

**CITY OF GRAMBLING, LOUISIANA**  
**AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

CITY OF GRAMBLING, LOUISIANA  
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DECEMBER 31, 2018

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**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, 2018, 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 December 31, 2018, 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 7, 2019, 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, Ely & Co.  
Ridgeland, Mississippi  
June 7, 2019

***MANAGEMENT'S DISCUSSION AND ANALYSIS***

CITY OF GRAMBLING, LOUISIANA  
Management's Discussion and Analysis  
December 31, 2018

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, 2018.

**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 \$297,272 from 2017 to 2018, whereas business-type activities reported an increase of \$205,082. The increase in net position of the governmental activities was due to a decrease in expenditures. The net position of the business-type activities went from an increase in 2017 of \$838,142 to an increase of \$205,082 in 2018.

Total governmental activities revenues increased \$3,819, or 0.13%, from 2017 to 2018. Program specific revenues decreased by \$142,506, or 13.29%, due to a decrease in capital grants and contributions. General revenues had a net decrease of \$138,687, or 5.95%, due to decreases in property taxes revenue of \$15,522, a decrease in sales taxes of \$49,705, an increase in fines and forfeitures of \$119,141, and a decrease in miscellaneous revenue of \$90,902 included in general revenues.

Total business-type activities revenues increased \$105,529, or 7.86%, from 2017 to 2018, while expenses increased by \$65,943. The increase in expenses is primarily due to an increase in personnel costs of \$15,700 and an increase in depreciation expense of \$23,835.

Total expenses for governmental activities was \$2,544,143 in 2017. \$372,031 of these expenses were offset by program specific revenues. General revenues of \$2,469,384 were adequate to cover the remaining governmental activities expenses.

The General Fund's fund balance deficit decreased by \$159,226 during 2017 as compared to a net decrease in 2018 of \$131,800. Revenues decreased by \$45,081 while expenditures decreased by \$264,266 from 2017 to 2018. Transfers in were \$126,597 and \$219,685, for 2018 and 2017 respectively. Transfers out were zero and \$77,683, for 2018 and 2017 respectively.

Sales of capital assets totaled \$254,000 during 2018 while there were no sales during 2017.

The General Fund's fund balance has a deficit of \$301,242 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  
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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 \$80,437 in 2018 as compared to a decrease of \$103,885 in 2017. Health and Sanitation Fund's revenues were \$528,592 in 2018, which is \$23,687 or 4.69% greater than 2017 revenues. The increase was due to an increase in sales tax revenue of \$20,932 when compared to 2017. Additionally, an increase of \$50,000 in intergovernmental revenues when compared to 2017.

Health and Sanitation Fund's 2018 expenditures increased by \$170,576, or 39.15%, from 2017. The increase in total expenditures was due to an increase in capital outlays.

The Debt Service Fund had no change in fund balance in 2018 as compared to a net decrease in 2017 of zero.

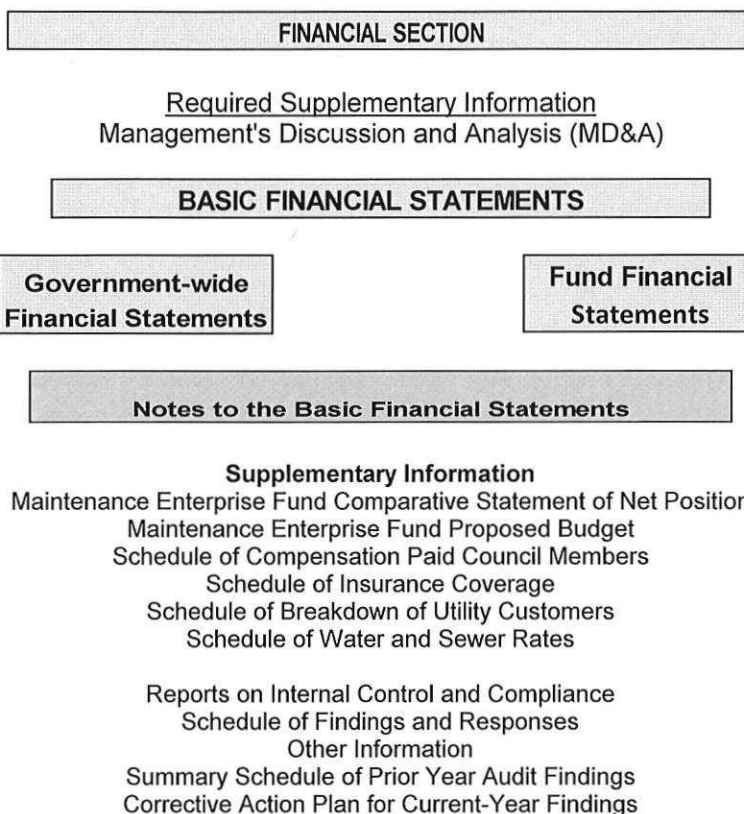
The Capital Project Fund had no change in fund balance from 2017 to 2018.

#### **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, 2018

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  
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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, the quality of water, and 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, 2018

**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, 2018 and 2017**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 802,841	\$ 916,395	\$ 487,240	\$ 439,817	\$ 1,290,081	\$ 1,356,212
Capital assets, net	<u>2,460,504</u>	<u>2,178,920</u>	<u>2,852,274</u>	<u>2,779,339</u>	<u>5,312,778</u>	<u>4,958,259</u>
Total assets	<u>\$ 3,263,345</u>	<u>\$ 3,095,315</u>	<u>\$ 3,339,514</u>	<u>\$ 3,219,156</u>	<u>\$ 6,602,859</u>	<u>\$ 6,314,471</u>
Current and other liabilities	\$ 434,331	\$ 729,828	\$ 735,797	\$ 787,591	\$ 1,170,128	\$ 1,517,419
Long-term liabilities	<u>152,338</u>	<u>6,039</u>	<u>1,560,493</u>	<u>1,593,423</u>	<u>1,712,831</u>	<u>1,599,462</u>
Total Liabilities	<u>586,669</u>	<u>735,867</u>	<u>2,296,290</u>	<u>2,381,014</u>	<u>2,882,959</u>	<u>3,116,881</u>
Deferred Inflows of resources	<u>145,909</u>	<u>125,953</u>	-	-	<u>145,909</u>	<u>125,953</u>
Net position						
Net investment in capital assets	2,460,504	2,178,920	337,684	337,684	2,798,188	2,516,604
Restricted	46,870	30,603	-	-	46,870	30,603
Unrestricted	<u>23,393</u>	<u>23,972</u>	<u>705,540</u>	<u>500,458</u>	<u>728,933</u>	<u>524,430</u>
Total net position	<u>2,530,767</u>	<u>2,233,495</u>	<u>1,043,224</u>	<u>838,142</u>	<u>3,573,991</u>	<u>3,071,637</u>
Total Liabilities and net position	<u>\$ 3,263,345</u>	<u>\$ 3,095,315</u>	<u>\$ 3,339,514</u>	<u>\$ 3,219,156</u>	<u>\$ 6,602,859</u>	<u>\$ 6,314,471</u>

CITY OF GRAMBLING, LOUISIANA  
Management's Discussion and Analysis  
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**Table 2**  
**Changes in Net Position**  
**For the Year Ended December 31, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
<b>Program Revenue:</b>						
Charges for services	\$ 171,870	\$ 177,248	\$ 1,068,026	\$ 1,091,453	\$ 1,239,896	\$ 1,268,701
Operating grants and contributions	-	7,137	-	-	-	7,137
Capital grants and contributions	200,161	330,152	174,741	114,142	374,902	444,294
<b>General Revenue:</b>						
Property taxes	591,630	607,152	111,520	74,702	703,150	681,854
Sales taxes	984,390	1,034,095	-	-	984,390	1,034,095
Fines and forfeitures	387,881	268,740	-	-	387,881	268,740
Licenses and permits	198,397	201,510	-	-	198,397	201,510
Interest income	24	427	-	-	24	427
Intergovernmental revenue	30,462	33,075	-	-	30,462	33,075
Miscellaneous	276,600	185,698	94,245	62,706	370,845	248,404
<b>Total Revenues</b>	<b>2,841,415</b>	<b>2,845,234</b>	<b>1,448,532</b>	<b>1,343,003</b>	<b>4,289,947</b>	<b>4,188,237</b>
<b>Expenses:</b>						
General Government	568,822	808,657	-	-	568,822	808,657
Public safety	1,402,304	1,260,895	-	-	1,402,304	1,260,895
Health and sanitation	416,702	447,070	-	-	416,702	447,070
Parks and recreation	32,579	2,011	-	-	32,579	2,011
Highway and streets	34,071	51,053	-	-	34,071	51,053
Economic development	78,201	88,137	-	-	78,201	88,137
Interest on long-term debt	11,464	3,091	-	-	11,464	3,091
Business-type activities:						
Utility enterprise	-	-	1,243,450	1,177,507	1,243,450	1,177,507
<b>Total Expenses</b>	<b>2,544,143</b>	<b>2,660,914</b>	<b>1,243,450</b>	<b>1,177,507</b>	<b>3,787,593</b>	<b>3,838,421</b>
<b>Increase (decrease) in Net Position</b>						
Before Transfers and Special Items	297,272	184,320	205,082	165,496	502,354	349,816
Transfers in (out)	-	-	-	-	-	-
<b>Increase (decrease) in net position</b>	<b>297,272</b>	<b>184,320</b>	<b>205,082</b>	<b>165,496</b>	<b>502,354</b>	<b>349,816</b>
Net position, beginning	2,233,495	2,049,175	838,142	672,646	3,071,637	2,721,821
Prior period adjustment	-	-	-	-	-	-
Net position, restated	2,233,495	2,049,175	838,142	672,646	3,071,637	2,721,821
<b>Net Position Ending</b>	<b>\$ 2,530,767</b>	<b>\$ 2,233,495</b>	<b>\$ 1,043,224</b>	<b>\$ 838,142</b>	<b>\$ 3,573,991</b>	<b>\$ 3,071,637</b>

CITY OF GRAMBLING, LOUISIANA  
Management's Discussion and Analysis  
December 31, 2018

**Governmental Activities**

The cost of all governmental activities this year was \$2,544,143. 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 \$2,172,112 because some of the cost was paid by those who directly benefited from the programs and grants in the amount of \$372,031.

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, 2018 and 2017**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2018	2017	2018	2017
General government	\$ 568,822	\$ 808,657	\$ (568,822)	\$ (530,195)
Public safety	1,402,304	1,260,895	(1,402,304)	(1,065,889)
Health and sanitation	416,702	447,070	(194,832)	(262,153)
Park and recreation	32,579	2,011	(32,579)	(756)
Highway and streets	34,071	51,053	116,090	(63,127)
Economic development	78,201	88,137	(78,201)	(72,665)
Interest on long-term debt	11,464	3,091	(11,464)	(4,477)
Total Program Expenses	<u>\$ 2,544,143</u>	<u>\$ 2,660,914</u>	<u>\$ (2,172,112)</u>	<u>\$ (1,999,262)</u>

**Table 4  
Business-Type Activities  
For the Year Ended December 31, 2018 and 2017**

**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>	
	2018	2017	2018	2017
Business-Type Activities				
Utility enterprise	\$ 1,243,450	\$ 1,177,507	\$ (683)	\$ 28,088
Total Program Expenses	<u>\$ 1,243,450</u>	<u>\$ 1,177,507</u>	<u>\$ (683)</u>	<u>\$ 28,088</u>

Revenues and expenses of the City's business-type activities as shown in table 3 remained relatively stable for 2018 compared to 2017.

CITY OF GRAMBLING, LOUISIANA  
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**THE CITY'S FUNDS**

As the City completed the year, its governmental funds reported a combined fund balance of \$293,434 which is an increase of \$95,056 in fund balance from last year. See the financial highlights section for more details.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Original total budgeted expenditures in the General Fund were \$1,939,000. Amendments increased total budgeted expenditures by \$9,000. These amendments were the result of an analysis of variances from estimates at the time the original budget was prepared. Significant individual accounts amended were:

Mayor's expenses \$ 9,000

**CAPITAL ASSETS**

At December 31, 2018 and 2017, the City had invested in the following capital assets:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 222,902	\$ 222,902	\$ 49,182	\$ 49,182	\$ 272,084	\$ 272,084
Construction in progress	-	375,815	-	973,225	-	1,349,040
Buildings	1,869,005	1,869,005	242,106	242,106	2,111,111	2,111,111
Infrastructure	915,738	331,443	-	-	915,738	331,443
Vehicles	-	-	35,446	35,446	35,446	35,446
Furniture and equipment	1,370,642	1,425,060	-	-	1,370,642	1,425,060
Sewage plant	-	-	5,452,152	4,276,528	5,452,152	4,276,528
Water system	-	-	2,047,526	2,047,526	2,047,526	2,047,526
Water/sewer equipment	-	-	1,194,997	1,194,997	1,194,997	1,194,997
Total Capital Assets	<u>4,378,287</u>	<u>4,224,225</u>	<u>9,021,409</u>	<u>8,819,010</u>	<u>13,399,696</u>	<u>13,043,235</u>
Less: Accumulated Deprec.	<u>1,917,783</u>	<u>2,045,305</u>	<u>6,169,135</u>	<u>6,039,671</u>	<u>8,086,918</u>	<u>8,084,976</u>
Net Capital Assets	<u>\$ 2,460,504</u>	<u>\$ 2,178,920</u>	<u>\$ 2,852,274</u>	<u>\$ 2,779,339</u>	<u>\$ 5,312,778</u>	<u>\$ 4,958,259</u>

**DEBT ADMINISTRATION**

At December 31, 2018, the City's Maintenance Enterprise fund had \$1,641,925 in bonds payable outstanding and the Governmental funds had debt consisting of \$155,000 in limited tax revenue bonds. For further details see Note 9 to the Basic Financial Statements.

CITY OF GRAMBLING, LOUISIANA  
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December 31, 2018

**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 2018 revenues. The 2018 budget includes \$48,000 or a 4% increase in property tax and sales tax revenues. Major plans for 2018 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***

## Statement A

CITY OF GRAMBLING, LOUISIANA  
Statement of Net Position  
December 31, 2018

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 74,668	\$ 78,241	\$ 152,909
Net receivables	494,249	235,177	729,426
Prepaid expenses	-	1,484	1,484
Due from other funds	233,924	-	233,924
Restricted Assets:			
Cash and cash equivalents	-	172,338	172,338
Capital Assets not being depreciated:			
Land	222,902	49,182	272,084
Capital assets net of accumulated depreciation:			
Buildings and improvements	1,207,897	7,230	1,215,127
Automotive and equipment	235,252	700	235,952
Infrastructure	794,453	2,795,162	3,589,615
<b>TOTAL ASSETS</b>	<b><u>\$ 3,263,345</u></b>	<b><u>\$ 3,339,514</u></b>	<b><u>\$ 6,602,859</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$ 292,003	\$ 272,086	\$ 564,089
Accrued and other liabilities	71,495	10,133	81,628
Interest payable on long term debt	3,373	15,934	19,307
Customer deposits payable from restricted assets	-	109,820	109,820
Due to other funds	-	233,924	233,924
Noncurrent liabilities:			
Due within one year	67,460	93,900	161,360
Due in more than one year	152,338	1,560,493	1,712,831
<b>Total Liabilities</b>	<b><u>586,669</u></b>	<b><u>2,296,290</u></b>	<b><u>2,882,959</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax revenues	145,909	-	145,909
<b>Total deferred inflows of resources</b>	<b><u>145,909</u></b>	<b><u>-</u></b>	<b><u>145,909</u></b>
<b>NET POSITION:</b>			
Net Investment in capital assets	2,460,504	337,684	2,798,188
Restricted for:			
Debt service	46,870	-	46,870
Unrestricted	23,393	705,540	728,933
<b>Total Net Position</b>	<b><u>2,530,767</u></b>	<b><u>1,043,224</u></b>	<b><u>3,573,991</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 3,263,345</u></b>	<b><u>\$ 3,339,514</u></b>	<b><u>\$ 6,602,859</u></b>

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, 2018

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
<b>Primary Government:</b>							
Governmental activities:							
General government	\$ 568,822	\$ -	\$ -	\$ -	\$ (568,822)	\$ -	\$ (568,822)
Public safety	1,402,304	-	-	-	(1,402,304)	-	(1,402,304)
Health and sanitation	416,702	171,870	-	50,000	(194,832)	-	(194,832)
Parks and recreation	32,579	-	-	-	(32,579)	-	(32,579)
Public works	34,071	-	-	150,161	116,090	-	116,090
Economic development	78,201	-	-	-	(78,201)	-	(78,201)
Interest on long-term debt	11,464	-	-	-	(11,464)	-	(11,464)
Total governmental activities	<u>2,544,143</u>	<u>171,870</u>	<u>-</u>	<u>200,161</u>	<u>(2,172,112)</u>	<u>-</u>	<u>(2,172,112)</u>
Business-type activities:							
Utility Enterprise	<u>1,243,450</u>	<u>1,068,026</u>	<u>-</u>	<u>174,741</u>	<u>-</u>	<u>(683)</u>	<u>(683)</u>
Total Business-type activities	<u>1,243,450</u>	<u>1,068,026</u>	<u>-</u>	<u>174,741</u>	<u>-</u>	<u>(683)</u>	<u>(683)</u>
Total	<u>\$ 3,787,593</u>	<u>\$ 1,239,896</u>	<u>\$ -</u>	<u>\$ 374,902</u>	<u>\$ (2,172,112)</u>	<u>\$ (683)</u>	<u>\$ (2,172,795)</u>
General Revenues:							
Property taxes					\$ 591,630	\$ 111,520	\$ 703,150
Sales taxes					984,390	-	984,390
License and permits					198,397	-	198,397
Fines and forfeitures					387,881	-	387,881
Interest income					24	-	24
Intergovernmental revenues					30,462	-	30,462
Miscellaneous					276,600	94,245	370,845
Total general revenues, special items, and transfers					<u>2,469,384</u>	<u>205,765</u>	<u>2,675,149</u>
Change in net position					297,272	205,082	502,354
Net Position - Beginning					2,233,495	838,142	3,071,637
Net Position - Ending					<u>\$ 2,530,767</u>	<u>\$ 1,043,224</u>	<u>\$ 3,573,991</u>

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

## Statement C

CITY OF GRAMBLING, LOUISIANA  
Balance Sheet  
Governmental Funds  
December 31, 2018

	General Fund	Health and Sanitation	Nonmajor Special Revenue Funds	Debt Service	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 33,516	\$ 6,748	\$ 34,342	\$ 62	\$ 74,668
Receivables, net	277,789	75,649	-	-	353,438
Accounts receivable	27,801	-	-	-	27,801
Intergovernmental receivable	100,481	-	12,528	-	113,009
Interfund receivables	66,628	465,827	-	-	532,455
<b>TOTAL ASSETS</b>	<b><u>\$ 506,215</u></b>	<b><u>\$ 548,224</u></b>	<b><u>\$ 46,870</u></b>	<b><u>\$ 62</u></b>	<b><u>\$ 1,101,371</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable, general	\$ 286,608	\$ -	\$ -	\$ -	\$ 286,608
Accrued and other liabilities	76,410	480	-	-	76,890
Interfund payables	298,530	-	-	-	298,530
<b>Total Liabilities</b>	<b><u>661,548</u></b>	<b><u>480</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>662,028</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property tax revenues	145,909	-	-	-	145,909
<b>Total deferred inflows of resources</b>	<b><u>145,909</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>145,909</u></b>
<b>Fund Balance:</b>					
Restricted	-	-	46,870	62	46,932
Unassigned	(301,242)	547,744	-	-	246,502
<b>Total Fund Balances</b>	<b><u>(301,242)</u></b>	<b><u>547,744</u></b>	<b><u>46,870</u></b>	<b><u>62</u></b>	<b><u>293,434</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 506,215</u></b>	<b><u>\$ 548,224</u></b>	<b><u>\$ 46,870</u></b>	<b><u>\$ 62</u></b>	<b><u>\$ 1,101,371</u></b>

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, 2018

Total fund balances - governmental funds \$ 293,434

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	4,378,287	
Accumulated depreciation	<u>(1,917,783)</u>	
		2,460,504

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, 2018 are:

Compensated absences	(64,798)	
Bonds payable	(155,000)	
Interest payable	(3,374)	
Other reconciling adjustment	<u>1</u>	
		<u>(223,171)</u>
Net Position of Governmental Activities		<u>\$ 2,530,767</u>

The Accompanying Notes are an intergral 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, 2018

	General Fund	Health and Sanitation	Nonmajor Special Revenue Funds	Debt Service	Total Governmental Funds
<b>REVENUES:</b>					
General property taxes	\$ 591,630	\$ -	\$ -	\$ -	\$ 591,630
Charges for services	-	171,868	-	-	171,868
Privilege licenses and permits	198,397	-	-	-	198,397
Intergovernmental revenues	180,622	50,000	-	-	230,622
Sales tax revenue	559,248	306,718	127,372	-	993,338
Fines and forfeitures	387,881	-	-	-	387,881
Interest income	10	6	8	-	24
Miscellaneous	266,599	-	-	-	266,599
Total Revenues	<u>2,184,387</u>	<u>528,592</u>	<u>127,380</u>	<u>-</u>	<u>2,840,359</u>
<b>EXPENDITURES:</b>					
General government	537,639	78,866	-	-	616,505
Public safety	1,369,083	-	-	-	1,369,083
Health and sanitation	-	336,852	-	-	336,852
Public works	7,922	-	-	-	7,922
Economic development	22,634	-	64,513	-	87,147
Debt service:					
Principal	-	-	-	75,604	75,604
Interest and service charges	-	-	-	9,129	9,129
Capital outlay:					
General government	208,480	-	-	-	208,480
Public safety	6,000	-	-	-	6,000
Public works	-	-	3,100	-	3,100
Health and sanitation	-	190,482	-	-	190,482
TOTAL EXPENDITURES	<u>2,151,758</u>	<u>606,200</u>	<u>67,613</u>	<u>84,733</u>	<u>2,910,304</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>32,629</u>	<u>(77,608)</u>	<u>59,767</u>	<u>(84,733)</u>	<u>(69,945)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Sale of capital assets	-	10,000	-	-	10,000
Proceeds from issuance of debt	-	155,000	-	-	155,000
Operating transfers in	126,597	-	-	84,733	211,330
Operating transfers out	-	(167,829)	(43,500)	-	(211,329)
Total Other Financing Sources (Uses)	<u>126,597</u>	<u>(2,829)</u>	<u>(43,500)</u>	<u>84,733</u>	<u>165,001</u>
Net Change in Fund Balances	159,226	(80,437)	16,267	-	95,056
FUND BALANCE, BEGINNING	<u>(460,468)</u>	<u>628,181</u>	<u>30,603</u>	<u>62</u>	<u>198,378</u>
FUND BALANCE, ENDING	<u>\$ (301,242)</u>	<u>\$ 547,744</u>	<u>\$ 46,870</u>	<u>\$ 62</u>	<u>\$ 293,434</u>

The Accompanying Notes are an integral 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, 2018

		<u>AMOUNTS</u>
Net change in fund balances - total governmental funds		\$ 95,056
<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	408,062	
Depreciation expense	<u>(126,478)</u>	
		281,584
Activities from debt related transactions		
Debt proceeds reported in the fund level statement		(155,000)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		75,604
Compensated absences are recognized in the Statement of Net Position as an increase to liabilities, but not in the Fund Financial Statements.		2,362
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.		(2,335)
Other reconciling adjustment		<u>1</u>
Change in net position of governmental activities		<u>\$ 297,272</u>

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

## Statement G-1

CITY OF GRAMBLING, LOUISIANA  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2018

	Budget Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>REVENUES:</b>				
Property taxes	\$ 575,000	\$ 575,000	\$ 591,630	\$ 16,630
Licenses and permits	190,000	190,000	198,397	8,397
Intergovernmental revenues	690,000	690,000	739,870	49,870
Fines and forfeits	194,000	194,000	387,881	193,881
Interest income	-	-	10	10
Miscellaneous income	102,000	60,000	266,599	206,599
<b>TOTAL REVENUES</b>	<u>1,751,000</u>	<u>1,709,000</u>	<u>2,184,387</u>	<u>475,387</u>
<b>EXPENDITURES:</b>				
General government	516,614	519,109	537,639	(18,530)
Public safety	1,316,993	1,323,355	1,369,083	(45,728)
Public works	7,620	7,657	7,922	(265)
Economic development	21,773	21,879	22,634	(755)
Capital outlays	76,000	76,000	214,480	(138,480)
<b>TOTAL EXPENDITURES</b>	<u>1,939,000</u>	<u>1,948,000</u>	<u>2,151,758</u>	<u>(203,758)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(188,000)</u>	<u>(239,000)</u>	<u>32,629</u>	<u>271,629</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	169,000	169,000	126,597	(42,403)
Transfers out	(78,000)	(78,000)	-	78,000
Proceeds from insurance	3,000	3,000	-	(3,000)
<b>Total Other Financing Sources</b>	<u>94,000</u>	<u>94,000</u>	<u>126,597</u>	<u>32,597</u>
Net change in fund balance	(94,000)	(145,000)	159,226	304,226
Fund Balance at beginning of year	(460,468)	(460,468)	(460,468)	-
<b>Fund Balance at end of year</b>	<u>\$ (554,468)</u>	<u>\$ (605,468)</u>	<u>\$ (301,242)</u>	<u>\$ 304,226</u>

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



## Statement G-2

CITY OF GRAMBLING, LOUISIANA  
Health and Sanitation  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2018

	Budget Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
<b>REVENUES:</b>				
Taxes	\$ 362,000	\$ 362,000	\$ 306,718	\$ (55,282)
Charges for services	170,000	170,000	171,868	1,868
Intergovernmental revenues	-	-	50,000	50,000
Interest income	-	-	6	6
<b>TOTAL REVENUES</b>	<u>532,000</u>	<u>532,000</u>	<u>528,592</u>	<u>(3,408)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	78,866	78,866	78,866	-
Health and sanitation	336,134	336,134	336,852	(718)
Capital outlays	-	25,000	190,482	(165,482)
<b>Total Expenditures</b>	<u>415,000</u>	<u>440,000</u>	<u>606,200</u>	<u>(166,200)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>117,000</u>	<u>92,000</u>	<u>(77,608)</u>	<u>(169,608)</u>
Other Financing Sources:				
Proceeds from issuance of debt	-	-	155,000	155,000
Sale of capital asset	-	-	10,000	10,000
Operating transfers out	(170,000)	(170,000)	(167,829)	2,171
<b>Total Other Financing Sources</b>	<u>(170,000)</u>	<u>(170,000)</u>	<u>(2,829)</u>	<u>167,171</u>
Net change in fund balance	(53,000)	(78,000)	(80,437)	(2,437)
Fund Balance at beginning of year	628,181	628,181	628,181	-
<b>Fund Balance at end of year</b>	<u>\$ 575,181</u>	<u>\$ 550,181</u>	<u>\$ 547,744</u>	<u>\$ (2,437)</u>

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

## Statement H

CITY OF GRAMBLING, LOUISIANA  
Statement of Net Position  
Proprietary Fund  
December 31, 2018

Assets	
Current assets:	
Cash and cash equivalents	\$ 78,241
Accounts receivable, net	235,177
Prepaid expenses	1,484
Total Current Assets	<u>314,902</u>
Noncurrent assets:	
Restricted cash and cash equivalents	
Customer deposits	107,724
Revenue bonds	64,614
Total restricted assets	<u>172,338</u>
Property, Plant and Equipment, at Cost	
Land	49,182
Buildings and improvements	242,106
Water/Sewer system	7,499,678
Automotive and equipment	1,230,443
Less: accumulated depreciation	<u>(6,169,135)</u>
Total capital assets (net of accumulated depreciation)	<u>2,852,274</u>
 Total noncurrent assets	 <u>3,024,612</u>
 Total Assets	 <u>\$ 3,339,514</u>
Liabilities and Net Position	
Liabilities	
Current Liabilities:	
Accounts payable	\$ 272,086
Accrued and other liabilities	10,133
Interest payable	15,934
Interfund payables	233,924
Compensated absences	11,900
Revenue bonds payable	82,000
Total current liabilities	<u>625,977</u>
Noncurrent liabilities:	
Customer deposits payable from restricted assets	109,820
Compensated absences	568
Revenue bonds payable	<u>1,559,925</u>
Total noncurrent liabilities payable	<u>1,670,313</u>
 Total Liabilities	 <u>2,296,290</u>
Net Position	
Net investment in capital assets	337,684
Unrestricted	<u>705,540</u>
Total Net Position	<u>1,043,224</u>
Total Liabilities and Net Position	<u>\$ 3,339,514</u>

The Accompanying Notes are an intergral 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, 2018

Operating Revenues:	
Water sales	\$ 402,501
Water connection charges	13,324
Sewer fees	<u>652,201</u>
Total Operating Revenues	<u>1,068,026</u>
Operating Expenses:	
Salaries and benefits	462,148
Materials and supplies	3,281
Operating costs	312,128
Professional services	10,564
Other services and charges	271,797
Depreciation	<u>134,172</u>
Total operating expenses	<u>1,194,090</u>
Operating income (loss)	<u>(126,064)</u>
Nonoperating revenues (expenses);	
Miscellaneous	93,652
Interest income	593
Ad valorem tax revenues	111,520
Intergovernmental revenues	174,741
Interest expense	<u>(49,360)</u>
Total nonoperating revenues (expenses)	<u>331,146</u>
Change in net position	<u>205,082</u>
Net position - beginning	<u>838,142</u>
Total net position - ending	<u>\$ 1,043,224</u>

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

## Statement J

CITY OF GRAMBLING, LOUISIANA  
Statement of Cash Flows  
All Proprietary Fund Types  
For the Year Ended December 31, 2018

Cash flows from operating activities:	
Receipts from customers and users	\$ 753,854
Intergovernmental revenues	286,261
Payments to suppliers	(640,806)
Payments to employees	<u>(464,205)</u>
Net cash provided by (used for) operating activities	<u>(64,896)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(202,399)
Principal paid retirement of debt	(74,000)
Proceeds from revenue bonds	49,163
Interest paid on capital debt	<u>(49,360)</u>
Net cash provided (used) by capital and related financing activities	<u>(276,596)</u>
Cash flows provided by (used for) investing activities:	
Interest received	593
Miscellaneous revenue	93,652
Other investing activities	<u>281,552</u>
Net cash provided by investing activities	<u>375,797</u>
Net increase (decrease) in cash and cash equivalents	34,305
Cash and cash equivalents at beginning of year	<u>216,274</u>
Cash and cash equivalents at end of year	<u>\$ 250,579</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating Income (Loss)	\$ <u>(126,064)</u>
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	134,172
(Increase) decrease	
Accounts receivable, net	(9,362)
Intergovernmental receivable	(3,757)
Increase (decrease)	
Accounts payable	(21,356)
Accrued and other liabilities	(888)
Interest payable	(1,208)
Customer deposits	(23,861)
Due to other funds	(10,517)
Compensated absences	<u>(2,055)</u>
	<u>61,168</u>
Net cash provided by operating activities	<u>\$ (64,896)</u>
Recap of cash and cash equivalents	
Cash and cash equivalents	\$ 78,241
Restricted cash and cash equivalents	<u>172,338</u>
	<u>\$ 250,579</u>

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

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2018

**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.

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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 of 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."

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*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.

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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.



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**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.

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- ◆ *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 76 as of December 31, 2018.
  
- ◆ *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:

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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, 2018.

**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.

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*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.

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**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, 2018, 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 \$260,633 (Statement C - cash and cash equivalents of \$74,668 Statement H - cash and cash equivalents of \$78,241 and restricted assets cash of \$172,338 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, 2018, the City's bank balance was \$474,093, which was covered by federal depository insurance.

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**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	<u>7.00</u>	<u>5.77</u>	Statutory
Total Levy	<u><u>56.00</u></u>	<u><u>45.73</u></u>	

**Property Tax Calendar**

Lien Date	12/31/18
Levy Date	10/31/18
Due Date	12/31/18
Collection Dates	November 1 through June 30

**NOTE 4 - RECEIVABLES**

The following is a summary of receivables at December 31, 2018:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Health &amp; Sanitation Fund</u>	<u>NonMajor Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes:					
Property taxes	\$ 277,789	\$ -	\$ -	\$ 47,510	\$ 325,299
Sales and use	100,481	57,606	12,528	-	170,615
Intergovernmental revenue:					
Charges for services	-	24,619	-	223,214	247,833
Franchise fees	<u>27,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,801</u>
Gross Receivables	<u>406,071</u>	<u>82,225</u>	<u>12,528</u>	<u>270,724</u>	<u>771,548</u>
Less Allowance for uncollectibles	<u>-</u>	<u>(6,575)</u>	<u>-</u>	<u>(35,547)</u>	<u>(42,122)</u>
	<u>\$ 406,071</u>	<u>\$ 75,650</u>	<u>\$ 12,528</u>	<u>\$ 235,177</u>	<u>\$ 729,426</u>

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

Individual balances due from/to other funds at December 31, 2018 are as follows:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	\$ 66,628	Proprietary	\$ 66,628
Health and sanitation	298,531	General fund	298,531
Health and sanitation	<u>167,296</u>	Proprietary fund	<u>167,296</u>
Total	<u>\$ 532,455</u>	Total	<u>\$ 532,455</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, 2018 were as follows:

	<u>Transfer From Other Funds</u>	<u>Transfer to Other Funds</u>
General Fund	\$ 126,597	\$ -
Health and Sanitation Fund	-	167,829
Debt Service Fund	84,732	-
Economic Development District 1	-	500
Economic Development Legends Square	-	3,000
25% Economic Dev. Sales Tax Fund	-	40,000
Total	<u>\$ 211,329</u>	<u>\$ 211,329</u>

**NOTE 6 - ACCRUED AND OTHER LIABILITIES**

The accrued and other liabilities consist of the following at December 31, 2018:

<u>Payable Category</u>	<u>General Fund</u>	<u>Health and Sanitation</u>	<u>Proprietary Fund</u>	<u>Total</u>
Wages payable	\$ 65,667	\$ -	\$ 6,452	\$ 72,119
Sales tax payable	-	-	3,681	3,681
Payroll deductions payable	8,493	-	-	8,493
Deposits	<u>2,190</u>	<u>480</u>	<u>-</u>	<u>2,670</u>
Total	<u>\$ 76,350</u>	<u>\$ 480</u>	<u>\$ 10,133</u>	<u>\$ 86,963</u>

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**NOTE 7 - CAPITAL ASSETS**

The following presents the changes in capital assets for the year ended December 31, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Nondepreciable assets:				
Land	\$ 222,902	\$ -	\$ -	\$ 222,902
Construction in progress	<u>375,814</u>	<u>208,480</u>	<u>584,294</u>	<u>-</u>
Total nondepreciable assets	<u>598,716</u>	<u>208,480</u>	<u>584,294</u>	<u>222,902</u>
Depreciable Assets:				
Building and improvements	1,869,005	-	-	1,869,005
Furniture and equipment	1,425,061	199,582	(254,000)	1,878,643
Infrastructure	<u>331,443</u>	<u>584,294</u>	<u>-</u>	<u>915,737</u>
Total depreciable assets	<u>3,625,509</u>	<u>783,876</u>	<u>(254,000)</u>	<u>4,663,385</u>
Less: accumulated depreciation				
Buildings and improvements	613,107	48,001	-	661,108
Furniture and equipment	1,359,951	29,439	(254,000)	1,643,390
Infrastructure	<u>72,247</u>	<u>49,038</u>	<u>-</u>	<u>121,285</u>
Total accumulated depreciation	<u>2,045,305</u>	<u>126,478</u>	<u>(254,000)</u>	<u>2,425,783</u>
Governmental activities capital assets, net	<u>\$ 2,178,920</u>	<u>\$ 865,878</u>	<u>\$ 584,294</u>	<u>\$ 2,460,504</u>

Depreciation expense for 2018 was charged to governmental activities as follows:

General	\$ 31,775
Public safety	34,860
Health and sanitation	1,115
Public works	26,149
Culture and recreation	<u>32,579</u>
Total	<u>\$ 126,478</u>



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A summary of plant and equipment changes in the maintenance enterprise fund for 2018 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Business-type activities:					
Nondepreciable assets:					
Land	\$ 49,182	\$ -	\$ -	\$ -	\$ 49,182
Construction in progress	973,225	202,399	1,175,624	-	-
Total Non-depreciable assets	<u>1,022,407</u>	<u>202,399</u>	<u>1,175,624</u>	<u>-</u>	<u>49,182</u>
Depreciable Assets:					
Building and improvements	242,106	-	-	-	242,106
Sewage plant	4,276,527	1,175,624	-	-	5,452,151
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:	<u>7,796,603</u>	<u>1,175,624</u>	<u>-</u>	<u>-</u>	<u>8,972,227</u>
Less: accumulated depreciation					
Buildings and improvements	242,582	1,717	-	(9,423)	234,876
Sewage plant	2,900,937	101,200	-	-	3,002,137
Water system	1,671,523	30,855	-	-	1,702,378
Water/Sewer equipment	1,190,440	-	-	4,557	1,194,997
Vehicles	34,189	400	-	158	34,747
Total accumulated depreciation	<u>6,039,671</u>	<u>134,172</u>	<u>-</u>	<u>(4,708)</u>	<u>6,169,135</u>
Net depreciable capital assets	<u>1,756,932</u>	<u>1,041,452</u>	<u>-</u>	<u>4,708</u>	<u>2,803,092</u>
Business-type activities capital assets, net	<u>\$ 2,779,339</u>	<u>\$ 1,243,851</u>	<u>\$ 1,175,624</u>	<u>\$ 4,708</u>	<u>\$ 2,852,274</u>

Depreciation expense for 2018 was charged to governmental activities as follows:

Sewer	\$ 101,200
Water	<u>32,972</u>
Total	<u>\$ 134,172</u>

**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, 2018 were \$11,114 and employees contributed \$11,114.

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2018

**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, 2018

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 67,160	\$ 58,759	\$ 61,121	\$ 64,798	\$ 58,971
Limited Tax Revenue Bonds	-	155,000	-	155,000	8,489
Certificate of Indebtness	75,604	-	75,604	-	-
<b>Total</b>	<b>\$ 142,764</b>	<b>213,759</b>	<b>\$ 136,725</b>	<b>\$ 219,798</b>	<b>\$ 67,460</b>

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

Bonded debt payable at December 31, 2018 is comprised of the following individual issues:

\$155,000 - Limited Tax Revenue Bonds, Series 2018, noted dated February 16, 2018. Principal is due in fifteen (15) annual installments beginning February 19, 2019 and due each year through February 16, 2033, with an interest rate of 2.75%. The funds were used for the purchase of new garage trucks and extended warranties. Debt retirement payments are made from the Debt Service Fund. \$ 155,000

As shown on Statement C, \$46,870 is available in the Debt Service Fund to service the bonded debt on the Limited Tax Revenue Bonds, Series 2018. The annual requirements to amortize all outstanding bonded debt at December 31, 2018 are as follows:

Debt Service Fund:

Year	Principal	Interest	Total
2019	\$ 8,489	\$ 4,262	\$ 12,751
2020	8,722	4,029	12,751
2021	8,962	3,789	12,751
2022	9,208	3,543	12,751
2023	9,461	3,290	12,751
2024-2028	51,357	12,398	63,755
2029-2033	58,801	4,938	63,739
<b>Total</b>	<b>\$ 155,000</b>	<b>\$ 36,249</b>	<b>\$ 191,249</b>

***Business Activities***

The following is a summary of long-term obligation transactions for the year ended December 31, 2018

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 14,524	\$ 19,806	\$ 13,863	\$ 20,467	\$ 11,900
Bonds Payable	1,666,762	49,163	74,000	1,641,925	82,000
<b>Total</b>	<b>\$ 1,681,286</b>	<b>\$ 68,969</b>	<b>\$ 87,863</b>	<b>\$ 1,662,392</b>	<b>\$ 93,900</b>

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2018

Bonded debt payable at December 31, 2018 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. \$ 1,110,000

\$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. 531,925

Total \$ 1,641,925

Of the restricted cash and investments on Statement H, \$172,338 is restricted for debt service on the bonded debt. The annual requirement to amortize the Series 2013 outstanding bonded debt at December 31, 2018 are as follows:

Year	Principal	Interest	Total
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	65,000	36,019	101,019
2024-2028	365,000	135,894	500,894
2029-2033	450,000	58,650	508,650
Total	<u>\$ 1,110,000</u>	<u>\$ 400,169</u>	<u>\$ 1,510,169</u>

The annual requirement to amortize the Series 2015 outstanding bonded debt at December 31, 2018 are as follows:

Year	Principal	Interest	Total
2019	\$ 27,000	\$ 1,482	\$ 28,482
2020	27,000	1,360	28,360
2021	27,000	1,239	28,239
2022	27,000	1,117	28,117
2023	28,000	994	28,994
2024-2028	143,000	3,058	146,058
2029-2033	150,000	322	150,322
2034-2036	102,925	-	102,925
	<u>\$ 531,925</u>	<u>\$ 9,572</u>	<u>\$ 541,497</u>

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2018

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

*Litigation and Claims*

At December 31, 2018, 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>	<u>Estimated Cost of Project</u>	<u>Balance 01/01/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/18</u>
<b>Governmental Activities:</b>					
Recreational Trail (FHWA)	\$ 250,000	\$ 66,007	\$ 208,480	\$ (274,487)	\$ -
Safe Route to Schools	<u>309,807</u>	<u>309,807</u>	<u>-</u>	<u>(309,807)</u>	<u>-</u>
Total	<u>\$ 559,807</u>	<u>\$ 375,814</u>	<u>\$ 208,480</u>	<u>\$ (584,294)</u>	<u>\$ -</u>
<b>Business Activities:</b>					
LCDBG FY 2014 (Sewer Collection System Expansion)	\$ 733,823	\$ 729,510	\$ 43,437	\$ (772,947)	\$ -
Legends Square Sewer System	<u>439,000</u>	<u>355,254</u>	<u>47,423</u>	<u>(402,677)</u>	<u>-</u>
Total	<u>\$ 1,172,823</u>	<u>\$ 1,084,764</u>	<u>\$ 90,860</u>	<u>\$ (1,175,624)</u>	<u>\$ -</u>

At December 31, 2018, all the construction projects were completed and the related cost of these projects were capitalized.

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2018

**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, 2018:

Fund	Budget	Actual	Variance
General	\$ 1,948,000	2,151,758	\$ (203,758)

Excess of Expenditures Over Appropriations in Individual Fund - The following individual fund had actual expenditures over budgeted expenditures for the year ended December 31, 2018:

Fund	Budget	Actual	Variance
Health and Sanitation	\$ 440,000	606,200	\$ (166,200)

**NOTE 12 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 7, 2019, 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 had a deficit fund balance at the beginning of fiscal year 2018 of \$460,468 . During fiscal year 2018, the City reduced the deficit from \$460,468 to \$301,242, thus a reduction of \$159,226. 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 2019 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**

***A. In fiscal year 2018, the City implemented the following GASB Statements:***

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.

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2018

**NOTE 14 - NEW ACCOUNTING PRONOUNCEMENTS (Continued)**

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

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 Disclosures". This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In March 2016, the GASB issued Statement No. 82, "Pension Issues-An Amendment of GASB Statements No. 67, No. 68, and No. 73". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and 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 Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

In November 2016, the GASB issued Statement No. 83, "Certain Asset Retirement Obligations". This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2018

**NOTE 14 - NEW ACCOUNTING PRONOUNCEMENTS (Continued)**

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

In January 2017, the GASB issued Statement No. 84, "Fiduciary Activities". The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

In March 2017, the GASB issued Statement No. 85, The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

In May 2017, the GASB issued Statement No. 86, "Certain Debt Extinguishments Issues" The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

In June 2017, the GASB issued Statement No. 87, "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2018

**NOTE 14 - NEW ACCOUNTING PRONOUNCEMENTS (Continued)**

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

Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets.

In April 2018, the GASB issued Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

In June 2018, the GASB issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period". The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

**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 \$75,133 is recognized as intergovernmental revenue and public safety expenditures.

**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, 2018

***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, 2018

	25% Economic Development Sales Tax	Legends Square Taxing District	Economic Development District 1 Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 15,304	\$ 15,367	\$ 3,671	\$ 34,342
Intergovernmental receivable	<u>12,528</u>	<u>-</u>	<u>-</u>	<u>12,528</u>
<b>TOTAL ASSETS</b>	<u>\$ 27,832</u>	<u>\$ 15,367</u>	<u>\$ 3,671</u>	<u>\$ 46,870</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Total Liabilities	\$ -	\$ -	\$ -	\$ -
Fund Balance:				
Restricted	<u>27,832</u>	<u>15,367</u>	<u>3,671</u>	<u>46,870</u>
Total Fund Balances	<u>27,832</u>	<u>15,367</u>	<u>3,671</u>	<u>46,870</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 27,832</u>	<u>\$ 15,367</u>	<u>\$ 3,671</u>	<u>\$ 46,870</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, 2018

	25% Economic Development Sales Tax	Legends Square Taxing District	Economic Development District 1 Fund	Total
<b>REVENUES:</b>				
Sales tax revenue	\$ 66,373	\$ 49,907	\$ 11,092	\$ 127,372
Interest income	8	-	-	8
Total Revenues	66,381	49,907	11,092	127,380
<b>EXPENDITURES:</b>				
Economic development	15,316	40,251	8,946	64,513
Capital outlay:				
Public works	3,100	-	-	3,100
TOTAL EXPENDITURES	18,416	40,251	8,946	67,613
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>47,965</b>	<b>9,656</b>	<b>2,146</b>	<b>59,767</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers out	(40,000)	(3,000)	(500)	(43,500)
Total Other Financing Sources (Uses)	(40,000)	(3,000)	(500)	(43,500)
Net Change in Fund Balances	7,965	6,656	1,646	16,267
FUND BALANCE, BEGINNING	19,867	8,711	2,025	30,603
FUND BALANCE, ENDING	\$ 27,832	\$ 15,367	\$ 3,671	\$ 46,870

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, 2018 and 2017

	2018 Maintenance Fund	2017 Maintenance Fund
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 78,241	\$ 48,309
Accounts receivable, net of allowance of \$24,273 and \$27,708	235,177	222,058
Prepaid expenses	1,484	1,484
Total Current Assets	<u>314,902</u>	<u>271,851</u>
Noncurrent assets:		
Restricted cash and cash equivalents		
Customer deposits	107,724	107,331
Investments	64,614	60,634
Total restricted assets	<u>172,338</u>	<u>167,965</u>
Property, Plant and Equipment, at Cost		
Land	49,182	49,182
Buildings	242,106	242,106
Infrastructure	7,499,678	6,324,054
Automotive and equipment	1,230,443	1,230,443
Less: accumulated depreciation	<u>(6,169,135)</u>	<u>(6,039,671)</u>
Total capital assets (net of accumulated depreciation)	2,852,274	1,806,114
Construction in progress	-	973,225
Total noncurrent assets	<u>2,852,274</u>	<u>2,779,339</u>
<b>Total Assets</b>	<u>\$ 3,339,514</u>	<u>\$ 3,219,155</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	\$ 272,086	\$ 293,442
Accrued and other liabilities	10,133	11,021
Interest payable	15,934	17,142
Interfund payables	233,924	244,441
Compensated absences	11,900	13,863
Revenue bonds payable	82,000	74,000
Total current liabilities	<u>625,977</u>	<u>653,909</u>
Noncurrent liabilities:		
Customer deposits payable from restricted assets	109,820	133,681
Compensated absences	568	661
Revenue bonds payable	<u>1,559,925</u>	<u>1,592,762</u>
Total noncurrent liabilities payable	<u>1,670,313</u>	<u>1,727,104</u>
<b>Total Liabilities</b>	<u>2,296,290</u>	<u>2,381,013</u>
<b>Net Position</b>		
Net investment in capital assets	2,852,274	2,779,339
Restricted for debt service	64,614	60,634
Unrestricted	<u>(1,873,664)</u>	<u>(2,001,831)</u>
Total Net Position	<u>1,043,224</u>	<u>838,142</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 3,339,514</u>	<u>\$ 3,219,155</u>

Schedule 2

CITY OF GRAMBLING, LOUISIANA  
 Proprietary Fund Type - Maintenance Enterprise Fund  
 Proposed Budget - 2019 and 2018  
 For the Years Ending December 31, 2019 and 2018

	2019 Maintenance Fund	2018 Maintenance Fund
	<u>          </u>	<u>          </u>
Operating Revenues:		
Water sales	\$ 400,000	\$ 399,000
Water connection charges	15,000	15,000
Sewer fees	675,000	631,000
Other revenues	<u>10,000</u>	<u>10,000</u>
Total Operating Revenues	<u>1,100,000</u>	<u>1,055,000</u>
Operating Expenses:		
Water department	544,495	632,432
Sewer department	<u>614,005</u>	<u>713,168</u>
Total operating expenses	<u>1,158,500</u>	<u>1,345,600</u>
Operating income (loss)	<u>(58,500)</u>	<u>(290,600)</u>
Nonoperating revenues (expenses);		
Miscellaneous	1,000	1,000
Ad valorem tax revenues	75,000	75,000
Intergovernmental revenues	<u>38,000</u>	<u>38,000</u>
Total nonoperating revenues (expenses)	<u>114,000</u>	<u>114,000</u>
Net Income Before Operating Transfers	<u>55,500</u>	<u>(176,600)</u>
Change in net position	<u>55,500</u>	<u>(176,600)</u>
Net position - beginning	<u>1,043,224</u>	<u>838,142</u>
Net position - ending	<u>\$ 1,098,724</u>	<u>\$ 661,542</u>

Schedule 3

CITY OF GRAMBLING, LOUISIANA  
 Schedule of Compensation Paid Council Members  
 As of December 31, 2018

The schedule of per diem paid council members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Section 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	\$ 8,750
Yanise N. Days	12/31/2018	8,330
Cathy L. Holmes	12/31/2018	8,750
Cullen Jackson	12/31/2018	8,750
Roy L. Jackson	12/31/2018	17,150
Total		<u>\$ 51,730</u>

**Schedule 4**

CITY OF GRAMBLING, LOUISIANA  
 Schedule of Compensation, Benefits, Reimbursements, and Other Payments to Chief Executive Officer  
 As of December 31, 2018

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:

Category	Amount
Salary	\$ 69,992
Benefits:	
Health insurance	\$ 6,736
Social security	4,340
Medicare	1,015
Simple IRA	3,068
Total Benefits	15,159
Cell phone	1,195
Travel:	
Airfare, lodging, meals & mileage	18,641
Total Travel	18,641
Total Compensation, Benefits, Travel, and Other Expenses	\$ 104,987



Schedule 5

CITY OF GRAMBLING, LOUISIANA  
 Schedule of Insurance Coverage  
 As of December 31, 2018

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	7/30/2019
			Personal Property: \$440,000	2,500	7/30/2019
Automobile	Lloyd's of London and Institute	NA146682	Based on Individual Vehicle	1,000	3/13/2019
Fidelity Bond	Traveler's Casualty & Securtely Co.	104891788	Employee Theft: \$25,000	500	2/11/2019
			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

Schedule 6

CITY OF GRAMBLING, LOUISIANA  
Schedule of Breakdown of Utility Customers  
For Year Ended December 31, 2018

<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, 2018

<i>Gallon</i>	<i>Water rates Residential</i>	<i>Sewer rates Residential</i>
1,000	\$15.85	\$15.85
2,000	15.85	15.85
3,000	18.48	18.48
4,000	21.11	21.11
5,000	23.74	23.74
6,000	26.37	26.37
7,000	29.00	29.00
8,000	31.63	31.63
9,000	34.27	34.27
10,000	36.89	36.89
11,000	39.52	39.52
12,000	42.15	42.15
13,000	44.78	44.78
14,000	47.41	47.41
15,000	50.04	50.04
16,000	52.67	52.67
17,000	55.30	55.30
18,000	57.93	57.93
19,000	60.56	60.56
20,000	63.19	63.19
21,000	65.82	65.82
22,000	68.45	68.45
23,000	71.08	71.08
24,000	73.71	73.71
25,000	76.34	76.34

<i>Gallon</i>	<i>Water rates Commercial</i>	<i>Sewer rates Commercial</i>
1,000	\$25.31	\$25.31
2,000	25.31	25.31
3,000	27.94	27.94
4,000	30.57	30.57
5,000	33.20	33.20
6,000	35.83	35.83
7,000	38.46	38.46
8,000	41.09	41.09
9,000	43.72	43.72
10,000	46.35	46.35
11,000	48.98	48.98
12,000	51.61	51.61
13,000	54.24	54.24
14,000	56.87	56.87
15,000	59.50	59.50
16,000	62.13	62.13
17,000	64.76	64.76
18,000	67.39	67.39
19,000	70.02	70.02
20,000	72.65	72.65
21,000	75.28	75.28
22,000	77.91	77.91
23,000	80.54	80.54
24,000	83.17	83.17
25,000	85.80	85.80



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, 2018, 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 7, 2019.

**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, Eyr & Co.*  
Ridgeland, Mississippi  
June 7, 2019

CITY OF GRAMBLING, LOUISIANA  
Status of Prior Year Audit Findings  
For Year Ended December 31, 2018

The City of Grambling, Louisiana did not have any prior year audit findings in their December 31, 2017 audited financial statements dated June 9, 2018.

**CITY OF GRAMBLING, LOUISIANA**  
**AGREED UPON PROCEDURES REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**



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

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, 2018 through December 31, 2018. 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) Receipts, including receiving, recording, and preparing deposits

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

**Collections**

2. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

**The Certified Municipal Clerk confirmed that the City Hall is the only deposit site that is the physical location where a deposit is prepared and reconciled. Confirming the deposit site with the Certified Municipal Clerk is management's representation that the list is complete.**



3. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

**The City Hall is the only collection location that is the physical location where cash is collected. Management represented that the list is complete.**

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

**The existing cash collection policy ensures that the person responsible for collecting cash is not required to share the same cash drawer with another employee.**

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

**The existing cash collection policy ensures that the person responsible for collecting cash is not responsible for preparing/making bank deposits to the bank.**

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

**The existing cash collection policy ensures that the person responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers.**

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

**The existing cash collection policy ensures that the person responsible for collecting cash is not responsible reconciling the related bank account.**

4. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

**We reviewed the Employee Fidelity Bond Policy #105886527 with Travelers Casualty & Surety Company. The policy's limit is \$25,000. The policy period is from 2/11/16 – 2/11/19 and the annual premium of \$1,513 was paid on 2/1/18, with check number 45567.**

5. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Receipts are printed electronically from UBSPlus, along with the "Daily Cash Receipt Collections" report and we haphazardly selected two deposits dates for the three selected bank accounts.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

**We traced the receipts from the "Daily Cash Receipt Collections" report to the deposit slips.**

- c) Trace the deposit slip total to the actual deposit per the bank statement.

**We traced the deposit slip to the actual deposit per the bank statement.**

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

**We tested the date of receipt to the date of deposit and found that deposits were made within one business day after the day of collection, with having the depository less than 10 miles away and the deposit being more than \$100.**

- e) Trace the actual deposit per the bank statement to the general ledger.

**We traced the actual deposit per the bank statement to the general ledger.**

#### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

- 6. 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.**

- 7. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

**The monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.**

- b) Observe that finance charges and late fees were not assessed on the selected statements.

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

8. Using the monthly statements or combined statements selected under the Bank Reconciliation requirement, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

**We haphazardly selected five credit/debit cards to review. Then, we haphazardly selected one monthly/combined statement for each card and ten transactions from each card. For each transaction, they were supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).**

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.

*B. Brown, Esq. & Co.*  
Ridgeland, Mississippi  
June 7, 2019