

**CITY OF GRAMBLING, LOUISIANA**  
**AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

CITY OF GRAMBLING, LOUISIANA  
TABLE OF CONTENTS  
DECEMBER 31, 2016

	STATEMENT	PAGE(S)
<b>INDEPENDENT AUDITOR'S REPORT</b>		1 - 3
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>		
Management's Discussion and Analysis		5 - 13
<b>BASIC FINANCIAL STATEMENTS</b>		
Government - Wide Financial Statements:		
Statement of Net Position	A	15
Statement of Activities	B	16
Fund Financial Statements (FFS):		
Governmental Funds		
Balance Sheet Governmental Funds	C	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	18
Combined Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	E	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statements of Activities	F	20
Budgetary Comparison Schedule - General Fund	G - 1	21
Budgetary Comparison Schedule - Health and Sanitation	G - 2	22
Statement of Net Position -Proprietary Funds	H	23
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	I	24
Statement of Cash Flows - All Proprietary Fund Types	J	25
Notes to the Financial Statements		26 - 43
Nonmajor Governmental Funds		44
	<b>SCHEDULE</b>	
Combining Balance Sheet	A	45
Combining Balance Statement of Revenues, Expenditures, and Changes in Fund Balance	B	46
<b>SUPPLEMENTARY INFORMATION REQUIRED BY THE U.S. DEPARTMENT OF AGRICULTURE</b>		
Proprietary Fund Type - Maintenance Enterprise Fund		
Comparative Statement of Net Position	1	48
Proposed Budget 2016 and 2015	2	49
Schedule of Compensation Paid Council Members	3	50
Schedule of Compensation, Benefits, Reimbursements, and Other Payments to Chief Executive Officer	4	51
Schedule of Insurance Coverage	5	52
Schedule of Breakdown of Utility Customers	6	53
Schedule of Water and Sewer Rates	7	54

**REPORT ON INTERNAL CONTROL AND COMPLIANCE**

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards* 55 - 56

Independent Auditor's Report on Compliance for Each Major Program on Internal Control Over Compliance Required by the Uniform Guidance 57 - 58

Schedule of Expenditures of Federal Awards 59

Notes to Schedule of Expenditures of Federal Awards 60

**OTHER INFORMATION**

Status of Prior Year Findings 61

Schedule of Findings and Questioned Cost 62 - 63



## 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Grambling, Louisiana, as of and for the year ended December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and budgetary comparison schedules for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter Regarding Going Concern**

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

## **Other Matters**

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-13 and 21-22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

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

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

The accompanying other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

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

*Banks, Finley, White & Co.*

Jackson, Mississippi  
June 9, 2017

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

CITY OF GRAMBLING, LOUISIANA  
Management's Discussion and Analysis  
December 31, 2016

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, 2016.

**FINANCIAL HIGHLIGHTS**

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

Governmental activities reported a decrease in net position of \$48,181 from 2015 to 2016, whereas business-type activities reported an increase of \$451,281. The increase in net position of the governmental activities was due to an increase in revenues. The net position of the business-type activities went from an increase in 2015 of \$221,365 to an increase of \$451,281 in 2016.

Total governmental activities revenues increased \$39,354 or 1.68% from 2015 to 2016. Program specific revenues decreased by \$107,578 or 13.29%, due to a decrease in operating grants and contributions. General revenues had a net increase of \$146,932 or 7.18%. Increases in property taxes revenue of \$607, a decrease in sales taxes of \$92,482, an increase in fines and forfeitures of \$34,461 and an increase in miscellaneous revenue of \$200,293 included in general revenues.

Total business-type activities revenues increased \$414,079 or 30.07% from 2015 to 2016, while expenses increased only \$80,996. The increase in expenses is primarily due to an increase in personnel costs of \$51,927 and an increase in professional services of \$92,963.

Total expenses for governmental activities was \$2,427,641 in 2016. \$186,518 of these expenses were offset by program specific revenues. General revenues of \$2,192,942 were adequate to cover the remaining governmental activities expenses.

The General Fund's fund balance deficit decreased by \$38,612 during 2016 as compared to a net decrease in 2015 of \$136,892. Revenues increased by \$95,080 while expenditures increased by \$153,021 from 2015 to 2016. Transfers in were \$234,783 and \$171,432, for 2016 and 2015 respectively. Transfers out were \$101,183 and \$9,120, for 2016 and 2015 respectively.

The General Fund's fund balance has a deficit of \$415,913 due to several conditions. When the current administration took office on January 1, 2011, the deficit was \$216,945. There have been many instances since January 2011 whereby management has learned of prior obligations, such as liability insurance and worker's compensation insurance, that contributed to the current deficit in that these old bills had to be accrued. The old bills also took cash that was needed to pay current bills. Current management has made a concerted effort to make repairs and improvements to city facilities and systems. This effort has caused a temporary increase in expenditures that is expected to result in savings in the long run by properly maintaining facilities and systems and preventing unnecessary repairs. Also, the City has purchased property to include in the development of a hotel, restaurant, and other businesses in the City that are expected to generate significant property and sales tax revenues in the future as well as increasing licenses and permits and utility revenues.



CITY OF GRAMBLING, LOUISIANA  
Management's Discussion and Analysis  
December 31, 2016

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 \$91,938 in 2016 as compared to a decrease of \$7,660 in 2015. Health and Sanitation Fund's revenues were \$473,530 in 2016, which is \$112,075 or 20.85% less than 2015 revenues. The decrease was due to a decrease in sales tax revenue of \$108,889 when compared to 2015.

Health and Sanitation Fund's 2016 expenditures decreased by \$24,648 or 5.84% from 2015. The decrease in total expenditures was due to an decrease in operating costs.

The Debt Service Fund had a \$1,524 decrease in fund balance in 2016 as compared to a net increase in 2015 of \$245.

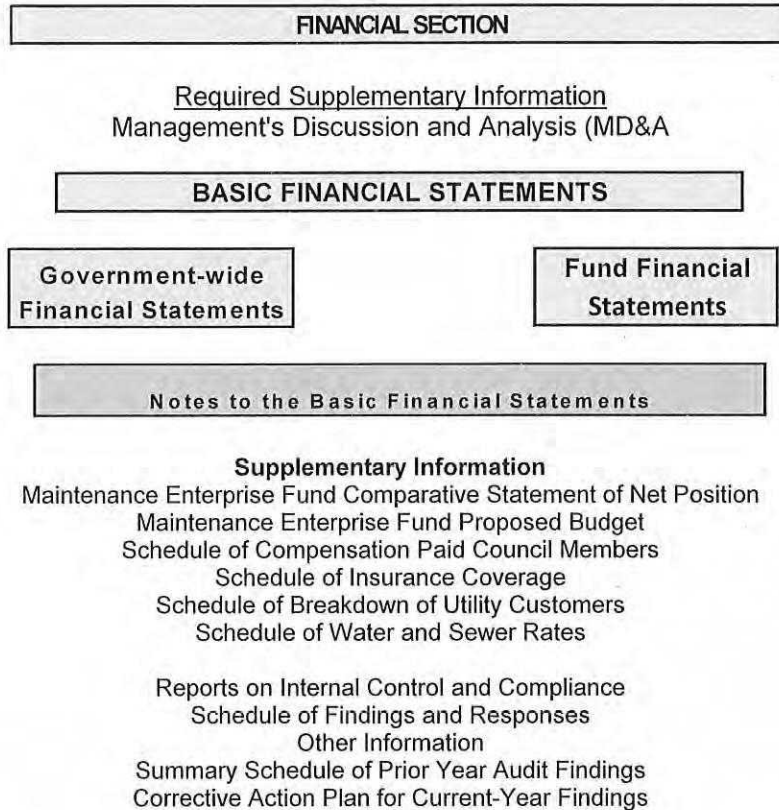
The Capital Project Fund had no change in fund balance from 2015 to 2016.

#### **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, 2016

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



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

### Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

CITY OF GRAMBLING, LOUISIANA  
Management's Discussion and Analysis  
December 31, 2016

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

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

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

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

#### Reporting the City's Most Significant Funds

##### Fund Financial Statements

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

Governmental funds - Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's operations and the services it provides. Governmental fund information helps you determine whether there are more or less financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement 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, 2016

**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, 2016 and 2015**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 859,140	\$ 962,239	\$ 647,216	\$ 627,499	\$ 1,506,356	\$ 1,589,738
Capital assets, net	<u>1,928,262</u>	<u>2,004,683</u>	<u>2,732,950</u>	<u>1,764,574</u>	<u>4,661,212</u>	<u>3,769,257</u>
Total assets	<u>\$ 2,787,402</u>	<u>\$ 2,966,922</u>	<u>\$ 3,380,166</u>	<u>\$ 2,392,073</u>	<u>\$ 6,167,568</u>	<u>\$ 5,358,995</u>
Current and other liabilities	\$ 515,848	\$ 590,550	\$ 1,183,522	\$ 899,076	\$ 1,699,370	\$ 1,489,626
Long-term liabilities	<u>80,738</u>	<u>154,091</u>	<u>1,523,999</u>	<u>1,271,632</u>	<u>1,604,737</u>	<u>1,425,723</u>
Total Liabilities	<u>596,586</u>	<u>744,641</u>	<u>2,707,521</u>	<u>2,170,708</u>	<u>3,304,107</u>	<u>2,915,349</u>
Deferred Inflows of resources	<u>141,641</u>	<u>124,925</u>	<u>-</u>	<u>-</u>	<u>141,641</u>	<u>124,925</u>
Net position						
Net investment in capital assets	1,928,262	2,004,683	337,684	337,684	2,265,946	2,342,367
Restricted	13,032	1,586	-	-	13,032	1,586
Unrestricted	<u>107,881</u>	<u>91,087</u>	<u>334,961</u>	<u>(116,319)</u>	<u>442,842</u>	<u>(25,232)</u>
Total net position	<u>2,049,175</u>	<u>2,097,356</u>	<u>672,645</u>	<u>221,365</u>	<u>2,721,820</u>	<u>2,318,721</u>
Total Liabilities and net position	<u>\$ 2,787,402</u>	<u>\$ 2,966,922</u>	<u>\$ 3,380,166</u>	<u>\$ 2,392,073</u>	<u>\$ 6,167,568</u>	<u>\$ 5,358,995</u>

CITY OF GRAMBLING, LOUISIANA  
Management's Discussion and Analysis  
December 31, 2016

**Table 2**  
**Changes in Net Position**  
**For the Year Ended December 31, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenue:						
Charges for services	\$ 172,329	\$ 171,432	\$ 1,045,949	\$ 1,053,847	\$ 1,218,278	\$ 1,225,279
Operating grants and contributions	14,189	110,917	-	-	14,189	110,917
Capital grants and contributions	-	11,747	665,099	241,526	665,099	253,273
General Revenue:						
Property taxes	580,424	579,817	71,602	74,458	652,026	654,275
Sales taxes	887,752	980,234	-	-	887,752	980,234
Fines and forfeitures	210,860	176,399	-	-	210,860	176,399
Licenses and permits	198,486	189,816	-	-	198,486	189,816
Interest income	111	62	-	-	111	62
Intergovernmental revenue	34,973	39,639	-	-	34,973	39,639
Miscellaneous	280,336	80,043	8,517	7,257	288,853	87,300
Total Revenues	2,379,460	2,340,106	1,791,167	1,377,088	4,170,627	3,717,194
Expenses:						
General Government	526,474	539,795	-	-	526,474	539,795
Public safety	1,347,354	1,176,806	-	-	1,347,354	1,176,806
Health and sanitation	419,780	433,585	-	-	419,780	433,585
Parks and recreation	12,726	756	-	-	12,726	756
Highway and streets	64,834	65,274	-	-	64,834	65,274
Economic development	51,385	72,665	-	-	51,385	72,665
Interest on long-term debt	5,088	4,477	-	-	5,088	4,477
Business-type activities:						
Utility enterprise	-	-	1,339,887	1,258,891	1,339,887	1,258,891
Total Expenses	2,427,641	2,293,358	1,339,887	1,258,891	3,767,528	3,552,249
Increase (decrease) in Net Position Before Transfers and Special Items	(48,181)	46,748	451,280	118,197	403,099	164,945
Transfers in (out)	-	-	-	-	-	-
Increase (decrease) in net position	(48,181)	46,748	451,280	118,197	403,099	164,945
Net position, beginning	2,097,356	2,050,608	221,366	103,169	2,318,722	2,153,777
Prior period adjustment	-	-	-	-	-	-
Net position, restated	2,097,356	2,050,608	221,366	103,169	2,318,722	2,153,777
Net Position Ending	\$ 2,049,175	\$ 2,097,356	\$ 672,646	\$ 221,366	\$ 2,721,821	\$ 2,318,722

CITY OF GRAMBLING, LOUISIANA  
Management's Discussion and Analysis  
December 31, 2016

**Governmental Activities**

The cost of all governmental activities this year was \$2,427,641. 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 \$2,241,123 because some of the cost was paid by those who directly benefited from the programs and grants in the amount of \$186,518.

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, 2016 and 2015**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2016	2015	2016	2015
General government	\$ 526,474	\$ 539,795	\$ (526,474)	\$ (530,195)
Public safety	1,347,354	1,176,806	(1,333,165)	(1,065,889)
Health and sanitation	419,780	433,585	(247,590)	(262,153)
Park and recreation	12,726	756	(12,726)	(756)
Highway and streets	64,834	65,274	(64,834)	(63,127)
Economic development	51,385	72,665	(51,246)	(72,665)
Interest on long-term debt	5,088	4,477	(5,088)	(4,477)
Total Program Expenses	<u>\$ 2,427,641</u>	<u>\$ 2,293,358</u>	<u>\$ (2,241,123)</u>	<u>\$ (1,999,262)</u>

**Table 4  
Business-Type Activities  
For the Year Ended December 31, 2016 and 2015**

**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>	
	2016	2015	2016	2015
Business-Type Activities				
Utility enterprise	<u>\$1,339,887</u>	<u>\$1,258,891</u>	<u>\$ 371,161</u>	<u>\$ 36,482</u>
Total Program Expenses	<u>\$1,339,887</u>	<u>\$1,258,891</u>	<u>\$ 371,161</u>	<u>\$ 36,482</u>

Revenues and expenses of the City's business-type activities as shown in table 3 remained relatively stable for 2016 compared to 2015.

CITY OF GRAMBLING, LOUISIANA  
Management's Discussion and Analysis  
December 31, 2016

**THE CITY'S FUNDS**

As the City completed the year, its governmental funds reported a combined fund balance of \$329,247 which is an increase of \$41,818 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 \$1,743,200. Amendments increased total budgeted expenditures by \$399,800. 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:

Salaries	\$	29,000
Employee group insurance		14,000
Office supplies		22,000
Travel expense		24,500
Capital outlays		76,000
Contracted services		25,000
Attorney fees		(16,000)

**CAPITAL ASSETS**

At December 31, 2016 and 2015, the City had invested in the following capital assets:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 217,902	\$ 217,902	\$ 49,182	\$ 49,182	\$ 267,084	\$ 267,084
Construction in progress	65,886	61,401	1,436,714	287,634	1,502,600	349,035
Buildings	1,869,005	1,869,005	242,106	242,106	2,111,111	2,111,111
Infrastructure	331,443	331,443	-	-	331,443	331,443
Vehicles	-	-	35,446	35,446	35,446	35,446
Furniture and equipment	1,387,515	1,358,467	-	-	1,387,515	1,358,467
Sewage plant	-	-	3,656,312	3,656,312	3,656,312	3,656,312
Water system	-	-	2,047,527	2,047,527	2,047,527	2,047,527
Water/sewer equipment	-	-	1,194,997	1,194,997	1,194,997	1,194,997
Total Capital Assets	3,871,751	3,838,218	8,662,284	7,513,204	12,534,035	11,351,422
Less: Accumulated Deprec.	1,943,489	1,833,535	5,929,334	5,748,630	7,872,823	7,582,165
Net Capital Assets	<u>\$ 1,928,262</u>	<u>\$ 2,004,683</u>	<u>\$ 2,732,950</u>	<u>\$ 1,764,574</u>	<u>\$ 4,661,212</u>	<u>\$ 3,769,257</u>

**DEBT ADMINISTRATION**

At December 31, 2016, the City's Maintenance Enterprise fund had \$1,573,319 in bonds payable outstanding and the Governmental funds had debt consisting of \$149,185 in certificate of indebtedness. For further details see Note 9 to the Basic Financial Statements.

CITY OF GRAMBLING, LOUISIANA  
Management's Discussion and Analysis  
December 31, 2016

**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 40% of 2016 revenues. The 2016 budget includes \$58,000 or a 3% increase in property tax and sales tax revenues. Major plans for 2016 include developing an area of the City to include a shopping area and restaurants. Management will strive to improve the City's financial condition by restricting expenditures to needs and by searching for ways to increase revenues. Management expects future needs to be more and more manageable as routine obligations and repair and maintenance needs are brought up to date.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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



***BASIC FINANCIAL STATEMENTS***

CITY OF GRAMBLING, LOUISIANA  
Statement of Net Position  
December 31, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 103,501	\$ 47,832	\$ 151,333
Net receivables	428,339	426,681	855,020
Prepaid expenses	-	1,484	1,484
Due from other funds	327,300	-	327,300
Restricted Assets:			
Cash and cash equivalents	-	171,219	171,219
Capital Assets not being depreciated:			
Land	217,902	49,182	267,084
Construction in progress	65,886	1,436,714	1,502,600
Capital assets net of accumulated depreciation:			
Buildings and improvements	1,303,899	2,151	1,306,050
Automotive and equipment	64,807	8,738	73,545
Infrastructure	275,768	1,236,165	1,511,933
<b>TOTAL ASSETS</b>	<b>\$ 2,787,402</b>	<b>\$ 3,380,166</b>	<b>\$ 6,167,568</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 334,236	\$ 630,941	\$ 965,177
Accrued and other liabilities	54,012	18,849	72,861
Interest payable on long term debt	2,052	17,142	19,194
Customer deposits payable from restricted assets	-	125,028	125,028
Due to other funds	-	327,300	327,300
Noncurrent liabilities:			
Due within one year	125,548	64,262	189,810
Due in more than one year	80,738	1,523,999	1,604,737
<b>Total Liabilities</b>	<b>596,586</b>	<b>2,707,521</b>	<b>3,304,107</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax revenues	141,641	-	141,641
<b>Total deferred inflows of resources</b>	<b>141,641</b>	<b>-</b>	<b>141,641</b>
<b>NET POSITION:</b>			
Net Investment in capital assets	1,928,262	337,684	2,265,946
Restricted for:			
Debt service	13,032	-	13,032
Unrestricted	107,881	334,961	442,842
<b>Total Net Position</b>	<b>2,049,175</b>	<b>672,645</b>	<b>2,721,820</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 2,787,402</b>	<b>\$ 3,380,166</b>	<b>\$ 6,167,568</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, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
<b>Governmental activities:</b>							
General government	\$ 526,474	\$ -	\$ -	\$ -	\$ (526,474)	\$ -	\$ (526,474)
Public safety	1,347,354	-	14,189	-	(1,333,165)	-	(1,333,165)
Health and sanitation	419,780	172,190	-	-	(247,590)	-	(247,590)
Parks and recreation	12,726	-	-	-	(12,726)	-	(12,726)
Highway and streets	64,834	-	-	-	(64,834)	-	(64,834)
Economic development	51,385	139	-	-	(51,246)	-	(51,246)
Interest on long-term debt	5,088	-	-	-	(5,088)	-	(5,088)
<b>Total governmental activities</b>	<b>2,427,641</b>	<b>172,329</b>	<b>14,189</b>	<b>-</b>	<b>(2,241,123)</b>	<b>-</b>	<b>(2,241,123)</b>
<b>Business-type activities:</b>							
Utility Enterprise	1,339,887	1,045,949	-	665,099	-	371,161	371,161
<b>Total Business-type activities</b>	<b>1,339,887</b>	<b>1,045,949</b>	<b>-</b>	<b>665,099</b>	<b>-</b>	<b>371,161</b>	<b>371,161</b>
<b>Total</b>	<b>\$ 3,767,528</b>	<b>\$ 1,218,278</b>	<b>\$ 14,189</b>	<b>\$ 665,099</b>	<b>\$ (2,241,123)</b>	<b>\$ 371,161</b>	<b>\$ (1,869,962)</b>
<b>General Revenues:</b>							
Property taxes					\$ 580,424	\$ 71,602	\$ 652,026
Sales taxes					887,752	-	887,752
License and permits					198,486	-	198,486
Fines and forfeitures					210,860	-	210,860
Interest income					111	-	111
Intergovernmental revenues					34,973	-	34,973
Miscellaneous					280,336	8,517	288,853
Total general revenues, special items, and transfers					2,192,942	80,119	2,273,061
Change in net position					(48,181)	451,280	403,099
Net Position - Beginning					2,097,356	221,366	2,318,722
Net Position - Ending					\$ 2,049,175	\$ 672,646	\$ 2,721,821

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

## Statement C

CITY OF GRAMBLING, LOUISIANA  
Balance Sheet  
Governmental Funds  
December 31, 2016

	General Fund	Health and Sanitation	Nonmajor Special Revenue Fund	Debt Service	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 84,899	\$ 5,508	\$ 13,032	\$ 62	\$ 103,501
Receivables, net	254,165	76,438	-	-	330,603
Accounts receivable	44,010	-	-	-	44,010
Intergovernmental receivable	53,727	-	-	-	53,727
Interfund receivables	<u>1,640,953</u>	<u>1,046,711</u>	<u>-</u>	<u>-</u>	<u>2,687,664</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,077,754</u></b>	<b><u>\$ 1,128,657</u></b>	<b><u>\$ 13,032</u></b>	<b><u>\$ 62</u></b>	<b><u>\$ 3,219,505</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable, general	\$ 329,164	\$ -	\$ -	\$ -	\$ 329,164
Accrued and other liabilities	49,702	9,387	-	-	59,089
Interfund payables	<u>1,973,160</u>	<u>387,204</u>	<u>-</u>	<u>-</u>	<u>2,360,364</u>
<b>Total Liabilities</b>	<b><u>2,352,026</u></b>	<b><u>396,591</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,748,617</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property tax revenues	<u>141,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,641</u>
<b>Total deferred inflows of resources</b>	<b><u>141,641</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>141,641</u></b>
<b>Fund Balance:</b>					
Restricted	-	-	13,032	62	13,094
Unassigned	<u>(415,913)</u>	<u>732,066</u>	<u>-</u>	<u>-</u>	<u>316,153</u>
<b>Total Fund Balances</b>	<b><u>(415,913)</u></b>	<b><u>732,066</u></b>	<b><u>13,032</u></b>	<b><u>62</u></b>	<b><u>329,247</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 2,077,754</u></b>	<b><u>\$ 1,128,657</u></b>	<b><u>\$ 13,032</u></b>	<b><u>\$ 62</u></b>	<b><u>\$ 3,219,505</u></b>

The Accompanying Notes are an integral 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, 2016

Total fund balances - governmental funds \$ 329,247

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	3,871,752	
Accumulated depreciation	<u>(1,943,489)</u>	1,928,263

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, 2016 are:

Compensated absences	(57,101)	
Bonds payable	(149,185)	
Interest payable	(2,052)	
Other reconciling adjustment	<u>3</u>	(208,335)

Net Position of Governmental Activities		<u>\$ 2,049,175</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, 2016

	General Fund	Health and Sanitation	Nonmajor Special Revenue Fund	Debt Service	Total Governmental Funds
<b>REVENUES:</b>					
General property taxes	\$ 580,424	-	-	-	\$ 580,424
Charges for services	-	172,190	139	-	172,329
Privilege licenses and permits	198,486	-	-	-	198,486
Intergovernmental revenues	49,162	-	-	-	49,162
Sales tax revenue	528,338	301,080	58,334	-	887,752
Fines and forfeitures	210,860	-	-	-	210,860
Interest income	98	9	3	1	111
Miscellaneous	280,063	251	25	-	280,339
<b>Total Revenues</b>	<u>1,847,431</u>	<u>473,530</u>	<u>58,501</u>	<u>1</u>	<u>2,379,463</u>
<b>EXPENDITURES:</b>					
General government	492,063	65,504	-	-	557,567
Public safety	1,309,938	-	-	-	1,309,938
Health and sanitation	-	331,681	-	-	331,681
Parks and recreations	12,613	-	-	-	12,613
Highways and Streets	46,856	-	-	-	46,856
Economic development	47,416	-	3,969	-	51,385
Debt service:					
Principal	-	-	-	71,611	71,611
Interest and service charges	-	-	-	6,097	6,097
Capital outlay:					
General government	4,485	-	-	-	4,485
Highways and Street	29,048	-	-	-	29,048
<b>TOTAL EXPENDITURES</b>	<u>1,942,419</u>	<u>397,185</u>	<u>3,969</u>	<u>77,708</u>	<u>2,421,281</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(94,988)</u>	<u>76,345</u>	<u>54,532</u>	<u>(77,707)</u>	<u>(41,818)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	234,783	-	-	77,683	312,466
Operating transfers out	(101,183)	(168,283)	(41,500)	(1,500)	(312,466)
<b>Total Other Financing Sources (Uses)</b>	<u>133,600</u>	<u>(168,283)</u>	<u>(41,500)</u>	<u>76,183</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	38,612	(91,938)	13,032	(1,524)	(41,818)
<b>FUND BALANCE, BEGINNING</b>	<u>(454,525)</u>	<u>824,004</u>	<u>-</u>	<u>1,586</u>	<u>371,065</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ (415,913)</u>	<u>732,066</u>	<u>13,032</u>	<u>62</u>	<u>\$ 329,247</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, 2016

	<u>AMOUNTS</u>
Net change in fund balances - total governmental funds	\$ (41,818)
Amounts reported for governmental activities in the Statement of Activities are different because:	
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.	
Capital outlays	33,533
Depreciation expense	<u>(109,954)</u>
	(76,421)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	71,611
Compensated absences are recognized in the Statement of Net Position as an increase to liabilities, but not in the Fund Financial Statements.	(2,536)
Interest on long-term debt in the Statement of Activities differs from the amount reporting in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	1,009
Other reconciling adjustment	<u>(26)</u>
Change in net position of governmental activities	<u>\$ (48,181)</u>

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

CITY OF GRAMBLING, LOUISIANA  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2016

	Budget Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Property taxes	\$ 600,000	\$ 575,000	\$ 580,424	\$ 5,424
Licenses and permits	173,000	190,000	198,486	8,486
Intergovernmental revenues	667,000	690,000	577,500	(112,500)
Fines and forfeits	176,000	194,000	210,860	16,860
Interest income	-	-	98	98
Miscellaneous income	<u>93,000</u>	<u>388,000</u>	<u>280,063</u>	<u>(107,937)</u>
TOTAL REVENUES	<u>1,709,000</u>	<u>2,037,000</u>	<u>1,847,431</u>	<u>(189,569)</u>
EXPENDITURES:				
General government	449,351	532,818	492,063	40,755
Public safety	1,196,241	1,418,443	1,309,938	108,505
Highway and streets	42,789	50,737	46,856	3,881
Parks and recreation	11,518	13,658	12,613	1,045
Economic development	43,301	51,344	47,416	3,928
Capital outlays	<u>-</u>	<u>76,000</u>	<u>33,533</u>	<u>42,467</u>
TOTAL EXPENDITURES	<u>1,743,200</u>	<u>2,143,000</u>	<u>1,942,419</u>	<u>200,581</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(34,200)</u>	<u>(106,000)</u>	<u>(94,988)</u>	<u>11,012</u>
Other Financing Sources (Uses):				
Transfers in	166,000	169,000	234,783	65,783
Transfers out	<u>-</u>	<u>(78,000)</u>	<u>(101,183)</u>	<u>(23,183)</u>
Total Other Financing Sources	<u>166,000</u>	<u>91,000</u>	<u>133,600</u>	<u>42,600</u>
Net change in fund balance	131,800	(15,000)	38,612	53,612
Fund Balance at beginning of year	<u>(454,525)</u>	<u>(454,525)</u>	<u>(454,525)</u>	<u>-</u>
Fund Balance at end of year	<u>\$ (322,725)</u>	<u>\$ (469,525)</u>	<u>\$ (415,913)</u>	<u>\$ 53,612</u>

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



CITY OF GRAMBLING, LOUISIANA  
Health and Sanitation  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2016

	Budget Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Taxes	\$ 382,000	\$ 361,000	\$ 301,080	\$ (59,920)
Charges for services	170,000	169,000	172,190	3,190
Interest income	-	-	9	9
Miscellaneous	-	-	251	251
TOTAL REVENUES	<u>552,000</u>	<u>530,000</u>	<u>473,530</u>	<u>(56,470)</u>
EXPENDITURES:				
Current:				
General government	67,337	64,814	65,504	(690)
Health and sanitation	<u>340,963</u>	<u>328,186</u>	<u>331,681</u>	<u>(3,495)</u>
Total Expenditures	<u>408,300</u>	<u>393,000</u>	<u>397,185</u>	<u>(4,185)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>143,700</u>	<u>137,000</u>	<u>76,345</u>	<u>(60,655)</u>
Other Financing Sources:				
Operating transfers out	<u>(170,000)</u>	<u>(169,000)</u>	<u>(168,283)</u>	<u>717</u>
Total Other Financing Sources	<u>(170,000)</u>	<u>(169,000)</u>	<u>(168,283)</u>	<u>717</u>
Net change in fund balance	(26,300)	(32,000)	(91,938)	(59,938)
Fund Balance at beginning of year	<u>824,004</u>	<u>824,004</u>	<u>824,004</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 797,704</u>	<u>\$ 792,004</u>	<u>\$ 732,066</u>	<u>\$ (59,938)</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, 2016

Assets	
Current assets:	
Cash and cash equivalents	\$ 47,832
Accounts receivable, net	426,681
Prepaid expenses	<u>1,484</u>
Total Current Assets	<u>475,997</u>
Noncurrent assets:	
Restricted cash and cash equivalents	
Customer deposits	110,231
Revenue bonds	<u>60,988</u>
Total restricted assets	<u>171,219</u>
Property, Plant and Equipment, at Cost	
Land	49,182
Buildings and improvements	242,106
Water/Sewer system	5,703,839
Automotive and equipment	1,230,443
Less: accumulated depreciation	<u>(5,929,334)</u>
Total capital assets (net of accumulated depreciation)	<u>1,296,236</u>
Construction in progress	<u>1,436,714</u>
Total noncurrent assets	<u>2,904,169</u>
Total Assets	<u>\$ 3,380,166</u>
Liabilities and Net Position	
Liabilities	
Current Liabilities:	
Accounts payable	\$ 630,941
Accrued and other liabilities	18,849
Interest payable	17,142
Interfund payables	327,300
Compensated absences	14,262
Revenue bonds payable	<u>50,000</u>
Total current liabilities	<u>1,058,494</u>
Noncurrent liabilities:	
Customer deposits payable from restricted assets	125,028
Compensated absences	680
Revenue bonds payable	<u>1,523,319</u>
Total noncurrent liabilities payable	<u>1,649,027</u>
Total Liabilities	<u>2,707,521</u>
Net Position	
Net investment in capital assets	337,684
Unrestricted	<u>334,961</u>
Total Net Position	<u>672,645</u>
Total Liabilities and Net Position	<u>\$ 3,380,166</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, 2016

Operating Revenues:	
Water sales	\$ 386,874
Water connection charges	14,079
Sewer fees	<u>644,996</u>
Total Operating Revenues	<u>1,045,949</u>
Operating Expenses:	
Salaries and benefits	507,304
Materials and supplies	12,996
Operating costs	422,462
Professional services	137,910
Other services and charges	26,771
Depreciation	<u>180,704</u>
Total operating expenses	<u>1,288,147</u>
Operating income (loss)	<u>(242,198)</u>
Nonoperating revenues (expenses):	
Miscellaneous	8,407
Interest income	114
Ad valorem tax revenues	71,602
Intergovernmental revenues	665,099
Interest expense	<u>(51,744)</u>
Total nonoperating revenues (expenses)	<u>693,478</u>
Change in net position	<u>451,280</u>
Net position - beginning	<u>221,365</u>
Total net position - ending	<u>\$ 672,645</u>

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

CITY OF GRAMBLING, LOUISIANA  
Statement of Cash Flows  
All Proprietary Fund Types  
For the Year Ended December 31, 2016

Cash flows from operating activities:	
Receipts from customers and users	\$ 813,691
Intergovernmental revenues	736,701
Payments to suppliers	(661,883)
Payments to employees	<u>(487,733)</u>
Net cash provided by (used for) operating activities	<u>400,776</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(1,149,081)
Principal paid retirement of debt	197,419
Proceeds from refunding bond	60,450
Interest paid on capital debt	<u>(51,744)</u>
Net cash provided (used) by capital and related financing activities	<u>(942,956)</u>
Cash flows provided by (used for) investing activities:	
Interest received	114
Miscellaneous revenue	8,407
Other investing activities	<u>552,784</u>
Net cash provided by investing activities	<u>561,305</u>
Net increase (decrease) in cash and cash equivalents	19,125
Cash and cash equivalents at beginning of year	<u>199,926</u>
Cash and cash equivalents at end of year	<u>\$ 219,051</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating Income (Loss)	<u>\$ (242,198)</u>
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	180,704
(Increase) decrease	
Accounts receivable, net	(17,403)
Intergovernmental receivable	(41,471)
Increase (decrease)	
Accounts payable	361,153
Accrued and other liabilities	18,607
Interest payable	(638)
Customer deposits	(3,842)
Due to other funds	(97,894)
Compensated absences	<u>1,560</u>
	<u>400,776</u>
Net cash provided by operating activities	<u>\$ 158,578</u>

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

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the City of Grambling, Louisiana have been prepared in conformity with accounting principles generally accepted in the United State of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. REPORTING ENTITY**

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

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

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

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

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

**B. FUND ACCOUNTING**

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

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2016

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 was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows/outflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2016

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

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

**FUND FINANCIAL STATEMENTS (FFS)**

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

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

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

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

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

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2016

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

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

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

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

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

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

**D. BUDGET PRACTICES**

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

**E. CASH AND CASH EQUIVALENTS**

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



CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2016

**F. INVESTMENTS**

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

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

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

Definitions:

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

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

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

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

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

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

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2016

- ◆ *Interest rate risk:* LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments as of December 31, 2016.
- ◆ *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 building	20 years
Equipment	8 years
Vehicles	5 years
Sewer system and lines	20 years
Water system and lines	20 years

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

**H. LONG-TERM DEBT**

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

**I. COMPENSATED ABSENCES**

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

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2016

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, 2016.

**L. RESTRICTED NET POSITION**

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

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

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

**M. FUND BALANCES OF FUND FINANCIAL STATEMENTS**

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

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

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2016

*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 intefund loans are also classified as interfund receivables/payables.

**O. USE OF ESTIMATES**

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

**P. ELIMINATION AND RECLASSIFICATIONS**

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

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2016

**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 percentage is two percent. The revenue from the Lincoln Parish Sales and Use Tax commission is for general operating expenses of the City. The Police Jury Tax Revenue is dedicated to Health and Sanitation.

**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, 2016, 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 \$261,564 (Statement C-cash and cash equivalents of \$103,501 Statement H - cash and cash equivalents of \$47,832 and restricted assets cash of \$110,231 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, 2016, the City's bank balance was \$438,734 which was covered by federal depository insurance.

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2016

**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	2016
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	12/31/16
Levy Date	10/31/16
Due Date	12/31/16
Collection Dates	November 1 through June 30

**NOTE 4 - RECEIVABLES**

The following is a summary of receivables at December 31, 2016:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Health &amp; Sanitation Fund</u>	<u>Capital Projects</u>	<u>Proprietary Fund</u>	<u>Total</u>
<b>Taxes:</b>					
Property taxes	\$ 254,165	\$ -	\$ -	\$ 39,170	\$ 293,335
Sales and use	53,727	54,525	-	-	108,252
<b>Intergovernmental revenue:</b>					
Grants	-	-	-	242,260	242,260
Charges for services	-	28,488	-	180,799	209,287
Franchise fees	<u>44,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,010</u>
Gross Receivables	<u>351,902</u>	<u>83,013</u>	<u>-</u>	<u>462,229</u>	<u>897,144</u>
Less Allowance for uncollectibles	<u>-</u>	<u>(6,575)</u>	<u>-</u>	<u>(35,547)</u>	<u>(42,122)</u>
	<u><u>\$ 351,902</u></u>	<u><u>\$ 76,438</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 426,682</u></u>	<u><u>\$ 855,022</u></u>

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2016

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

Individual balances due from/to other funds at December 31, 2016 are as follows:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	\$ 1,253,749	Proprietary	\$ 1,253,749
Health and sanitation	879,415	General fund	879,415
Health and sanitation	<u>167,296</u>	Proprietary fund	<u>167,296</u>
Total	<u>\$ 2,300,460</u>	Total	<u>\$ 2,300,460</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, 2016 were as follows:

	<u>Transfer From Other Funds</u>	<u>Transfer to Other Funds</u>
General Fund	\$ 234,783	\$ 101,183
Health and Sanitation Fund	-	168,283
Debt Service Fund	77,683	1,500
25% Economic Dev. Sales Tax Fund	-	<u>41,500</u>
Total	<u>\$ 312,466</u>	<u>\$ 312,466</u>

**NOTE 6 - ACCRUED AND OTHER LIABILITIES**

The accrued and other liabilities consist of the following at December 31, 2016:

<u>Payable Category</u>	<u>General Fund</u>	<u>Health and Sanitation</u>	<u>Proprietary Fund</u>	<u>Total</u>
Wages payable	\$ 40,038	\$ -	\$ -	\$ 40,038
Sales tax payable	-	-	836	836
Payroll deductions payable	8,574	-	-	8,574
Deposits	<u>1,090</u>	<u>380</u>	<u>-</u>	<u>1,470</u>
Total	<u>\$ 49,702</u>	<u>\$ 380</u>	<u>\$ 836</u>	<u>\$ 50,918</u>

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2016

**NOTE 7 - CAPITAL ASSETS**

The following presents the changes in capital assets for the year ended December 31, 2016:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Governmental activities:					
Nondepreciable assets:					
Land	\$ 217,902	\$ -	\$ -	\$ -	\$ 217,902
Construction in progress	61,401	4,485	-	-	65,886
Total nondepreciable assets	<u>279,303</u>	<u>4,485</u>	<u>-</u>	<u>-</u>	<u>283,788</u>
Depreciable Assets:					
Building and improvements	1,869,005	-	-	-	1,869,005
Furniture and equipment	1,358,467	29,048	-	-	1,387,515
Infrastructure	331,443	-	-	-	331,443
Total depreciable assets	<u>3,558,915</u>	<u>29,048</u>	<u>-</u>	<u>-</u>	<u>3,587,963</u>
Less: accumulated depreciation					
Buildings and improvements	517,105	48,001	-	-	565,106
Furniture and equipment	1,277,327	45,381	-	-	1,322,708
Infrastructure	39,103	16,572	-	-	55,675
Total depreciable capital assets	<u>1,833,535</u>	<u>109,954</u>	<u>-</u>	<u>-</u>	<u>1,943,489</u>
Governmental activities capital assets, net	<u>\$ 2,004,683</u>	<u>\$ (76,421)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,928,262</u>

Depreciation expense for 2016 was charged to governmental activities as follows:

General	\$ 33,532
Public safety	35,949
Health and sanitation	22,382
Highways and streets	17,978
Culture and recreation	113
Total	<u>\$ 109,954</u>



CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2016

A summary of plant and equipment changes in the maintenance enterprise fund for 2016 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Nondepreciable assets:				
Land	\$ 49,182	\$ -	\$ -	\$ 49,182
Construction in progress	287,634	1,149,081	-	1,436,715
Total Non-depreciable assets	<u>336,816</u>	<u>1,149,081</u>	<u>-</u>	<u>1,485,897</u>
Depreciable Assets:				
Building and improvements	242,106	-	-	242,106
Sewage plant	3,656,312	-	-	3,656,312
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>7,176,388</u>	<u>-</u>	<u>-</u>	<u>7,176,388</u>
Less: accumulated depreciation				
Buildings and improvements	236,387	3,568	-	239,955
Sewage plant	2,760,173	66,833	-	2,827,006
Water system	1,538,298	102,370	-	1,640,668
Water/Sewer equipment	1,188,286	1,360	-	1,189,646
Vehicles	25,486	6,573	-	32,059
Total accumulated depreciation	<u>5,748,630</u>	<u>180,704</u>	<u>-</u>	<u>5,929,334</u>
Net depreciable capital assets	<u>1,427,758</u>	<u>(180,704)</u>	<u>-</u>	<u>1,247,054</u>
Business-type activities capital assets, net	<u>\$ 1,764,574</u>	<u>\$ 968,377</u>	<u>\$ -</u>	<u>\$ 2,732,951</u>

Depreciation expense for 2016 was charged to governmental activities as follows:

Sewer	\$ 66,833
Water	113,871
Total	<u>\$ 180,704</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, 2016 were \$8,633 and employees contributed \$8,633.

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2016

**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, 2016

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 54,565	\$ 47,675	\$ 45,139	\$ 57,101	\$ 51,967
Certificate of Indebtness	220,796	-	71,611	149,185	73,581
<b>Total</b>	<b>\$ 275,361</b>	<b>47,675</b>	<b>\$ 116,750</b>	<b>\$ 206,286</b>	<b>\$ 125,548</b>

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

Bonded debt payable at December 31, 2016 is comprised of the following individual issues:

\$220,796 - Certificate of Indebtedness, Series 2005 was amended during June 2015 - The principal is due in three (3) annual installments beginning June 30, 2016 and due each year through June 30, 2018, with an interest rate of 2.75%. The funds were used for a new fire station and recreation center renovations. Debt retirement payments are made from the Debt Service Fund. \$ 149,185

As shown on Statement C, \$13,032 is available in the Debt Service Fund to service the bonded debt on the Certificate of Indebtedness, Series 2005. The annual requirements to amortize all outstanding bonded debt at December 31, 2016 are as follows:

Debt Service Fund:

Year	Principal	Interest	Total
2017	\$ 73,581	\$ 4,103	\$ 77,684
2018	75,604	2,079	77,683
<b>Total</b>	<b>\$ 149,185</b>	<b>\$ 6,182</b>	<b>\$ 155,367</b>

***Business Activities***

The following is a summary of long-term obligation transactions for the year ended December 31, 2016

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 13,384	\$ 11,937	\$ 9,806	\$ 15,515	\$ 14,262
Bonds Payable	1,315,450	302,869	45,000	1,573,319	50,000
<b>Total</b>	<b>\$ 1,328,834</b>	<b>\$ 314,806</b>	<b>\$ 54,806</b>	<b>\$ 1,588,834</b>	<b>\$ 64,262</b>

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2016

Bonded debt payable at December 31, 2016 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. \$ 1,210,000

\$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. 363,319

Total \$ 1,573,319

Of the restricted cash and investments on Statement H, \$171,219 is restricted for debt service on the bonded debt. The annual requirement to amortize the Series 2013 outstanding bonded debt at December 31, 2016 are as follows:

Year	Principal	Interest	Total
2017	\$ 50,000	\$ 50,363	\$ 100,363
2018	50,000	48,238	98,238
2019	55,000	46,007	101,007
2020	55,000	43,669	98,669
2021	60,000	41,225	101,225
2022-2026	335,000	165,644	500,644
2027-2031	415,000	85,957	500,957
2032-2033	<u>190,000</u>	<u>8,075</u>	<u>198,075</u>
Total	<u>\$ 1,210,000</u>	<u>\$ 489,178</u>	<u>\$ 1,699,178</u>

The annual requirement to amortize the Series 2015 outstanding bonded debt at December 31, 2016 are as follows:

Year	Principal	Interest	Total
2017	\$ 26,243	\$ 2,588	\$ 28,831
2018	26,488	5,213	31,701
2019	26,740	7,573	34,313
2020	26,996	10,158	37,154
2021	27,255	11,948	39,203
2022-2026	140,198	76,714	216,912
2027-2031	146,983	78,067	225,050
2032-2036	<u>154,097</u>	<u>40,567</u>	<u>194,664</u>
	<u>\$ 575,000</u>	<u>\$ 232,828</u>	<u>\$ 807,828</u>

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2016

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

*Litigation and Claims*

At December 31, 2016, the City is a defendant in several outstanding lawsuits. It is the opinion of legal counsel that the ultimate resolution of these lawsuits would not materially affect the financial statements.

*Grant Disallowances*

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

*Construction in Progress*

The City has under construction the following projects:

<u>Project Description:</u>	Estimated Cost of Project	Balance 01/01/16	Additions	Deletions	Balance 12/31/16	Estimated Cost to Complete
<b>Governmental Activities:</b>						
Recreational Trail (FHWA)	\$ 250,000	23,950	4,485	-	28,435	\$ 221,565
Safe Route to Schools	37,451	37,451	-	-	37,451	-
Total	<u>\$ 287,451</u>	<u>61,401</u>	<u>4,485</u>	<u>-</u>	<u>65,886</u>	<u>\$ 221,565</u>
<b>Business Activities:</b>						
Water System Expansion East MLK Drive	\$ 733,823	180,894	437,079	-	617,973	\$ 115,850
Water treatment Rehab. (SRF)	695,923	60,450	487,093	-	547,543	148,380
Legends Square Sewer System	439,000	-	224,910	-	224,910	214,090
Total	<u>\$ 1,868,746</u>	<u>241,344</u>	<u>1,149,082</u>	<u>-</u>	<u>1,390,426</u>	<u>\$ 478,320</u>

At December 31, 2016, the construction contractor estimates that the projects will be completed in fiscal year 2017 or 2018.

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2016

**NOTE 11 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Excess of Appropriations Over Expenditures in Individual Fund - The following individual fund had actual expenditures under budgeted expenditures for the year ended December 31, 2016:

Fund	Budget	Actual	Variance
General	\$ 2,143,000	\$ 1,942,419	\$ 200,581

Excess of Expenditures Over Appropriations in Individual Fund - The following individual fund had actual expenditures over budgeted expenditures for the year ended December 31, 2016:

Fund	Budget	Actual	Variance
Health and Sanitation	\$ 393,000	397,185	\$ (4,185)

**NOTE 12 - SUBSEQUENT EVENTS**

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

**NOTE 13 - GOING CONCERN**

The City has suffered recurring losses from operations and has a fund balance deficiency in the general fund that raises substantial doubt about its ability to continue as a going concern. The General Fund has a deficit fund balance at the end of the fiscal year of \$415,913. During the year 2014, the City reduced salaries by 5% across the board. During 2015 the City Council appropriated the transfer of garbage fees to the General Fund in the amount of \$171,432, which provided additional support and reduced the General Fund fund balance deficit by \$38,612 during 2015. 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 2016 calendar year. A new 34 housing unit was built within the City limits, which increased property and sales tax as well as sewer and water revenue. All of these activities are expected to increase the revenue base for the City. Additional revenues will be generated from the rate increases made to the City's water and sewer customer base.

**NOTE 14 - NEW ACCOUNTING PRONOUNCEMENTS**

In fiscal year 2016, the City implemented the following GASB Statements:

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

CITY OF GRAMBLING, LOUISIANA  
Notes to the Financial Statements  
December 31, 2016

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

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

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

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

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

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

**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 \$70,100 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, 2016

***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, 2016

	<u>25% Economic Development Sales Tax</u>	<u>Legends Square Taxing District</u>	<u>Economic Development District 1 Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,304	\$ 2,981	\$ 747	\$ 13,032
<b>TOTAL ASSETS</b>	<u>\$ 9,304</u>	<u>\$ 2,981</u>	<u>\$ 747</u>	<u>\$ 13,032</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Total Liabilities	-	-	-	-
Fund Balance:				
Restricted	9,304	2,981	747	13,032
Total Fund Balances	<u>9,304</u>	<u>2,981</u>	<u>747</u>	<u>13,032</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 9,304</u>	<u>\$ 2,981</u>	<u>\$ 747</u>	<u>\$ 13,032</u>



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, 2016

	25% Economic Development Sales Tax	Legends Square Taxing District	Economic Development District 1 Fund	Total
<b>REVENUES:</b>				
Charges for services	\$ -	139	-	\$ 139
Sales tax revenue	54,676	2,911	747	58,334
Interest income	3	-	-	3
Miscellaneous	25	-	-	25
<b>Total Revenues</b>	<u>54,704</u>	<u>3,050</u>	<u>747</u>	<u>58,501</u>
<b>EXPENDITURES:</b>				
Economic development	<u>3,900</u>	<u>69</u>	<u>-</u>	<u>3,969</u>
<b>TOTAL EXPENDITURES</b>	<u>3,900</u>	<u>69</u>	<u>-</u>	<u>3,969</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>50,804</u>	<u>2,981</u>	<u>747</u>	<u>54,532</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers out	<u>(41,500)</u>	<u>-</u>	<u>-</u>	<u>(41,500)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(41,500)</u>	<u>-</u>	<u>-</u>	<u>(41,500)</u>
<b>Net Change in Fund Balances</b>	9,304	2,981	747	13,032
<b>FUND BALANCE, BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 9,304</u>	<u>2,981</u>	<u>747</u>	<u>\$ 13,032</u>

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

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

## Schedule 1

CITY OF GRAMBLING, LOUISIANA  
 Proprietary Fund Type - Maintenance Enterprise Fund  
 Comparative Statement of Net Position  
 December 31, 2016 and 2015

	2016 Maintenance Fund	2015 Maintenance Fund
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 47,832	\$ 63,037
Accounts receivable, net of allowance of \$24,273 and \$27,708	426,681	367,807
Prepaid expenses	<u>1,484</u>	<u>1,484</u>
Total Current Assets	<u>475,997</u>	<u>432,328</u>
Noncurrent assets:		
Restricted cash and cash equivalents		
Customer deposits	110,231	137,749
Investments	<u>60,988</u>	<u>57,422</u>
Total restricted assets	<u>171,219</u>	<u>195,171</u>
Property, Plant and Equipment, at Cost		
Land	49,182	49,182
Buildings	242,106	242,106
Infrastructure	5,703,839	5,703,839
Automotive and equipment	1,230,443	1,230,443
Less: accumulated depreciation	<u>(5,929,334)</u>	<u>(5,748,630)</u>
Total capital assets (net of accumulated depreciation)	1,296,236	1,476,940
Construction in progress	<u>1,436,714</u>	<u>287,634</u>
Total noncurrent assets	<u>2,732,950</u>	<u>1,764,574</u>
<b>Total Assets</b>	<u>\$ 3,380,166</u>	<u>\$ 2,392,073</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	\$ 630,941	\$ 269,788
Accrued and other liabilities	18,849	242
Interest payable	17,142	17,779
Interfund payables	327,300	425,195
Compensated absences	14,262	12,202
Revenue bonds payable	<u>50,000</u>	<u>45,000</u>
Total current liabilities	<u>1,058,494</u>	<u>770,206</u>
Noncurrent liabilities:		
Customer deposits payable from restricted assets	125,028	128,870
Compensated absences	680	1,182
Revenue bonds payable	<u>1,523,319</u>	<u>1,270,450</u>
Total noncurrent liabilities payable	<u>1,649,027</u>	<u>1,400,502</u>
<b>Total Liabilities</b>	<u>2,707,521</u>	<u>2,170,708</u>
<b>Net Position</b>		
Net investment in capital assets	2,732,950	1,764,574
Restricted for debt service	60,988	57,422
Unrestricted	<u>(2,121,293)</u>	<u>(1,600,631)</u>
Total Net Position	<u>672,645</u>	<u>221,365</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 3,380,166</u>	<u>\$ 2,392,073</u>

## Schedule 2

CITY OF GRAMBLING, LOUISIANA  
 Proprietary Fund Type - Maintenance Enterprise Fund  
 Proposed Budget - 2016 and 2015  
 For Year Ended December 31, 2016 and 2015

	2016 Maintenance Fund	2015 Maintenance Fund
	<u>          </u>	<u>          </u>
Operating Revenues:		
Water sales	\$ 383,000	\$ 399,000
Water connection charges	14,000	-
Sewer fees	640,000	631,000
Other revenues	<u>7,000</u>	<u>25,000</u>
Total Operating Revenues	<u>1,044,000</u>	<u>1,055,000</u>
Operating Expenses:		
Water department	645,780	627,920
Sewer department	<u>728,220</u>	<u>708,080</u>
Total operating expenses	<u>1,374,000</u>	<u>1,336,000</u>
Operating income (loss)	<u>(330,000)</u>	<u>(281,000)</u>
Nonoperating revenues (expenses);		
Miscellaneous	1,000	1,000
Ad valorem tax revenues	65,000	75,000
Intergovernmental revenues	-	38,000
Interest expense	<u>-</u>	<u>(54,000)</u>
Total nonoperating revenues (expenses)	<u>66,000</u>	<u>60,000</u>
Net Income Before Operating Transfers	<u>(264,000)</u>	<u>(221,000)</u>
Change in net position	<u>(264,000)</u>	<u>(221,000)</u>
Net position - beginning	<u>581,561</u>	<u>221,365</u>
Net position - ending	<u>\$ 317,561</u>	<u>\$ 365</u>

CITY OF GRAMBLING, LOUISIANA  
 Schedule of Compensation Paid Council Members  
 As of December 31, 2016

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

<u>Council Member</u>	<u>Term Expiration</u>	<u>Compensation Paid</u>
Gariarta D. Dupre	12/31/2018	\$ 8,750
Yanise N. Days	12/31/2018	7,980
Cathy L. Holmes	12/31/2018	8,750
Cullen Jackson	12/31/2018	8,400
Roy L. Jackson	12/31/2018	17,151
Total		<u>\$ 51,031</u>

**Schedule 4**

CITY OF GRAMBLING, LOUISIANA  
 Schedule of Compensation, Benefits, Reimbursements, and Other Payments to Chief Executive Officer  
 As of December 31, 2016

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	\$ 6,279
Social security	4,340
Medicare	1,015
Simple IRA	<u>3,068</u>
Total Benefits	14,702
Cell phone	981
Travel:	
Advances net of returns	10,147
Airfare	1,217
Lodging	2,184
Meals	<u>2,587</u>
Total Travel	<u>16,135</u>
Total Compensation, Benefits, Travel, and Other Expenses	<u>\$ 101,810</u>

**Schedule 5**

**CITY OF GRAMBLING, LOUISIANA  
Schedule of Insurance Coverage  
As of December 31, 2016**

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	7/30/2017
			Personal Property: \$440,000	2,500	7/30/2017
Automobile	Lloyd's of London and Institute	NA146682	Based on Individual Vehicle	1,000	3/13/2017
Fidelity Bond	Traveler's Casualty & Securtely Co.	104891788	Employee Theft: \$25,000	500	2/11/2017
			ERISA: \$25,000	NONE	

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

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

CITY OF GRAMBLING, LOUISIANA  
Schedule of Breakdown of Utility Customers  
For Year Ended December 31, 2016

<u>Category</u>	<u>Average Number of Customers</u>
Commercial	<u>171</u>
Residential	<u>1,052</u>
Total Customers	<u><u>1,223</u></u>



CITY OF GRAMBLING, LOUISIANA  
 Schedule of Water and Sewer Rates  
 As of and For Year Ended December 31, 2016

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

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



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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 9, 2017.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## Compliance and other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

*Banks, Finley, White & Co.*  
Jackson, Mississippi  
June 9, 2017



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Grambling, Louisiana's compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct and material effect on each of the City of Grambling, Louisiana's major federal programs for the year ended December 31, 2016. The City of Grambling, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of City of Grambling, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Grambling, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Grambling, Louisiana's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City of Grambling, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

### **Report on Internal Control Over Compliance**

Management of the City of Grambling, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Grambling, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Grambling, Louisiana's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Banks, Finley, White & Co.*

Jackson, Mississippi  
June 9, 2017

CITY OF GRAMBLING, LOUISIANA  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2016

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grant Number	Current Year Federal Expenditures
<b>U. S. Department of Housing and Urban Development</b>			
<i>Pass thru the Louisiana Local Governments and Rural Water Systems Improvement Board</i>			
Community Development Block Grant (Contract 736228)	14.228	B-14-DC-22-001	\$ 224,910
Community Development Block Grant (Contract 736813)	14.228	B-14-DC-22-001	<u>437,079</u>
<b>Total U. S. Department of Housing and Urban Development</b>			<u>661,989</u>
<b>U.S. Department of Environmental Protection Agency</b>			
<b>Office of Water:</b>			
<b>Cluster Programs:</b>			
<i>Pass thru the Louisiana Department of Environmental Quality Office of Management and Finance</i>			
Capitalization Grants for Clean Water State Revolving Funds	66.468	CS-221056-01	<u>487,093</u>
<b>Total U. S. Department of Environmental Protection Agency</b>			<u>487,093</u>
<b>U. S. Department of Homeland Security</b>			
<i>Pass thru the Governor's Office of Homeland Security and Emergency Preparedness</i>			
Hazard Mitigation Grant	97.039	FEMA-4263-PA-LA	10,454
Law Enforcement Communication Grant	97.067	EMW-2015-SS-00043-S01	<u>2,400</u>
<b>Total U. S. Department of Homeland Security</b>			<u>12,854</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 1,161,936</u>

CITY OF GRAMBLING, LOUISIANA  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2016

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Grambling, Louisiana under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of *Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Grambling, Louisiana, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Grambling, Louisiana

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

CITY OF GRAMBLING, LOUISIANA  
Status of Prior Year Audit Findings  
For Year Ended December 31, 2016

**Finding: 2015-01 - General Fund Chart of Accounts**

**Current Status:** *Not fully corrected, however some improvements have been made.*

**Finding: 2015-02 - Louisiana Budget Law**

**Current Status:** *Not fully corrected, however some improvements have been made.*



CITY OF GRAMBLING, LOUISIANA  
 Schedule of Findings and Questioned Costs  
 Year Ended December 31, 2016

Section 1 - Summary of Auditor's Results

- |    |   |               |
|----|---|---------------|
| 1. | Type of auditor's report issued on the basic financial statements.                        | Unmodified    |
| 2. | Material noncompliance relating to the basic financial statements.                        | None          |
| 3. | Internal control over financial reporting:  |               |
|    | a. Material weaknesses identified?  | No            |
|    | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |

Federal Awards:

- |    |   |               |
|----|---|---------------|
| 4. | Type of auditor's report issued on compliance for major federal programs                  | Unmodified    |
| 5. | Internal control over major programs:   |               |
|    | a. Material weaknesses identified?  | No            |
|    | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 6. | Any audit findings reported as required by the Uniform Guidance?                          | No            |
| 7. | Federal programs identified as major programs:  |               |

<u>Federal Agency</u>	<u>Federal CFDA Number</u>
<b>U. S. Department of Housing and Urban Development</b>	
Community Development Block Grant	14.228

- |    |  |           |
|----|--|-----------|
| 8. | The dollar threshold used to distinguish between type A and Type B programs: | \$750,000 |
| 9. | Auditee did not qualify as a low-risk auditee.                               |           |

CITY OF GRAMBLING, LOUISIANA  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2016

Section 2 - Findings Financial Statements Audit

NONE

Section 3 - Finding and Questioned Costs - Major Federal Award Program Audit

NONE