\$1,072 unfavorable

5. Combining Statements for the non-major Governmental Funds – N/A

6. Other Supplementary Schedules are included in this report.

Capital Assets and Debt Administration

1. Capital Assets

The Village’s investment in capital assets for the prior year of December 31, 2008, net of accumulated depreciation in its governmental activities is \$800,280 and in business-type activities is \$1,497,454 which totals \$2,297,734 for the Village.

For the current year ended December 31, 2009, the Village’s investment in capital assets, net of accumulated depreciation, in its governmental activities is \$832,262 and in business-type activities is \$1,106,609 which totals \$1,938,871 for the Village. The investment in governmental activities assets includes land, buildings and systems, machinery and equipment, parks and landscaping. The investment in assets for business-type activities includes the water and sewer system and treatment plants. Additions to governmental activities assets within the year in the amount of \$89,531 included 2 computers. Additions to business-type activities assets (water and sewer system) in the amount of \$4,195 include water line repairs.

2. Long-Term Debt

At the end of the prior fiscal year ended December 31, 2008, the Village had a revenue bond indebtedness of \$345,848.

VILLAGE OF GRAYSON
GRAYSON, LOUISIANA
Management Discussion and Analysis
December 31, 2009

At the end of the current fiscal year ended December 31, 2009, the Village had a revenue bond indebtedness of \$329,229. This indebtedness was undertaken by the Village as Sewer Revenue Bonds in August of 1991 and is scheduled to be paid in full in the year of 2029.

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ellen Scribner, Town Clerk, Village of Grayson, 5228 Hwy 126 E, Grayson, LA 71435.

Basic Financial Statements

VILLAGE OF GRAYSON, LOUISIANA
STATEMENT OF NET ASSETS
December 31, 2009

EXHIBIT A

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Assets:			
Cash and Cash Equivalents	\$ 31,601	\$ 142,145	\$ 173,746
Investments	99,940	-	99,940
Receivables, Net	8,010	18,829	26,839
Restricted Cash	-	36,458	36,458
Capital Assets, Net (See NOTE 3)	832,262	1,435,838	2,268,100
Total Assets:	<u>971,813</u>	<u>1,633,270</u>	<u>2,605,083</u>
Liabilities:			
Accounts and Other Payables	18,759	21,303	40,062
Payable from Restricted Assets:			
Customer Deposits	-	54,045	54,045
Accrued Liabilities	-	6,859	6,859
Current portion of long-term obligations	-	9,477	9,477
Non-Current Portion of long-term obligations	-	319,752	319,752
Total Liabilities:	<u>18,759</u>	<u>411,436</u>	<u>430,195</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	832,262	1,106,611	1,938,873
Restricted	-	36,458	36,458
Unrestricted	120,792	78,765	199,557
Total Net Assets	<u>\$ 953,054</u>	<u>\$ 1,221,834</u>	<u>\$ 2,174,888</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT

VILLAGE OF GRAYSON, LOUISIANA
Statement of Activities
For the Year ended December 31, 2009

EXHIBIT B

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Business-type Activities	Total Net Expenses /Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Governmental Activities							
General Government	\$ (202,228)	\$ 35,555	\$ 29,018	\$ 76,214	\$ (61,443)	\$ -	\$ (61,443)
Public Safety	(20,495)	-	-	-	(20,495)	-	(20,495)
Public Works	(5,739)	-	-	-	(5,739)	-	(5,739)
Total Governmental Activities	(228,462)	35,555	29,018	76,214	(87,677)	-	(87,677)
Business-Type Activities							
Water	(194,796)	158,171	-	-	-	(36,625)	(36,625)
Sewer	(94,056)	92,655	-	-	-	(1,401)	(1,401)
Interest Expense	(16,692)	-	-	-	-	(16,692)	(16,692)
Total Business-Type Activities	(305,544)	250,826	-	-	-	(54,718)	(54,718)
Total Activities	\$ (534,006)	\$ 286,381	\$ 29,018	\$ 76,214	\$ (87,677)	\$ (54,718)	\$ (142,395)

Taxes:			
Property Taxes	\$ 9,176	\$ -	\$ 9,176
Occupational Licenses	31,852	-	31,852
Investment Income	2,279	393	2,672
Franchise fee	10,607	-	10,607
Fines	69,061	-	69,061
Other Miscellaneous Income	7,115	-	7,115
Total General Revenues and special items	130,090	393	130,483
Change in Net Assets	42,413	(54,325)	(11,912)
Net Assets, Beginning	910,641	1,276,159	2,186,800
Net Assets, Ending	\$ 953,054	\$ 1,221,834	\$ 2,174,888

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT

Fund Financial Statements

**VILLAGE OF GRAYSON, LOUISIANA
BALANCE SHEET
Governmental Funds
December 31, 2009**

EXHIBIT C

	<u>Total Governmental Funds</u>
Assets:	
Cash	\$ 31,601
Investments	99,940
Receivables-(net, where applicable, of allowance for doubtful accounts)	8,010
Total Assets:	<u><u>\$ 139,551</u></u>
Liabilities and Fund Balance:	
Liabilities	
Accounts and Other Payables	\$ 18,759
Total Liabilities	<u>18,759</u>
Fund Balances:	
Unreserved-undesignated (deficit)	<u>120,792</u>
Total Equity & Other Credits	<u>120,792</u>
Total Liabilities and Fund Balance	<u><u>\$ 139,551</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS

VILLAGE OF GRAYSON, LOUISIANA
Reconciliation of the Balance Sheet
to the Statement of Net Assets
Governmental Funds
December 31, 2009

EXHIBIT C-1

Fund Balances - Total Governmental Funds \$ 120,792

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in Governmental Activities are not current financial resources, therefore, are not reported in the governmental funds Balance Sheet:-

Capital Assets	1,154,219	
Less: Accumulated Depreciation	<u>(321,957)</u>	
		832,262
Net Assets of Governmental Activities		<u>\$ 953,054</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT

VILLAGE OF GRAYSON, LOUISIANA
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

EXHIBIT D

	<u>Governmental Funds</u>
Revenues:	
Property Taxes	\$ 9,176
Occupational Licenses	31,852
Contributions	
Fire Assessment	35,555
Franchise Fee	10,607
Fines	69,061
Fire Insurance Rebate	
Income from Grants	105,230
Miscellaneous	7,270
La Forest Grant Fund	
Total Revenues	<u>268,751</u>
Expenditures:	
General Government	234,365
Public Safety	20,495
Public Works	5,739
Total Expenditures	<u>260,599</u>
Excess (Deficiency) of Revenues over expenditures	<u>8,152</u>
Non-Operating Revenues/Expenditures	
Interest Income	2,279
Total Non-Operating Revenues/Expenditure	<u>2,279</u>
Excess (Deficiency) of Revenues over Expenditures	10,431
Fund Balance - Beginning of Year	110,361
Fund Balance - End of Year	<u>\$ 120,792</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT

VILLAGE OF GRAYSON, LOUISIANA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year ended December 31, 2009

EXHIBIT D-1

Net Change in Fund Balances - Total Governmental Funds \$ 10,431

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

Total capital outlays	89,535	
Current depreciation	(57,553)	
See Note 3 - Capital Assets	<u>31,982</u>	

Change in Net Assets of Governmental Activities: \$ 42,413

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF GRAYSON, LOUISIANA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
December 31, 2009**

EXHIBIT E

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 75,162	\$ 66,980	\$ 142,145
Accounts Receivable, Net	11,205	7,624	18,829
Total Current Assets	86,367	74,604	160,970
Non-Current Assets:			
Restricted Assets: Cash and Cash Equivalents	-	36,458	36,458
Capital Assets:			
Land, Buildings, and Equipment	860,911	1,715,984	2,576,895
Accumulated Depreciation	(331,631)	(809,425)	(1,141,056)
Total Capital Assets	529,280	906,559	1,435,839
Total Assets	615,647	1,017,621	1,633,270
LIABILITIES			
Current Liabilities			
Accounts Payable	16,817	-	16,817
Customer Deposits	54,045	4,486	58,531
Accrued Bond Interest	-	6,859	6,859
Bonds Payable, current	-	9,476	9,476
Total Current Liabilities	70,862	20,821	91,683
Non-Current Liabilities			
Bonds Payable	-	319,752	319,752
Total Long-Term Liabilities	-	319,752	319,752
Total Liabilities	70,862	340,573	411,436
Net Assets			
Invested in Capital Assets, Net of Related Debt	529,280	577,331	1,106,611
Restricted	-	36,458	36,458
Unrestricted	15,505	63,259	78,765
Total Net Assets	\$ 544,785	\$ 677,048	\$ 1,221,834

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT

VILLAGE OF GRAYSON, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

EXHIBIT F

	BUSINESS-TYPE ACTIVITIES:		
	Enterprise Funds		
	Water Fund	Sewer Fund	Total
OPERATING REVENUES:			
Charges for Services	\$ 158,171	\$ 87,589	\$ 245,760
Miscellaneous Income	3	5,066	5,069
Total Operating Revenue:	158,174	92,655	250,829
OPERATING EXPENSES:			
Auto Expense	4,165	-	4,165
Cell Phone	1,163	-	1,163
Clerical	802	-	802
Crossroads - Water Department	7,097	-	7,097
Depreciation	26,806	43,004	69,810
Dues and Subscriptions	375	-	375
Insurance	12,339	11,585	23,924
Maintenance	7,909	-	7,909
Materials & Supplies	8,593	-	8,593
Meter Refunc	1,017	-	1,017
Miscellaneous	3,018	2,100	5,118
Office Expense	4,788	1,564	6,352
Oxidation Pond	4,875	6,806	11,681
Oxidation Pond Materials and Supplies	-	773	773
Payroll Taxes	-	630	630
Postage & Supplies	2,143	-	2,143
Professional Fees	5,894	4,842	10,736
Reimbursement	-	6,000	6,000
Repair	-	2,685	2,685
Retirement Expense	-	1,074	1,074
Salaries Expense	64,418	7,792	72,210
Sales Tax	60	-	60
SDW Expense	1,398	-	1,398
Sewer Revenue Fund:	3,642	-	3,642
Supplies	-	1,659	1,659
Telephone Expense	1,767	-	1,767
Town Taxes	78	-	78
Utilities	14,675	3,532	18,207
Volunteer Fire Department Assessmen	17,778	-	17,778
Total Operating Expenses:	194,800	94,046	288,846
OPERATING INCOME (LOSS)	(36,626)	(1,396)	(38,022)
NON-OPERATING REVENUES (EXPENSES):			
Interest Income:	42	351	393
Interest Expense:	-	(16,696)	(16,696)
Total Non-operating Revenues and Expense	42	(16,345)	(16,303)
Income(Loss) before transfer:	(36,584)	(17,741)	(54,325)
Transfers Out-from checking fun	(14,000)	-	(14,000)
Transfers In - to Savings Accoun	14,000	-	14,000
Changes in Net Assets:	(36,584)	(17,741)	(54,325)
TOTAL NET ASSETS BEGINNING	581,369	694,789	1,276,159
TOTAL NET ASSETS ENDING	\$ 544,785	\$ 677,048	\$ 1,221,834

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

VILLAGE OF GRAYSON, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2009

EXHIBIT G

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 241,495	\$ 93,005	\$ 334,500
Payments to Suppliers	(174,437)	(62,869)	(237,306)
Payments to Employees	(64,418)	(7,792)	(72,210)
Net Cash Provided by Operating Activities	2,640	22,344	24,984
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(4,000)	(4,195)	(8,195)
Principal paid on Revenue Bonds	-	(9,476)	(9,476)
Net Cash Provided (used) by Capital and Related Financing Activities:	(4,000)	(13,671)	(17,671)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,360)	8,673	7,313
Cash and Cash Equivalents - Beginning of Year	76,522	94,765	171,287
Cash and Cash Equivalents - End of Year *	\$ 75,162	\$ 103,438	\$ 178,600
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (36,583)	\$ (17,740)	\$ (54,323)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by Operating Activities:			
Depreciation	26,806	43,004	69,810
Increase (Decrease) in Accounts Receivable	(249)	(307)	(556)
Increase (Decrease) in Accounts Payable	12,666	(2,613)	10,053
Net Cash Provided by Operating operations	\$ 2,640	\$ 22,344	\$ 24,984

* NOTE: The Statement of Cash Flows consists of both:

	Water Fund	Sewer Fund	Total
Cash	\$ 75,162	66,980	142,142
Restricted Cash-from Sewer Fund	-	36,458	36,458
TOTAL	\$ 75,162	103,438	\$ 178,600

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT

Notes to Financial Statements

VILLAGE OF GRAYSON
Grayson, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2009

INTRODUCTION

The Village of Grayson, Grayson, La., was incorporated under the provision of the Lawrason Act (Louisiana Revised Statutes [LSA - R.S. 33.321 – 463] and operates under a Mayor-Board of Aldermen/Women form consisting of 4 compensated members of government. It provides the following services to its residents: public safety (police); highways and streets; gas, water, sewer, and sanitation facilities through the utility fund; culture/recreation; and general administrative services.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the municipality conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

A. BASIS OF PRESENTATION

The accompanying financial statements of the Village of Grayson, Grayson, La., have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the municipal governing authority, for reporting purposes, the Village of Grayson, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government, (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

VILLAGE OF GRAYSON
Grayson, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2009

No component units are included in this report, since there are none. All portions of the Village's financial activities which might be otherwise considered as component units are managed as a portion of the centralized governmental and proprietary activities and are included in this report.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These statements report financial information for the Village as a whole excluding fiduciary activities such as employee pension plans. The primary government is presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Village general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Village's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

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

A fund is a separate accounting entity with a self-balancing set of accounts.

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

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Definitions

VILLAGE OF GRAYSON
Grayson, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2009

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

Measurement Focus Utilized

On the Government-wide Statement of Net Assets and the Statement of Activities, both governmental and Business-like activities are presented using the economic resources measurement focus as defined in item “b.” below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” is used as appropriate.

- a. The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statement utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost of recovery) and financial position. All assets and liabilities (whether current or non-current) associated with its activities are reported. Government-wide fund equity is classified as net assets.

Financial Statements

The financial statements of the Village are prepared in accordance with generally accepted accounting principles (GAAP). The Village’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Village’s reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally include the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Village’s departments. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements reports use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Village considers revenues to be available if they are collected within 60 days of the end of the fiscal

VILLAGE OF GRAYSON
Grayson, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2009

year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the Village has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Major revenue sources susceptible to accrual include property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as needed.

Total Columns on Combined Statements

Total columns on the combined statements are captioned to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, result of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

E. MAJOR FUNDS

Governmental Funds

The Village reports the following major governmental funds:

General Fund – reports as the primary fund of the Village. This fund is used to account for all financial resources not reported in other funds.

Fire Fund – accounts for operating activities of the fire department

Proprietary Funds

The Village reports the following enterprise funds:

Water Fund – accounts for the operating activities of the Village's water utilities services. This is a major fund.

Sewerage Fund – accounts for the operating activities of the Village's sewer utility services. This is a major fund.

F. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

VILLAGE OF GRAYSON
Grayson, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2009

Cash and Investments

The Village maintains and controls cash and investments, some of which are restricted. Legal restrictions and the Village's policies governing deposits and investments are discussed in Note 3.

The Village's reporting entity considers highly liquid investments (included restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value that is determined using selected bases. Short-term investments are reported at cost that approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities. Cash deposits are reported at carrying amount that reasonably estimates fair value.

Capital Assets

Capital Outlays are recorded as expenditures of the General, Special Revenue and Capital Projects Funds and as assets in the government-wide financial statements to the extent the Village's capitalization threshold is met. Depreciation is recorded on capital assets on a government-wide basis. The Village did not retroactively report infrastructure when GASB 34 was adopted.

Capital outlays for the governmental funds are recorded as capital assets and depreciated over their projected useful lives on a straight-line basis. All donated capital assets are valued at their estimated fair market value on the date donated. All other capital assets are recorded at cost. Projected useful lives are demonstrated in the table below.

PROJECTED USEFUL LIVES OF CAPITAL ASSETS	
Governmental Funds	
Land	Non-Depreciable
Buildings	40 Years
Furniture and Fixtures and Equipment	5 – 10 Years
Canines	5 – 10 Years

Capital outlays for Proprietary Funds are recorded as capital assets and depreciated over their projected useful lives on a straight-line basis and government-wide basis. All donated capital assets are valued at their estimated fair market value on the date donated. All other capital assets are recorded at cost. The following table shows the projected useful lives of certain items utilized by the water and sewer utilities. These estimates demonstrate the period of time over which the item is depreciated. Following is a schedule of projected useful lives.

PROJECTED USEFUL LIVES OF CAPITAL ASSETS	
Enterprise Fund	

VILLAGE OF GRAYSON
Grayson, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2009

<u>Water Utility</u>	<u>Projected Useful Life</u>
Wells	20 years
Storage tanks	40 years
Purification plant	33 years
Lines and meters	40 years
<u>Sewerage Utility</u>	<u>Projected Useful Life</u>
Pump stations	40 years
Lines	40 years
Autos and trucks	5 years
Other equipment	10 years

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Obligations – Long-Term

In the government-wide financial statements, long-term debt is reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statements, governmental fund types recognize debt issued reported as other financing sources. Repayment of the principal and interest is shown as an expenditure.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results may differ from those estimates.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt, consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets consist of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of governments; or (2) law through constitutional provision or enabling legislation.

VILLAGE OF GRAYSON
Grayson, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2009

c. Unrestricted net assets consist of all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

G. REVENUES, EXPENDITURES, AND EXPENSES

Proprietary Funds

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related non-capital financing or investing activities

Ad Valorem Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the Village in September or October and are actually billed on October 1, and are mailed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted and the year billed. The revenue derived from this tax is not dedicated to any specific purpose

The Village bills and collects its own property taxes using the assessed value determined by the tax assessor of Franklin Parish. Property tax revenues are recognized when they become available. Available includes those property tax receivables elected to be collected within sixty days after year-end. Delinquent taxes are considered fully collectible and therefore an allowance for uncollectible taxes is not provided.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character
Proprietary Funds – By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Compensated Absences

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

NOTE 2 BUDGETARY INFORMATION

Budget Policy and Practice

The Village Clerk submits an annual budget to the Village council in accordance with applicable statutes and policies. The budget is presented to the Council for review, and public hearings are held to address priorities and the allocation of resources. In December, the Village Council adopts the annual fiscal year budgets for

VILLAGE OF GRAYSON
Grayson, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2009

Village operating funds. Once approved, the Village Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Basis of Budgeting

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

- (1) Prior to December 31 of each year, the town Clerk submits to the Mayor and Council Members a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The budget is submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.
- (2) Public hearings are conducted to obtain taxpayer comment.
- (3) During the month of January the budget is legally enacted through passage of an ordinance.
- (4) Formal budgetary integration is employed as a management control device during the year for the General Fund.
- (5) Budgets for the General Fund, are adopted on the GAAP basis.
- (6) Appropriations lapse at the end of each fiscal year.
- (7) The Mayor and Council Members authorize supplemental appropriations during the year. Supplemental appropriations were made during the fiscal year.

Interfund Transactions

During the course of normal operations, the Village has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental funds financial statements generally reflect such transactions as transfers.

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds. The transfers are made to the applicable fund when that fund's cash flow is too low to meet obligations.

Encumbrance Accounting

Encumbrance accounting is not utilized by the Village.

NOTE 3 ASSETS

Cash and Cash Equivalents

VILLAGE OF GRAYSON
Grayson, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2009

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

At December 31, 2009, the Village had cash totaling \$310,144 (book balances) as follows:

	General Fund	Enterprise Fund	Total
Demand Deposits – Book Balances	\$ 31,601	\$ 142,145	\$ 173,746
Investments	99,940	-	99,940
Restricted Cash	-	36,458	36,458
Total	\$ 131,541	\$ 178,603	\$ 310,144

Under state law, the Village of Grayson may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost. Cash and investments (Bank Balances) are secured as follows:

	Caldwell Bank	Citizen's Bank	Homeland Bank
Bank Balances	\$ 1,128	\$ 243,313	\$ 65,120
Federal Deposit Insurance	250,000	250,000	250,000
Pledged Securities (Market Value)	-	33,224	-
Collateral Sufficient	\$ (248,872)	\$ (39,911)	\$ (184,880)

The Village's bank accounts are now sufficiently collateralized, according to the Village's policy of furnishing collateral assurance. The Village has an agreement with their local bank to assure they have sufficient coverage.

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

Investments consist of: Certificates of Deposit in the governmental activities, with a renewal period of 12 months.

Receivables

The receivables of \$26,839 at December 31, 2009 are as follows:

General Fund	\$ 8,010
Enterprise Fund	18,829
TOTAL RECEIVABLES	\$ 26,839

No allowance for doubtful accounts has been established.

VILLAGE OF GRAYSON
Grayson, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2009

Restricted Assets

Certain proprietary fund assets are restricted for construction funded through long-term debt. Net assets restricted for debt service include the excess of assets over certain liabilities restricted for the debt service on revenue bonds. Restricted assets are also reported in various funds for cash deposited in bank accounts legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt or mortgage loans, and certificates of deposit (CD) issued in the Village or trust name and deposited with the Village Treasurer in lieu of project retainages. Proceeds of restricted CD's on deposit with the Village Treasurer are payable as liabilities payable from restricted assets.

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VILLAGE OF GRAYSON
Grayson, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2009

Capital Assets and depreciation activity as of and for the year ended December 31, 2009 for the Village of Grayson are as follows:

CAPITAL ASSETS

GOVERNMENTAL ACTIVITIES

	Beginning Balance	Accumulated Depreciation	Remaining Balance	Current Depreciation	Total Accum Depreciation	Ending Balance
Land - Non Depreciable **	13,600	-	-	-	-	13,600
Buildings **	147,000	11,275	135,725	3,675	14,950	132,050
Street	155,367	23,908	131,459	4,573	28,481	126,886
Equipment	75,783	49,947	25,836	10,028	59,975	15,808
Auto/Trucks	21,063	3,192	17,871	1,986	5,178	15,885
Furniture/Fixtures	7,500	896	6,604	593	1,489	6,011
Balance @ 2008	420,313	89,218	317,495	20,855	110,073	310,240
Additions in 2009	44,164	-	44,164	5,136	5,136	39,028
Capital Assets, Net	464,477	89,218	361,659	25,991	115,209	349,268

FIRE FUND

Building	537,827	129,668	405,856	13,446	143,114	391,713
Equipment	106,548	45,518	13,975	9,042	54,560	51,988
Additions in 2009:						
Equipment	45,362	-	45,362	9,073	-	36,289
	689,742	175,186	165,192	31,561	206,747	482,994
Governmental Capital Assets, Net	1,154,219	214,404	840,457	57,552	321,956	832,262

CAPITAL ASSETS

BUSINESS-TYPE ACTIVITIES (PROPRIETARY FUND) WATER SYSTEM AND SEWER SYSTEM

	Balance 08	Additions	Deletions	Balance 09
Buildings and Equipment				
Water System	856,911	4,000	-	860,911
Sewer System	1,711,791	4,195	-	1,715,984
TOTAL	2,568,702	8,195	-	2,576,894
Less - Accumulated Depreciation				
Water System	304,825	26,806	-	331,631
Sewer System	766,423	43,004	-	809,425
Total Accumulated Depreciation	1,071,248	49,810	-	1,141,056
Capital Assets, Net	1,497,454	78,005	-	1,435,838

TOTAL CAPITAL ASSETS, NET

Governmental Capital Assets, Net	832,262
Business-Type Capital Assets, Net	1,435,838
TOTAL (Exhibit A)	2,268,100

** Land is not depreciated.

VILLAGE OF GRAYSON
Grayson, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2009

DEPRECIATION ALLOCATION

General Fund:		
Administration	\$ 22,352	
Public Safety	2,859	
Public Works	780	
Total General Fund	25,991	
Fire Fund:		
Administration	28,405	
Public Safety	2,209	
Public Works	947	
Total Fire Fund	31,561	
TOTAL CURRENT DEPRECIATION	\$ 57,552	

NOTE 4 DEBT

Changes in Long-Term Debt

The following is a summary of the Village's long-term debt at December 31, 2009, composed of the following:

		2008	Paid	2009
212,700	Sewer Revenue bond (Bond R-1) dated August 4, 1989; due in annual installments of \$12,500; due August 4, 1991-2029; Interest at 5%	160,024	4,477	155,546
237,500	Sewer Revenue Bond (Bond R-2) dated August 4, 1989; due in annual installments of \$13,958; due August 4, 1991-2029; Interest at 5%	178,681	4,999	173,682
		338,704		329,229
	Less Current Portion	9,477		9,477
	TOTAL LONG-TERM DEBT	329,229	9,477	319,752

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VILLAGE OF GRAYSON
Grayson, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2009

The annual requirements to amortize all long-term debt outstanding which began December 31, 1996, are as follows:

VILLAGE OF GRAYSON LONG TERM DEBT AMORTIZATION				
	Beginning Balance	Principal	Interest	Ending Balance
12/31/10	329,229	9,876	-	317,707
12/31/11	317,707	10,007	16,450	307,700
12/31/12	296,044	11,653	14,804	296,044
12/31/13	282,745	13,299	53,125	282,745
12/31/14	269,805	14,940	32,143	252,865
12/31/15-12/31/19	252,865	252,865	32,143	-

Under the terms of the bond indenture on outstanding sewer revenue bonds, dated August 4, 1989, all income and revenues (hereinafter referred to as income) of every nature, earned or derived from operations of the sewer system are pledged and dedicated to the retirements of said bonds, and are to be set aside in the following funds:

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

The following is a schedule of deposits that should be made to the sinking fund:

<u>PERIOD</u>	<u>MONTHLY INSTALLMENTS</u>
08/20/08 - 07/20/09	2204.86

- b. There shall be set aside in a Reserve Fund an amount equal to 5% of the principle and interest payments required during the month until there shall have been accumulated in the reserve account an amount equal to \$38,202.

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

<u>PERIOD</u>	<u>MONTHLY DEPOSITS</u>
08/20/08 through 07/20/09	\$176.23 per month must be deposited into the fund until \$42,294 has been accumulated.

VILLAGE OF GRAYSON
Grayson, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2009

-
- c. Monthly deposits of \$112 should also be made for the period through July 20, 2029 to the Contingency Fund.

Short-Term Debt

Short-term liabilities are paid as they accrue and become payable. They are paid on a monthly basis as approved by the mayor and council for payment.

NOTE 5. PROPERTY TAX REVENUES

For the year ended December 31, 2009, taxes of 5.74 mills were levied on property with assessed valuations totaling \$1,482,753 and were deducted as follows:

General corporate purposes 5.74 mills

NOTE 6. RESTRICTIONS ON USE OF UTILITIES REVENUES

Funds provided by utilities revenue is to be used in the following manner before they are available for other lawful purposes:

1. Operating expense of utility system.
2. Revenue bond service funds.
3. Revenue bonds reserve funds.
4. Revenue bond depreciation and contingencies fund.

NOTE 7. PENSION PLAN

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

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

Plan Description. The system is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A. Some employees of the municipality are members of Plan A and Plan B. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. [Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement

VILLAGE OF GRAYSON
Grayson, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2009

precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary.] Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Village of Grayson is required to contribute at an actuarially determined rate. The current rate is 3.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Village of Grayson are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. [Village of Grayson contributions to the System under Plan B for the years ending December 31, 2009, 2008, and 2007, were \$7,572, \$7,294, and \$8,845, respectively, equal to the required contributions of each year.]

NOTE 8. ACCOUNTS, SALARIES, AND OTHER PAYABLES

Accounts, salaries, and other payables of \$30,770 are as follows:

PAYABLES	
Accounts Payable – General Fund	18,759
Accounts Payable – Enterprise Fund	21,303
 TOTAL	 <u>\$ 40,062</u>

NOTE 9. CONTINGENCIES

Litigation According to the attorney acting on behalf of the Village, there were no pending litigations or claims as of December 31, 2009. There have been no subsequent legal actions to date.

Capital Grant Contingencies The Village received funds from federal and state governmental agencies in the form of grants, which is subject to audit by the federal or state government. The ultimate determination of amounts received under these programs is generally based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlements reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

VILLAGE OF GRAYSON
Grayson, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2009

NOTE 10. SUBSEQUENT EVENTS

There were no subsequent events noted which would affect the financial statement.

NOTE 11. POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In compliance with GASB 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Village of Grayson makes no provision for post-retirement health care or life insurance benefits.

NOTE 12. EMPLOYEE TERMINATION BENEFITS

In compliance with GASB 47 *Accounting Standards for Termination Benefits*, the Village makes no provision for voluntary early retirement benefits or involuntary severance pay benefits.

NOTE 13. SEGMENT INFORMATION

The Village has issued revenue bonds to support a variety of public services. The fund financial statements report major funds with revenue supported debt for the water and sewer funds. Services provided by these funds are described in NOTE 1.E. **MAJOR FUNDS - Proprietary Funds** and also included in the basic financial statements identified as the water and sewer funds.

NOTE 14. LEASES

The Village of Grayson (Grayson Police Department) leases equipment from Applied Concepts, Inc. (DBA Stalker Radar and Video), three (3) Stalker Deal SLSDSL2KA. This lease requires a monthly payment of \$178.88.

The Village of Grayson (Grayson Police Department) also recorded a lease for an automobile through Ford Motor Credit. The last payment of \$608.32 was made on 10/01/2009.

NOTE 15. RISK MANAGEMENT

The Village is exposed to various risk of loss related to torts: theft of, damage to, and destruction of assets, and injuries to employees. To handle such risk of loss, the Village carries insurance coverage with EMC Insurance Companies in Ridgeland, MS. The policy covers property, liability, crime and fidelity, employee liability, and others. No claims have been paid on any of the policies during the past three years that exceeds the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended 12-31-2009.

Required Supplementary Information
(Part II)

VILLAGE OF GRAYSON, LOUISIANA
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
Budget (GAAP Basis) and Actual
For the Year ended December 31, 2009

Schedule 1

	GENERAL FUND			Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	6,500	8,600	9,176	576
Tobacco Tax	900	-	-	-
Occupational Licenses	-	27,400	31,852	4,452
Fire Assessment	-	20,500	35,555	15,055
Franchise Fee	12,000	12,400	10,607	(1,793)
Fines	45,000	63,000	69,061	6,061
Licenses and Permits	26,000	-	-	-
Miscellaneous	3,000	8,546	7,270	(1,276)
Police Jury 2% tax	-	2,100	-	(2,100)
Contributions	1,000	2,000	-	(2,000)
Grant Funds-	120,000	105,000	105,230	230
	<u>214,400</u>	<u>249,546</u>	<u>268,751</u>	<u>19,205</u>
Expenditures:				
General Government	217,332	246,227	234,365	(11,862)
Public Safety	-	13,300	20,495	7,195
Public Works	-	-	5,739	5,739
Total Expenditures	<u>217,332</u>	<u>259,527</u>	<u>260,599</u>	<u>(1,072)</u>
Excess (Deficiency) of				
Revenues over expenditures		(9,981)	8,152	18,133
Other Financing Sources/Uses:				
Interest Income	5	2,620	2,279	341
Total Other Financing Sources/Uses	<u>5</u>	<u>2,620</u>	<u>2,279</u>	<u>(341)</u>
Excess (Deficiency) of				
Revenues Over Expenditures	(2,927)	(7,361)	10,431	17,792
Fund Balance Beginning of Year-	2,927	7,361	110,361	103,000
Fund Balance-End of Year	-	-	<u>120,792</u>	<u>120,792</u>

Other Supplemental Information

VILLAGE OF GRAYSON

Schedule of Compensation Paid to the Mayor and Councilmen/Women
For the Year Ended December 31, 2009

CARMEN HEAD, MAYOR 201 Cruse Road Grayson, La. 71435 318-649-5076 Salary - \$ 213.70 per mo.	\$2564.40
SANDRA L. EVANS, MAYOR PROTEMPORE P.O. Box 144 Grayson, La. 71435 318-649-2152 Salary - \$ 111.60 per mo.	\$1339.20
CHRISSEY BROWNING, COUNCILWOMAN P.O. 609 Columbia, La. 71435 318-649-5948 Salary - \$ 111.60 per mo.	\$1339.20
RAYMOND CRUSE, COUNCILMAN P. O. Box 309 Grayson, La. 71435 318-649-7117 Salary - \$ 111.60 per mo.	\$1339.20
Total	<u>\$6582.00</u>

Jimmie Self, CPA
A Professional Accounting Corporation
2908 Cameron St, Suite C
Monroe, LA 71201
Phone (318)-323-4656 • Fax (318)388-0724

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

To The Honorable Mayor
And the Board of Commissioners
Village of Grayson, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Grayson, Louisiana as of and for the year ended December 31, 2009, which collectively comprise the Village of Grayson, Louisiana's basic financial statements and have issued my report thereon dated June 29, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

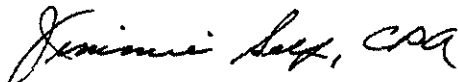
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies,

significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal over financial reporting, described in the accompanying schedule of findings and responses that I consider to be significant deficiencies in internal control over financial reporting. (Finding 2009-1) A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Grayson's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other such matters that are required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item #2009-1.

This report is intended solely for the information and use of the management of Village of Grayson, others within the Village of Grayson, and the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Jimmie Self, CPA
Monroe, Louisiana
June 29, 2010

VILLAGE OF GRAYSON
Grayson, Louisiana

Schedule of Findings and Responses
For the Year Ended December 31, 2009

Finding 2009-1:

Condition – There were a few coding errors, caused by errors in posting to incorrect accounts, or reversal of numbers, which caused the error.

Recommendation - The clerk who does the posting should always check the chart of accounts to assure the correct accounts are coded.

Management' Corrective Action Plan - Management agrees to the recommendation offered, and plans to be more careful to post to the correct account.

The Village of Grayson has also updated its accounting and record-keeping process by moving away from manual accounting procedures and setting up computer based software for accounting and bookkeeping. This will offer the usual advantages in providing greater internal control over the bookkeeping and reporting process. As of June 30, 2007, this condition had been reviewed and posted to the correct account and the computer system was in use by office personnel.

Schedule of Prior Year Findings and Responses
For the Year Ended December 31, 2008

Finding 2008-1:

Condition – There were coding errors which can be attributed to the implementation of a computer accounting system, changing over from a manual bookkeeping system.

Recommendation - Management has installed Quickbooks Pro which allows the chart of accounts to be setup without using numbered accounts. It is recommended that management add numbers to their accounts to avoid confusion concerning the proper accounts for posting transactions.

Management's Corrective Action Plan: Management agrees to implement changes as recommended.

Status of findings: Management has made great progress in implementing the above-mentioned changes.