

CITY OF GRAMBLING, LOUISIANA
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2017

CITY OF GRAMBLING, LOUISIANA
TABLE OF CONTENTS
DECEMBER 31, 2017

		PAGE(S)
INDEPENDENT AUDITOR'S REPORT		1 - 3
REQUIRED SUPPLEMENTARY INFORMATION		
Management's Discussion and Analysis		5 - 13
BASIC FINANCIAL STATEMENTS		
Government - Wide Financial Statements:	STATEMENT	
Statement of Net Position	A	15
Statement of Activities	B	16
Fund Financial Statements (FFS):		
Governmental Funds		
Balance Sheet Governmental Funds	C	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	18
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	E	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statements of Activities	F	20
Budgetary Comparison Schedule - General Fund	G - 1	21
Budgetary Comparison Schedule - Health and Sanitation	G - 2	22
Statement of Net Position -Proprietary Funds	H	23
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	I	24
Statement of Cash Flows - All Proprietary Fund Types	J	25
Notes to the Financial Statements		26 - 44
Nonmajor Governmental Funds		45
	SCHEDULE	
Combining Balance Sheet	A	46
Combining Balance Statement of Revenues, Expenditures, and Changes in Fund Balance	B	47
SUPPLEMENTARY INFORMATION REQUIRED BY THE U.S. DEPARTMENT OF AGRICULTURE		
Proprietary Fund Type - Maintenance Enterprise Fund		
Comparative Statement of Net Position	1	49
Proposed Budget 2018 and 2017	2	50
Schedule of Compensation Paid Council Members	3	51
Schedule of Compensation, Benefits, Reimbursements, and Other Payments to Chief Executive Officer	4	52
Schedule of Insurance Coverage	5	53
Schedule of Breakdown of Utility Customers	6	54
Schedule of Water and Sewer Rates	7	55

REPORT ON INTERNAL CONTROL AND COMPLIANCE

Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Governmental Auditing Standards*

56 - 57

OTHER INFORMATION

Status of Prior Year Audit Findings

58



BROWN, EWING & CO.
P. A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Edward Jones, Mayor
and Members of the City Council
City of Grambling, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grambling, Louisiana (City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our 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 City of Grambling, Louisiana, as of and for the year ended December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and budgetary comparison schedules for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the City of Grambling, Louisiana will continue as a going concern. As discussed in Note 13 to the financial statements, the City has suffered recurring losses from operations and has a fund balance deficiency in the General Fund that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 13. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-13 and 21-22 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. We 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 for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grambling, Louisiana's, basic financial statements. The accompanying supplementary information, as listed in the table of contents and the other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The accompanying other information, as 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, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2017, on our consideration of the City of Grambling, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brown, Eyring & Co.

Ridgeland, Mississippi
June 9, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2017

Our discussion and analysis of the City of Grambling, Louisiana's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2017.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

Governmental activities reported a increase in net position of \$184,320 from 2016 to 2017, whereas business-type activities reported an increase of \$165,498. The increase in net position of the governmental activities was due to an increase in revenues. The net position of the business-type activities went from an increase in 2016 of \$672,645 to an increase of \$165,498 in 2017.

Total governmental activities revenues increased \$465,774, or 19.57%, from 2016 to 2017. Program specific revenues decreased by \$328,019, or 13.29%, due to a decrease in operating grants and contributions. General revenues had a net increase of \$137,755 or 6.28%. Increases in property taxes revenue of \$26,728, an increase in sales taxes of \$146,343, an increase in fines and forfeitures of \$57,880, and a decrease in miscellaneous revenue of \$94,638 included in general revenues.

Total business-type activities revenues decreased \$448,164, or 25.02%, from 2016 to 2017, while expenses decreased by \$162,380. The increase in expenses is primarily due to an increase in personnel costs of \$51,219 and a decrease in depreciation expense of \$40,367.

Total expenses for governmental activities was \$2,660,914 in 2017. \$514,537 of these expenses were offset by program specific revenues. General revenues of \$2,330,697 were adequate to cover the remaining governmental activities expenses.

The General Fund's fund balance deficit increased by \$44,555 during 2017 as compared to a net decrease in 2016 of \$131,800. Revenues increased by \$382,037 while expenditures increased by \$519,121 from 2016 to 2017. Transfers in were \$219,685 and \$234,783, for 2017 and 2016 respectively. Transfers out were \$77,683 and \$101,183, for 2017 and 2016 respectively.

The General Fund's fund balance has a deficit of \$460,468 due to several conditions. When the current administration took office on January 1, 2011, the deficit was \$216,945. There have been many instances since January 2011 whereby management has learned of prior obligations, such as liability insurance and worker's compensation insurance, that contributed to the current deficit in that these old bills had to be accrued. The old bills also took cash that was needed to pay current bills. Current management has made a concerted effort to make repairs and improvements to city facilities and systems. This effort has caused a temporary increase in expenditures that is expected to result in savings in the long run by properly maintaining facilities and systems and preventing unnecessary repairs. Also, the City has purchased property to include in the development of a hotel, restaurant, and other businesses in the City that are expected to generate significant property and sales tax revenues in the future as well as increasing licenses and permits and utility revenues.

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2017

In addition to the development plans, the City is analyzing expenditures to identify areas where costs can be reduced, at least until revenue increases. Management is focusing on salaries and benefits as they are the largest expenditures of the City and because many costs are fixed costs that the City cannot reduce. Since 2013, the City has allocated expenditures to other funds where possible to ease the burden on the General Fund.

The Health and Sanitation Fund's fund balance decreased \$103,885 in 2017 as compared to a decrease of \$91,938 in 2016. Health and Sanitation Fund's revenues were \$504,905 in 2017, which is \$31,375 or 6.62% greater than 2016 revenues. The increase was due to an increase in sales tax revenue of \$26,570 when compared to 2016.

Health and Sanitation Fund's 2017 expenditures increased by \$38,439 or 9.67% from 2016. The decrease in total expenditures was due to an decrease in operating costs.

The Debt Service Fund had no change in fund balance in 2017 as compared to a net decrease in 2016 of \$1,524.

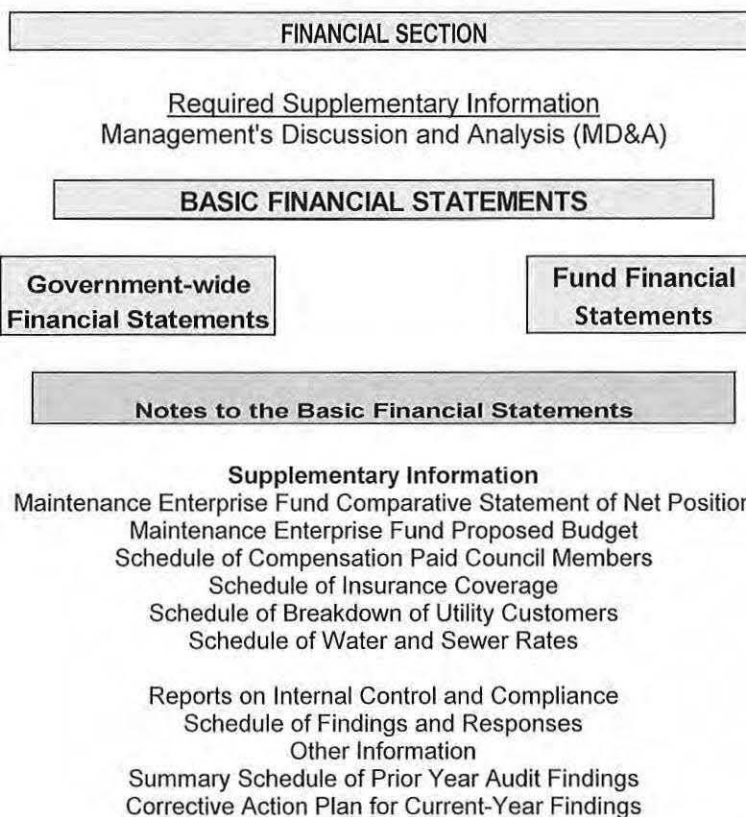
The Capital Project Fund had no change in fund balance from 2016 to 2017.

USING THIS ANNUAL REPORT

The City's annual report consists of a series of financial statements that show information for the City as a whole, and its funds. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. For our governmental activities, the fund financial statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the City's overall financial health. Fund financial statements also report the City's operation in more detail than the government-wide financial statements by providing information about the City's most significant funds - the General Fund, Health & Sanitation Fund, Debt Service Fund and Capital Project Fund.

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2017

The following chart reflects the information included in this annual report.



Our auditor has provided assurance in the independent auditors' report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Supplementary Information, the Supplementary Information and Other Information identified above. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins with the government-wide financial statements. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information about the City as whole and its activities in a way that helps answer this question. We prepare these statements to include all assets, liabilities and deferred inflows/outflows of resources, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2017

These two statements report the City's net position - the difference between assets, liabilities and deferred inflows/outflows of resources, as reported in the Statement of Net Position - as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position - as reported in the Statement of Activities - are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the City's operating results. However, the City's goal is to provide services to our citizens, not to generate profits as commercial entities do. One must consider other nonfinancial factors, such as the quality of police and fire protection, the conditions of the City's roads, and the quality of water, sewer and sanitation systems to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities - most of the City's basic services are reported here, including the police, fire, street, and general administration. Property taxes, franchise fees, licenses and fees, fines and forfeitures, and state and federal grants finance most of these activities.

Business-type Activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer systems are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

The City's fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law. However, the City establishes other funds to help it control and manage money for particular purposes (like the capital project fund) or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two kinds of funds - governmental and proprietary - use different accounting approaches:

Governmental funds - Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual accounting, which 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 City's operations and the services it provides. Governmental fund information helps you determine whether there are more or less financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the State of Activities) and governmental funds in the reconciliations (Statements D and F).

Proprietary funds - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's maintenance enterprise fund (a component of proprietary funds) are the same as business-type activities we reported in the government-wide financial statements but provide more detail and additional information, such as cash flows, for proprietary funds.

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2017

THE CITY AS A WHOLE

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

**Table 1
Net Position
December 31, 2017 and 2016**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 916,395	\$ 859,140	\$ 439,817	\$ 647,216	\$ 1,356,212	\$ 1,506,356
Capital assets, net	<u>2,178,920</u>	<u>1,928,262</u>	<u>2,779,339</u>	<u>2,732,950</u>	<u>4,958,259</u>	<u>4,661,212</u>
Total assets	<u>\$ 3,095,315</u>	<u>\$ 2,787,402</u>	<u>\$ 3,219,156</u>	<u>\$ 3,380,166</u>	<u>\$ 6,314,471</u>	<u>\$ 6,167,568</u>
Current and other liabilities	\$ 729,828	\$ 515,848	\$ 787,591	\$ 1,183,522	\$ 1,517,419	\$ 1,699,370
Long-term liabilities	<u>6,039</u>	<u>80,738</u>	<u>1,593,423</u>	<u>1,523,999</u>	<u>1,599,462</u>	<u>1,604,737</u>
Total Liabilities	<u>735,867</u>	<u>596,586</u>	<u>2,381,014</u>	<u>2,707,521</u>	<u>3,116,881</u>	<u>3,304,107</u>
Deferred Inflows of resources	<u>125,953</u>	<u>141,641</u>	-	-	<u>125,953</u>	<u>141,641</u>
Net position						
Net investment in capital assets	2,178,920	1,928,262	337,684	337,684	2,516,604	2,265,946
Restricted	30,603	13,032	-	-	30,603	13,032
Unrestricted	<u>23,972</u>	<u>107,881</u>	<u>500,458</u>	<u>334,961</u>	<u>524,430</u>	<u>442,842</u>
Total net position	<u>2,233,495</u>	<u>2,049,175</u>	<u>838,142</u>	<u>672,645</u>	<u>3,071,637</u>	<u>2,721,820</u>
Total Liabilities and net position	<u>\$ 3,095,315</u>	<u>\$ 2,787,402</u>	<u>\$ 3,219,156</u>	<u>\$ 3,380,166</u>	<u>\$ 6,314,471</u>	<u>\$ 6,167,568</u>

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2017

Table 2
Changes in Net Position
For the Year Ended December 31, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenue:						
Charges for services	\$ 177,248	\$ 172,329	\$ 1,091,453	\$ 1,045,949	\$ 1,268,701	\$ 1,218,278
Operating grants and contributions	7,137	14,189	-	-	7,137	14,189
Capital grants and contributions	330,152	-	114,142	665,099	444,294	665,099
General Revenue:						
Property taxes	607,152	580,424	74,702	71,602	681,854	652,026
Sales taxes	1,034,095	887,752	-	-	1,034,095	887,752
Fines and forfeitures	268,740	210,860	-	-	268,740	210,860
Licenses and permits	201,510	198,486	-	-	201,510	198,486
Interest income	427	111	-	-	427	111
Intergovernmental revenue	33,075	34,973	-	-	33,075	34,973
Miscellaneous	185,698	280,336	62,706	8,517	248,404	288,853
Total Revenues	2,845,234	2,379,460	1,343,003	1,791,167	4,188,237	4,170,627
Expenses:						
General Government	808,657	526,474	-	-	808,657	526,474
Public safety	1,260,895	1,347,354	-	-	1,260,895	1,347,354
Health and sanitation	447,070	419,780	-	-	447,070	419,780
Parks and recreation	2,011	12,726	-	-	2,011	12,726
Highway and streets	51,053	64,834	-	-	51,053	64,834
Economic development	88,137	51,385	-	-	88,137	51,385
Interest on long-term debt	3,091	5,088	-	-	3,091	5,088
Business-type activities:						
Utility enterprise	-	-	1,177,507	1,339,887	1,177,507	1,339,887
Total Expenses	2,660,914	2,427,641	1,177,507	1,339,887	3,838,421	3,767,528
Increase (decrease) in Net Position						
Before Transfers and Special Items	184,320	(48,181)	165,496	451,280	349,816	403,099
Transfers in (out)	-	-	-	-	-	-
Increase (decrease) in net position	184,320	(48,181)	165,496	451,280	349,816	403,099
Net position, beginning	2,049,175	2,097,356	672,646	221,366	2,721,821	2,318,722
Prior period adjustment	-	-	-	-	-	-
Net position, restated	2,049,175	2,097,356	672,646	221,366	2,721,821	2,318,722
Net Position Ending	\$ 2,233,495	\$ 2,049,175	\$ 838,142	\$ 672,646	\$ 3,071,637	\$ 2,721,821

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2017

Governmental Activities

The cost of all governmental activities this year was \$2,660,914. However, as shown in the Statement of Activities. The amount that our taxpayers ultimately financed for these activities through City taxes and other revenue was \$2,146,377 because some of the cost was paid by those who directly benefited from the programs and grants in the amount of \$514,537.

Table 3 presents the cost of each of the City's governmental activities as well as each program's net cost (total costs less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

**Table 3
Governmental Activities
For the Year Ended December 31, 2017 and 2016**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2017	2016	2017	2016
General government	\$ 808,657	\$ 526,474	\$ (808,657)	\$ (530,195)
Public safety	1,260,895	1,347,354	(945,647)	(1,065,889)
Health and sanitation	447,070	419,780	(269,822)	(262,153)
Park and recreation	2,011	12,726	(2,011)	(756)
Highway and streets	51,053	64,834	(29,012)	(63,127)
Economic development	88,137	51,385	(88,137)	(72,665)
Interest on long-term debt	3,091	5,088	(3,091)	(4,477)
Total Program Expenses	<u>\$ 2,660,914</u>	<u>\$ 2,427,641</u>	<u>\$(2,146,377)</u>	<u>\$(1,999,262)</u>

**Table 4
Business-Type Activities
For the Year Ended December 31, 2017 and 2016**

Business-Type Activities

The following table presents the cost of activities of the City. The table also shows the net cost (total cost less charges for services generated by the activity). The net cost shows the financial burden that was placed on taxpayers by the activities.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2017	2016	2017	2016
Business-Type Activities				
Utility enterprise	<u>\$1,177,507</u>	<u>\$1,339,887</u>	<u>\$ 28,088</u>	<u>\$ 371,161</u>
Total Program Expenses	<u>\$1,177,507</u>	<u>\$1,339,887</u>	<u>\$ 28,088</u>	<u>\$ 371,161</u>

Revenues and expenses of the City's business-type activities as shown in table 3 remained relatively stable for 2017 compared to 2016.

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Our elected and appointed officials and citizens consider many factors when setting the City's budget and tax rates. One of the most important factors affecting the budget is our property tax and sales tax collections. Property and sales tax make up more than 56% of 2017 revenues. The 2017 budget includes \$103,389 or a 7% increase in property tax and sales tax revenues. Major plans for 2017 include developing an area of the City to include a shopping area and restaurants. Management will strive to improve the City's financial condition by restricting expenditures to needs and by searching for ways to increase revenues. Management expects future needs to be more and more manageable as routine obligations and repair and maintenance needs are brought up to date.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Edward Jones, Mayor, at the City of Grambling, P. O. Box 108, Grambling, Louisiana 71245, telephone number (318) 247-6120.

BASIC FINANCIAL STATEMENTS

CITY OF GRAMBLING, LOUISIANA
Statement of Net Position
December 31, 2017

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$ 154,951	\$ 48,309	\$ 203,260
Net receivables	517,004	222,058	739,062
Prepaid expenses	-	1,484	1,484
Due from other funds	244,440	-	244,440
Restricted Assets:			
Cash and cash equivalents	-	167,966	167,966
Capital Assets not being depreciated:			
Land	222,902	49,182	272,084
Construction in progress	375,815	973,225	1,349,040
Capital assets net of accumulated depreciation:			
Buildings and improvements	1,255,898	-	1,255,898
Automotive and equipment	65,109	5,338	70,447
Infrastructure	259,196	1,751,594	2,010,790
TOTAL ASSETS	\$ 3,095,315	\$ 3,219,156	\$ 6,314,471
LIABILITIES			
Accounts payable	\$ 513,017	\$ 293,444	\$ 806,461
Accrued and other liabilities	79,046	11,021	90,067
Interest payable on long term debt	1,040	17,142	18,182
Customer deposits payable from restricted assets	-	133,681	133,681
Due to other funds	-	244,440	244,440
Noncurrent liabilities:			
Due within one year	136,725	87,863	224,588
Due in more than one year	6,039	1,593,423	1,599,462
Total Liabilities	735,867	2,381,014	3,116,881
DEFERRED INFLOWS OF RESOURCES			
Property tax revenues	125,953	-	125,953
Total deferred inflows of resources	125,953	-	125,953
NET POSITION:			
Net Investment in capital assets	2,178,920	337,684	2,516,604
Restricted for:			
Debt service	30,603	-	30,603
Unrestricted	23,972	500,458	524,430
Total Net Position	2,233,495	838,142	3,071,637
TOTAL LIABILITIES AND NET POSITION	\$ 3,095,315	\$ 3,219,156	\$ 6,314,471

The Accompanying Notes are an intergral part of these Financial Statements.

Statement B

CITY OF GRAMBLING, LOUISIANA
Statement of Activities
For the Year Ended December 31, 2017

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		Total
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	
Primary Government:							
Governmental activities:							
General government	\$ 808,657	\$ -	\$ -	\$ -	\$ (808,657)	\$ -	\$ (808,657)
Public safety	1,260,895	-	7,137	308,111	(945,647)	-	(945,647)
Health and sanitation	447,070	177,248	-	-	(269,822)	-	(269,822)
Parks and recreation	2,011	-	-	-	(2,011)	-	(2,011)
Highway and streets	51,053	-	-	22,041	(29,012)	-	(29,012)
Economic development	88,137	-	-	-	(88,137)	-	(88,137)
Interest on long-term debt	3,091	-	-	-	(3,091)	-	(3,091)
Total governmental activities	<u>2,660,914</u>	<u>177,248</u>	<u>7,137</u>	<u>330,152</u>	<u>(2,146,377)</u>	<u>-</u>	<u>(2,146,377)</u>
Business-type activities:							
Utility Enterprise	<u>1,177,507</u>	<u>1,091,453</u>	<u>-</u>	<u>114,142</u>	<u>-</u>	<u>28,088</u>	<u>28,088</u>
Total Business-type activities	<u>1,177,507</u>	<u>1,091,453</u>	<u>-</u>	<u>114,142</u>	<u>-</u>	<u>28,088</u>	<u>28,088</u>
Total	<u>\$ 3,838,421</u>	<u>\$ 1,268,701</u>	<u>\$ 7,137</u>	<u>\$ 444,294</u>	<u>\$ (2,146,377)</u>	<u>\$ 28,088</u>	<u>\$ (2,118,289)</u>

General Revenues:			
Property taxes	\$ 607,152	\$ 74,702	\$ 681,854
Sales taxes	1,034,095	-	1,034,095
License and permits	201,510	-	201,510
Fines and forfeitures	268,740	-	268,740
Interest income	427	-	427
Intergovernmental revenues	33,075	-	33,075
Miscellaneous	185,698	62,706	248,404
Total general revenues, special items, and transfers	<u>2,330,697</u>	<u>137,408</u>	<u>2,468,105</u>
Change in net position	184,320	165,496	349,816
Net Position - Beginning	2,049,175	672,646	2,721,821
Net Position - Ending	<u>\$ 2,233,495</u>	<u>\$ 838,142</u>	<u>\$ 3,071,637</u>

The Accompanying Notes are an intergral part of these Financial Statements.

Statement C

CITY OF GRAMBLING, LOUISIANA
Balance Sheet
Governmental Funds
December 31, 2017

	General Fund	Health and Sanitation	Nonmajor Special Revenue Funds	Debt Service	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 127,657	\$ 7,669	\$ 19,563	\$ 62	\$ 154,951
Receivables, net	258,312	89,757	-	-	348,069
Accounts receivable	62,934	-	-	-	62,934
Intergovernmental receivable	94,960	-	11,040	-	106,000
Interfund receivables	77,144	545,000	-	-	622,144
TOTAL ASSETS	<u>\$ 621,007</u>	<u>\$ 642,426</u>	<u>\$ 30,603</u>	<u>\$ 62</u>	<u>\$ 1,294,098</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable, general	\$ 508,239	\$ -	\$ -	\$ -	\$ 508,239
Accrued and other liabilities	69,579	14,245	-	-	83,824
Interfund payables	377,704	-	-	-	377,704
Total Liabilities	<u>955,522</u>	<u>14,245</u>	<u>-</u>	<u>-</u>	<u>969,767</u>
DEFERRED INFLOWS OF RESOURCES					
Property tax revenues	125,953	-	-	-	125,953
Total deferred inflows of resources	<u>125,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,953</u>
Fund Balance:					
Restricted	-	-	30,603	62	30,665
Unassigned	(460,468)	628,181	-	-	167,713
Total Fund Balances	<u>(460,468)</u>	<u>628,181</u>	<u>30,603</u>	<u>62</u>	<u>198,378</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 621,007</u>	<u>\$ 642,426</u>	<u>\$ 30,603</u>	<u>\$ 62</u>	<u>\$ 1,294,098</u>

The Accompanying Notes are an intergral part of these Financial Statements.

Statement D

CITY OF GRAMBLING, LOUISIANA
 Reconciliation of the Governmental Funds Balance Sheet
 of the Statement of Net Position
 December 31, 2017

Total fund balances - governmental funds \$ 198,378

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

The cost of capital assets (land, buildings, furniture and equipment, and infrastructure) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the City as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Cost of capital assets	4,224,225	
Accumulated depreciation	<u>(2,045,305)</u>	2,178,920

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the Statement of Net Position.

Balances at December 31, 2017 are:

Compensated absences	(67,160)	
Bonds payable	(75,604)	
Interest payable	(1,040)	
Other reconciling adjustment	<u>1</u>	(143,803)
Net Position of Governmental Activities		<u>\$ 2,233,495</u>

The Accompanying Notes are an integral part of these Financial Statements.

Statement E

CITY OF GRAMBLING, LOUISIANA
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2017

	General Fund	Health and Sanitation	Nonmajor Special Revenue Funds	Debt Service	Total Governmental Funds
REVENUES:					
General property taxes	\$ 607,152	-	-	-	\$ 607,152
Charges for services	-	177,248	-	-	177,248
Privilege licenses and permits	201,510	-	-	-	201,510
Intergovernmental revenues	370,365	-	-	-	370,365
Sales tax revenue	594,384	327,650	118,491	-	1,040,525
Fines and forfeitures	268,740	-	-	-	268,740
Interest income	416	7	4	-	427
Miscellaneous	186,901	-	-	-	186,901
Total Revenues	<u>2,229,468</u>	<u>504,905</u>	<u>118,495</u>	<u>-</u>	<u>2,852,868</u>
EXPENDITURES:					
General government	773,296	70,281	-	-	843,577
Public safety	1,218,326	-	-	-	1,218,326
Health and sanitation	-	365,343	-	-	365,343
Parks and recreations	1,898	-	-	-	1,898
Highways and Streets	28,671	-	-	-	28,671
Economic development	41,360	-	54,405	-	95,765
Debt service:					
Principal	-	-	-	73,581	73,581
Interest and service charges	-	-	-	4,103	4,103
Capital outlay:					
General government	42,572	-	-	-	42,572
Public safety	34,775	-	-	-	34,775
Highways and Street	275,126	-	-	-	275,126
TOTAL EXPENDITURES	<u>2,416,024</u>	<u>435,624</u>	<u>54,405</u>	<u>77,684</u>	<u>2,983,737</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(186,556)</u>	<u>69,281</u>	<u>64,090</u>	<u>(77,684)</u>	<u>(130,869)</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	219,685	-	-	77,684	297,369
Operating transfers out	(77,684)	(173,166)	(46,519)	-	(297,369)
Total Other Financing Sources (Uses)	<u>142,001</u>	<u>(173,166)</u>	<u>(46,519)</u>	<u>77,684</u>	<u>-</u>
Net Change in Fund Balances	(44,555)	(103,885)	17,571	-	(130,869)
FUND BALANCE, BEGINNING	<u>(415,913)</u>	<u>732,066</u>	<u>13,032</u>	<u>62</u>	<u>329,247</u>
FUND BALANCE, ENDING	<u>\$ (460,468)</u>	<u>628,181</u>	<u>30,603</u>	<u>62</u>	<u>\$ 198,378</u>

The Accompanying Notes are an intergral part of these Financial Statements.

Statement F

CITY OF GRAMBLING, 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, 2017

	<u>AMOUNTS</u>	
Net change in fund balances - total governmental funds	\$ (130,869)	
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.</p>		
Capital outlays	352,474	
Depreciation expense	<u>(101,816)</u>	250,658
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		73,581
Compensated absences are recognized in the Statement of Net Position as an increase to liabilities, but not in the Fund Financial Statements.		(10,058)
Interest on long-term debt in the Statement of Activities differs from the amount reporting in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		1,012
Other reconciling adjustment		<u>(4)</u>
Change in net position of governmental activities	\$	<u>184,320</u>

The Accompanying Notes are an intergral part of these Financial Statements.

CITY OF GRAMBLING, LOUISIANA
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budget Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Property taxes	\$ 575,000	\$ 575,000	\$ 607,152	\$ 32,152
Licenses and permits	190,000	190,000	201,510	11,510
Intergovernmental revenues	690,000	690,000	964,749	274,749
Fines and forfeits	194,000	194,000	268,740	74,740
Interest income	-	-	416	416
Miscellaneous income	385,000	102,000	181,901	79,901
TOTAL REVENUES	<u>2,034,000</u>	<u>1,751,000</u>	<u>2,224,468</u>	<u>473,468</u>
EXPENDITURES:				
General government	781,622	704,256	773,296	(69,040)
Public safety	1,231,443	1,109,554	1,218,326	(108,772)
Highway and streets	4,352	3,922	28,671	(24,749)
Parks and recreation	1,777	1,601	1,898	(297)
Economic development	41,805	37,667	41,360	(3,693)
Capital outlays	82,000	82,000	352,473	(270,473)
TOTAL EXPENDITURES	<u>2,142,999</u>	<u>1,939,000</u>	<u>2,416,024</u>	<u>(477,024)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(108,999)</u>	<u>(188,000)</u>	<u>(191,556)</u>	<u>(3,556)</u>
Other Financing Sources (Uses):				
Transfers in	169,000	169,000	219,685	50,685
Transfers out	(78,000)	(78,000)	(77,684)	316
Proceeds from insurance	3,000	3,000	5,000	2,000
Total Other Financing Sources	<u>94,000</u>	<u>94,000</u>	<u>147,001</u>	<u>53,001</u>
Net change in fund balance	(14,999)	(94,000)	(44,555)	49,445
Fund Balance at beginning of year	(415,913)	(415,913)	(415,913)	-
Fund Balance at end of year	<u>\$ (430,912)</u>	<u>\$ (509,913)</u>	<u>\$ (460,468)</u>	<u>\$ 49,445</u>

The Accompanying Notes are an intergral part of these Financial Statements.

CITY OF GRAMBLING, LOUISIANA
Health and Sanitation
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budget Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Taxes	\$ 361,000	\$ 360,536	\$ 327,650	\$ (32,886)
Charges for services	169,000	168,509	177,248	8,739
Interest income	-	11	7	(4)
TOTAL REVENUES	<u>530,000</u>	<u>529,056</u>	<u>504,905</u>	<u>(24,151)</u>
EXPENDITURES:				
Current:				
General government	63,404	63,622	70,281	(6,659)
Health and sanitation	<u>329,596</u>	<u>330,727</u>	<u>365,343</u>	<u>(34,616)</u>
Total Expenditures	<u>393,000</u>	<u>394,349</u>	<u>435,624</u>	<u>(41,275)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>137,000</u>	<u>134,707</u>	<u>69,281</u>	<u>(65,426)</u>
Other Financing Sources:				
Operating transfers out	<u>(169,000)</u>	<u>(168,509)</u>	<u>(173,166)</u>	<u>(4,657)</u>
Total Other Financing Sources	<u>(169,000)</u>	<u>(168,509)</u>	<u>(173,166)</u>	<u>(4,657)</u>
Net change in fund balance	(32,000)	(33,802)	(103,885)	(70,083)
Fund Balance at beginning of year	<u>732,066</u>	<u>732,066</u>	<u>732,066</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 700,066</u>	<u>\$ 698,264</u>	<u>\$ 628,181</u>	<u>\$ (70,083)</u>

The Accompanying Notes are an integral part of these Financial Statements.

Statement H

CITY OF GRAMBLING, LOUISIANA
Statement of Net Position
Proprietary Fund
December 31, 2017

Assets	
Current assets:	
Cash and cash equivalents	\$ 48,309
Accounts receivable, net	222,058
Prepaid expenses	1,484
Total Current Assets	<u>271,851</u>
Noncurrent assets:	
Restricted cash and cash equivalents	
Customer deposits	107,331
Revenue bonds	60,634
Total restricted assets	<u>167,965</u>
Property, Plant and Equipment, at Cost	
Land	49,182
Buildings and improvements	242,106
Water/Sewer system	6,324,054
Automotive and equipment	1,230,443
Less: accumulated depreciation	<u>(6,039,671)</u>
Total capital assets (net of accumulated depreciation)	<u>1,806,114</u>
Construction in progress	<u>973,225</u>
Total noncurrent assets	<u>2,947,304</u>
Total Assets	<u>\$ 3,219,155</u>
Liabilities and Net Position	
Liabilities	
Current Liabilities:	
Accounts payable	\$ 293,442
Accrued and other liabilities	11,021
Interest payable	17,142
Interfund payables	244,441
Compensated absences	13,863
Revenue bonds payable	74,000
Total current liabilities	<u>653,909</u>
Noncurrent liabilities:	
Customer deposits payable from restricted assets	133,681
Compensated absences	661
Revenue bonds payable	1,592,762
Total noncurrent liabilities payable	<u>1,727,104</u>
Total Liabilities	<u>2,381,013</u>
Net Position	
Net investment in capital assets	337,684
Unrestricted	500,458
Total Net Position	<u>838,142</u>
Total Liabilities and Net Position	<u>\$ 3,219,155</u>

The Accompanying Notes are an integral part of these Financial Statements.

Statement I

CITY OF GRAMBLING, LOUISIANA
 Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the Year Ended December 31, 2017

Operating Revenues:	
Water sales	\$ 398,751
Water connection charges	16,134
Sewer fees	<u>676,568</u>
Total Operating Revenues	<u>1,091,453</u>
Operating Expenses:	
Salaries and benefits	456,085
Materials and supplies	13,966
Operating costs	509,823
Other services and charges	36,936
Depreciation	<u>110,337</u>
Total operating expenses	<u>1,127,147</u>
Operating income (loss)	<u>(35,694)</u>
Nonoperating revenues (expenses);	
Miscellaneous	62,469
Interest income	241
Ad valorem tax revenues	74,702
Intergovernmental revenues	114,142
Interest expense	<u>(50,363)</u>
Total nonoperating revenues (expenses)	<u>201,191</u>
Change in net position	<u>165,497</u>
Net position - beginning	<u>672,645</u>
Total net position - ending	<u>\$ 838,142</u>

The Accompanying Notes are an intergral part of these Financial Statements.

CITY OF GRAMBLING, LOUISIANA
Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended December 31, 2017

Cash flows from operating activities:	
Receipts from customers and users	\$ 1,053,815
Intergovernmental revenues	188,844
Payments to suppliers	(926,842)
Payments to employees	(456,503)
Net cash provided by (used for) operating activities	<u>(140,686)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(156,726)
Principal paid retirement of debt	68,000
Proceeds from refunding bond	161,443
Interest paid on capital debt	(50,363)
Net cash provided (used) by capital and related financing activities	<u>22,354</u>
Cash flows provided by (used for) investing activities:	
Interest received	241
Miscellaneous revenue	62,469
Other investing activities	52,845
Net cash provided by investing activities	<u>115,555</u>
Net increase (decrease) in cash and cash equivalents	(2,777)
Cash and cash equivalents at beginning of year	<u>219,051</u>
Cash and cash equivalents at end of year	<u>\$ 216,274</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating Income (Loss)	\$ (35,694)
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	110,337
(Increase) decrease	
Accounts receivable, net	(37,637)
Intergovernmental receivable	242,260
Increase (decrease)	
Accounts payable	(337,499)
Accrued and other liabilities	(7,828)
Customer deposits	8,652
Due to other funds	(82,860)
Compensated absences	(417)
	<u>(104,992)</u>
Net cash provided by operating activities	<u>\$ (140,686)</u>
Recap of cash and cash equivalents	
Cash and cash equivalents	\$ 48,309
Restricted cash and cash equivalents	167,965
	<u>\$ 216,274</u>

The Accompanying Notes are an intergral part of these Financial Statements.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City of Grambling, Louisiana have been prepared in conformity with accounting principles generally accepted in the United State of America (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.

A. REPORTING ENTITY

The City of Grambling was founded in 1959 under the provisions of the "Lawrason Act" (Louisiana Revised Statutes (R.S.)33:321-481) of the constitution of the State of Louisiana. The City is located in the parish of Lincoln and has a population of approximately 4,693. The City is governed by the mayor and a five-member council. The mayor and council members serve four-year terms which expire on December 31, 2018.

As the governing authority of the City, for reporting purposes, the City of Grambling is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the City), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the 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 City of Grambling for 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 criterion includes:

1. Appointing a voting majority of an organization's 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 City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization were not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the City of Grambling (the primary government). The City of Grambling has no component units.

B. FUND ACCOUNTING

The City uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts that comprises it assets, liabilities, fund equity, revenues, and expenditures/expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2017

Funds are classified into two categories; governmental and proprietary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees.

The City's current operations require the use of governmental and proprietary fund types described as follows:

Governmental Funds

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

Health and Sanitation Fund - is used to account for the expenses in providing garbage collection services.

Special Revenue Fund - is used to account for grants, funds, and sales taxes revenues that are restricted or committed for specific purposes.

Debt Service Fund - is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Capital Project Fund - is used to account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Proprietary Fund

Maintenance enterprise fund - accounts for the operations of the City's sewer and water systems. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS), The Statement of Net Position, and the Statement of Activities displays information about the reporting government as a whole. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows/outflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2017

Program Revenues - Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Allocation of Indirect Expenses - The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities for governmental activities and is included in Utility Enterprise for business-type activities.

FUND FINANCIAL STATEMENTS (FFS)

Governmental Funds - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on long-term debt which is recognized when due. Compensated absences and claims and judgments are reported in a governmental fund only if the claims are due and payable.

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 governmental funds use the following practices in recording revenues and expenditures:

Revenues Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar-year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1994 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Franchise taxes and intergovernmental revenues are recorded when the City is entitled to the funds.

Interest income on time deposits is recorded when the interest has been earned and the amount is determinable.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2017

Substantially all other revenues are recorded when they are received by the City.

Based on the above criteria, ad valorem taxes, franchise taxes, and intergovernmental revenues have been treated as susceptible to accrual.

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

Other Financing Source (Use) Transfers between funds that are not expected to be repaid are accounted for as other financing sources and are recognized when the underlying event occurs.

Proprietary Funds - Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The City is currently in compliance with GASB Statement No. 62.

Operating revenues and expenses - Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. BUDGET PRACTICES

A preliminary budget for the ensuing year is prepared in November. The proposed budget is reviewed by the Mayor and the City Council and made available to the public. During the December meeting of the City Council, the City holds a public hearing on the proposed budget in order to receive comments from citizens. Changes are made to the proposed budget based on the public hearing and the desires of the City Council as a whole. The budgets are then adopted during the December meeting, and notice is published in the official journal. During the year, the City Council receives monthly budget comparison statements which are used as a tool to control the operations of the City. Necessary budget amendments are presented to the Council when actual operations are differing materially from those anticipated in the original budget. The Council in regular session reviews the proposed amendments, makes necessary changes, and formally adopts the amendments. The adoption of amendments is included in the City's minutes published in the official journal. The budget is established and controlled by the mayor and council members at the fund level of expenditure. Unexpended appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the Mayor and the Council members. The City does not use encumbrance accounting in its accounting system.

E. CASH AND CASH EQUIVALENTS

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States of America. The City may invest in certificates and time deposits of state banks organized under Louisiana laws and national banks having principal offices in Louisiana. For purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of three months or less when purchased.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2017

F. INVESTMENTS

Investments are limited by R.S. 33:2955 and the City's investment policy. If the original maturities of investments exceed 90 days they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at fair value except for the following which are required/permitted as per GASB Statement No. 31:

1. Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.
2. The City reports at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

The City participates in the Louisiana Asset Management Pool, Inc., (LAMP) which is an external investment pool that is not SEC - registered. Because the LAMP is an arrangement sponsored by a type of governmental entity, it is exempt by statute from regulation by the SEC.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- ◆ *Credit risk:* LAMP is rated AAA by Standard & Poor's.
- ◆ *Custodial credit risk:* LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- ◆ *Concentration of credit risk:* Pooled investments are excluded from the 5 percent disclosure requirement.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2017

- ◆ *Interest rate risk:* LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments as of December 31, 2017.
- ◆ *Foreign currency risk:* Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

LAMP issues financial reports. These financial reports can be obtained by writing: LAMP, Inc., 228 St. Charles Ave., Suite 1123, New Orleans, LA 70130.

G. CAPITAL ASSETS

Capital assets are recorded at either historical cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. The City has a capitalization threshold of \$1,000. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used for governmental fund-type based on the following estimated useful lives:

Buildings	40 years
Concrete block buildings	20 years
Equipment	8 years
Vehicles	5 years
Sewer system and lines	20 years
Water system and lines	20 years

The capital assets used in the proprietary fund-type operations are included on the statement of net position of the fund. Depreciation of all exhaustible fixed assets used by the proprietary fund type operations are charged as an expense against operations. Depreciation is computed using the straight-line method over estimated lives of 20 years for the plant, distribution system, and collection system, 5 to 8 years for furniture and equipment.

H. LONG-TERM DEBT

Long-term obligations, such as bonded debt and bank loans are recognized as liabilities of a governmental fund only when due.

I. COMPENSATED ABSENCES

Full time employees are allowed five days of annual leave in the first two years of employment. After the first two years, employees are eligible for ten annual leave days which can accumulate to 20 days. Employees earn ten days of sick leave each year which is not paid upon retirement or termination. The City of Grambling's recognition and measurement criteria for compensated absences follow:

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2017

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

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

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current-year expenditure in the governmental funds when leave is actually taken or when employees are paid for accrued leave upon resignation or termination.

J. RESTRICTED ASSETS

Certain grants received by the City contained restrictions on spending for specific purposes. In the Maintenance Enterprise Fund, cash and investments are restricted for debt service payments, maintenance on the sewer system, and customer deposits payable.

K. RISK MANAGEMENT

The City is exposed to various risk 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 City maintains commercial insurance policies covering its automobiles, professional liability, general liability, and surety bond coverage. There were no significant reductions in insurance coverage during the year ended December 31, 2017.

L. RESTRICTED NET POSITION

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use are either:

Externally imposed by creditors (such as debt covenants) grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation. All restricted net position reported on Statement A are the result of enabling legislation.

M. FUND BALANCES OF FUND FINANCIAL STATEMENTS

GASB 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

Non-spendable - Fund balance that is not in spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories and prepaid items.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2017

Restricted - Fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed - Fund balance that can only be used for specific purposes determined by the City's highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action it employed to previously commit the funds. Committed fund balance is the result of either a policy of the City or motions were passed at a City meeting committing the funds. The motions passed are usually the result of budget revisions.

Assigned - Fund balance that is constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the Council.

Unassigned - Fund balance that is the residual classification for the general fund.

The City reduces committed amounts, followed by assigned amounts and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The City considers restricted amounts to have been spent when an expenditure has incurred for purposes for which both restricted and unrestricted fund balance is available.

N. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as interfund receivable/payables on the balance sheet. Short-term interfund loans are also classified as interfund receivables/payables.

O. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. ELIMINATION AND RECLASSIFICATIONS

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2017

Q. SALES TAX

Sales taxes are collected by the Lincoln Parish Sales and Use Tax Commission and by the Lincoln Parish Police Jury. The City's Sales tax is 2 1/4 percent. The revenue from the Lincoln Parish Sales and Use Commission is for general operating expenses of the City. The Police Jury Tax Revenue is dedicated to Health and Sanitation. There is an additional 3/4 percent Sales Tax in the Legend's Square Taxing District, which is a retail development in the City of Grambling. These funds are placed in a bank account at the Bank of Ruston in Ruston, Louisiana to be disbursed to the Developer of the Project as debt service for the cost of the project, minus a 10 percent administrative fee that is deposited in the city's General Fund account.

R. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. *Deferred outflows* of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. *Deferred inflows* of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

NOTE 2 - DEPOSITS AND INVESTMENTS

At December 31, 2017, the City did not have any investments:

Interest Rate Risk: The City's policy does not address interest rate risk.

Credit Risk: The City's policy does not address credit rate risk.

Custodial Credit-Deposits: At year end, the City's carrying amount of deposits was \$310,591 (Statement C-cash and cash equivalents of \$154,951 Statement H - cash and cash equivalents of \$48,309 and restricted assets cash of \$167,965 on Statement H). In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of December 31, 2017, the City's bank balance was \$586,805, which was covered by federal depository insurance.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2017

NOTE 3 - LEVIED TAXES

The City levies property taxes on real and business property located within the City's boundaries. Property taxes are levied by the City on property values assessed by the Lincoln Parish Tax Assessor and approved by the State of Louisiana Tax Commission. The Lincoln Parish Tax Assessor prepares tax statements for the City.

The following is a summary of authorized and levied property taxes:

<u>Category</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Public streets	6.50	5.30	2019
Water system	5.00	4.08	2019
Police department	5.50	4.48	2019
Public Improvement	11.20	9.13	2019
Fire department	20.80	16.97	2019
General Alimony Constitutional	7.00	5.77	Statutory
Total Levy	<u>56.00</u>	<u>45.73</u>	

Property Tax Calendar

Lien Date	12/31/17
Levy Date	10/31/17
Due Date	12/31/17
Collection Dates	November 1 through June 30

NOTE 4 - RECEIVABLES

The following is a summary of receivables at December 31, 2017:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Health & Sanitation Fund</u>	<u>NonMajor Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes:					
Property taxes	\$ 258,312	\$ -	\$ -	\$ 43,753	\$ 302,065
Sales and use	94,960	65,944	11,040	-	171,944
Intergovernmental revenue:					
Charges for services	-	30,388	-	213,852	244,240
Franchise fees	62,934	-	-	-	62,934
Gross Receivables	<u>416,206</u>	<u>96,332</u>	<u>11,040</u>	<u>257,605</u>	<u>781,183</u>
Less Allowance for uncollectibles	-	(6,575)	-	(35,547)	(42,122)
	<u>\$ 416,206</u>	<u>\$ 89,757</u>	<u>\$ 11,040</u>	<u>\$ 222,058</u>	<u>\$ 739,061</u>

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2017

NOTE 5 - INTERFUND ASSETS/LIABILITIES (FFS LEVEL ONLY)

Individual balances due from/to other funds at December 31, 2017 are as follows:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	\$ 77,144	Proprietary	\$ 77,144
Health and sanitation	377,703	General fund	377,703
Health and sanitation	<u>167,297</u>	Proprietary fund	<u>167,297</u>
Total	<u>\$ 622,144</u>	Total	<u>\$ 622,144</u>

The Health and Sanitation Fund receivable from the General Fund is the result of a cash shortage in the General Fund. The other receivables are the result of bills being paid by one fund for another. The Health and Sanitation Fund receivable is not expected to be repaid within a year.

Transfers during the year ended December 31, 2017 were as follows:

	<u>Transfer From Other Funds</u>	<u>Transfer to Other Funds</u>
General Fund	\$ 219,685	\$ 77,683
Debt Service Fund	77,683	173,166
25% Economic Dev. Sales Tax Fund	-	46,519
Total	<u>\$ 297,368</u>	<u>\$ 297,368</u>

NOTE 6 - ACCRUED AND OTHER LIABILITIES

The accrued and other liabilities consist of the following at December 31, 2017:

<u>Payable Category</u>	<u>General Fund</u>	<u>Health and Sanitation</u>	<u>Proprietary Fund</u>	<u>Total</u>
Wages payable	\$ 55,268	\$ 13,825	\$ 9,637	\$ 78,730
Sales tax payable	-	-	1,384	1,384
Payroll deductions payable	12,871	-	-	12,871
Deposits	<u>1,440</u>	<u>420</u>	<u>-</u>	<u>1,860</u>
Total	<u>\$ 69,579</u>	<u>\$ 14,245</u>	<u>\$ 11,021</u>	<u>\$ 94,845</u>

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2017

NOTE 7 - CAPITAL ASSETS

The following presents the changes in capital assets for the year ended December 31, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Nondepreciable assets:				
Land	\$ 217,902	\$ 5,000	\$ -	\$ 222,902
Construction in progress	<u>65,886</u>	<u>309,928</u>	<u>-</u>	<u>375,814</u>
Total nondepreciable assets	<u>283,788</u>	<u>314,928</u>	<u>-</u>	<u>598,716</u>
Depreciable Assets:				
Building and improvements	1,869,005	-	-	1,869,005
Furniture and equipment	1,387,515	37,546	-	1,425,061
Infrastructure	<u>331,443</u>	<u>-</u>	<u>-</u>	<u>331,443</u>
Total depreciable assets	<u>3,587,963</u>	<u>37,546</u>	<u>-</u>	<u>3,625,509</u>
Less: accumulated depreciation				
Buildings and improvements	565,106	48,001	-	613,107
Furniture and equipment	1,322,708	37,243	-	1,359,951
Infrastructure	<u>55,675</u>	<u>16,572</u>	<u>-</u>	<u>72,247</u>
Total accumulated depreciation	<u>1,943,489</u>	<u>101,816</u>	<u>-</u>	<u>2,045,305</u>
Governmental activities capital assets, net	<u>\$ 1,928,262</u>	<u>\$ 250,658</u>	<u>\$ -</u>	<u>\$ 2,178,920</u>

Depreciation expense for 2017 was charged to governmental activities as follows:

General	\$ 32,233
Public safety	36,522
Health and sanitation	10,566
Highways and streets	22,382
Culture and recreation	<u>113</u>
Total	<u>\$ 101,816</u>

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2017

A summary of plant and equipment changes in the maintenance enterprise fund for 2017 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Nondepreciable assets:				
Land	\$ 49,182	\$ -	\$ -	\$ 49,182
Construction in progress	1,436,715	156,726	620,216	973,225
Total Non-depreciable assets	1,485,897	156,726	620,216	1,022,407
Depreciable Assets:				
Building and improvements	242,106	-	-	242,106
Sewage plant	3,656,312	620,216	1	4,276,527
Water system	2,047,527	-	-	2,047,527
Water/Sewer equipment	1,194,997	-	-	1,194,997
Vehicles	35,446	-	-	35,446
Total depreciable assets:	7,176,388	620,216	1	7,796,603
Less: accumulated depreciation				
Buildings and improvements	239,955	2,627	-	242,582
Sewage plant	2,827,006	73,931	-	2,900,937
Water system	1,640,668	30,855	-	1,671,523
Water/Sewer equipment	1,189,646	794	-	1,190,440
Vehicles	32,059	2,130	-	34,189
Total accumulated depreciation	5,929,334	110,337	-	6,039,671
Net depreciable capital assets	1,247,054	509,879	1	1,756,932
Business-type activities capital assets, net	\$ 2,732,951	\$ 666,605	\$ 620,217	\$ 2,779,339

Depreciation expense for 2017 was charged to governmental activities as follows:

Sewer	\$ 73,931
Water	36,406
Total	\$ 110,337

NOTE 8 - PENSION AND RETIREMENT PLAN

The City established a Simple IRA plan to be effective October 4, 2002. All city employees are eligible to participate in the plan. The plan is a defined contribution plan administered by Raymond James and Associates. Under the plan, the City matches each employee's salary reduction for contributions to the plan up to 5% for that calendar year. The funds are immediately vested when paid into the plan. The plan is based on the IRS Code and must comply with all IRS Code requirements. The City of Grambling's contributions to the plan for the year ending December 31, 2017 were \$9,507 and employees contributed \$9,507.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2017

NOTE 9 - CHANGES IN LONG-TERM OBLIGATIONS

Governmental Activities

The following is a summary of long-term obligation transactions for the year ended December 31, 2017

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 57,101	\$ 48,119	\$ 38,060	\$ 67,160	\$ 61,121
Certificate of Indebtness	149,185	-	73,581	75,604	75,604
Total	<u>\$ 206,286</u>	<u>48,119</u>	<u>\$ 111,641</u>	<u>\$ 142,764</u>	<u>\$ 136,725</u>

Compensated absences are paid from governmental Funds (General Fund and Health and Sanitation Fund).

Bonded debt payable at December 31, 2017 is comprised of the following individual issues:

\$220,796 - Certificate of Indebtedness, Series 2005 was amended during June 2015 - The principal is due in three (3) annual installments beginning June 30, 2016 and due each year through June 30, 2018, with an interest rate of 2.75%. The funds were used for a new fire station and recreation center renovations. Debt retirement payments are made from the Debt Service Fund. \$ 75,604

As shown on Statement C, \$30,603 is available in the Debt Service Fund to service the bonded debt on the Certificate of Indebtedness, Series 2005. The annual requirements to amortize all outstanding bonded debt at December 31, 2017 are as follows:

Debt Service Fund:

Year	Principal	Interest	Total
2018	\$ <u>75,604</u>	\$ <u>2,079</u>	\$ <u>77,683</u>
Total	<u>\$ 75,604</u>	<u>\$ 2,079</u>	<u>\$ 77,683</u>

Business Activities

The following is a summary of long-term obligation transactions for the year ended December 31, 2017

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 15,515	\$ 10,443	\$ 11,434	\$ 14,524	\$ 13,863
Bonds Payable	1,573,319	161,443	68,000	1,666,762	74,000
Total	<u>\$ 1,588,834</u>	<u>\$ 171,886</u>	<u>\$ 79,434</u>	<u>\$ 1,681,286</u>	<u>\$ 87,863</u>

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2017

Bonded debt payable at December 31, 2017 is comprised of the following individual issues:

\$1,345,000 - Utilities revenue refunding bonds, Series 2013 - the remaining principal is due in annual installments through 2033 with an interest rate of 4.25%. The funds were used for the water system. Debt retirement payments are made from the Maintenance Enterprise Fund. \$ 1,160,000

\$575,000 - Utilities revenue bonds, Series 2015 - dated November 1, 2015 between the City and the Louisiana Department of Environmental Quality. Principal is due in annual installments through 2036 with an interest rate of 0.45% that shall increase by one-half on one percent (0.5%) per annum. The interest is payable March 1 and September 1 each year. The funds are to be used for the purpose of financial assistance for the improvement of the wastewater treatment facility. The project is under construction and has not been completed. Debt retirement payments will be made from the Maintenance Enterprise Fund. 506,762

Total \$ 1,666,762

Of the restricted cash and investments on Statement H, \$167,965 is restricted for debt service on the bonded debt. The annual requirement to amortize the Series 2013 outstanding bonded debt at December 31, 2017 are as follows:

Year	Principal	Interest	Total
2018	\$ 50,000	\$ 48,238	\$ 98,238
2019	55,000	46,007	101,007
2020	55,000	43,669	98,669
2021	60,000	41,255	101,255
2022	60,000	38,675	98,675
2023-2027	350,000	151,089	501,089
2028-2032	435,000	64,296	499,296
2033	95,000	2,019	97,019
Total	<u>\$ 1,160,000</u>	<u>\$ 435,248</u>	<u>\$ 1,595,248</u>

The annual requirement to amortize the Series 2015 outstanding bonded debt at December 31, 2017 are as follows:

Year	Principal	Interest	Total
2018	\$ 24,000	\$ 2,331	\$ 26,331
2019	27,000	2,333	29,333
2020	27,000	2,211	29,211
2021	27,000	2,090	29,090
2022	27,000	1,969	28,969
2023-2027	142,000	7,956	149,956
2028-2032	148,000	4,692	152,692
2033-2036	84,762	1,273	86,035
	<u>\$ 506,762</u>	<u>\$ 24,855</u>	<u>\$ 531,617</u>

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2017

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Litigation and Claims

At December 31, 2017, the City is a defendant in several outstanding lawsuits. It is the opinion of legal counsel that the ultimate resolution of these lawsuits would not materially affect the financial statements.

Grant Disallowances

The City participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. City management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

Construction in Progress

The City has under construction the following projects:

<u>Project Description:</u>	Estimated Cost of Project	Balance 01/01/17	Additions	Deletions	Balance 12/31/17	Estimated Cost to Complete
Governmental Activities:						
Recreational Trail (FHWA)	\$ 250,000	28,435	37,572	-	66,007	\$ 183,993
Safe Route to Schools	309,807	37,451	272,356	-	309,807	-
Total	<u>\$ 559,807</u>	<u>65,886</u>	<u>309,928</u>	<u>-</u>	<u>375,814</u>	<u>\$ 183,993</u>
Business Activities:						
LCDBG FY 2014 (Sewer Collection System Expansion)	\$ 733,823	617,973	-	-	617,973	\$ 115,850
Wastewater system Expansion (MLK)	46,290	46,290	-	(46,290)	-	-
Water treatment Plant Rehab. (SRF)	695,923	547,543	26,382	(573,925)	-	-
Legends Square Sewer System	439,000	224,910	130,344	-	355,254	83,746
Total	<u>\$1,915,036</u>	<u>1,436,716</u>	<u>156,726</u>	<u>(620,215)</u>	<u>973,227</u>	<u>\$ 199,596</u>

At December 31, 2017, the construction contractor estimates that the projects will be completed in fiscal year 2018 or 2019.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2017

NOTE 11 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Appropriations Over Expenditures in Individual Fund - The following individual fund had actual expenditures over budgeted expenditures for the year ended December 31, 2017:

Fund	Budget	Actual	Variance
General	\$ 1,939,000	2,416,024	\$ (477,024)

Excess of Expenditures Over Appropriations in Individual Fund - The following individual fund had actual expenditures over budgeted expenditures for the year ended December 31, 2017:

Fund	Budget	Actual	Variance
Health and Sanitation	\$ 394,349	435,624	\$ (41,275)

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 9, 2017, which represents the date the financial report was available to be issued. Subsequent events after that date have not been evaluated.

NOTE 13 - GOING CONCERN

The City has suffered recurring losses from operations and has a fund balance deficiency in the general fund that raises some doubt about its ability to continue as a going concern. The General Fund has a deficit fund balance at the end of the fiscal year of \$460,468. During the year 2016, the City reduced the deficit by \$38,612. However, during the current fiscal year the deficit increased by \$90,074. The City will continue to look at all expenditure line items in the financials to evaluate ways to decrease expenditures for the remainder of the 2018 calendar year. A new housing development with 34 units was built within the City limits. Additionally, a new shopping center and grocery store have been constructed, which will increase property and sales tax as well as sewer and water revenue. All of these activities will increase the revenue base of the City. Additional revenues will be generated from the rate increases made to the City's water and sewer customer base.

NOTE 14 - NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2017, the City implemented the following GASB Statements:

In February 2015, the GASB issued Statement No. 72, "Fair Value Measurement and Application." This statement addresses accounting and financial reporting issues related to fair value measurements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2017

In June 2015, the GASB issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement will establish the hierarchy of GAAP for state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015.

In August 2015, the GASB issued Statement No. 77, "Tax Abatement Disclosure". GASB 77 requires certain disclosure related to tax abatement agreements. The requirements of this statement are effective for financial statement for the fiscal years beginning after December 15, 2015.

The City will adopt the following new accounting pronouncements in future years:

In June 2015, the GASB issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68". This statement will improve the usefulness of information for decisions made by the various users of the general purpose external financial reports. The requirements of this statement are effective for financial statements for the periods beginning after June 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 74, "Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans". This statement will improve the usefulness of information about postemployment benefits other than pensions (Other Postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2016. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). These requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2016, the GASB issued Statement No. 80 "Blending Requirements for Certain Component Units" This statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement is effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

NOTE 15 - ON-BEHALF SUPPLEMENTAL PAY

Certain employees meeting statutory qualifications in the fire and police departments receive supplemental pay directly from the State of Louisiana. This supplemental pay in the amount of \$75,100 is recognized as intergovernmental revenue and public safety expenditures.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2017

NOTE 16 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and automobile liability for which the City carries commercial insurance. The City has a \$5,000 deductible for its commercial property insurance coverage, \$500 for automobile insurance, \$500 for fidelity bond, and no deductible for the other policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF GRAMBLING, LOUISIANA
Nonmajor Governmental Funds
December 31, 2017

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

25% Economic Development Sales Tax - This fund is used to account for sales tax levied by the City in order to promote economic development within the City of Grambling.

Legends Square Taxing District Fund - This fund is used to account for the collection of sales tax, grants and charges for services in order to fund the construction of and maintenance of operations of the retail stores located within the jurisdiction of the City of Grambling.

Grambling Economic Development District No. 1 Fund - This fund is used to account for the collection of a one-half of one percent (0.50%) of sales tax levied within the District to fund economic development projects within such District.

SCHEDULE A

CITY OF GRAMBLING, LOUISIANA
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2017

	25% Economic Development Sales Tax	Legends Square Taxing District	Economic Development District 1 Fund	Total
ASSETS				
Cash and cash equivalents	\$ 8,827	\$ 8,711	\$ 2,025	\$ 19,563
Intergovernmental receivable	11,040	-	-	11,040
TOTAL ASSETS	<u>\$ 19,867</u>	<u>\$ 8,711</u>	<u>\$ 2,025</u>	<u>\$ 30,603</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Total Liabilities	-	-	-	-
Fund Balance:				
Restricted	19,867	8,711	2,025	30,603
Total Fund Balances	<u>19,867</u>	<u>8,711</u>	<u>2,025</u>	<u>30,603</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 19,867</u>	<u>\$ 8,711</u>	<u>\$ 2,025</u>	<u>\$ 30,603</u>

The Accompanying Notes are an intergral part of these Financial Statements.

SCHEDULE B

CITY OF GRAMBLING, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	25% Economic Development Sales Tax	Legends Square Taxing District	Economic Development District 1 Fund	Total
REVENUES:				
Sales tax revenue	\$ 76,112	34,673	7,706	\$ 118,491
Interest income	4	-	-	4
Total Revenues	<u>76,116</u>	<u>34,673</u>	<u>7,706</u>	<u>118,495</u>
EXPENDITURES:				
Economic development	19,034	28,943	6,428	54,405
TOTAL EXPENDITURES	<u>19,034</u>	<u>28,943</u>	<u>6,428</u>	<u>54,405</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>57,082</u>	<u>5,730</u>	<u>1,278</u>	<u>64,090</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers out	(46,519)	-	-	(46,519)
Total Other Financing Sources (Uses)	<u>(46,519)</u>	<u>-</u>	<u>-</u>	<u>(46,519)</u>
Net Change in Fund Balances	10,563	5,730	1,278	17,571
FUND BALANCE, BEGINNING	<u>9,304</u>	<u>2,981</u>	<u>747</u>	<u>13,032</u>
FUND BALANCE, ENDING	<u>\$ 19,867</u>	<u>8,711</u>	<u>2,025</u>	<u>\$ 30,603</u>

The Accompanying Notes are an intergral part of these Financial Statements.

**SUPPLEMENTARY INFORMATION
REQUIRED BY THE
U. S. DEPARTMENT OF AGRICULTURE**

Schedule 1

CITY OF GRAMBLING, LOUISIANA
 Proprietary Fund Type - Maintenance Enterprise Fund
 Comparative Statement of Net Position
 December 31, 2017 and 2016

	2017 Maintenance Fund	2016 Maintenance Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 48,309	\$ 47,832
Accounts receivable, net of allowance of \$24,273 and \$27,708	222,058	426,681
Prepaid expenses	1,484	1,484
Total Current Assets	<u>271,851</u>	<u>475,997</u>
Noncurrent assets:		
Restricted cash and cash equivalents		
Customer deposits	107,331	110,231
Investments	60,634	60,988
Total restricted assets	<u>167,965</u>	<u>171,219</u>
Property, Plant and Equipment, at Cost		
Land	49,182	49,182
Buildings	242,106	242,106
Infrastructure	6,324,054	5,703,839
Automotive and equipment	1,230,443	1,230,443
Less: accumulated depreciation	<u>(6,039,671)</u>	<u>(5,929,334)</u>
Total capital assets (net of accumulated depreciation)	1,806,114	1,296,236
Construction in progress	973,225	1,436,714
Total noncurrent assets	<u>2,779,339</u>	<u>2,732,950</u>
Total Assets	<u>\$ 3,219,155</u>	<u>\$ 3,380,166</u>
Liabilities		
Current Liabilities:		
Accounts payable	\$ 293,442	\$ 630,941
Accrued and other liabilities	11,021	18,849
Interest payable	17,142	17,142
Interfund payables	244,441	327,300
Compensated absences	13,863	14,262
Revenue bonds payable	74,000	50,000
Total current liabilities	<u>653,909</u>	<u>1,058,494</u>
Noncurrent liabilities:		
Customer deposits payable from restricted assets	133,681	125,028
Compensated absences	661	680
Revenue bonds payable	1,592,762	1,523,319
Total noncurrent liabilities payable	<u>1,727,104</u>	<u>1,649,027</u>
Total Liabilities	<u>2,381,013</u>	<u>2,707,521</u>
Net Position		
Net investment in capital assets	2,779,339	2,732,950
Restricted for debt service	60,634	60,988
Unrestricted	<u>(2,001,831)</u>	<u>(2,121,293)</u>
Total Net Position	838,142	672,645
Total Liabilities and Net Position	<u>\$ 3,219,155</u>	<u>\$ 3,380,166</u>

Schedule 2

CITY OF GRAMBLING, LOUISIANA
 Proprietary Fund Type - Maintenance Enterprise Fund
 Proposed Budget - 2018 and 2017
 For the Years Ending December 31, 2018 and 2017

	2018 Maintenance Fund	2017 Maintenance Fund
	<u> </u>	<u> </u>
Operating Revenues:		
Water sales	\$ 399,000	\$ 383,000
Water connection charges	15,000	14,000
Sewer fees	631,000	640,000
Other revenues	<u>10,000</u>	<u>7,000</u>
Total Operating Revenues	<u>1,055,000</u>	<u>1,044,000</u>
Operating Expenses:		
Water department	632,432	645,780
Sewer department	<u>713,168</u>	<u>728,220</u>
Total operating expenses	<u>1,345,600</u>	<u>1,374,000</u>
Operating income (loss)	<u>(290,600)</u>	<u>(330,000)</u>
Nonoperating revenues (expenses);		
Miscellaneous	1,000	1,000
Ad valorem tax revenues	75,000	65,000
Intergovernmental revenues	<u>38,000</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>114,000</u>	<u>66,000</u>
Net Income Before Operating Transfers	<u>(176,600)</u>	<u>(264,000)</u>
Change in net position	<u>(176,600)</u>	<u>(264,000)</u>
Net position - beginning	<u>838,142</u>	<u>672,645</u>
Net position - ending	<u>\$ 661,542</u>	<u>\$ 408,645</u>

CITY OF GRAMBLING, LOUISIANA
 Schedule of Compensation Paid Council Members
 As of December 31, 2017

The schedule of per diem paid council members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of council members is included in legislative expenditures of the General Fund.

<u>Council Member</u>	<u>Term Expiration</u>	<u>Compensation Paid</u>
Gariarta D. Dupre	12/31/2018	\$ 9,100
Yanise N. Days	12/31/2018	8,680
Cathy L. Holmes	12/31/2018	9,100
Cullen Jackson	12/31/2018	9,750
Roy L. Jackson	12/31/2018	17,500
Total		<u>\$ 54,130</u>

Schedule 4

CITY OF GRAMBLING, LOUISIANA
 Schedule of Compensation, Benefits, Reimbursements, and Other Payments to Chief Executive Officer
 As of December 31, 2017

In accordance with Act 706 passed during the 2014 regular Louisiana Legislative Session, the compensation, benefits, reimbursements, and other payments to the Mayor are presented as follows:

<u>Category</u>	<u>Amount</u>
Salary	\$ 69,992
Benefits:	
Health insurance	\$ 6,736
Social security	4,340
Medicare	1,015
Simple IRA	<u>3,068</u>
Total Benefits	15,159
Cell phone	1,195
Travel:	
Airfare, lodgng, meals & mileage	20,545
Total Travel	<u>20,545</u>
Total Compensation, Benefits, Travel, and Other Expenses	<u>\$ 106,891</u>

Schedule 5

CITY OF GRAMBLING, LOUISIANA
 Schedule of Insurance Coverage
 As of December 31, 2017

Type of Coverage	Name of Insurer	Policy Number	Amount of Coverage	Deductible	Expiration Date
Commercial property	Underwriters of Admiral Ins. Co.	PR00000995502	Building: \$1,748,900	\$ 2,500	7/30/2018
			Personal Property: \$440,000	2,500	7/30/2018
Automobile	Lloyd's of London and Institute	NA146682	Based on Individual Vehicle	1,000	3/13/2018
Fidelity Bond	Traveler's Casualty & Securately Co.	104891788	Employee Theft: \$25,000	500	2/11/2018
			ERISA: \$25,000	NONE	

Agents: The Lincoln Agency, LLC
 504 South Service Road East
 Ruston, LA 71270

Community Financial Insurance Center, LLC
 P. O. Drawer 2010
 Monroe, LA 712-2010

CITY OF GRAMBLING, LOUISIANA
Schedule of Breakdown of Utility Customers
For Year Ended December 31, 2017

<u>Category</u>	<u>Average Number of Customers</u>
Commercial	<u>173</u>
Residential	<u>1,045</u>
Total Customers	<u><u>1,218</u></u>

CITY OF GRAMBLING, LOUISIANA
 Schedule of Water and Sewer Rates
 As of and For Year Ended December 31, 2017

<i>Gallon</i>	<i>Water rates Residential</i>	<i>Sewer rates Residential</i>
1,000	\$15.49	\$15.49
2,000	15.49	15.49
3,000	18.06	18.06
4,000	20.63	20.63
5,000	23.20	23.20
6,000	25.77	25.77
7,000	28.34	28.34
8,000	30.91	30.91
9,000	33.48	33.48
10,000	36.05	36.05
11,000	38.62	38.62
12,000	41.19	41.19
13,000	43.76	43.76
14,000	46.33	46.33
15,000	48.90	48.90
16,000	51.47	51.47
17,000	54.04	54.04
18,000	56.61	56.61
19,000	59.18	59.18
20,000	61.75	61.75
21,000	64.32	64.32
22,000	66.89	66.89
23,000	69.46	69.46
24,000	72.03	72.03
25,000	74.60	74.60

<i>Gallon</i>	<i>Water rates Commercial</i>	<i>Sewer rates Commercial</i>
1,000	\$24.78	\$24.78
2,000	24.78	24.78
3,000	26.84	26.84
4,000	28.90	28.90
5,000	30.96	30.96
6,000	33.02	33.02
7,000	35.08	35.08
8,000	37.14	37.14
9,000	39.20	39.20
10,000	41.26	41.26
11,000	43.32	43.32
12,000	45.38	45.38
13,000	47.44	47.44
14,000	49.50	49.50
15,000	51.56	51.56
16,000	53.62	53.62
17,000	55.68	55.68
18,000	57.74	57.74
19,000	59.80	59.80
20,000	61.86	61.86
21,000	63.92	63.92
22,000	65.98	65.98
23,000	68.04	68.04
24,000	70.10	70.10
25,000	72.16	72.16



BROWN, EWING & CO.
P. A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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*

Honorable Edward Jones, Mayor
and Members of the City Council
City of Grambling
Grambling, Louisiana

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Grambling, Louisiana, (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 9, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Brown, Ely & Co.
Ridgeland, Mississippi
June 9, 2017

CITY OF GRAMBLING, LOUISIANA
Status of Prior Year Audit Findings
For Year Ended December 31, 2017

The City of Grambling, Louisiana did not have any prior year audit findings in their December 31, 2016 audited financial statements dated June 9, 2017.

CITY OF GRAMBLING, LOUISIANA
AGREED UPON PROCEDURES REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017



INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Mayor and Board of Alderman of
City of Grambling, Louisiana
Grambling, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by City of Grambling, Louisiana (the City) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget
 - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) Disbursements, including processing, reviewing, and approving
 - d) Receipts, including receiving, recording, and preparing deposits
 - e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
 - h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

The City provided written policies and procedures addressing all of the above.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and;

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Board of Alderman of the City met on a monthly basis in accordance with the City's enabling legislation.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP basis).
 - > If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The Board of Alderman's Minutes of the City did reference the presentation and approval of monthly financial reports and monthly budget to actual comparisons.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The minutes of the Board of Alderman of the City did reference non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Management of the City provided the requested information, along with management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Bank reconciliations were prepared for each month.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

The bank reconciliations contained evidence that a member of management reviewed and approved the bank reconciliations.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Management researched outstanding items that were more than 6 months old.

Collections

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Management provided the requested information, along with management's representation that the listing is complete.

- 6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Each person responsible for collecting cash is bonded; not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account; and not required to share the same cash register or drawer with another employee.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The City does not have written procedures to reconcile cash collections to the general ledger by a person not responsible for collections. However, a person not responsible for collections does reconcile cash collections to the general ledger.

Management Response:

The City is currently establishing written procedures to reconcile cash collections to the general ledger by a person not responsible for collections.

The months of March and December were tested and eight dates deposits unfortunately, were made on the second day; however March 17 and December 15, 2017, were on Fridays. Friday deposits are made the following Monday. December is our peak month, we are collecting most of our property taxes, occupational licenses and liquor licenses. This rush of revenue collecting may have caused a non-deposit for those days.

It is the City's general practice to make deposits on a daily basis; Occasionally, an unforeseen circumstance may occur. We will strive to limit these occurrences.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- > Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Daily deposits were not made within one day of collections. Receipts that were reviewed during our testing noted deposit dates between 1 and 3 days after the day of collection.

Management Response:

The City is currently establishing written procedures to reconcile cash collections to the general ledger by a person not responsible for collections.

The months of March and December were tested and eight dates deposits unfortunately, were made on the second day; however March 17 and December 15, 2017, were on Fridays. Friday deposits are made the following Monday. December is our peak month, we are collecting most of our property taxes, occupational licenses and liquor licenses. This rush of revenue collecting may have caused a non-deposit for those days.

It is the City's general practice to make deposits on a daily basis; Occasionally, an unforeseen circumstance may occur. We will strive to limit these occurrences

- > Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No exceptions noted

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (Identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The City does not have written procedures which define a process to determine completeness of collections, including electronic transfers, for each revenue source by a person not responsible for collections. However, the City does have a person not responsible for collections that determines the completeness of collections, including electronic transfers, for each revenue source.

Management's Response:

The City is currently establishing written procedures which define a process to determine completeness of collections, including electronic transfers, for each revenue source by a person not responsible for collections.

Disbursements - General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Management provided the requested information, along with management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates Initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not Initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Purchase orders are required by the policy manual for all transactions that are deemed to be a non-routine transaction. For the transactions selected for testing, purchases were initiated using a requisition/purchase order system that separates initiation from approval functions. Purchase requisitions were approved by a person who did not initiate the purchase. Payments for purchases were not processed without an approved purchase order, a receiving report (if applicable), and an approved Invoice.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The City's policy is that new vendors can only be added to the purchasing/disbursement system by the Junior Accountant.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for Initiating or recording purchases.

Persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The supply of unused checks is maintained by the City Clerk in a locked location, with access restricted to those persons that do not have signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The City does not use a signature stamp.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided the requested information, along with management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

For each card selected for testing, we noted that the monthly statement or combined statement was reviewed and approved, in writing, by someone other than the authorized card holder.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There were no finance charges or late fees assessed on the cards selected for testing.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

> An original Itemized receipt (i.e., identifies precisely what was purchased)

During our review of monthly credit card statements, we noted 23 instances in which the transaction was not supported by an original itemized receipt to identify what was purchased. These amounts totaled \$2,500.79.

Management's Response:

Various establishments have only generated a transaction receipt. Going forward, the City will request (require) that the itemized receipt be attached as well.

- > Documentation of the business/public purpose. For meal charges, there should also be documentation of the Individuals participating.

The business purpose was documented for purchases on the cards selected for testing. The charges for meals on the selected cards contained documentation of the business purpose and the individuals participating.

- > Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No other documentation is required by the City's written credit card policy.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

We compared each transaction tested to the City's written policies. There were no exceptions noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The City's documentation met the requirements of Article 7, Section 14.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Management provided the requested information, along with management's representation that the listing is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Amounts in the City's policies for per diem and mileage did not exceed rates established by the GSA.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

The reimbursements selected were supported with documentation in accordance with the City's written policies.

- b) Report whether each expense is supported by:

>An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Each expense selected was supported by an itemized receipt.

- > Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

The business purpose was documented on each invoice selected for testing.

- > Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No other documentation was required.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The City's documentation met the requirements of Article 7, Section 14.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

For each expense selected for testing, the expense and related documentation was reviewed and approved in writing by someone other than the person receiving reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Management provided the requested information, along with management's representation that the listing is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Of all five of the contract vendors selected for testing, there were formal, written contracts supporting the services arrangement and the amounts paid.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - > If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - > If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

The contracts selected complied with the Louisiana Public Bid Law or Procurement Code.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

None of the contracts selected for testing were amended.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the Invoice and related payment complied with the terms and conditions of the contract.

The largest payment selected for testing from each of the five vendor contracts was supported by invoices that agreed with the terms of the contract.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

None noted

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete.

Management provided the requested information, along with management's representation that the listing is complete.

Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Payment was made in accordance with the terms of the approved pay rates.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Changes to pay rates/ salaries were approved in writing in accordance with the City's written policies.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

For the transactions selected for testing, the daily attendance and leave were documented.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Transactions selected for testing contained evidence that supervisors approved the attendance and leave of the selected employees.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

For the transactions selected for testing, the City maintained written leave records.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Management provided the requested information, along with management's representation that the listing is complete. For the two transactions selected for testing, the termination benefits were made in accordance with the City's written procedures.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Employee and employer portions of payroll taxes and retirement contributions, as well as required reporting forms, were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Management provided the information by showing a copy of the certificate received by the employees upon completion of the ethics training on 11/21/2017

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethic violations, the corrective actions taken, and whether managements actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Per inquiry of management, there were no ethics violations reported to the entity

Debt Service (excluding nonprofits)

28. If debt was Issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

No new debt was issued during the fiscal period

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The City made scheduled debt service payments as required by debt covenants. The City is not required to maintain debt reserves.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The City did not have tax millages relating to debt service

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management is not aware of any misappropriation of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The City has posted the notice required by R.S. 24:523.1 on its premises and on its website

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

We have not observed or identified any exceptions regarding management's representations in the above procedures.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Brown, Eyr & Co.

Ridgeland, Mississippi
June 8, 2018