

**CITY OF GRAMBLING,
LOUISIANA**

Annual Financial Statements

December 31, 2022



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Independent Auditor's Report

To the Honorable Alvin R. Bradley, Sr., Mayor
and Members of the City Council
City of Grambling, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the 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 (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the City as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 - 11 and the budgetary comparison information presented as Schedules I and II be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the 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 responses 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements of non-major special revenue funds, the schedule of insurance coverage, the utility rate schedules, the schedule of compensation paid to Council Members, the schedule of compensation, benefits, and other payments to the Mayor, and the justice system funding schedule - collecting/dispersing entity are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

This supplementary information 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 combining statements of non-major special revenue funds, the schedule of insurance coverage, the utility rate schedules, the schedule of compensation paid to Council Members, the schedule of compensation, benefits, and other payments to the Mayor, and the justice system funding schedule - collecting/dispersing entity are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2023 on our consideration of the City'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 solely 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 effectiveness of the City's 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.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA
September 21, 2023

**REQUIRED SUPPLEMENTARY INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CITY OF GRAMBLING, LOUISIANA

Management's Discussion and Analysis

As management of the City of Grambling, Louisiana (the City), we offer readers this narrative overview and financial analysis of the financial activities of the City as of December 31, 2022, and for the year then ended.

Financial Highlights

Key financial highlights for fiscal years 2022 and 2021 are as follows:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2022 and 2021 by \$5,130,721 and \$4,661,535 (*net position*), respectively. Of these amounts, \$1,030,067 and \$1,972,526 (*unrestricted net position*), respectively, may be used to meet the government's ongoing obligations to its citizens and creditors.
- Total net position increased by \$469,186 during fiscal year 2022 and increased by \$693,412 during fiscal year 2021.
- At December 31, 2022 and 2021, the City's governmental funds reported combined ending fund balances of \$659,641 and \$865,791, respectively, which were comprised of restricted and unassigned fund balances.
- At December 31, 2022, unassigned fund balance for the General Fund was \$268,826, or 9% of actual expenditures.
- During fiscal year 2022, the City's total bonded debt increased by \$48,552 primarily due to the issuance of additional DEQ revenue bonds for infrastructure improvement costs.

Overview of Financial Statements

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

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to Financial Statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements report information about the City as a whole, using an accounting method similar to that used by private-sector companies. The basis of accounting used is accrual accounting. The government-wide statements reflect all of the City's assets (including capital assets) and all of the City's liabilities. The two government-wide financial statements are as follows:

- *Statement of Net Position:* This statement presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

CITY OF GRAMBLING, LOUISIANA

Management's Discussion and Analysis

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

- The governmental activities of the City include basic services such as General Government, Public Safety, Health and Sanitation, Parks and Recreation, Public Works, and Economic Development.
- The business-type activities of the City include Water and Sewer Services.

Fund Financial Statements

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. The City has two types of funds:

- *Governmental Funds:* These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The City's major governmental funds are the General Fund and the Health and Sanitation Special Revenue Fund.
- *Proprietary Funds:* These funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detailed presentation of the information reported in the business-type activities portion of the government-wide financial statements. The City's major proprietary fund is the Utilities Maintenance Fund.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements directly follow the proprietary fund financial statements.

CITY OF GRAMBLING, LOUISIANA

Management's Discussion and Analysis

Required Supplementary Information (RSI)

This section contains budgetary comparison schedules for the major general and special revenue funds, presented in annual format.

Other Supplementary Information

These schedules are presented for additional analysis and not a required component of the basic financial statements. Other supplementary information schedules include:

- Combining Balance Sheet - Non-Major Governmental Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Non-Major Governmental Funds
- Schedule of Insurance Coverage
- Utility Rate Schedules
- Schedule of Compensation Paid to Council Members
- Schedule of Compensation, Benefits, and Other Payments to the Mayor
- Schedule of Justice System Funding - Collecting/Disbursing

Government-Wide Financial Analysis

A condensed version of the government-wide statement of net position is presented as follows:

	Governmental Activities	Business-Type Activities	2022	2021
Assets				
Current and Other Assets	\$ 1,209,569	\$ 2,504,160	\$ 3,713,729	\$ 2,521,392
Nondepreciable Capital Assets	439,447	298,938	738,385	1,734,049
Depreciable Capital Assets, Net	1,710,618	3,815,859	5,526,477	4,357,374
Total Assets	3,359,634	6,618,957	9,978,591	8,612,815
Liabilities				
Current and Other Liabilities	389,198	457,184	846,382	695,735
Long-Term Liabilities	173,181	2,148,544	2,321,725	2,231,511
Total Liabilities	562,379	2,605,728	3,168,107	2,927,246
Deferred Inflows of Resources	-	1,679,763	1,679,763	1,024,034
Net Position				
Net Investment in Capital Assets	2,030,445	1,968,872	3,999,317	2,535,199
Restricted	242,337	(12,024)	230,313	153,810
Unrestricted	524,473	376,618	901,091	1,972,526
Total Net Position	\$ 2,797,255	\$ 2,333,466	\$ 5,130,721	\$ 4,661,535

CITY OF GRAMBLING, LOUISIANA

Management's Discussion and Analysis

The amount of net investment in capital assets represents 75% of total net position. Net investment in capital assets consists of land, infrastructure, buildings, and equipment, less any outstanding debt used to acquire those assets. The City has elected not to retroactively record, as capital assets, its infrastructure that existed prior to adopting Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

Restricted net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$1,030,067 may be used to meet the City's ongoing obligations to citizens and creditors.

A condensed version of the government-wide statement of activities is presented as follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for Services	\$ 166,323	\$ 177,839	\$ 1,245,700	\$ 1,128,377	\$ 1,412,023	\$ 1,306,216
Operating Grants	84,337	50,798	-	-	84,337	50,798
Capital Grants and Contributions	163,673	171,093	477,680	502,820	641,353	673,913
General Revenues						
Property Taxes	915,671	678,298	90,154	88,533	1,005,825	766,831
Sales Taxes	1,153,757	1,246,171	-	-	1,153,757	1,246,171
Licenses and Permits	90,250	131,325	-	-	90,250	131,325
Franchise Fees and Taxes	100,461	85,094	-	-	100,461	85,094
Fines and Forfeitures	382,507	535,224	-	-	382,507	535,224
Interest Income	184	54	461	-	645	54
Intergovernmental Revenue	21,957	21,429	-	-	21,957	21,429
Miscellaneous	258,644	174,906	120,333	24,672	378,977	199,578
Total Revenues	3,337,764	3,272,231	1,934,328	1,744,402	5,272,092	5,016,633
Expenses						
General Government	1,257,839	890,686	-	-	1,257,839	890,686
Public Safety	1,273,151	1,398,018	-	-	1,273,151	1,398,018
Health and Sanitation	174,360	319,102	-	-	174,360	319,102
Parks and Recreation	57,052	60,959	-	-	57,052	60,959
Public Works	427,118	84,429	-	-	427,118	84,429
Economic Development	166,010	106,741	-	-	166,010	106,741
Interest on Long-Term Debt	3,543	4,003	-	-	3,543	4,003
Utility Enterprise	-	-	1,443,833	1,459,283	1,443,833	1,459,283
Total Expenses	3,359,073	2,863,938	1,443,833	1,459,283	4,802,906	4,323,221
Change in Net Position Before Transfers	(21,309)	408,293	490,495	285,119	469,186	693,412
Transfers In (Out)	(37,859)	(42,000)	37,859	42,000	-	-
Change in Net Position	(59,168)	366,293	528,354	327,119	469,186	693,412
Net Position, Beginning of Year	2,856,423	2,490,130	1,805,112	1,477,993	4,661,535	3,968,123
Net Position, End of Year	\$ 2,797,255	\$ 2,856,423	\$ 2,333,466	\$ 1,805,112	\$ 5,130,721	\$ 4,661,535

CITY OF GRAMBLING, LOUISIANA

Management's Discussion and Analysis

Financial Analysis of the Funds

The City's General Fund had a decrease in fund balance of \$433,411 for the year ended December 31, 2022. The City's Health and Sanitation Special Revenue Fund had an increase in fund balance of \$138,735 for the year ended December 31, 2022. Total governmental fund amounts are different from governmental activities due to capital assets, depreciation of capital assets, and deferred inflows and outflows of resources.

Amounts reported for business-type activities in the City's individual funds are identical to business-type activities reported in the government-wide presentation.

Budget Highlights

As required by law, the City adopts a budget for its General Fund and major Special Revenue Fund. The City amended its General and major Special Revenue Fund Budgets for the year ended December 31, 2022.

Capital Asset Administration

At December 31, 2022 and 2021, the City's investment in capital assets was as follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 244,402	\$ 244,402	\$ 49,182	\$ 49,182	\$ 293,584	\$ 293,584
Construction in Progress	195,045	15,680	249,756	1,424,785	444,801	1,440,465
Buildings	1,877,835	1,877,835	242,106	242,106	2,119,941	2,119,941
Infrastructure	849,730	849,731	-	-	849,730	849,731
Vehicles	-	-	35,446	35,446	35,446	35,446
Furniture and Equipment	1,532,104	1,532,102	-	-	1,532,104	1,532,102
Sewage Plant	-	-	7,266,220	5,635,538	7,266,220	5,635,538
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	4,699,116	4,519,750	11,085,234	10,629,581	15,784,350	15,149,331
Less Accumulated Depreciation	2,549,051	2,322,235	6,970,437	6,735,671	9,519,488	9,057,906
Net Capital Assets	\$ 2,150,065	\$ 2,197,515	\$ 4,114,797	\$ 3,893,910	\$ 6,264,862	\$ 6,091,425

Capital assets, net of accumulated depreciation, increased by \$173,437 for the year ended December 31, 2022. This was principally due to additions of \$818,404 which exceeded depreciation of \$461,582.

Debt Administration

At December 31, 2022, the City's enterprise fund had \$2,286,925 in bonds payable outstanding and the governmental funds had debt consisting of \$119,620 in limited tax revenue bonds.

The City's total long-term debt increased by \$48,552 due to additional bonds issued in excess of scheduled debt payments. Additional information on the City's long-term debt can be found in the notes to the financial statements.

CITY OF GRAMBLING, LOUISIANA

Management's Discussion and Analysis

Economic Factors and Next Year's Budget

Our elected and appointed officials consider many factors when setting the City's budget and tax rates. One of the most important factors affecting the City's budget are property and sales tax collections. Property and sales tax collections made up more than 68% of general revenues in 2022. Major plans for 2023 include continued improvements to infrastructure with the assistance of state and federal grant funding. Management of the City strives to continuously improve the City's financial condition through restriction of expenditures and increasing revenues through economic development initiatives.

Requests for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or the need for additional information should be directed to Alvin R. Bradley, Mayor, at the City of Grambling, P.O. Box 108, Grambling, Louisiana 71245, telephone number (318) 247-6120.

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

CITY OF GRAMBLING, LOUISIANA
Statement of Net Position
December 31, 2022

Statement A

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 705,389	\$ 1,795,161	\$ 2,500,550
Accounts Receivables, Net	503,477	164,852	668,329
Prepaid Expenses	-	1,484	1,484
Due from Other Funds	-	242,274	242,274
Inventory	703	-	703
Restricted Cash and Cash Equivalents	-	300,389	300,389
Capital Assets Not Being Depreciated			
Land	244,402	49,182	293,584
Construction in Progress	195,045	249,756	444,801
Depreciable Capital Assets, Net	1,710,618	3,815,859	5,526,477
Total Assets	3,359,634	6,618,957	9,978,591
Liabilities			
Accounts Payable	77,407	109,586	186,993
Accrued and Other Liabilities	46,055	13,751	59,806
Accrued Interest Payable	3,015	16,922	19,937
Customer Deposits	-	154,491	154,491
Due to Other Funds	242,274	-	242,274
Long-Term Liabilities			
Due in One Year			
Compensated Absences	10,986	21,434	32,420
Bonds and Notes Payable	9,461	141,000	150,461
Due in More than One Year			
Compensated Absences	63,022	2,619	65,641
Bonds and Notes Payable	110,159	2,145,925	2,256,084
Total Liabilities	562,379	2,605,728	3,168,107
Deferred Inflows of Resources			
Unused Grant Revenues	-	1,679,763	1,679,763
Total Deferred Inflows of Resources	-	1,679,763	7,352,476
Net Position			
Net Investment in Capital Assets	2,030,445	1,968,872	3,999,317
Restricted for:			
Meter Deposits	242,337	(12,024)	230,313
Unrestricted Net Position	524,473	376,618	901,091
Total Net Position	\$ 2,797,255	\$ 2,333,466	\$ 5,130,721

The accompanying notes are an integral part of these financial statements.

CITY OF GRAMBLING, LOUISIANA
Statement of Activities
For the Year Ended December 31, 2022

Statement B

Functions / Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Total
			Grants and Contributions	Grants and Contributions			
Governmental Activities							
General Government	\$ 1,257,839	\$ -	\$ -	\$ 1,063	\$ (1,256,776)	\$ -	\$ (1,256,776)
Public Safety	1,273,151	-	84,337	-	(1,188,814)	-	(1,188,814)
Health and Sanitation	174,360	166,323	-	-	(8,037)	-	(8,037)
Parks and Recreation	57,052	-	-	162,610	105,558	-	105,558
Public Works	427,118	-	-	-	(427,118)	-	(427,118)
Economic Development	166,010	-	-	-	(166,010)	-	(166,010)
Interest on Long-Term Debt	3,543	-	-	-	(3,543)	-	(3,543)
Total Governmental Activities	3,359,073	166,323	84,337	163,673	(2,944,740)	-	(2,944,740)
Business-Type Activities							
Utility Enterprise	1,443,833	1,245,700	-	477,680	-	279,547	279,547
Total Business-Type Activities	1,443,833	1,245,700	-	477,680	-	279,547	279,547
Total	\$ 4,802,906	\$ 1,412,023	\$ 84,337	\$ 641,353	(2,944,740)	279,547	(2,665,193)
General Revenues							
Taxes							
Property Taxes					915,671	90,154	1,005,825
Sales Taxes					1,153,757	-	1,153,757
Licenses and Permits					90,250	-	90,250
Franchise Fees and Taxes					100,461	-	100,461
Fines and Forfeitures					382,507	-	382,507
Interest Income					184	461	645
Intergovernmental Revenues					21,957	-	21,957
Miscellaneous					258,644	120,333	378,977
Transfers In (Out)					(37,859)	37,859	-
Total General Revenues and Transfers					2,885,572	248,807	3,134,379
Change in Net Position					(59,168)	528,354	469,186
Net Position, Beginning of Year					2,856,423	1,805,112	4,661,535
Net Position, End of Year					\$ 2,797,255	\$ 2,333,466	\$ 5,130,721

The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

CITY OF GRAMBLING, LOUISIANA
Balance Sheet
Governmental Funds
December 31, 2022

Statement C

	General Fund	Special Revenue Funds		Total Governmental Funds
		Health and Sanitation	Non-Major Special Revenue Funds	
Assets				
Cash and Cash Equivalents	\$ 376,164	\$ 112,606	\$ 216,619	\$ 705,389
Property Taxes Receivable, Net	325,778	-	-	325,778
Sales Taxes Receivable, Net	69,477	28,755	25,718	123,950
Other Receivables, Net	38,553	15,196	-	53,749
Interfund Receivables	-	57,093	24,904	81,997
Inventory	703	-	-	703
Total Assets	\$ 810,675	\$ 213,650	\$ 267,241	\$ 1,291,566
Liabilities and Fund Balances				
Liabilities				
Accounts Payable, General	\$ 74,269	\$ 3,138	\$ -	\$ 77,407
Accrued and Other Liabilities	42,065	3,590	-	45,655
Interfund Payables	240,923	58,444	24,904	324,271
Total Liabilities	357,257	65,172	24,904	447,333
Deferred Inflows of Resources				
Property Tax Revenues	184,592	-	-	184,592
Total Deferred Inflows of Resources	184,592	-	-	184,592
Fund Balances				
Restricted	-	-	242,337	242,337
Unassigned	268,826	148,478	-	417,304
Total Fund Balances	268,826	148,478	242,337	659,641
Total Liabilities, Deferred Inflows and Fund Balances	\$ 810,675	\$ 213,650	\$ 267,241	\$ 1,291,566

The accompanying notes are an integral part of these financial statements.

CITY OF GRAMBLING, LOUISIANA
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
December 31, 2022

Statement D

Fund Balances - Total Governmental Funds	\$ 659,641
<p>Amounts reported for governmental activities in the Statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:</p>	
Governmental Capital Assets	4,699,116
Less: Accumulated Depreciation	(2,549,051)
<p>Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements</p>	
	184,192
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:</p>	
Compensated Absences	(74,008)
Bonds Payable	(119,620)
Interest Payable	<u>(3,015)</u>
Net Position of Governmental Activities	<u>\$ 2,797,255</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GRAMBLING, LOUISIANA
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

Statement E

	General Fund	Special Revenue Funds		Total Governmental Funds
		Health and Sanitation	Non-Major Special Revenue Funds	
Revenues				
Property Taxes	\$ 731,473	\$ -	\$ -	\$ 731,473
Sales Taxes	712,762	192,502	248,491	1,153,755
Franchise Fees and Taxes	100,461	-	-	100,461
Charges for Services	-	166,323	-	166,323
Licenses and Permits	90,250	-	-	90,250
Intergovernmental Revenues	269,967	-	-	269,967
Fines and Forfeitures	382,507	-	-	382,507
Interest Income	-	60	124	184
Miscellaneous	71,841	186,603	200	258,644
Total Revenues	2,359,261	545,488	248,815	3,153,564
Expenditures				
General Government	1,198,468	8,238	-	1,206,706
Public Safety	1,219,464	-	-	1,219,464
Health and Sanitation	-	172,548	-	172,548
Parks and Recreations	1,586	-	-	1,586
Public Works	363,432	-	-	363,432
Economic Development	5,714	-	160,289	166,003
Debt Service				
Principal	-	9,208	-	9,208
Interest and Service Charges	-	3,543	-	3,543
Capital Outlay				
General Government	179,365	-	-	179,365
Total Expenditures	2,968,029	193,537	160,289	3,321,855
(Deficiency) Excess of Revenues Over Expenditures	(608,768)	351,951	88,526	(168,291)
Other Financing Sources (Uses)				
Transfers In	175,357	-	-	175,357
Transfers Out	-	(213,216)	-	(213,216)
Total Other Financing Sources (Uses), Net	175,357	(213,216)	-	(37,859)
Net Change in Fund Balances	(433,411)	138,735	88,526	(206,150)
Fund Balances, Beginning of Year	702,237	9,743	153,811	865,791
Fund Balances, End of Year	\$ 268,826	\$ 148,478	\$ 242,337	\$ 659,641

The accompanying notes are an integral part of these financial statements.

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, 2022

Statement F

Net Change in Fund Balances - Total Governmental Funds	\$ (206,150)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>	(47,451)
<p>Revenues in the statement of activities do not provide current financial resources are not reported as revenues in the governmental funds.</p>	184,193
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	9,208
<p>The following expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>	
<p>Compensated Absences</p>	673
<p>Accrued Interest</p>	<u>359</u>
<p>Change in Net Position of Governmental Activities</p>	<u>\$ (59,168)</u>

The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
PROPRIETARY FUNDS**

CITY OF GRAMBLING, LOUISIANA
Statement of Net Position
Proprietary Funds
December 31, 2022

Statement G

Assets

Current Assets

Cash and Cash Equivalents	\$ 1,795,161
Accounts Receivable, Net	164,852
Prepaid Expenses	1,484
Interfund Receivable	<u>242,274</u>

Total Current Assets	<u>2,203,771</u>
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Restricted Assets

Restricted Cash and Cash Equivalents	
Customer Deposits	141,567
Bond Sinking Fund	87,917
Revenue Bonds	<u>70,905</u>

Total Restricted Assets	<u>300,389</u>
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Long-Term Assets

Capital Assets at Cost	
Land	49,182
Buildings and Improvements	242,106
Water/Sewer System	9,313,747
Automotive and Equipment	1,230,443
Less: Accumulated Depreciation	<u>(6,970,437)</u>
Total Capital Assets, Net	3,865,041
Construction in Progress	<u>249,756</u>

Total Long-Term Assets	<u>4,114,797</u>
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Total Assets	<u><u>\$ 6,618,957</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF GRAMBLING, LOUISIANA
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2022

Statement G

Liabilities	
Current Liabilities	
Accounts Payable	\$ 109,586
Accrued and Other Liabilities	13,751
Compensated Absences, Current Portion	<u>21,434</u>
Total Current Liabilities	<u>144,771</u>
Current Liabilities (Payable from Restricted Assets)	
Accrued Interest Payable	16,922
Revenue Bonds Payable, Current Portion	141,000
Customer Deposits	<u>154,491</u>
Total Current Liabilities (Payable from Restricted Assets)	<u>312,413</u>
Non-Current Liabilities	
Revenue Bonds, Net of Current Portion	1,209,925
State Revolving Loans, Net of Current Portion	936,000
Compensated Absences, Net of Current Portion	<u>2,619</u>
Total Non-Current Liabilities	<u>2,148,544</u>
Total Liabilities	<u>2,605,728</u>
Deferred Inflows of Resources	
Deferred Grant Revenue	<u>1,679,763</u>
Total Deferred Inflows of Resources	<u>1,679,763</u>
Net Position	
Net Investment in Capital Assets	1,968,872
Restricted Net Position	(12,024)
Unrestricted Net Position	<u>376,618</u>
Total Net Position	<u>\$ 2,333,466</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GRAMBLING, LOUISIANA
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022

Statement H

Operating Revenues	
Charges for Services	
Water Sales	\$ 324,238
Water Connection Charges	7,510
Sewer Fees	<u>913,952</u>
Total Operating Revenues	<u>1,245,700</u>
Operating Expenses	
Salaries and Benefits	427,284
Materials and Supplies	38,210
Operating Costs	626,628
Professional Services	9,304
Other Services and Charges	59,227
Depreciation	<u>234,766</u>
Total Operating Expenses	<u>1,395,419</u>
Operating Loss	<u>(149,719)</u>
Non-Operating Revenues (Expenses)	
Miscellaneous	120,333
Interest Income	461
Ad Valorem Tax Revenues	90,154
Intergovernmental Revenues	477,680
Interest Expense	<u>(48,414)</u>
Total Non-Operating Revenues (Expenses), Net	<u>640,214</u>
Net Income Before Transfers	490,495
Transfers In (Out)	<u>37,859</u>
Change in Net Position	528,354
Net Position, Beginning of Year	<u>1,805,112</u>
Net Position, End of Year	<u><u>\$ 2,333,466</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF GRAMBLING, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

Statement I

Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 1,254,207
Payments to Suppliers	(710,943)
Payments to Employees	<u>(429,859)</u>
Net Cash Provided by Operating Activities	<u>113,405</u>
Cash Flows from Non-Capital Financing Activities	
Property Tax Receipts	100,394
Other Cash Receipts	120,333
Interfund Borrowings	(229,338)
Transfers from Other Funds	<u>37,859</u>
Net Cash Provided by Non-Capital Financing Activities	<u>29,248</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition and Construction of Capital Assets	(496,752)
Capital Grants Received	1,181,845
Principal Paid on Debt	(128,000)
Proceeds from DEQ Loan	185,758
Interest Paid on Capital Debt	<u>(47,426)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>695,425</u>
Cash Flows from Investing Activities	
Interest Earned	<u>461</u>
Net Cash Provided by Investing Activities	<u>461</u>
Net Increase in Cash and Cash Equivalents	838,539
Cash and Cash Equivalents, Beginning of Year	<u>1,257,011</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,095,550</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GRAMBLING, LOUISIANA
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2022

Statement I

Reconciliation of Operating Loss to Net Cash	
Provided by Operating Activities	
Operating Loss	\$ (149,719)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	234,766
Changes in Assets and Liabilities	
Increase in Accounts Receivable, Net	(13,719)
Increase in Accounts Payable	22,426
Decrease in Accrued and Other Liabilities	(5,857)
Increase in Customer Deposits	22,226
Increase in Compensated Absences	3,282
	<u>113,405</u>
Net Cash Provided by Operating Activities	<u>\$ 113,405</u>
Recap of Cash and Cash Equivalents	
Cash and Cash Equivalents	\$ 1,795,161
Restricted Cash and Cash Equivalents	<u>300,389</u>
Total Cash and Cash Equivalents	<u>\$ 2,095,550</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF GRAMBLING, LOUISIANA

Notes to Financial Statements

Introduction

The City of Grambling, Louisiana (the City) was founded in 1959 under the provisions of the Lawrason Act of the constitution of the State of Louisiana. The City is located in Lincoln Parish and has a population of approximately 4,693. The City is governed by the Mayor and five-member City Council. The Mayor and Council Members serve four-year terms.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute (R.S.) 21:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in its own name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization's board
- The City is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- There is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City has no component units.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

CITY OF GRAMBLING, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements (Continued)

In the government-wide statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) 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.

Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Separate fund financial statements are provided for the City's governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The focus of governmental funds' measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The City reports these major governmental funds:

General Fund - The General Fund is the general operating fund of the City. This fund is used to account for all financial transactions and resources, except those that are required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, fines and forfeitures, state and federal distributions, licenses, permits, charges for services, and interest income.

Health and Sanitation Fund - The Health and Sanitation Fund is used to account for the operations of the City's garbage collection services.

The focus of proprietary funds' measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The City reports the following major proprietary fund:

Maintenance Enterprise Fund - The Maintenance Enterprise Fund accounts for the operations of the City's sewer and water systems.

CITY OF GRAMBLING, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Both governmental and business-type activities in the government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, fines and forfeitures, licenses and permits, and other general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues for the City's proprietary funds consist of charges to customers and users of its water and sewer services. Operating expenses for the City's proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

CITY OF GRAMBLING, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

At the beginning of each fiscal year, an annual budget is prepared on a basis consistent with generally accepted accounting principles for all major governmental funds. At the end of the fiscal year, unexpended appropriations of these funds automatically lapse.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The Mayor, City Council, and other advisory personnel assemble the necessary financial information.
- b) The proposed budget is made available for public inspection.
- c) A public hearing is held for any recommendations or changes to the budget. The budget is legally adopted through passage of an ordinance by the City Council.

The City does not utilize encumbrance accounting. Budgets are amended as necessary throughout the year.

Cash, Cash Equivalents, and Investments

For the purpose of the proprietary fund statement of cash flows, all highly liquid investments (including certificates of deposit) with original maturities of three months or less are considered cash equivalents.

Cash and cash equivalents include amounts in demand deposits. Under state law, the City may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Cash and cash equivalents consist of cash, as defined above, including restricted cash. Investments are limited by R.S. 33:2955 and the City's investment policy. The City's investment policy does not address interest rate risk or credit risk. Short-term investments are stated at amortized cost, which approximates market. Certain investments, as required by GASB Statement No. 31, as amended by GASB Statement No. 72, are reported at fair value, which is determined using published market prices.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The City maintains a threshold level of \$1,000 or more for capitalizing assets.

CITY OF GRAMBLING, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized.

Capital outlays are recorded as expenditures of the General Fund and Special Revenue Funds in the governmental fund financial statements and as assets in the government-wide financial statements, to the extent the City's capitalization threshold is met. In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the City has elected not to capitalize infrastructure retroactively. Depreciation is recorded on general capital assets on a government-wide basis. Capital outlays of the proprietary funds are recorded as capital assets and depreciated over their estimated useful lives on both the fund basis and the government-wide basis.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	40 Years
Concrete Block Buildings	20 Years
Equipment	8 Years
Vehicles	5 Years
Sewer System and Lines	20 Years
Water System and Lines	20 Years

Long-Term Debt

In the government-wide financial statement and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

CITY OF GRAMBLING, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Compensated Absences

Full-time employees are allotted 40 hours of annual leave after one year of employment, 80 hours of annual leave after two years of employment, 120 hours of annual leave after five years of employment, and 160 hours of annual leave after 10 years of employment. Annual leave can be accumulated up to 240 hours, the maximum amount which the City shall pay out upon resignation, retirement, or termination, computed at the employee's rate of pay upon time of separation. The City measures and recognizes compensated absence liability in accordance with GASB Statement No. 16.

All full-time employees are allotted 80 hours of sick time annually after three months of employment, which may be accumulated up to 480 hours. Unused sick time is not paid out upon resignation, retirement, or termination.

Restricted Assets

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

Property 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.

Property taxes attach as an enforceable lien on property as of December 31st. Taxes are levied and billed in October of each year and are due and payable on or before December 31st. The City recognizes property tax revenues when levied, to the extent that they are determined to be collectible.

The following is a summary of authorized and levied property taxes as December 31, 2022:

Category	Authorized Millage	Levied Millage	Expiration Date
Capital Outlay/General Alimony	6.50	6.33	Statutory
Fire Protection	16.97	16.97	2029
Police Department	4.48	4.48	2029
Public Improvement	9.13	9.13	2029
Public Streets	5.30	5.30	2029
Water System	5.14	5.00	2026
Total Levy	47.52	47.21	

CITY OF GRAMBLING, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Sales Taxes

Sales taxes are collected by the Lincoln Parish Sales and Use Tax Commission and by the Lincoln Parish Police Jury. The City's sales tax is 2.25%. The revenues collected by the Lincoln Parish Sales and Use Tax Commission is for general operating expenses of the City. The revenues collected by the Lincoln Parish Police Jury is dedicated to Health and Sanitation. There is an additional 0.75% sales tax in the Legend's Square Taxing District, which is retail development in the City of Grambling. These funds are placed in a bank account at the Bank of Ruston to be disbursed to the Developer of the Project as debt service for the cost of the project, minus a 10% administrative fee that is deposited in the City's General Fund account.

Accounts Receivable

Balances between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/due from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Uncollectible amounts due for customers' utility receivables and ad valorem taxes are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The combined allowance was \$79,016 at December 31, 2022.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

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

CITY OF GRAMBLING, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Equity

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

1. *Net Investment in Capital Assets* - Consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. *Restricted* - Consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. Restricted net assets reported on Statement A are the result of enabling legislation.
3. *Unrestricted* - All other net position is reported in this category.

In the governmental fund financial statements, fund balances are classified as follows:

1. *Restricted Fund Balance* - Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors, creditors, or citizens.
2. *Unassigned Fund Balance* - All amounts not included in other spendable classifications.

Interfund Transactions

Permanent re-allocation of resources between funds of the City is classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

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 at the date of the financial statements, and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Health and Sanitation Special Revenue Fund. All annual appropriations lapse at fiscal year-end. The City was not in compliance with the Local Budget Act at December 31, 2022. See Note 1 for the procedures the City follows regarding budgets and budgetary accounting. For the year ended December 31, 2022, actual expenditures of the General Fund of \$2,968,029 exceeded budgeted amounts of \$2,323,000 resulting in an unfavorable variance of \$645,029 or 28%.

CITY OF GRAMBLING, LOUISIANA

Notes to Financial Statements

Note 2. Stewardship, Compliance, and Accountability (Continued)

Deposit and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. At December 31, 2022, the City was in compliance with the deposit and investment laws and regulations.

Note 3. Cash and Cash Equivalents

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's deposit policy for custodial credit risk is that all uninsured deposits be collateralized by pledged securities as required by state law.

As of December 31, 2022, \$1,596,871 of the City's deposit balance of \$2,167,925 was exposed to custodial credit risk. However, these deposits were secured from risk by the pledge of securities owned by the fiscal agent bank.

Note 4. Receivables

Net receivables at December 31, 2022 were as follows:

	General Fund	Health and Sanitation Fund	Non-Major Governmental Funds	Proprietary Fund	Total
Taxes					
Property	\$ 340,291	\$ -	\$ -	\$ 41,191	\$ 381,482
Sales and Use	69,477	28,755	25,718	-	123,950
Intergovernmental Revenue					
Charges for Services	-	24,036	-	179,324	203,360
Other	38,553	-	-	-	38,553
Gross Receivables	448,321	52,791	25,718	220,515	747,345
Less: Allowance for Doubtful Accounts	(14,513)	(8,840)	-	(55,663)	(79,016)
Total	\$ 433,808	\$ 43,951	\$ 25,718	\$ 164,852	\$ 668,329

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

CITY OF GRAMBLING, LOUISIANA

Notes to Financial Statements

Note 5. Interfund Assets and Liabilities

Individual balances within the fund financial statements due from or to other major funds at December 31, 2022 are as follows:

	Due From	Due To
General Fund		
Utility Maintenance Fund	\$ -	\$ 183,830
Health and Sanitation Fund	-	57,093
Utility Maintenance Fund		
General Fund	183,830	-
Health and Sanitation Fund	58,444	-
Health and Sanitation Fund		
General Fund	57,093	-
Utility Maintenance fund	-	58,444
Total All Funds	<u>\$ 299,367</u>	<u>\$ 299,367</u>

The interfund receivables are receivables are the result of bills being paid by one fund for another and are expected to be repaid within the next 12 months.

Note 6. Accrued and Other Liabilities

Accrued and other liabilities consisted of the following at December 31, 2022:

	General Fund	Health and Sanitation Fund	Utilities Maintenance Fund	Total
Wages Payable	\$ 28,703.00	\$ 3,009	\$ 6,191	\$ 37,903
Sales Tax Payable	-	-	7,560	7,560
Payroll Deductions Payable	11,032	-	-	11,032
Deposits	2,330	581	154,491	157,402
Total	<u>\$ 42,065</u>	<u>\$ 3,590</u>	<u>\$ 168,242</u>	<u>\$ 213,897</u>

CITY OF GRAMBLING, LOUISIANA

Notes to Financial Statements

Note 7. Capital Assets

The following is a summary of the changes in capital assets for the year ended December 31, 2022:

	Balance January 1, 2022	Increases	Decreases	Balance December 31, 2022
Governmental Activities				
Capital Assets Not Depreciated				
Construction in Progress	\$ 15,680	\$ 179,365	\$ -	\$ 195,045
Land	244,402	-	-	244,402
Total Capital Assets Not Depreciated	260,082	179,365	-	439,447
Capital Assets Being Depreciated				
Building and Improvements	1,877,835	-	-	1,877,835
Furniture and Equipment	1,532,104	-	-	1,532,104
Infrastructure	849,730	-	-	849,730
Total Capital Assets Being Depreciated	4,259,669	-	-	4,259,669
Accumulated Depreciation for:				
Building and Improvements	796,546	49,105	-	845,651
Furniture and Equipment	1,183,130	103,953	-	1,287,083
Infrastructure	342,559	73,758	-	416,317
Total Accumulated Depreciation	2,322,235	226,816	-	2,549,051
Total Capital Assets Being Depreciated, Net	1,937,434	226,816	-	1,710,618
Total Capital Assets, Net	\$ 2,197,516	\$ (47,451)	\$ -	\$ 2,150,065

CITY OF GRAMBLING, LOUISIANA

Notes to Financial Statements

Note 7. Capital Assets (Continued)

	Balance January 1, 2022	Increases	Decreases	Balance December 31, 2022
Business-Type Activities				
Capital Assets Not Depreciated				
Construction in Progress	\$ 1,424,785	\$ 455,654	\$ (1,630,683)	\$ 249,756
Land	49,182	-	-	49,182
Total Capital Assets Not Depreciated	1,473,967	455,654	(1,630,683)	298,938
Capital Assets Being Depreciated				
Buildings and Improvements	242,106	-	-	242,106
Sewage Plant	5,452,152	1,814,068	-	7,266,220
Water System	2,047,527	-	-	2,047,527
Water/Sewer Equipment	1,378,383	-	(183,386)	1,194,997
Vehicles	35,446	-	-	35,446
Total Capital Assets Being Depreciated	9,155,614	1,814,068	(183,386)	10,786,296
Accumulated Depreciation for:				
Buildings and Improvements	238,272	1,097	-	239,369
Sewage Plant	3,472,012	202,824	-	3,674,836
Water System	1,794,943	30,845	-	1,825,788
Water/Sewer Equipment	1,194,997	-	-	1,194,997
Vehicles	35,447	-	-	35,447
Total Accumulated Depreciation	6,735,671	234,766	-	6,970,437
Total Capital Assets Being Depreciated, Net	2,419,943	1,579,302	(183,386)	3,815,859
Total Capital Assets, Net	\$ 3,893,910	\$ 2,034,956	\$ (1,814,069)	\$ 4,114,797

Depreciation charged to governmental and business-type functions was as follows for the year ended December 31, 2022:

Governmental Activities		Business-Type Activities	
General	\$ 51,284	Sewer	\$ 198,240
Public Safety	54,100	Water	36,527
Health and Sanitation	2,280		
Public Works	63,686	Total	\$ 234,767
Culture and Recreation	55,465		
Total	\$ 226,815		

CITY OF GRAMBLING, LOUISIANA

Notes to Financial Statements

Note 8. Pension and Retirement Plan

All City employees are eligible to participate in the City's defined contribution IRA plan. The City matches employee contributions up to 5% of their annual salary. The contributions are fully vested immediately and are remitted to a third-party administrator each pay period, where they are deposited to an account in the employee's name. The City does not assume any liability for the funds and does not have any control over the funds once they are remitted to the third-party administrator. During the year ended December 31, 2022, the City made contributions which totaled \$11,614.

Note 9. 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 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, 2022.

Note 10. Long-Term Liabilities

The following is a summary of long-term obligation transactions of the City for the year ended December 31, 2022:

	Governmental Activities		Business-Type Activities			Total
	Compensated Absences	Limited Tax Revenue Bonds	Compensated Absences	Revenue Refunding Bonds	DEQ Revenue Bonds	
Balance January 1, 2022	\$ 74,681	\$ 128,826	\$ 17,762	\$ 940,000	\$ 1,289,167	\$ 2,450,436
Additions	33,595	-	19,813	-	185,758	239,166
Reductions	(34,268)	(9,206)	(13,522)	(60,000)	(68,000)	(184,996)
Balance December 31, 2022	\$ 74,008	\$ 119,620	\$ 24,053	\$ 880,000	\$ 1,406,925	\$ 2,504,606
Due within One Year	\$ 10,986	\$ 9,461	\$ 21,434	\$ 65,000	\$ 76,000	\$ 182,881

Compensated absences for governmental activities are generally liquidated by the General Fund and Health and Sanitation Fund.

Outstanding bonds payable consisted of the following at December 31, 2022:

Governmental Activities - Revenue Bonds

Limited Tax Revenue Bonds, Series 2018, issued on February 16, 2018 at \$155,000 for the purchase of new garbage trucks and extended warranties. Principal due in annual installments through February 16, 2033. Interest rate of 2.75%. Payments are made from the debt service fund.

\$ 119,620

Total Governmental Activities Bonds

\$ 119,620

CITY OF GRAMBLING, LOUISIANA

Notes to Financial Statements

Note 10. Long-Term Liabilities (Continued)

Business Type Activities - Revenue Bonds

Utilities Revenue Refunding Bonds, Series 2013, issued on March 19, 2013 at \$1,345,000, to be used for the water system. Principal due in annual installments through 2033. Interest rate 4.25%. Payments are made from the Maintenance Enterprise Fund. \$ 880,000

Utilities Revenue Bonds, Series 2015, issued on November 1, 2015, at \$575,000, between the City and Louisiana Department of Environmental Quality, for the improvement of the wastewater treatment facility. Principal due in annual installments through 2036, with an initial interest rate of 0.45% that shall increase by one-half percentage point per annum. Interest payments due March 1 and September 1 of each year. 0.95% interest rate at December 31, 2022. Payments made from the Maintenance Enterprise Fund. 422,925

Utilities Revenue Bonds, Series 2020, issued on April 2, 2020, at \$1,035,000, between the City and Louisiana Department of Environmental Quality, for the improvement of the wastewater treatment facility. Principal due in annual installments through 2035, with an initial interest rate of 0.45% that shall increase by one-half percentage point per annum. Interest payments due March 1 and September 1 of each year. 0.95% interest rate at December 31, 2022. Payments made from the Maintenance Enterprise Fund. 984,000

Total Business Type Activities Bonds \$ 2,286,925

Debt service requirements on bonds payable as of December 31, 2022 are as follows:

Years Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 9,461	\$ 3,290	\$ 141,000	\$ 48,885
2024	9,722	3,029	145,000	45,520
2025	9,989	2,762	151,000	41,888
2026	10,264	2,487	156,000	38,036
2027	10,546	2,205	156,000	34,079
2028 to 2032	57,243	6,512	857,000	105,301
2033 to 2037	12,395	341	504,925	19,015
2038 to 2040	-	-	176,000	2,518
Total	<u><u>\$ 119,620</u></u>	<u><u>\$ 20,626</u></u>	<u><u>\$ 2,286,925</u></u>	<u><u>\$ 335,242</u></u>

CITY OF GRAMBLING, LOUISIANA

Notes to Financial Statements

Note 11. Commitments and Contingencies

Construction in Progress

At December 31, 2022, the City's construction in progress consisted of the following:

Project Description	Balance Jan. 1, 2022	Additions	Transferred to Capital Assets	Balance Dec. 31, 2022	Estimated Cost to Complete
Governmental Activities					
Community Center Expansion	\$ 15,680	\$ 179,365	\$ -	\$ 195,045	\$ 67,590
Business-Type Activities					
Wastewater Treatment Plant Renovation	1,424,785	205,898	(1,630,683)	-	-
Lincoln Preparatory School Wastewater Collection System Expansion	-	249,756	-	249,756	18,055
Total	\$ 1,440,465	\$ 635,019	\$ (1,630,683)	\$ 444,801	\$ 85,645

Note 12. On-Behalf Supplemental Pay

Certain employees meeting statutory qualifications in the fire and police departments receive supplemental pay directly from the State of Louisiana. Supplemental pay in the amount of \$45,067 was recognized as intergovernmental revenue and public safety expenditures in the fund financial statements for the year ended December 31, 2022.

Note 13. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 21, 2023, and determined that no events occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 14. Recently Issued Accounting Pronouncements

Adopted Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The adoption of the Statement did not have any effect on the financial statements of the City.

Note 14. Recently Issued Accounting Pronouncements (Continued)

Adopted Accounting Pronouncements (continued)

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The Statement amends Questions 4.3 and 4.5 of Implementation Guide 201-2. The adoption of the Statement did not have any effect on the financial statements of the City.

New Upcoming Accounting Pronouncements

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of the Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The Statement is effective for fiscal years beginning after June 15, 2022.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Statement is effective for fiscal years beginning after June 15, 2022.

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. The primary objective of the Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections. The Statement is effective for fiscal years beginning after June 15, 2023.

The GASB issued Statement No. 101, *Compensated Absences*. The Statement updates the recognition and measurement guidance for compensated absences. The Statement is effective for fiscal years beginning after December 15, 2023.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

CITY OF GRAMBLING, LOUISIANA
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2022

Schedule I

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Property Taxes	\$ 579,000	\$ 564,000	\$ 731,473	\$ 167,473
Sales Taxes	589,000	635,000	712,762	77,762
Franchise Taxes and Fees	48,000	87,000	100,461	13,461
Licenses and Permits	67,000	134,000	90,250	(44,015)
Fines and Forfeitures	532,000	494,000	382,507	(111,493)
Intergovernmental Revenues	349,000	107,000	269,967	162,967
Miscellaneous Income	83,000	78,000	71,841	(6,159)
Total Revenues	2,247,000	2,099,000	2,359,261	259,996
Expenditures				
Salaries and Supplemental Wages	853,000	1,292,000	1,375,141	(83,141)
Council Per Diem and Extra Meetings	29,000	50,000	50,400	(400)
Mayor's Expense	12,000	9,000	10,417	(1,417)
Payroll Tax Expense	117,000	104,000	113,991	(9,991)
Employee Benefits Expense	186,000	122,000	164,201	(42,201)
Worker's Compensation	53,000	54,000	62,578	(8,578)
Unemployment Taxes	3,000	3,000	3,287	(287)
Insurance	132,000	102,000	112,747	(10,747)
Accounting and Audit Expenses	72,000	12,000	75,205	(63,205)
Dues, Subscription, and Registration Fees	12,000	7,000	7,155	(155)
Repair and Maintenance	38,000	46,000	64,262	(18,262)
Legal Advertising	5,000	3,000	3,892	(892)
Court Related Expenses	112,000	123,000	129,781	(6,781)
Property Tax Sale Reclaim Expense	(48,000)	4,000	4,653	(653)
Supplies and Equipment	150,000	61,000	72,919	(11,919)
Telephone and Other Utilities	109,000	126,000	233,612	(107,612)
Town Hall	12,000	9,000	8,404	596
Travel, Meals, and Entertainment	11,000	15,000	14,761	239
Coroner's Fee	3,000	1,000	3,065	(2,065)
Cultural Expense	1,000	2,000	1,295	705
Gas and Oil	46,000	60,000	105,490	(45,490)
Professional Fees and Contracted Services	88,000	54,000	52,007	1,993
Attorney Fees	40,000	39,000	44,479	(5,479)
Miscellaneous Expenses	18,000	15,000	41,182	(26,182)
Street Expenses	2,000	10,000	9,989	11
Capital Outlay	257,000	-	203,116	(203,116)
Total Expenditures	2,313,000	2,323,000	2,968,029	(645,029)
Excess (Deficiency) of Revenues Over Expenditures	(66,000)	(224,000)	(608,768)	(385,033)
Other Financing Sources (Uses)				
Transfers In	185,000	185,000	175,357	(9,643)
Proceeds from Insurance	17,000	-	-	-
Total Other Financing Sources (Uses)	202,000	185,000	175,357	(9,643)
Change in Fund Balance	\$ 136,000	\$ (39,000)	(433,411)	\$ (394,411)
Fund Balance, Beginning of Year			702,237	
Fund Balance, End of Year			\$ 268,826	

See independent auditor's report.

CITY OF GRAMBLING, LOUISIANA
Budgetary Comparison Schedule
Special Revenue Fund - Health and Sanitation
For the Year Ended December 31, 2022

Schedule II

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Sales Taxes	\$ 290,000	\$ 259,000	\$ 192,502	\$ (66,498)
Charges for Services	173,000	176,000	166,323	(9,677)
Interest Income	-	-	60	60
Miscellaneous	10,000	52,000	186,603	134,603
Total Revenues	473,000	487,000	545,488	58,488
Expenditures				
Salaries, Direct and Indirect	175,000	145,000	106,990	38,010
Payroll Tax Expense, Direct and Indirect	7,318	7,000	8,238	(1,238)
Employee Group Insurance	17,000	27,000	11,630	15,370
Liability and Vehicle Insurance	24,000	20,000	-	20,000
Accounting and Audit Expense	13,276	5,000	-	5,000
Supplies	15,931	27,000	24,069	2,931
Minor Equipment	1,056	1,000	999	1
Telephone and Other Utilities	4,700	5,000	-	5,000
Professional Fees	15,000	6,000	5,683	317
Gas and Oil	13,100	12,000	-	12,000
Repairs and Maintenance	28,500	39,000	22,135	16,865
Miscellaneous Expense	500	-	564	(564)
Uniforms	-	1,000	478	522
Debt Service				
Principal	-	10,000	9,208	792
Interest	-	3,000	3,543	(543)
Total Expenditures	315,381	308,000	193,537	114,463
Excess of Revenues Over Expenditures	157,619	179,000	351,951	172,951
Other Financing Uses				
Transfers Out	(160,000)	(176,000)	(213,216)	(37,216)
Total Other Financing Uses	(160,000)	(176,000)	(213,216)	(37,216)
Change in Fund Balance	\$ (2,381)	\$ 3,000	138,735	\$ 135,735
Fund Balance, Beginning of Year			9,743	
Fund Balance, End of Year			\$ 148,478	

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

CITY OF GRAMBLING, LOUISIANA
Combining Balance Sheet
Non-Major Governmental Funds
For the Year Ended December 31, 2022

Schedule III

	25% Economic Development Sales Tax¹	Legends Square Taxing District²	Economic Development District 1 Fund³	Total Non-Major Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 174,068	\$ 16,240	\$ 26,311	\$ 216,619
Intergovernmental Receivable	16,302	7,847	1,569	25,718
Interfund Receivables	24,904	-	-	24,904
Total Assets	\$ 215,274	\$ 24,087	\$ 27,880	\$ 267,241
Liabilities and Fund Balances				
Liabilities				
Interfund Payables	-	-	24,904	24,904
Total Liabilities	-	-	24,904	24,904
Fund Balances				
Restricted	215,274	24,087	2,976	242,337
Total Fund Balances	215,274	24,087	2,976	242,337
Total Liabilities and Fund Balances	\$ 215,274	\$ 24,087	\$ 27,880	\$ 267,241

(1) **25% Economic Development Sales Tax** - This fund is used to account for sales taxes levied by the City in order to promote economic development within the City of Grambling.

(2) **Legends Square Taxing District** - This fund is used to account for the collection of sales taxes, grants, and charges for services in order to fund the construction and maintenance of operations of the retail stores located with the jurisdiction of the City of Grambling.

(3) **Grambling Economic Development District No. 1** - 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.

CITY OF GRAMBLING, LOUISIANA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended December 31, 2022

Schedule IV

	25% Economic Development Sales Tax¹	Legends Square Taxing District²	Economic Development District 1 Fund³	Total Non-Major Governmental Funds
Revenues				
Sales Taxes	\$ 161,823	\$ 72,223	\$ 14,445	\$ 248,491
Interest Income	124	-	-	124
Miscellaneous	-	-	200	200
Total Revenues	161,947	72,223	14,645	248,815
Expenditures				
Economic Development	82,415	63,883	13,991	160,289
Total Expenditures	82,415	63,883	13,991	160,289
Excess of Revenues Over Expenditures	79,532	8,340	654	88,526
Net Change in Fund Balances	79,532	8,340	654	88,526
Fund Balances, Beginning of Year	135,742	15,747	2,322	153,811
Fund Balances, End of Year	\$ 215,274	\$ 24,087	\$ 2,976	\$ 242,337

(1) **25% Economic Development Sales Tax** - This fund is used to account for sales taxes levied by the City in order to promote economic development within the City of Grambling.

(2) **Legends Square Taxing District** - This fund is used to account for the collection of sales taxes, grants, and charges for services in order to fund the construction and maintenance of operations of the retail stores located with the jurisdiction of the City of Grambling.

(3) **Grambling Economic Development District No. 1** - 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.

CITY OF GRAMBLING, LOUISIANA
Schedule of Insurance Coverage
For the Year Ended December 31, 2022

Schedule V

Coverage Type	Insurer	Coverage Limit	Expiration Date
Commercial Property	EMC Insurance	\$ 2,347,580	7/30/2023
Personal Property of Business	EMC Insurance	\$ 654,650	7/30/2023
Automobile	Lloyd's, London/HDI Global Specialty	\$1,000,000 per occurrence; cash value not to exceed \$188,000	3/13/2023
Fidelity Bond	Travelers	\$ 100,000	2/11/2025

Schedule of Water and Sewer Rates

Service	Residential	Commercial
Water	\$24.85 for the first 2,000 gallons, then \$2.63 per each additional 1,000 gallons	\$33.31 for the first 1,000 gallons, then \$2.11 per each additional 1,000 gallons up to 16,000, then \$2.63 per each additional 1,000 gallons
Sewer	\$27.82 for the first 2,000 gallons, then \$2.63 per each additional 1,000 gallons	\$37.31 for the first 1,000 gallons, then \$2.11 per each additional 1,000 gallons up to 3,000, then \$2.63 per each additional 1,000 gallons

Schedule of Customer Breakdown and Average Monthly Billing per User

Category	Average # of Customers	
Commercial	87	
Residential	<u>1,305</u>	
Total	<u>1,392</u>	
Aggregate dollar amount billed during 2022		\$ 1,238,190
Average monthly billing per user		\$ 74

CITY OF GRAMBLING, LOUISIANA
Schedule of Compensation Paid to Council Members
For the Year Ended December 31, 2022

Schedule VII

The Schedule of compensation paid to 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 general government expenditures of the General Fund.

Council Member	Term Expiration	Compensation Paid
Toby Brian, Mayor Pro-Tem	December 31, 2022	\$ 16,800
Yanise Days	December 31, 2022	8,400
Gariarta Dupree	December 31, 2022	8,400
Cathy Holmes-Giles	December 31, 2024	8,400
Phyllis Miller	December 31, 2022	8,400
Total		\$ 50,400

See independent auditor's report.

CITY OF GRAMBLING, LOUISIANA
Schedule of Compensation, Benefits, and Other Payments
to Mayor
For the Year Ended December 30, 2022

Schedule VIII

Agency Head
Edward R. Jones, Mayor

Purpose	Amount
Salary	\$78,068
Benefits - Insurance	\$896
Benefits - Retirement	\$3,068
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$1,313
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0
Cell Phone	\$705

See independent auditor's report.

CITY OF GRAMBLING, LOUISIANA
Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session
General Fund
Cash Basis Presentation
For the Six-Month Periods Ended June 30, 2022 and December 31, 2022

Schedule IX

	First Six- Month Period Ended 6/30/2022	Second Six- Month Period Ended 12/31/2022
Beginning Balance of Amounts Collected	\$ -	\$ -
Add: Collections		
Criminal Court Costs/Fees	188,525	138,769
Subtotal Collections	<u>188,525</u>	<u>138,769</u>
Less: Disbursements to Governments and Nonprofits:		
Louisiana Supreme Court Judicial Fund	375	264
Treasurer, State of Louisiana - CMIS	2,106	1,547
North Louisiana Criminalistics Lab	22,270	13,707
Ruston-Lincoln Crime Stoppers	1,502	1,054
Louisiana Traumatic Head and Spinal Cord Injury	3,610	2,565
Louisiana Commission on Law Enforcement	6,843	4,862
Less: Amounts Retained by Collecting Agency		
City of Grambling - Criminal Fines	151,819	114,770
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amounts		
Subtotal Disbursements/Retainage	<u>188,525</u>	<u>138,769</u>
Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ -</u>	<u>\$ -</u>
Other Information		
Ending Balance of Total Amounts Assessed but not yet Collected (i.e. <i>Receivable Balance</i>)		
Credit Card	\$ 1,978	\$ 1,103
Collections of Outstanding Fines	\$ 24,916	\$ 18,801

See independent auditor's report.

**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**

Independent Auditor's Report

To the Honorable Alvin R. Bradley, Mayor,
and Members of the City Council
City of Grambling, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 21, 2023.

Report on 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) as a basis for designing 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 identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001 and 2022-004 that we consider to be material weaknesses. We also identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-002, 2022-003, and 2022-005 that we consider to be significant deficiencies.

Report on 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2022-006, 2022-007, and 2022-008.

City of Grambling's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Baton Rouge, LA
September 21, 2023

CITY OF GRAMBLING, LOUISIANA
Schedule of Findings and Responses
For the Year Ended December 31, 2022

A. Summary of Auditor's Results

Financial Results

- | | |
|--|------------|
| 1. Type of auditor's report | Unmodified |
| 2. Internal control over financial reporting: | |
| a) Material weaknesses identified? | Yes |
| b) Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c) Noncompliance material to the financial statements noted? | Yes |

Federal Awards

Not applicable.

Financial Statement Findings

2022-001 Lack of Controls over Journal Entry Processing

Criteria: Controls over journal entry processing are imperative to prevent fraudulent or inaccurate financial reporting that could lead to material misstatements in the financial statements.

Condition: The City has no approval process in place for creation and posting of journal entries. The City also has no requirements in place to maintain adequate support for posted journal entries.

Cause: Lack of internal controls over journal entry processing.

Effect: Unauthorized or inaccurate journal entries could lead to material misstatements in the financial statements, whether due to fraud or error.

Recommendation: The City should develop internal controls over journal entry processing that include independent review and approval as well as support creation and retention.

Management's Response: The City has hired an accountant to process journal entries and reconciliations in a timely manner. The senior accountant will include independent review and approval of entries from Mayor. All entries will include support and attached backup.

CITY OF GRAMBLING, LOUISIANA
Schedule of Findings and Responses
For the Year Ended December 31, 2022

2022-002 Utility Billing Reports and Reconciliation

<i>Criteria:</i>	Retention of certain reports/data and regular reconciliation between billing software and general ledger accounts are necessary to enable accurate and timely financial reporting free of material misstatement.
<i>Condition:</i>	Monthly meter reading logs are not retained and an accounts receivable aging report from the utility billing software is not printed at month-end. The software does not allow for creation and printing of historical aging reports after the fact.
<i>Cause:</i>	Lack of internal controls over utility billing revenue and receivable transaction cycles.
<i>Effect:</i>	Reconciliations are not performed between utility billing software reports and general ledger receivable accounts, which could result in material misstatements.
<i>Recommendation:</i>	Management should implement document retention policies and begin performing regular reconciliations between utility billing software reports and related general ledger accounts to ensure proper revenue and receivable reporting.
<i>Management's Response:</i>	Monthly meter reading logs will be stored by paper and scanned/backed up to City of Grambling server. The Utility supervisor will process monthly reconciliation between utility billing software and general ledger accounts to ensure proper revenue and receivable reporting.

2022-003 Lack of Controls over Transaction Recording

<i>Criteria:</i>	Controls to ensure the accuracy of transactions recorded, especially review controls, are imperative to the prevention of material misstatements.
<i>Condition:</i>	During the audit, several instances of transactions being coded to the wrong expense or revenue account were identified. As a result, material audit adjustments were necessary to correct account balances.
<i>Cause:</i>	Lack of controls in place to prevent or detect inaccurate financial reporting.
<i>Effect:</i>	Failure to identify and correct improperly recorded transactions could lead to material misstatements in presentation and classification of activity on the financial statements.

CITY OF GRAMBLING, LOUISIANA
Schedule of Findings and Responses
For the Year Ended December 31, 2022

2022-003 Lack of Controls over Transaction Recording (Continued)

Recommendation: Management should implement controls over transaction processing that allow it to prevent and/or detect improper coding on a timely basis.

Management's Response: The City of Grambling used an outsource accounting firm in 2022. In 2023, the City hired an accountant to review over accounts and correct accounting codes.

2022-004 Interfund Reconciliations

Criteria: The performance of regular interfund reconciliations is imperative to ensuring that revenue and expense balances, and related receivables or payables, are appropriately reflected in each fund, and that cash is appropriately transferred to the appropriate funds.

Condition: During the audit, several unexpected variances were identified, which were traced back to credit card collections on utility billings that were all deposited to the general fund bank account and those monies were not transferred to the appropriate funds. The lack of reconciliation of interfund accounts resulted in material audit adjustments to correct account balances.

Cause: Lack of performance of monthly interfund reconciliations.

Effect: Utility revenues were misstated amongst the various funds. Additionally, failure to transfer utility collections to the appropriate bank accounts could be considered a violation of the City's bond covenants.

Recommendation: Management should begin performing interfund reconciliations and ensuring cash is transferred as required on at least a monthly basis.

Management's Response: The City of Grambling used an outsource accounting firm in 2022 to process all reconciliations. In 2023, the City of Grambling hired an accountant to review and process reconciliations in a timely manner.

CITY OF GRAMBLING, LOUISIANA
Schedule of Findings and Responses
For the Year Ended December 31, 2022

2022-005 Oversight over Cooperative Endeavor Agreement

Criteria: Effective internal control over disbursements of public funds requires that the City exercise proper oversight over the use of public funds related to continuing endeavor agreements.

Condition: The City has a cooperative endeavor agreement with a non-profit organization which was created for the purpose of economic development. During the year ended December 31, 2022, the City disbursed public funds restricted for economic development to that non-profit organization. It was noted that the City does not obtain documentation from the non-profit organization as to the specific uses of the funds disbursed in accordance with the cooperative endeavor agreement.

Cause: Unknown.

Effect: Lack of controls over disbursements related to cooperative endeavor agreement.

Recommendation: In order to exercise proper oversight of the disbursement of public funds, the City should obtain documentation which identifies how the funds provided to the non-profit organization were spent and what accomplishments and milestones were achieved pursuant to the cooperative endeavor agreement.

Management's Response: The City has cancelled the cooperative agreement with Grambling Economic Development Corporation (GEDC). The City of Grambling has not disbursed any funds as of Jan 2023 to GEDC. The City has asked GEDC to provide accurate financial statements and supporting documentation before the City can move forward with any disbursements.

Compliance and Other Matters

2022-006 Noncompliance with the Local Government Budget Act (LGBA)

Criteria: Louisiana Revised Statute (R.S.) 39:1309 requires that all action necessary to adopt and otherwise finalize and implement the budget for a fiscal year, including the adoption of any amendments to the proposed budget, shall be taken in open meeting and completed before the end of the prior fiscal year.

CITY OF GRAMBLING, LOUISIANA
Schedule of Findings and Responses
For the Year Ended December 31, 2022

2022-006 Noncompliance with the Local Government Budget Act (LGBA) (Continued)

Condition: The City was noncompliant with the local government budget act, specifically R.S. 39:1309, as the Council did not adopt and otherwise finalize and implement the budget for the 2022 fiscal year before the end of the prior fiscal year. In addition, actual expenditures of \$2,968,029 in the General Fund exceeded budgeted amounts of \$2,323,000 which resulted in an unfavorable variance of \$645,029 which exceeded the 5% threshold.

Cause: Unknown.

Effect: Noncompliance with Louisiana Revised Statutes. If a budget is not adopted and finalized for any fiscal year, the entity can only legally operate at 50% of the prior year's budgeted amounts.

Recommendation: The City and its Council should develop policies and procedures to ensure they remain compliant with the LGBA.

Management's Response: The City of Grambling and its Council have implemented policies and procedures to ensure they remain compliant with the LGBA.

2022-007 Late Submission of Annual Audit

Criteria: Louisiana Revised Statute (R.S.) 24:513 and 24:514 (the audit law) requires local government agencies to provide annual financial reports to the Louisiana Legislative Auditor (LLA) six months after the end of the fiscal period.

Condition: The audit report for the year ended December 31, 2022 was not submitted to the LLA within six months after year-end.

Cause: Lack of internal controls to ensure adequate and timely financial reporting and completion of audit.

Effect: The City is not in compliance with local audit law.

Recommendation: The City should adopt internal financial reporting control procedures to ensure that all future audits are completed and submitted in a timely manner to the LLA.

Management's Response: The City of Grambling has implemented internal controls to ensure adequate and timely financial reporting and completion of audit.

CITY OF GRAMBLING, LOUISIANA
Schedule of Findings and Responses
For the Year Ended December 31, 2022

2022-008 Credit Card Support and Documentation

Criteria: Article 7 Section 14 of the Louisiana constitution prohibits the use of funds or credit of any political subdivision for any person, association, or corporation, public or private, without proper documentation for authorized uses.

Condition: The City did not maintain appropriate support and/or documentation of business/public purpose for credit card transactions. During our testing of 25 credit card transactions, we noted that there was no documentation for 5 charges, there was no documentation of public purpose or who participated in 10 credit card charges for meals, and there was no documentation of public purpose for 6 other credit card charges.

Cause: Inadequate requirements for written documentation for credit card purchases.

Effect: Lack of controls over credit card transactions could lead to increased risk of misappropriation of assets and/or violation of Article 7 Section 14 of the Louisiana constitution.

Recommendation: The City should implement policies and procedures that require appropriate documentation is created and maintained for all credit card transactions.

Management's Response: The City of Grambling has implemented the credit card policy and maintaining appropriate support and/or documentation of business/public purpose for credit card transactions.

CITY OF GRAMBLING, LOUISIANA
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2022

Financial Statement Findings

None.

Compliance and Other Matters

2021-001 Financial Reporting - Late Submission of the Annual Audit

Condition: The audited financial statements for the year ended December 31, 2021 were not submitted to the Louisiana Legislative Auditor's Office within six months of year end, as required by Louisiana Revised Statutes (R.S.) 24:513 and 24:514.

Status: Audited financial statements for December 31, 2021 were submitted to the Louisiana Legislative Auditor's Office in December 2022.

AGREED-UPON PROCEDURES REPORT

City of Grambling, Louisiana

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2022 - December 31, 2022

To the Council of
the City of Grambling, Louisiana and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the City of Grambling, Louisiana's (the City) control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2022 through December 31, 2022. The City's management is responsible for those C/C areas identified in the SAUPs.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal year January 1, 2022 through December 31, 2022. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and results are as follows:

1) *Written Policies and Procedures*

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
- ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
- iii. **Disbursements**, including processing, reviewing, and approving.

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- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: We noted no exceptions in the performance of 1vii and 1xii. We noted no written policies and procedures for the remaining categories.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: We noted that the City Council meets on a monthly basis. We noted that the minutes did not reference the review of budget to actual comparisons.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: We performed the above procedures and noted that for the five bank reconciliations tested none were reconciled within 2 months of closing and there was no written evidence that a member of management or a board member reviewed them. No other exceptions noted.

4) Collections (excluding electronic funds transfers)

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

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
- i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Results: We noted that of ten collections tested, four were not deposited within one business day. No other exceptions were found as a result of these procedures.

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: We noted no exceptions in the performance of these procedures.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: We noted two out of three credit card statements tested did not have documentation of approval. Out of fifteen credit card charges tested, we noted that five charges had no receipt or documentation, we noted six credit card charges for which receipts were present but there was no documentation of public purpose, and we noted ten charges for meals which did not indicate public purpose or identify who was present.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of these procedures.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were found as a result of these procedures.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe whether the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions were found as a result of these procedures.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: No exceptions were found as a result of these procedures.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: We noted that water and sewer credit card payments were deposited in the General Fund and were not remitted to the revenue account of the Water Maintenance Fund. No other exceptions were found as a result of these procedures.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the Legislative Auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: We noted that the fraud notice was not included on the website or exhibited at city hall.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1st, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Results: We noted that the report did not indicate the number and percentage of public servants who completed the training requirement. We noted no other exceptions in the performance of these procedures.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing on those C/C areas identified in Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA
September 21, 2023


Mr. Michael J. Waguespack
Louisiana Legislative Auditor
1600 N 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Statewide Agreed-Upon Procedures

The management of the City of Grambling, Louisiana (the City), wishes to provide the following responses relative to the results of the 2022 Statewide agreed-upon procedures engagement:

- 1) The City will adopt written policies and procedures for the noted categories.
- 2) The City Council will begin reviewing budget to actual comparisons on a monthly basis.
- 3) The City will reconcile future bank accounts on a timely basis and will institute a review process for bank reconciliations.
- 4) The City will deposit future collections within one business day.
- 5) The City will institute procedures to ensure that credit card statements are reviewed, and that receipts are present with documentation of public purpose and documentation of participants for meals.
- 6) The City will comply with its revenue bond covenants by depositing credit card payments in the water maintenance revenue account.
- 7) The City will add the fraud notice to its website and will post it at city hall.

Sincerely,


Alvin Bradley,
Mayor