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Village of Grand Cane, Louisiana
GENERAL-PURPOSE FINANCIAL STATEMENTS
June 30, 2002

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 1/29/03

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VILLAGE OF GRAND CANE, LOUISIANA
General Purpose Financial Statements
June 30, 2002

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Deborah D. Dees, MBA, CPA



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CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

The Honorable E. E. Crocker, Mayor
and the Members of the Board of Aldermen
Village of Grand Cane, Louisiana

I have audited the general-purpose financial statements of the Village of Grand Cane, Louisiana as of June 30, 2002, and for the year then ended, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Village of Grand Cane, Louisiana's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with 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 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.

In my opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Grand Cane, Louisiana, as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund type 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 November 14, 2002, on my consideration of the Village of Grand Cane, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Deborah D. Dees, CPA

Mansfield, Louisiana
November 14, 2002

VILLAGE OF GRAND CANE, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet

June 30, 2002

With Comparative Totals for 2001

	GOVERNMENTAL FUNDS		PROPRIETARY FUND		ACCOUNT GROUP GENERAL FIXED ASSETS	TOTALS (MEMORANDUM ONLY)	
	GENERAL FUND	SPECIAL REVENUE FUND	SEWER FUND			2002	2001
ASSETS AND OTHER DEBITS							
Cash & cash equivalents	\$ 80,983	\$ 41,409	\$ 4,324	\$	\$	126,716	\$ 278,566
Accounts receivable	5,710	236	2,412			8,358	4,801
Due from other funds			15,136			15,136	17,936
Restricted cash	400		7,028			7,428	5,591
Fixed assets			516,744		300,562	817,306	799,044
Bond issuance costs			4,258			4,258	4,258
Accumulated depreciation/amortization			(61,113)			(61,113)	(34,021)
TOTAL ASSETS	\$ 87,093	\$ 41,645	\$ 488,789	\$	\$ 300,562	\$ 918,089	\$ 1,076,175
LIABILITIES & FUND EQUITY AND OTHER CREDITS							
Liabilities:							
Accounts payable	\$ 854	\$	\$ 979	\$	\$	1,833	\$ 174,947
Due to other funds		15,136				15,136	17,936
Current portion of revenue bonds payable			2,743			2,743	2,627
Payable from restricted assets:							
Deposits	400		3,700			4,100	3,700
Revenue bonds payable-long term			252,879			252,879	255,676
TOTAL LIABILITIES	1,254	15,136	260,301	\$	\$	276,691	454,886

(Continued)

VILLAGE OF GRAND CANE, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS
Combined Balance Sheet
 June 30, 2002
 With Comparative Totals for 2001

	GOVERNMENTAL FUNDS		PROPRIETARY FUND	ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)	
	GENERAL FUND	SPECIAL REVENUE FUND	SEWER FUND	GENERAL FIXED ASSETS	2002	2001
Fund equity and other credits:						
Contributed capital			211,746		211,746	239,260
Investment in general fixed assets				300,562	300,562	282,300
Retained earnings unreserved			16,742		16,742	14,967
Fund balance - unreserved, undesignated	85,839	26,509			112,348	84,762
TOTAL FUND EQUITY AND OTHER CREDITS	85,839	26,509	228,488	300,562	641,398	621,289
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	\$ 87,093	\$ 41,645	\$ 488,789	\$ 300,562	\$ 918,089	\$ 1,076,175

The notes to the financial statements are an integral part of this statement.

VILLAGE OF GRAND CANE, LOUISIANA
GOVERNMENTAL FUNDS

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2002
With Comparative Totals for 2001

	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS (MEMORANDUM ONLY)	
			2002	2001
REVENUES:				
Taxes:				
Ad valorem	\$ 4,713	\$ 8,115	\$ 12,828	\$ 14,759
Sales	25,995		25,995	32,469
Franchise	10,003		10,003	9,911
Occupational licenses	15,501		15,501	15,652
Intergovernmental:				
Grants	15,000		15,000	
Tobacco tax			0	315
Other:				
Rent	5,000		5,000	4,516
Interest	1,077	761	1,838	10,815
TOTAL REVENUES	77,289	8,876	86,165	88,437
EXPENDITURES				
Current:				
General government:				
Personal services	5,514		5,514	5,269
Operating	12,768		12,768	11,201
Public works-streets	14,737		14,737	15,274
Historical development	1,298		1,298	3,141
Capital outlays	18,262		18,262	176,487
TOTAL EXPENDITURES	52,579		52,579	211,372
Excess of Revenues over Expenditures	24,710	8,876	33,586	(122,935)
Other financing uses:				
Operating transfers out		(6,000)	(6,000)	(6,000)
Excess of Revenues over Expenditures and Other Uses	24,710	2,876	27,586	(128,935)
FUND BALANCE, BEGINNING OF YEAR	61,129	23,633	84,762	213,697
FUND BALANCE, END OF YEAR	\$ 85,839	\$ 26,509	\$ 112,348	\$ 84,762

The notes to the financial statements are an integral part of this statement.

VILLAGE OF GRAND CANE, LOUISIANA
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget (GAAP Basis) and Actual - General and Special Revenue Funds
 For the Year Ended June 30, 2002

	GENERAL FUND			SPECIAL REVENUE FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
Taxes:						
Ad valorem	\$ 5,500	\$ 4,713	\$ (787)	\$ 9,618	\$ 8,115	\$ (1,503)
Sales	22,000	25,995	3,995			
Franchise	8,500	10,003	1,503			
Occupational licenses	14,000	15,501	1,501			
Intergovernmental:						
Grants		15,000	15,000			
Other:						
Rent	3,948	5,000	1,052			
Interest	750	1,077	327	462	761	299
TOTAL REVENUES	4,698	77,289	22,591	10,080	8,876	(1,204)
EXPENDITURES						
Current:						
General government:						
Personal services	4,969	5,514	(545)			
Operating	12,175	12,768	(593)			
Public works-streets	17,962	14,737	3,225			
Historical development	2,780	1,298	1,482			
Capital outlays	18,265	18,262	3			
TOTAL EXPENDITURES	56,151	52,579	3,572	0	0	0
Excess of Revenues over Expenditures	(51,453)	24,710	26,163	10,080	8,876	(1,204)

(Continued)

VILLAGE OF GRAND CANE, LOUISIANA
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual - General and Special Revenue Funds
 For the Year Ended June 30, 2002

	GENERAL FUND			SPECIAL REVENUE FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER FINANCING SOURCES (USES)						
Operating transfers out	0	0	0	6,000	6,000	0
TOTAL OTHER FINANCING SOURCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,000</u>	<u>6,000</u>	<u>0</u>
Excess of Revenues Over Expenditures and Other Uses	(1,453)	24,710	26,163	4,080	2,876	(1,204)
FUND BALANCE BEGINNING OF YEAR	61,129	61,129		23,633	23,633	0
FUND BALANCE END OF YEAR	<u>\$ 59,676</u>	<u>\$ 85,839</u>	<u>\$ 26,163</u>	<u>\$ 27,713</u>	<u>\$ 26,509</u>	<u>\$ (1,204)</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF GRAND CANE, LOUISIANA
PROPRIETARY FUND - Sewer Fund
Statement of Revenues, Expenditures, and Changes in Retained Earnings
For the Year Ended June 30, 2002
With Comparative Totals for 2001

		2001
OPERATING REVENUES:		
Sewer fees	\$ 22,812	\$ 23,475
Ad valorem taxes	3,912	4,497
Interest income	135	240
TOTAL OPERATING REVENUES	26,859	28,212
OPERATING EXPENSES:		
Personal and contract	10,737	10,753
General & administrative	1,294	933
Materials & supplies	8,241	10,840
Interest	11,234	5,261
Depreciation	27,092	21,183
TOTAL OPERATING EXPENSES	58,598	48,970
OPERATING INCOME BEFORE OPERATING TRANSFERS	(31,739)	(20,758)
Operating transfers in	6,000	6,000
NET INCOME	(25,739)	(14,758)
Retained Earnings, Beginning of Year	14,967	29,725
Depreciation transferred to contributed capital	(27,514)	
Retained Earnings, End of Year	16,742	14,967
Contributed Capital, Beginning of Year	239,260	239,260
Depreciation transferred to contributed capital	27,514	
Contributed Capital, End on Year	211,746	239,260
FUND EQUITY, END OF YEAR	\$ 228,488	\$ 254,227

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAND CANE, LOUISIANA
PROPRIETARY FUND - Sewer Fund
Statement of Cash Flows
For the Year Ended June 30, 2002
With Comparative Totals for 2001

		2001
Cash flows from operating activities		
Cash received from customers	\$ 22,913	\$ 24,348
Ad valorem taxes collected	3,881	4,604
Interest received	135	240
Interest payments	(11,234)	(10,949)
Cash payments to supplies for goods and services	(10,450)	(11,405)
Cash payments to employees for services	(9,687)	(10,964)
Net cash (used) provided by operating activities	(4,442)	(4,126)
Cash flows from noncapital financing activities		
Transfers to other funds	-	(17,879)
Operating transfers from other funds	8,800	6,000
Net cash provided by noncapital financing activities	8,800	(11,879)
Cash flows from capital and related financing activities		
Construction of capital assets		(69,015)
Proceeds from issuance of revenue bonds		83,400
Principal payments on revenue bonds	(2,681)	(1,697)
Net cash used by capital and related financing activities	(2,681)	12,688
NET INCREASE (DECREASE) IN CASH	1,677	(3,317)
CASH, BEGINNING OF YEAR	9,675	12,992
CASH and RESTRICTED CASH, END OF YEAR	\$ 11,352	\$ 9,675
Reconciliation of operating income to net cash provided by operating activities		
Operating income before operating transfers	\$ (31,739)	\$ (20,758)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	27,092	21,183
(Increase) decrease in accounts receivable	(330)	960
Increase (decrease) in accounts payable	165	156
Increase (decrease) in accrued liabilities	(30)	(5,687)
Increase (decrease) in customer deposits	400	20
Total adjustments	27,297	16,632
Net cash (used)/provided by operating activities	\$ (4,442)	\$ (4,126)

The notes to the financial statements are an integral part of this statement.

VILLAGE OF GRAND CANE, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2002

INTRODUCTION

The Village of Grand Cane, Louisiana was incorporated under the provisions of the Lawrason Act in 1939. The Village is governed by the mayor-board of aldermen form of government. The mayor and three aldermen are elected and serve four-year terms that expire on December 31, 2002. There is also an elected village marshal. The Village has one sewer/street employee and a part time clerk. The Village has a population of 231 and is located in northwest Louisiana in DeSoto Parish.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying general purpose financial statements of the Village of Grand Cane have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies follow.

A. REPORTING ENTITY

As the municipal governing authority, for reporting purposes, the Village of Grand Cane 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 Grand Cane for financial reporting purposes. The basic criterion for including a potential component unity 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. Organization 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.

As required by generally accepted accounting principles, these financial statements present the Village of Grand Cane (the primary government) and its component units.

B. FUND ACCOUNTING

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

VILLAGE OF GRAND CANE, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2002

B. FUND ACCOUNTING (continued)

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

Funds of a municipality are classified into three categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type used by the Village at this time are described as follows:

Governmental Funds are used to account for all or most of the Village's general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition or construction of general fixed assets.

1. The General Fund is the general operating fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Proprietary Funds are used to account for activities similar to those found in the private sector, where the accounting objectives are a determination of net income, financial position and changes in cash flow. All assets and liabilities associated with Proprietary Fund's activities are included on its balance sheet. Proprietary Fund equity is segregated into contributed capital and retained earnings. Proprietary funds include:

1. Enterprise Funds account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that *periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.*

Account Groups are used to establish accounting control and accountability for the general fixed assets. The account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with the measurement of results of operations.

1. The General Fixed Assets Account Group is established to account for fixed assets of the Village, other than those assets accounted for in the Proprietary Funds. Capital outlays in funds other than Proprietary Funds are recorded as expenditures of those funds at the time of purchase and subsequently recorded for control purposes in the General Fixed Assets Account Group.

C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified

VILLAGE OF GRAND CANE, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2002

C. BASIS OF ACCOUNTING (continued)

accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues. Franchise taxes and intergovernmental revenues are recorded when the village is entitled to the funds. The state tobacco tax is received quarterly. Interest income on demand and time deposits is recorded when the interest has been earned and the amount is determinable. Substantially all other revenues are recorded when they become available to the Village.

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

Other Financing Sources (Uses). Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses). These transactions are recorded at the time of receipt or payment.

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

D. BUDGETS

The primary government municipality uses the following budget practices:

A preliminary budget for the ensuing year is prepared by the clerk and the mayor in May. The proposed budget is reviewed by the mayor and the board of aldermen and made available to the public. The budget is then adopted during the regular June meeting. The proposed budget for the General Fund is prepared on the cash basis of accounting. The budget is established and controlled by the mayor and the board of aldermen at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes or amendments in the budget must be approved by the mayor and the board of aldermen. The budget was amended during the year. The Village does not use encumbrance accounting in its accounting system.

E. CASH AND CASH EQUIVALENTS

Cash, including restricted cash, includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and other investments with original maturities of 90 days or less. Under state law, the Village may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

VILLAGE OF GRAND CANE, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2002

F. FIXED ASSETS, DEPRECIATION, AND AMORTIZATION

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All purchased fixed assets are valued at cost where historical costs are available and estimated cost where no historical records are available. Less than 1/2 percent of fixed assets are valued at estimated historical costs based on the actual costs of like items, while the remaining 99 1/2 percent are based on actual historical costs. Interest has not been capitalized on fixed assets in the Governmental Fund Type operations.

Fixed assets owned by the Sewer Fund are recorded at cost. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. Depreciation is computed on the equipment using the straight-line method over five years. The sewer system is depreciated using the straight-line method over 20 years. Bond issuance costs are recorded as a deferred charge and amortized over the life of the bonds.

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction costs of assets. The sewer fund had no capitalized interest for the year ended June 30, 2002, and \$1,289 for the year ended June 30, 2001.

G. SALES TAX

A one percent sales and use tax was levied in the Village beginning January, 1997. The tax is to be used for constructing, improving and maintaining public roads, streets and bridges in the Village.

H. FUND EQUITY AND OTHER CREDITS

Components of fund equity include the following:

- A. Reserves--amounts not appropriable, legally segregated for specific usage or commitments to outside third parties.
- B. Contributed capital--represents amounts acquired by proprietary fund through contributions from other funds or grants.

I. INTERFUND TRANSACTIONS

Short-term amounts owed between funds are classified as "Due to/from other funds." Legally authorized transfers are treated as operating transfers and are included in the results of operations of both Governmental and Proprietary Funds.

J. TOTAL COLUMN ON THE BALANCE SHEET

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operation, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Comparative totals for the prior year have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the Village's financial position and operations.

VILLAGE OF GRAND CANE, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2002

2. CASH AND CASH EQUIVALENTS

Under state law, the Village 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 principal offices in Louisiana. At June 30, 2002, the village has cash (book balances) totaling \$134,143, with \$134,118 in demand deposits, and \$25 in cash.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2002, the primary government has \$136,255 in deposits (bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance. The remaining balance is secured by pledged securities held by the custodial bank in the name of the Village (GASB Category 2) with a market value of \$191,323..

Below is a reconciliation of restricted cash:

		General Fund		Sewer Fund
Reserve for revenue bond retirement	\$		\$	3,328
Deposits		400		3,700
Total restricted cash	\$	400	\$	7,028

3. LEVIED TAXES

The Village levies taxes on real and business personal property located within the boundaries of Village limits. Property taxes are levied by the Village on property values assessed by the DeSoto Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Village is permitted to levy taxes up to 10% of the assessed property valuation for each specified purpose, or, in the aggregate for all purposes 25% of the assessed valuation for the payment of principal and interest on long-term debt after the approval by the voters of the Village. Property taxes are recorded as revenues and receivables in the year assessed.

VILLAGE OF GRAND CANE, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2002

3. LEVIED TAXES (continued)

Property Tax Calendar:

Assessment date	January 1, 2001
Levy date	June 30, 2001
Tax bills mailed	October 15, 2001
Total taxes are due	December 31, 2001
Penalties & interest added	January 31, 2002
Tax sale	May 15, 2002

The following is a summary of authorized and levied ad valorem taxes (tax rate per \$1,000 assessed value)

Village taxes:	Authorized Millage	Levied Millage	Expiration Date
General	6.00	5.77	Indefinite
Sewer system	5.00	4.79	2007
Sewer/Streets	5.00	4.79	2006
Sewer/Streets	5.40	5.16	2007

The difference between authorized and levied millages is the result of reassessments of taxable property within the parish as required by Louisiana Constitution Article VII, Section 18(F). This revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2001. Total assessed value was \$966,712 in 2001.

Total ad valorem tax revenues recognized by the Village were \$16,751 for the year ended June 30, 2002. Due to Neosho Construction filing bankruptcy last year \$3,077 of ad valorem taxes was not recognized. The following are the principal taxpayers for the Village and their 2001 assessed valuations:

Taxpayer	Type of Business	2001 Assessed Valuation	% of Total Assessed Valuation
Neosho Construction	Road Construction	\$150,000	15.52%
Central La. Electric Co.	Utility	143,690	14.86%
Hibernia National Bank	Financial institution	104,170	10.78%
Bellsouth Telecommunications	Utility	76,150	7.88%
Louisiana Gas Service	Utility	11,009	1.14%
Oma Gamble Living Trust	Investments	10,040	1.04%
United Post Office Investment	Real Estate Investment	9,740	1.01%
Calvin T. Jones	Real Estate Investment	9,200	0.95%
Jay & Debbie Kay's, Inc.	Restaurant	8,170	0.85%
Billy Miller	Manufacturing	<u>7,450</u>	<u>0.77%</u>
		<u>\$529,619</u>	<u>39.27%</u>

VILLAGE OF GRAND CANE, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2002

4. RECEIVABLES

The following is a summary of receivables for June 30, 2002:

	General Fund	Special Revenue Fund	Sewer Fund
Sales and use tax	\$ 5,614	\$ -	\$ -
Ad valorem taxes	96	236	119
Sewer fees	-	-	2,293
Total	\$ 5,710	\$ 181	\$ 2,412

Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

5. FIXED ASSETS

The changes in general fixed assets follow:

	Balance 7/1/01	Additions	Deductions	Balance 6/30/02
Land and Buildings	\$ 78,972	\$ -	\$ -	\$ 78,972
Streets	172,645	-	-	172,645
Furniture & equipment	30,683	18,262	-	48,945
Total	\$ 282,300	\$ 18,262	\$ 0	\$ 300,562

A summary of the Sewer Fund fixed assets at June 30, 2002 follows:

Wastewater Treatment Facility	\$ 240,112
Wastewater Collection System	261,952
Equipment	14,680
	<u>516,744</u>
Less accumulated depreciation	(61,848)
	<u>\$ 578,592</u>

VILLAGE OF GRAND CANE, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2002

6. PENSION PLAN

The employees of the Village are members of the Social Security System. In addition to the employee contributions withheld at 7.65% of gross salary, the village contributes an equal amount to the Social Security System. The village does not guarantee the benefits granted by the Social Security System.

7. ACCOUNTS PAYABLE

The following is a summary of payables at June 30, 2002:

	General	Sewer
Accounts	\$ 795	\$ 533
Accrued payroll taxes	59	446
Total	\$ 854	\$ 979

8. INTERFUND ASSETS/LIABILITIES

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Sewer	Special Revenue	\$ 15,136

9. LITIGATION AND CLAIMS

The Village was not involved in any litigation at June 30, 2002, but was aware of one unasserted claim. This lawsuit is either adequately covered by liability insurance or, in the opinion of the Village's legal counsel, will not result in any liability to the Village.

10. PER DIEM/REIMBURSEMENTS TO MAYOR AND BOARD OF ALDERMEN

Per diem or reimbursements paid to the Mayor and Board of Aldermen for the year ended June 30, 2002, is as follows:

Honorable E. E. Crocker, Mayor	\$	689
Rhonda Meek		110
Billy Franklin		208
Shelton Farmer		120
Total	\$	1,127

VILLAGE OF GRAND CANE, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2002

11. REVENUE BONDS

On December 28, 1999, the Village authorized \$260,000 of revenue bonds secured by the revenues of the sewer system. The Sewer Revenue Bonds, Series 1999 are collateralized by the revenue of the sewer system and the various special funds established by the bond ordinance. The ordinance provides that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the bond funds. The Village is in compliance with all significant financial requirements as of June 30, 2002.

The annual aggregate maturities for the years subsequent to June 30, 2002, are as follows:

Year ending June 30,	Principal	Interest	Total
2003	\$ 2,743	\$ 11,172	\$ 13,915
2004	2,866	11,049	13,915
2005	2,995	10,920	13,915
2006	3,129	10,786	13,915
2007	3,269	10,646	13,915
2008-2012	18,680	50,895	69,575
2013-2017	23,258	46,317	69,575
2018-2022	28,957	40,618	69,575
2023-2027	36,054	33,521	69,575
2028-2032	44,890	24,685	69,575
2033-2037	55,891	13,684	69,575
2038-2040	32,890	1,890	34,780
Totals	<u>\$ 255,622</u>	<u>\$ 266,183</u>	<u>\$ 521,805</u>

The Village is required to deposit \$696 in a Contingency Fund and a Reserve Fund each year until there is \$13,915 in each. At that time a deposit of \$116 will be made monthly in the Contingency Fund until the bonds mature.

12. RISK MANAGEMENT

The village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss the village maintains commercial insurance and surety bond coverage. No claims were paid on any of the policies during the past three years. The Village is involved in one lawsuit which is either adequately covered by liability insurance or, in the opinion of the Village's legal counsel, will not result in any liability to the Village.

Deborah D. Dees, MBA, CPA



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CERTIFIED PUBLIC ACCOUNTANT

**Report on Compliance and on Internal Control over Financial Reporting Based
On an Audit of Financial Statements in Accordance with *Government
Auditing Standards***

The Honorable E. E. Crocker, Mayor and
the Members of the Board of Aldermen of
The Village of Grand Cane, Louisiana

I have audited the general-purpose financial statements of the Village of Grand Cane, Louisiana, as of and for the year ended June 30, 2002, and have issued my report thereon dated November 14, 2002. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Grand Cane, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial 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 two instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2002-1 and 2002-2.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village of Grand Cane, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which that design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Village of Grand Cane, Louisiana, management of the Village, cognitive agencies, and the Legislative Auditor 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.

Deborah D. Dees, CPA

Mansfield, Louisiana
November 14, 2002

VILLAGE OF GRAND CANE, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year ended June 30, 2002

SUMMARY OF AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT:

I have audited the general-purpose financial statements of the Village of Grand Cane, Louisiana, as of and for the year ended June 30, 2002, and have issued my report thereon dated November 12, 2002. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the general-purpose financial statements as of June 30, 2002, resulted in an unqualified opinion.

REPORT ON INTERNAL CONTROL AND COMPLIANCE OVER FINANCIAL REPORTING:

The results of my tests disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the schedule of findings below as items 2002-1 and 2002-2.

I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

COMPLIANCE FINDINGS:

2002-1 Village of Grand Cane, Louisiana, violated LSA-RS 38:2212.1 which requires that purchases exceeding the sum of \$15,000 to be paid out of public funds shall be advertised and let by contract to the lowest responsible bidder. A generator purchased in August 2001, for \$15,511 was not advertised as required under this statute

Recommendation: Village management should familiarize themselves with the bid laws.

Management Corrective Action Plan: The Village board will be more diligent in following the bid laws.

2002-2 There is a possible violation of the Code of Ethics for Public Officials. Mayor E. E. Crocker signed a contract on behalf of the Village of Grand Cane with the Grand Cane Water System, Inc, a non-profit in which he serves as a director/officer, to lease the above mentioned generator to the Grand Cane Water System for \$100 a year for ten years.

Recommendation: The Village should request guidance from the Louisiana Board of Ethics.

Management Corrective Action Plan: The Board recognizes the potential conflict and proper steps will be taken to resolve the matter.

VILLAGE OF GRAND CANE, LOUISIANA
Schedule of Prior Years Audit Findings
For the year ended June 30, 2001

FINDINGS RELATED TO COMPLIANCE

Possible Code of Ethics Violation. The Louisiana Board of Ethics ruled on this matter October 10, 2002 Opinion 2001-012.

Management response: Resolved.