

CITY OF GRAMBLING, LOUISIANA
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2014

CITY OF GRAMBLING, LOUISIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grambling, Louisiana (City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Grambling, Louisiana, as of and for the year ended December 31, 2014, and the respective changes in financial position, and where applicable, cash flows thereof and budgetary comparison schedules for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the City of Grambling, Louisiana will continue as a going concern. As discussed in Note 14 to the financial statements, the City has suffered recurring losses from operations and has a fund balance deficiency in the General Fund that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 14. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2015, on our consideration of the City of Grambling, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Banks, Finley, White & Co.

Ridgeland, Mississippi
June 22, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2014

Our discussion and analysis of the City of Grambling, Louisiana's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2014.

FINANCIAL HIGHLIGHTS

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

Governmental activities reported an increase in net position of \$67,513 from 2013 to 2014, whereas business-type activities reported a decrease of \$263,888. The increase in net position of the governmental activities was due to an increase in revenues. The net position of the business-type activities went from an increase in 2013 of \$367,057 (including a prior period adjustment of \$182,625) to a decrease of \$263,888 in 2014, primarily because of the prior period adjustment from business-type activities salaries charged to the governmental activities in prior years.

Total governmental activities revenues decreased \$402,809 or 15.55% from 2013 to 2014. Program specific revenues decrease by \$297,279 or 184.27%, due to an increase in capital grants and contributions. General revenues had a net decrease of \$105,530 or 5.19%. Increases in property taxes revenue of \$123,858, fines and forfeitures of \$53,824, was more than enough to offset the decrease in sales tax revenue of \$25,161 and miscellaneous revenue of \$121,040 included in general revenues.

The \$63,790 decrease in business-type activities expenses was primarily due to decreases in operating costs of \$102,392. Other minor increases and decreases combined to form the total decrease.

Total expenses for governmental activities was \$2,280,333 in 2014. \$259,601 of these expenses were offset by program specific revenues. General revenues of \$1,927,489 were adequate to cover the remaining governmental activities expenses.

The General Fund's fund balance decreased by \$10,401 during 2014 as compared to a decrease in 2013 of \$634,983. Revenues decreased by \$214,451 while expenditures decreased by \$474,330 from 2013 to 2014. Transfers in were \$166,728 and \$160,106, for 2014 and 2013 respectively. Transfers out were \$100,209 and \$13,794, for 2014 and 2013 respectively.

The General Fund's fund balance is a deficit of \$591,417 due to several conditions. When the current administration took office on January 1, 2011, the deficit was \$216,945. There have been many instances since January 2011 whereby management has learned of prior obligations, such as liability insurance and workmen's compensation insurance, that contributed to the current deficit in that these old bills had to be accrued. The old bills also took cash that was needed to pay current bills. Current management has made a concerted effort to make repairs and improvements to city facilities and systems. This effort has caused a temporary increase in expenditures that is expected to result in savings in the long run by properly maintaining facilities and systems and preventing unnecessary repairs. Also, the City has purchased property to include in the development of a hotel, restaurant, and other businesses in the City that are expected to generate significant property and sales tax revenues in the future as well as increasing licenses and permits and utility revenues.

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2014

In addition to the development plans, the City is analyzing expenditures to identify areas where costs can be reduced at least until revenue increases. Management is focusing on salaries and benefits as they are the largest expenditures of the City and because many costs are fixed costs that the City cannot reduce. During 2013 and 2014, the City allocated expenditures to other funds where possible to ease the burden on the General Fund.

The Health and Sanitation Fund's fund balance decreased \$81,131 in 2014 as compared to a decrease of \$45,122 in 2013. Health and Sanitation Fund's revenues were \$469,765 which is \$105,944 or 29.26% greater than 2013 revenues. The increase was due to an increase in general property taxes of \$100,855 when compared to 2013.

Health and Sanitation Fund's 2014 expenditures increased by \$136,555 or 55.14% from 2013. The increase in total expenditures was due to an increase in operating costs.

The Debt Service Fund had no change in fund balance in 2014 as compared to a net decrease in 2013 of \$1.

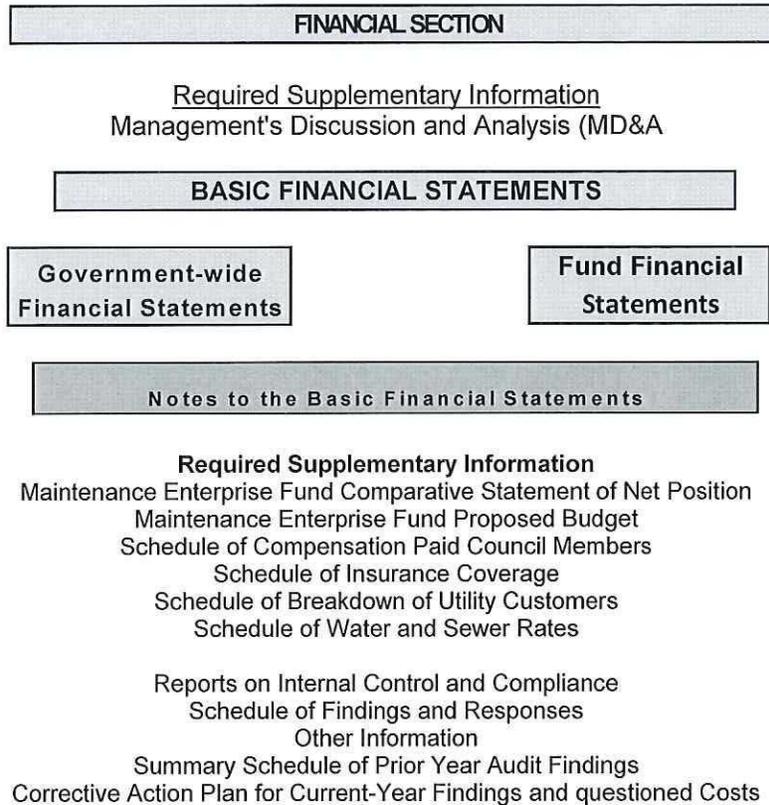
The Capital Project Fund had a decrease in fund balance of \$1,224 from 2013 to 2014. The decrease was due to an increase in capital expenditures over revenues allocated during 2014.

USING THIS ANNUAL REPORT

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

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2014

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



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

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2014

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

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

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2014

THE CITY AS A WHOLE

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

**Table 1
Net Position
December 31, 2014 and 2013**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 821,506	\$ 649,552	\$ 362,540	\$ 348,759	\$ 1,184,046	\$ 998,311
Capital assets, net	<u>2,076,932</u>	<u>2,166,139</u>	<u>1,637,684</u>	<u>1,889,094</u>	<u>3,714,616</u>	<u>4,055,233</u>
Total assets	<u>\$ 2,898,438</u>	<u>\$ 2,815,691</u>	<u>\$ 2,000,224</u>	<u>\$ 2,237,853</u>	<u>\$ 4,898,662</u>	<u>\$ 5,053,544</u>
Current and other liabilities	\$ 738,600	\$ 586,436	\$ 640,928	\$ 569,955	\$ 1,379,528	\$ 1,156,391
Long-term liabilities	<u>4,614</u>	<u>169,586</u>	<u>1,256,127</u>	<u>1,300,841</u>	<u>1,260,741</u>	<u>1,470,427</u>
Total Liabilities	<u>743,214</u>	<u>756,022</u>	<u>1,897,055</u>	<u>1,870,796</u>	<u>2,640,269</u>	<u>2,626,818</u>
Deferred Inflows of resources	<u>104,616</u>	<u>76,574</u>	<u>-</u>	<u>-</u>	<u>104,616</u>	<u>76,574</u>
Net position						
Net investment in capital assets	2,076,932	2,166,139	337,684	681,232	2,414,616	2,847,371
Restricted	833,005	1,011,115	-	-	833,005	1,011,115
Unrestricted	<u>(859,329)</u>	<u>(1,194,159)</u>	<u>(234,515)</u>	<u>(314,175)</u>	<u>(1,093,844)</u>	<u>(1,508,334)</u>
Total net position	<u>2,050,608</u>	<u>1,983,095</u>	<u>103,169</u>	<u>367,057</u>	<u>2,153,777</u>	<u>2,350,152</u>
Total Liabilities and net position	<u>\$ 2,898,438</u>	<u>\$ 2,815,691</u>	<u>\$ 2,000,224</u>	<u>\$ 2,237,853</u>	<u>\$ 4,898,662</u>	<u>\$ 5,053,544</u>

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2014

Table 2
Changes in Net Position
For the Year Ended December 31, 2014 and 2013

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program Revenue:						
Charges for services	\$ 167,145	\$ 161,326	\$ 1,035,160	\$ 995,512	\$ 1,202,305	\$ 1,156,838
Operating grants and contributions	85,900	20,183	-	-	85,900	20,183
Capital grants and contributions	6,556	375,371	46,290	97,926	52,846	473,297
General Revenue:						
Property taxes	888,514	764,656	73,414	73,350	961,928	838,006
Sales taxes	492,660	517,821	-	-	492,660	517,821
Fines and forfeitures	232,453	286,277	-	-	232,453	286,277
Licenses and permits	181,280	180,173	-	-	181,280	180,173
Interest income	153	170	-	-	153	170
Intergovernmental revenue	33,274	63,727	-	-	33,274	63,727
Miscellaneous	99,155	220,195	6,355	(42,579)	105,510	177,616
Total Revenues	<u>2,187,090</u>	<u>2,589,899</u>	<u>1,161,219</u>	<u>1,124,209</u>	<u>3,348,309</u>	<u>3,714,108</u>
Expenses:						
General Government	534,447	869,809	-	-	534,447	869,809
Public safety	1,200,815	1,327,506	-	-	1,200,815	1,327,506
Health and sanitation	400,702	265,511	-	-	400,702	265,511
Parks and recreation	20,222	2,052	-	-	20,222	2,052
Highway and streets	76,944	89,135	-	-	76,944	89,135
Economic development	47,203	-	-	-	47,203	-
Interest on long-term debt	6,401	13,794	-	-	6,401	13,794
Business-type activities:						
Utility enterprise	-	-	1,242,482	1,306,272	1,242,482	1,306,272
Total Expenses	<u>2,286,734</u>	<u>2,567,807</u>	<u>1,242,482</u>	<u>1,306,272</u>	<u>3,529,216</u>	<u>3,874,079</u>
Increase (decrease) in Net Position						
Before Transfers and Special Items	(99,644)	22,092	(81,263)	(182,063)	(180,907)	(159,971)
Transfers in (out)	-	-	-	-	-	-
Increase (decrease) in net position	<u>(99,644)</u>	<u>22,092</u>	<u>(81,263)</u>	<u>(182,063)</u>	<u>(180,907)</u>	<u>(159,971)</u>
Net position, beginning	1,983,095	1,961,003	367,057	549,120	2,350,152	2,510,123
Prior period adjustment	167,157	-	(182,625)	-	(15,468)	-
Net position, restated	<u>2,150,252</u>	<u>1,961,003</u>	<u>184,432</u>	<u>549,120</u>	<u>2,334,684</u>	<u>2,510,123</u>
Net Position Ending	<u>\$ 2,050,608</u>	<u>\$ 1,983,095</u>	<u>\$ 103,169</u>	<u>\$ 367,057</u>	<u>\$ 2,153,777</u>	<u>\$ 2,350,152</u>

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2014

Governmental Activities

The cost of all governmental activities this year was \$2,286,734. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes and other revenue was \$2,027,133 because some of the cost was paid by those who directly benefited from the programs and grants in the amount of \$259,601.

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

**Table 3
Governmental Activities
For the Year Ended December 31, 2014 and 2013**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2014	2013	2014	2013
General government	\$ 534,447	\$ 869,809	\$ (534,447)	\$ (828,909)
Public safety	1,200,815	1,327,506	(1,114,915)	(1,307,323)
Health and sanitation	400,702	265,511	(233,557)	(104,185)
Park and recreation	20,222	2,052	(20,222)	(2,052)
Highway and streets	76,944	89,135	(70,388)	245,336
Economic development	47,203	-	(47,203)	-
Interest on long-term debt	6,401	13,794	(6,401)	(13,794)
Total Program Expenses	<u>\$ 2,286,734</u>	<u>\$ 2,567,807</u>	<u>\$ (2,027,133)</u>	<u>\$ (2,010,927)</u>

**Table 4
Business-Type Activities
For the Year Ended December 31, 2014 and 2013**

Business-Type Activities

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2014	2013	2014	2013
Business-Type Activities				
Utility enterprise	<u>\$ 1,242,482</u>	<u>\$ 1,306,272</u>	<u>\$ (161,032)</u>	<u>\$ (212,834)</u>
Total Program Expenses	<u>\$ 1,242,482</u>	<u>\$ 1,306,272</u>	<u>\$ (161,032)</u>	<u>\$ (212,834)</u>

Revenues and expenses of the City's business-type activities as shown in table 3 remained relatively stable for 2014 compared to 2013.

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2014

THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a combined fund balance of \$241,588 which is a decrease of \$90,098 in fund balance from last year. See the financial highlights section for more details.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original total budgeted expenditures in the General Fund were \$1,884,699. Amendments increased total budgeted expenditures by \$163,303. These amendments were the result of an analysis of variances from estimates at the time the original budget was prepared. Significant individual accounts amended were:

Salaries	\$ (39,644)
Office supplies	10,000
Travel expense	16,000
Vehicle insurance	10,000
Contracted services	19,000
Municipal bond payment	92,000

CAPITAL ASSETS

At December 31, 2014 and 2012, the City had invested in the following capital assets:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 217,902	\$ 217,902	\$ 49,182	\$ 49,182	\$ 267,084	\$ 267,084
Construction in progress	35,304	29,973	-	-	35,304	29,973
Buildings	1,869,005	1,869,005	242,106	239,004	2,111,111	2,108,009
Infrastructure	331,443	313,943	-	-	331,443	313,943
Vehicles	-	-	33,446	36,066	33,446	36,066
Furniture and equipment	1,345,742	1,345,742	-	-	1,345,742	1,345,742
Sewage plant	-	-	3,656,312	3,656,312	3,656,312	3,656,312
Water system	-	-	1,985,394	1,985,394	1,985,394	1,985,394
Water/sewer equipment	-	-	1,194,997	1,194,997	1,194,997	1,194,997
Total Capital Assets	<u>3,799,396</u>	<u>3,776,565</u>	<u>7,161,437</u>	<u>7,160,955</u>	<u>10,960,833</u>	<u>10,937,520</u>
Less: Accumulated Deprec.	<u>1,722,464</u>	<u>1,610,426</u>	<u>5,570,043</u>	<u>5,271,861</u>	<u>7,292,507</u>	<u>6,882,287</u>
Net Capital Assets	<u>\$ 2,076,932</u>	<u>\$ 2,166,139</u>	<u>\$ 1,591,394</u>	<u>\$ 1,889,094</u>	<u>\$ 3,668,326</u>	<u>\$ 4,055,233</u>

DEBT ADMINISTRATION

At December 31, 2014, the City's Maintenance Enterprise fund had \$1,300,000 in bonds payable outstanding and the Governmental funds had debt consisting of \$209,169 in certificate of indebtedness. For further details see Note 10 to the Basic Financial Statements.

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2014

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Our elected and appointed officials and citizens consider many factors when setting the City's budget and tax rates. One of the most important factors affecting the budget is our property tax and sales tax collections. Property and sales tax make up more than 40% of 2014 revenues. The 2014 budget includes very little changes in property tax and sales tax revenues. Major plans for 2014 include developing an area of the City to include a total and restaurants. Management will strive to improve the City's financial condition by restricting expenditures to needs and by searching for ways to arise revenue, such as with the total and restaurant development. Management expects future needs to be more and more manageable as routine obligations and repair and maintenance needs are brought up to date.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF GRAMBLING, LOUISIANA
Statement of Net Position
December 31, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 121,677	\$ 34,237	\$ 155,914
Investments	1,011	-	1,011
Net receivables	323,999	161,130	485,129
Prepaid expenses	-	1,484	1,484
Due from other funds	374,819	-	374,819
Restricted Assets:			
Cash and cash equivalents	-	165,689	165,689
Capital Assets not being depreciated:			
Land	217,902	49,182	267,084
Construction in progress	35,304	46,290	81,594
Capital assets net of accumulated depreciation:			
Buildings and improvements	1,399,901	10,410	1,410,311
Automotive and equipment	114,913	22,462	137,375
Infrastructure	<u>308,912</u>	<u>1,509,340</u>	<u>1,818,252</u>
TOTAL ASSETS	<u>\$ 2,898,438</u>	<u>\$ 2,000,224</u>	<u>\$ 4,898,662</u>
LIABILITIES			
Accounts payable	\$ 416,687	\$ 92,314	\$ 509,001
Accrued and other liabilities	58,615	826	59,441
Interest payable on long term debt	7,434	-	7,434
Customer deposits payable from restricted assets	-	115,140	115,140
Due to other funds	-	374,819	374,819
Noncurrent liabilities:			
Due within one year	255,864	57,829	313,693
Due in more than one year	<u>4,614</u>	<u>1,256,127</u>	<u>1,260,741</u>
Total Liabilities	<u>743,214</u>	<u>1,897,055</u>	<u>2,640,269</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax revenues	98,994	-	98,994
Unearned grant revenues	<u>5,622</u>	<u>-</u>	<u>5,622</u>
Total deferred inflows of resources	<u>104,616</u>	<u>-</u>	<u>104,616</u>
NET POSITION:			
Net Investment in capital assets	2,076,932	337,684	2,414,616
Restricted for:			
Debt service	1,341	-	1,341
Health and sanitation	831,664	-	831,664
Unrestricted	<u>(859,329)</u>	<u>(234,515)</u>	<u>(1,093,844)</u>
Total Net Position	<u>2,050,608</u>	<u>103,169</u>	<u>2,153,777</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,898,438</u>	<u>\$ 2,000,224</u>	<u>\$ 4,898,662</u>

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

Statement B

CITY OF GRAMBLING, LOUISIANA
Statement of Activities
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	
Primary Government:							
Governmental activities:							
General government	\$ 534,447	\$ -	\$ -	\$ -	\$ (534,447)	\$ -	\$ (534,447)
Public safety	1,200,815	-	85,900	-	(1,114,915)	-	(1,114,915)
Health and sanitation	400,702	167,145	-	-	(233,557)	-	(233,557)
Parks and recreation	20,222	-	-	-	(20,222)	-	(20,222)
Highway and streets	76,944	-	-	6,556	(70,388)	-	(70,388)
Economic development	47,203	-	-	-	(47,203)	-	(47,203)
Interest on long-term debt	6,401	-	-	-	(6,401)	-	(6,401)
Total governmental activities	<u>2,286,734</u>	<u>167,145</u>	<u>85,900</u>	<u>6,556</u>	<u>(2,027,133)</u>	<u>-</u>	<u>(2,027,133)</u>
Business-type activities:							
Utility Enterprise	<u>1,242,482</u>	<u>1,035,160</u>	<u>-</u>	<u>46,290</u>	<u>-</u>	<u>(161,032)</u>	<u>(161,032)</u>
Total Business-type activities	<u>1,242,482</u>	<u>1,035,160</u>	<u>-</u>	<u>46,290</u>	<u>-</u>	<u>(161,032)</u>	<u>(161,032)</u>
Total	<u>\$ 3,529,216</u>	<u>\$ 1,202,305</u>	<u>\$ 85,900</u>	<u>\$ 52,846</u>	<u>\$ (2,027,133)</u>	<u>\$ (161,032)</u>	<u>\$ (2,188,165)</u>
General Revenues:							
Property taxes					\$ 888,514	\$ 73,414	\$ 961,928
Sales taxes					492,660	-	492,660
License and permits					181,280	-	181,280
Fines and forfeitures					232,453	-	232,453
Interest income					153	-	153
Intergovernmental revenues					33,274	-	33,274
Miscellaneous					<u>99,155</u>	<u>6,355</u>	<u>105,510</u>
Total general revenues, special items, and transfers					<u>1,927,489</u>	<u>79,769</u>	<u>2,007,258</u>
Change in net position					(99,644)	(81,263)	(180,907)
Net Position - Beginning, as previously reported					1,983,095	367,057	2,350,152
Prior period adjustments					<u>167,157</u>	<u>(182,625)</u>	<u>(15,468)</u>
Net Position - as Restated					<u>2,150,252</u>	<u>184,432</u>	<u>2,334,684</u>
Net Position - Ending					<u>\$ 2,050,608</u>	<u>\$ 103,169</u>	<u>\$ 2,153,777</u>

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

Statement C

CITY OF GRAMBLING, LOUISIANA
Balance Sheet
Governmental Funds
December 31, 2014

	General Fund	Health and Sanitation	Debt Service	Capital Project	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 108,153	\$ 11,939	\$ 1,585	\$ -	\$ 121,677
Investments	616	395	-	-	1,011
Receivables, net	189,108	68,755	-	-	257,863
Accounts receivable	34,137	-	-	-	34,137
Intergovernmental receivable	30,508	-	-	1,492	32,000
Interfund receivables	207,839	750,575	-	-	958,414
TOTAL ASSETS	\$ 570,361	\$ 831,664	\$ 1,585	\$ 1,492	\$ 1,405,102
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable, general	\$ 414,762	\$ -	\$ -	\$ 1,492	\$ 416,254
Accrued and other liabilities	59,049	-	-	-	59,049
Customer deposits	-	-	-	-	-
Interfund payables	583,351	-	244	-	583,595
Total Liabilities	1,057,162	-	244	1,492	1,058,898
DEFERRED INFLOWS OF RESOURCES					
Property tax revenues	98,994	-	-	-	98,994
Unearned grant revenues	5,622	-	-	-	5,622
Total deferred inflows of resources	104,616	-	-	-	104,616
Fund Balance:					
Restricted	-	831,664	1,341	-	833,005
Unassigned	(591,417)	-	-	-	(591,417)
Total Fund Balances	(591,417)	831,664	1,341	-	241,588
TOTAL LIABILITIES AND FUND BALANCES	\$ 570,361	\$ 831,664	\$ 1,585	\$ 1,492	\$ 1,405,102

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

Statement D

CITY OF GRAMBLING, LOUISIANA
 Reconciliation of the Governmental Funds Balance Sheet
 of the Statement of Net Position
 December 31, 2014

Total fund balances - governmental funds \$ 241,588

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

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

Cost of capital assets	3,799,396	
Accumulated depreciation	<u>(1,722,464)</u>	
		2,076,932

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

Balances at December 31, 2014 are:

Compensated absences	(51,309)	
Bonds payable	(209,169)	
Interest payable	<u>(7,434)</u>	
		<u>(267,912)</u>

Net Position of Governmental Activities \$ 2,050,608

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

Statement E

CITY OF GRAMBLING, LOUISIANA
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2014

	General Fund	Health and Sanitation	Debt Service	Capital Project	Total Governmental Funds
REVENUES:					
General property taxes	\$ 590,765	302,609	-	-	\$ 893,374
Charges for services	-	167,145	-	-	167,145
Privilege licenses and permits	181,280	-	-	-	181,280
Intergovernmental revenues	525,934	-	-	6,556	532,490
Fines and forfeitures	227,593	-	-	-	227,593
Interest income	142	9	1	-	152
Miscellaneous	181,357	2	-	-	181,359
Total Revenues	<u>1,707,071</u>	<u>469,765</u>	<u>1</u>	<u>6,556</u>	<u>2,183,393</u>
EXPENDITURES:					
General government	495,561	24,288	-	-	519,849
Public safety	1,164,679	-	-	-	1,164,679
Health and sanitation	-	359,880	-	-	359,880
Parks and recreations	19,875	-	-	-	19,875
Highways and Streets	60,372	-	-	-	60,372
Economic development	47,203	-	-	-	47,203
Debt services:					
Principal	-	-	93,599	-	93,599
Interest and service charges	-	-	6,401	-	6,401
Capital outlay:					
Highways and Street	-	-	-	5,332	5,332
TOTAL EXPENDITURES	<u>1,787,690</u>	<u>384,168</u>	<u>100,000</u>	<u>5,332</u>	<u>2,277,190</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(80,619)</u>	<u>85,597</u>	<u>(99,999)</u>	<u>1,224</u>	<u>(93,797)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from issuance of debt	3,699	-	-	-	3,699
Operating transfers in	166,728	-	100,209	-	266,937
Operating transfers out	(100,209)	(166,728)	-	-	(266,937)
Total Other Financing Sources (Uses)	<u>70,218</u>	<u>(166,728)</u>	<u>100,209</u>	<u>-</u>	<u>3,699</u>
Net Change in Fund Balances	(10,401)	(81,131)	210	1,224	(90,098)
FUND BALANCE, beginning as previously reported	(827,862)	1,009,984	1,131	(1,224)	182,029
Prior Period Adjustment	246,846	(97,189)	-	-	149,657
FUND BALANCE, beginning, as restated	<u>(581,016)</u>	<u>912,795</u>	<u>1,131</u>	<u>(1,224)</u>	<u>331,686</u>
FUND BALANCE, ENDING	<u>\$ (591,417)</u>	<u>831,664</u>	<u>1,341</u>	<u>-</u>	<u>\$ 241,588</u>

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

Statement F

CITY OF GRAMBLING, LOUISIANA
 Reconciliation of the Statement of Revenues
 Expenditures, and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2014

		<u>AMOUNTS</u>
Net change in fund balances - total governmental funds		\$ (90,098)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.</p>		
Capital outlays	5,331	
Depreciation expense	<u>(112,038)</u>	(106,707)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		93,599
Compensated absences are recognized in the Statement of Net Position as an increase to liabilities, but not in the Fund Financial Statements.		3,563
Other		<u>(1)</u>
Change in net position of governmental activities		<u>\$ (99,644)</u>

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

CITY OF GRAMBLING, LOUISIANA
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2014

	Budget Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Property taxes	\$ 557,000	\$ 551,000	\$ 590,765	\$ 39,765
Licenses and permits	185,000	181,000	181,280	280
Intergovernmental revenues	733,000	627,000	525,934	(101,066)
Fines and forfeits	308,000	251,000	227,593	(23,407)
Interest income	-	-	142	142
Miscellaneous income	110,000	94,000	181,357	87,357
TOTAL REVENUES	<u>1,893,000</u>	<u>1,704,000</u>	<u>1,707,071</u>	<u>3,071</u>
EXPENDITURES:				
General government	536,622	583,118	495,561	87,557
Public safety	1,261,181	1,370,457	1,164,679	205,778
Highway and streets	65,374	71,039	60,372	10,667
Parks and recreation	21,522	23,388	19,875	3,513
Economic development	-	-	47,203	(47,203)
Capital outlays	-	-	-	-
TOTAL EXPENDITURES	<u>1,884,699</u>	<u>2,048,002</u>	<u>1,787,690</u>	<u>260,312</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,301</u>	<u>(344,002)</u>	<u>(80,619)</u>	<u>263,383</u>
Other Financing Sources (Uses):				
Transfers in	160,000	167,000	166,728	(272)
Proceeds from Insurance	4,000	3,000	3,699	699
Transfers out	(156,242)	-	(100,209)	(100,209)
Total Other Financing Sources	<u>7,758</u>	<u>170,000</u>	<u>70,218</u>	<u>(99,782)</u>
Net change in fund balance	<u>16,059</u>	<u>(174,002)</u>	<u>(10,401)</u>	<u>163,601</u>
Fund Balance at beginning of year, as previously reported	(827,862)	(827,862)	(827,862)	-
Prior period adjustment	246,846	246,846	246,846	-
Fund Balance at beginning of year, as restated	<u>(581,016)</u>	<u>(581,016)</u>	<u>(581,016)</u>	<u>-</u>
Fund Balance at end of year	<u>\$ (564,957)</u>	<u>\$ (755,018)</u>	<u>\$ (591,417)</u>	<u>\$ 163,601</u>

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

CITY OF GRAMBLING, LOUISIANA
Health and Sanitation
Budgetary Comparison Schedule
For the Year Ended December 31, 2014

	<u>Budget Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 192,000	\$ 226,000	\$ 302,609	\$ 76,609
Charges for services	157,000	167,000	167,145	145
Interest income	-	-	9	9
Miscellaneous	-	-	2	2
TOTAL REVENUES	<u>349,000</u>	<u>393,000</u>	<u>469,765</u>	<u>76,765</u>
EXPENDITURES:				
Current:				
General government	-	-	24,288	(24,288)
Health and sanitation	<u>197,912</u>	<u>328,000</u>	<u>359,880</u>	<u>(31,880)</u>
Total Expenditures	<u>197,912</u>	<u>328,000</u>	<u>384,168</u>	<u>(56,168)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>151,088</u>	<u>65,000</u>	<u>85,597</u>	<u>20,597</u>
Other Financing Sources:				
Operating transfers out	<u>(160,000)</u>	<u>(167,000)</u>	<u>(166,728)</u>	<u>272</u>
Total Other Financing Sources	<u>(160,000)</u>	<u>(167,000)</u>	<u>(166,728)</u>	<u>272</u>
Net change in fund balance	(8,912)	(102,000)	(81,131)	20,869
Fund Balance at beginning of year, as previously reported	1,009,984	1,009,984	1,009,984	-
Prior period adjustment	-	-	(97,189)	97,189
Fund Balance at beginning of year, as restated	<u>1,009,984</u>	<u>1,009,984</u>	<u>912,795</u>	<u>97,189</u>
Fund Balance at end of year	<u>\$ 1,001,072</u>	<u>\$ 907,984</u>	<u>\$ 831,664</u>	<u>\$ 118,058</u>

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

Statement H

CITY OF GRAMBLING, LOUISIANA
Statement of Net Position
Proprietary Fund
December 31, 2014

Assets	
Current assets:	
Cash and cash equivalents	\$ 34,237
Accounts receivable, net	161,130
Prepaid expenses	<u>1,484</u>
Total Current Assets	<u>196,851</u>
Noncurrent assets:	
Restricted cash and cash equivalents	
Customer deposits	107,699
Revenue bonds	<u>57,990</u>
Total restricted assets	<u>165,689</u>
Property, Plant and Equipment, at Cost	
Land	49,182
Buildings and improvements	242,106
Water/Sewer system	5,641,706
Automotive and equipment	1,228,443
Less: accumulated depreciation	<u>(5,570,043)</u>
Total capital assets (net of accumulated depreciation)	<u>1,591,394</u>
Construction in progress	<u>46,290</u>
Total noncurrent assets	<u>1,803,373</u>
Total Assets	<u>\$ 2,000,224</u>
Liabilities and Net Position	
Liabilities	
Current Liabilities:	
Accounts payable	\$ 92,314
Accrued and other liabilities	826
Interfund payables	374,819
Compensated absences	12,829
Revenue bonds payable	<u>45,000</u>
Total current liabilities	<u>525,788</u>
Noncurrent liabilities:	
Customer deposits payable from restricted assets	115,140
Compensated absences	1,127
Revenue bonds payable	<u>1,255,000</u>
Total noncurrent liabilities payable	<u>1,371,267</u>
Total Liabilities	<u>1,897,055</u>
Net Position	
Net investment in capital assets	337,684
Unrestricted	<u>(234,515)</u>
Total Net Position	<u>\$ 103,169</u>
Total Liabilities and Net Position	<u>\$ 2,000,224</u>

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

Statement I

CITY OF GRAMBLING, LOUISIANA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2014

Operating Revenues:	
Water sales	\$ 399,480
Water connection charges	19,250
Sewer fees	<u>616,431</u>
Total Operating Revenues	<u>1,035,161</u>
Operating Expenses:	
Salaries and benefits	330,298
Materials and supplies	15,768
Operating costs	361,449
Professional services	66,194
Other services and charges	111,040
Depreciation	<u>300,802</u>
Total operating expenses	<u>1,185,551</u>
Operating income (loss)	<u>(150,390)</u>
Nonoperating revenues (expenses);	
Miscellaneous	6,105
Interest income	50
Ad valorem tax revenues	73,414
Intergovernmental revenues	46,290
Sale of assets	200
Interest expense	<u>(56,932)</u>
Total nonoperating revenues (expenses)	<u>69,127</u>
Change in net position	<u>(81,263)</u>
Net position - beginning of year as previously reported	367,057
Prior period adjustment	<u>(182,625)</u>
Restated net assets - beginning, as restated	<u>184,432</u>
Total net position - ending	<u>\$ 103,169</u>

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

CITY OF GRAMBLING, LOUISIANA
Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended December 31, 2014

Cash flows from operating activities:	
Receipts from customers and users	\$ 1,171,482
Intergovernmental revenues	119,704
Payments to suppliers	(967,108)
Payments to employees	<u>(326,755)</u>
Net cash provided by (used for) operating activities	<u>(2,677)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(49,392)
Principal paid retirement of debt	(68,296)
Proceeds from refunding bond	-
Interest paid on capital debt	(56,932)
Sales of capital assets	<u>(2,620)</u>
Net cash provided (used) by capital and related financing activities	<u>(177,240)</u>
Cash flows provided by (used for) investing activities:	
Interest received	50
Miscellaneous revenue	6,105
Other investing activities	<u>119,524</u>
Net cash provided by investing activities	<u>125,679</u>
Net increase (decrease) in cash and cash equivalents	(54,238)
Cash and cash equivalents at beginning of year	<u>207,874</u>
Cash and cash equivalents at end of year	<u>\$ 153,636</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating Income (Loss)	\$ <u>(150,390)</u>
Adjustment to reconcile operating income to net cash provided by operating activities:	
Prior period adjustment	(182,625)
Depreciation expense	300,802
(Increase) decrease	
Accounts receivable, net	(24,698)
Intergovernmental receivable	2,969
Increase (decrease)	
Accounts payable	(61,229)
Accrued and other liabilities	(24,037)
Customer deposits	14,055
Due to other funds	162,223
Compensated absences	<u>3,543</u>
	<u>191,003</u>
Net cash provided by operating activities	<u>\$ 40,613</u>

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

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The City of Grambling was founded in 1959 under the provisions of the "Lawrason Act" (Louisiana Revised Statutes (R.S.)33:321-481) of the constitution of the State of Louisiana. The City is located in the parish of Lincoln and has a population of approximately 4,693. The City is governed by the mayor and five-member council. The mayor and council members serve four-year terms which expire on December 31, 2014.

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

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

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

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

B. FUND ACCOUNTING

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

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

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

Governmental Funds

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

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

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

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

Proprietary Fund

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

FUND FINANCIAL STATEMENTS (FFS)

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

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

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

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

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

CITY OF GRAMBLING, LOUISIANA
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Substantially all other revenues are recorded when they are received by the City.

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

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

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

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

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

D. BUDGET PRACTICES

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

E. CASH AND CASH EQUIVALENTS

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

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F. INVESTMENTS

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

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

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

Definitions:

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

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

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

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

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

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

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- ◆ *Interest rate risk:* LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments as of December 31, 2014.
- ◆ *Foreign currency risk:* Not applicable to 2a7-like pools.

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

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

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

G. CAPITAL ASSETS

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

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

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

H. LONG-TERM DEBT

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

I. COMPENSATED ABSENCES

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

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

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

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

J. RESTRICTED ASSETS

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

K. RISK MANAGEMENT

The City is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the City maintains commercial insurance policies covering its automobiles, professional liability, general liability, and surety bond coverage. There were no significant reductions in insurance coverage during the year ended December 31, 2014.

L. RESTRICTED NET POSITION

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

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

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

M. FUND BALANCES OF FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

N. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

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

O. USE OF ESTIMATES

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

P. ELIMINATION AND RECLASSIFICATIONS

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

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Q. SALES TAX

Sales taxes are collected by the Lincoln Parish Sales and Use Tax Commission and by the Lincoln Parish Police Jury. The City's sales tax percentage is two percent. The revenue from the Lincoln Parish Sales and Use Tax commission is for general operating expenses of the City. The Police Jury Tax Revenue is dedicated to Health and Sanitation.

R. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

At December 31, 2014, the City had the following investments:

<u>Type of Investment</u>	<u>Carrying Amount Fair Value</u>
Investments not subject to categorization:	
External investment pool (LAMP)	\$ 1,541
Total investment	<u>\$ 1,541</u>

Total investments are \$1,541 in which \$1,011 is reported on Statement C and \$530 is included in restricted assets on Statement H.

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

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

Custodial Credit-Deposits: At year end, the City's carrying amount of deposits was \$263,613 (Statement C-Cash and cash equivalents of \$121,677 Statement H - cash and cash equivalents of \$34,237 and restricted assets cash of \$107,699 on Statement H). In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of December 31, 2014, the City's bank balance was \$467,922 which was covered by federal depository insurance.

CITY OF GRAMBLING, LOUISIANA
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NOTE 3 - LEVIED TAXES

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

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

<u>Category</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Public streets	6.50	5.51	2019
Water system	5.00	4.24	2016
Police department	5.50	4.66	2019
Public Improvement	11.20	9.49	2019
Fire department	20.80	17.63	2019
General Alimony Constitutional	<u>7.00</u>	<u>6.00</u>	Statutory
Total Levy	<u>56.00</u>	<u>47.53</u>	

Property Tax Calendar

Lien Date	12/31/14
Levy Date	10/31/14
Due Date	12/31/14
Collection Dates	November 1 through June 30

NOTE 4 - RECEIVABLES

The following is a summary of receivables at December 31, 2014:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Health & Sanitation Fund</u>	<u>Capital Projects</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes:					
Property taxes	\$ 189,108	\$ -	\$ -	\$ 30,968	\$ 220,076
Sales and use	508	51,905	-	-	52,413
Intergovernmental revenue:					
Grants	30,000	-	1,492	-	31,492
Charges for services	-	21,900	-	159,626	181,526
Franchise fees	<u>34,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,137</u>
Gross Receivables	<u>253,753</u>	<u>73,805</u>	<u>1,492</u>	<u>190,594</u>	<u>519,644</u>
Less Allowance for uncollectibles	<u>-</u>	<u>(5,050)</u>	<u>-</u>	<u>(29,464)</u>	<u>(34,514)</u>
	<u>\$ 253,753</u>	<u>\$ 68,755</u>	<u>\$ 1,492</u>	<u>\$ 161,130</u>	<u>\$ 485,130</u>

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

Individual balances due from/to other funds at December 31, 2014 are as follows:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	\$ 207,839	Proprietary	\$ 207,595
Health and sanitation	583,351	Health and sanitation	583,351
Health and sanitation	167,224	Proprietary	167,224
Debt service	-	General fund	244
Total	<u>\$ 958,414</u>	Total	<u>\$ 958,414</u>

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

Transfers during the year ended December 31, 2014 were as follows:

	<u>Transfer From Other Funds</u>	<u>Transfer to Other Funds</u>
General Fund	\$ 166,728	\$ 100,209
Health and Sanitation Fund	-	166,728
Debt Service Fund	100,209	-
Total	<u>\$ 266,937</u>	<u>\$ 266,937</u>

NOTE 6 - ACCRUED AND OTHER LIABILITIES

The payables at December 31, 2014 are as follows:

<u>Payable category</u>	<u>General Fund</u>	<u>Health and Sanitation</u>	<u>Proprietary Fund</u>	<u>Total</u>
Wages payable	\$ 46,969	\$ -	\$ -	\$ 46,969
Other payables	11,553	-	-	11,553
Accrued insurance	527	-	826	1,353
Total	<u>\$ 59,049</u>	<u>\$ -</u>	<u>\$ 826</u>	<u>\$ 59,875</u>

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
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NOTE 7 - CAPITAL ASSETS

The following presents the changes in capital assets for the year ended December 31, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
Nondepreciable assets:					
Land	\$ 217,902	\$ -	\$ -	\$ -	\$ 217,902
Construction in progress	<u>29,973</u>	<u>5,331</u>	<u>-</u>	<u>-</u>	<u>35,304</u>
Total nondepreciable assets	<u>247,875</u>	<u>5,331</u>	<u>-</u>	<u>-</u>	<u>253,206</u>
Depreciable Assets:					
Building and improvements	1,869,005	-	-	-	1,869,005
Furniture and equipment	1,345,742	-	-	-	1,345,742
Infrastructure	<u>313,943</u>	<u>-</u>	<u>-</u>	<u>17,500</u>	<u>331,443</u>
Total depreciable assets	<u>3,528,690</u>	<u>-</u>	<u>-</u>	<u>17,500</u>	<u>3,546,190</u>
Less: accumulated depreciation					
Buildings and improvements	421,103	48,001	-	-	469,104
Furniture and equipment	1,183,364	47,465	-	-	1,230,829
Infrastructure	<u>5,959</u>	<u>16,572</u>	<u>-</u>	<u>-</u>	<u>22,531</u>
Total depreciable capital assets	<u>1,610,426</u>	<u>112,038</u>	<u>-</u>	<u>-</u>	<u>1,722,464</u>
Governmental activities capital assets, net	<u>\$ 2,166,139</u>	<u>\$ (106,707)</u>	<u>\$ -</u>	<u>\$ 17,500</u>	<u>\$ 2,076,932</u>

Depreciation expense for 2014 was charged to governmental activities as follows:

General	\$ 40,142
Public safety	38,114
Health and sanitation	16,863
Highways and streets	16,572
Culture and recreation	<u>347</u>
Total	<u>\$ 112,038</u>

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
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A summary of plant and equipment changes in the maintenance enterprise fund for 2014 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Nondepreciable assets:				
Land	\$ 49,182	\$ -	\$ -	\$ 49,182
Construction in progress	-	46,290	-	46,290
Total Non-depreciable assets	<u>49,182</u>	<u>46,290</u>	<u>-</u>	<u>95,472</u>
Depreciable Assets:				
Building and improvements	239,004	3,102	-	242,106
Sewage plant	3,656,312	-	-	3,656,312
Water system	1,985,394	-	-	1,985,394
Water/Sewer equipment	1,194,997	-	-	1,194,997
Vehicles	36,066	-	2,620	33,446
Total depreciable assets:	<u>7,111,773</u>	<u>3,102</u>	<u>2,620</u>	<u>7,112,255</u>
Less: accumulated depreciation				
Buildings and improvements	225,550	6,146	-	231,696
Sewage plant	2,506,049	187,291	-	2,693,340
Water system	1,339,754	99,272	-	1,439,026
Water/Sewer equipment	1,185,322	1,604	-	1,186,926
Vehicles	15,186	6,489	2,620	19,055
Total accumulated depreciation	<u>5,271,861</u>	<u>300,802</u>	<u>2,620</u>	<u>5,570,043</u>
Net depreciable capital assets	<u>1,839,912</u>	<u>(297,700)</u>	<u>-</u>	<u>1,542,212</u>
Business-type activities capital assets, net	<u>\$ 1,889,094</u>	<u>\$ (251,410)</u>	<u>\$ -</u>	<u>\$ 1,637,684</u>

NOTE 8 - PENSION AND RETIREMENT PLAN

The City established a Simple IRA plan to be effective October 4, 2002. All city employees are eligible to participate in the plan. The plan is defined contribution plan administered by Raymond James and Associates. Under the plan, the City matches each employee's salary reduction for contributions to the plan up to 5% for that calendar year. The funds are immediately vested when paid into the plan. The plan is based on the IRS Code and must comply with all IRS Code requirements. The City of Grambling's contributions to the system for the year ending December 31, 2014 were \$7,715 and employees contributed \$7,715.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
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NOTE 9 - CHANGES IN LONG-TERM OBLIGATIONS

Governmental Activities

The following is a summary of long-term obligation transactions for the year ended December 31, 2014

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 54,871	34,326	37,888	\$ 51,309	\$ 46,695
Certificate of Indebtness	302,768	-	93,599	209,169	209,169
Total	<u>\$ 357,639</u>	<u>34,326</u>	<u>131,487</u>	<u>\$ 260,478</u>	<u>\$ 255,864</u>

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

Bonded debt payable at December 31, 2014 is comprised of the following individual issues:

\$302,768 - Certificate of Indebtedness, Series 2005 was amended during 2013 - The principal is due in two (2) annual installments beginning June 30, 2014 and due each year through 2015, with an interest rate of 2.30%. The funds were used for a new fire station and recreation center renovations. Debt retirement payments are made from \$ 209,169 the Debt Service Fund.

As shown on Statement C, \$1,131 is available in the Debt Service Fund to service the bonded debt on the Certificate of Indebtedness, Series 2005. The annual requirements to amortize all outstanding bonded debt at December 31, 2014 are as follows:

Debt Service Fund:

Year	Principal	Interest	Total
2015	\$ <u>209,169</u>	<u>4,559</u>	\$ <u>213,728</u>
Total	\$ <u>209,169</u>	\$ <u>4,559</u>	\$ <u>213,728</u>

Business Activities

The following is a summary of long-term obligation transactions for the year ended December 31, 2014

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 10,413	13,645	10,101	\$ 13,957	\$ 12,829
Capital leases	23,296	-	23,296	-	-
Bonds Payable	1,345,000	-	45,000	1,300,000	45,000
Total	<u>\$ 1,378,709</u>	<u>13,645</u>	<u>78,397</u>	<u>\$ 1,313,957</u>	<u>\$ 57,829</u>

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Notes to the Financial Statements
December 31, 2014

Bonded debt payable at December 31, 2014 is comprised of the following individual issues:

\$1,345,000 - Utilities revenue refunding bonds, Series 2013 - the remaining principal is due in annual installments through 2033 with an interest rate of 4.25%. The funds were used for the water system. Debt retirement payments are made from the Maintenance Enterprise Fund.	<u>\$ 1,300,000</u>
Total	<u>\$ 1,300,000</u>

Of the restricted cash and investments on Statement H, \$165,689 is restricted for debt service on the bonded debt. The annual requirement to amortize all outstanding bonded debt at December 31, 2013 are as follows:

Year	Principal	Interest	Total
2015	\$ 45,000	\$ 27,625	\$ 72,625
2016	45,000	26,669	71,669
2017	50,000	25,173	75,173
2018	50,000	24,650	74,650
2019	55,000	23,588	78,588
2020-2024	305,000	99,663	404,663
2025-2029	385,000	64,069	449,069
2030-2033	<u>365,000</u>	<u>19,763</u>	<u>384,763</u>
Total	<u>\$ 1,300,000</u>	<u>\$ 311,200</u>	<u>\$ 1,611,200</u>

The City records items under capital leases as an asset and an obligation in the accompanying fund financial statements. Capital lease payments are made from the maintenance enterprise fund.

At December 31, 2014, The City had the following assets under capital lease:

Asset	Contract Date	Lease Term	Interest Rate	Cost	Accumulated Depreciation	Net Book Value
Aerators	4/1/2012	24 months	5%	\$ 89,496	\$ 21,630	\$ 67,866

The capital lease for the aerators totals \$87,146. In addition, the City paid initial costs of \$850 for startup/warranty certification and \$1,500 for freight, which was added to the lease amount resulting in a capitalized cost of \$89,496.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2014

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Litigation and Claims

At December 31, 2014 there are several lawsuits outstanding. It is the opinion of legal counsel that the ultimate resolution of these lawsuits would not materially affect the financial statements, except for the one settled in March 2013 with an engineering firm. In 2006, a contract related to the Mt. Olive Community Sewer Project was executed. The City decided not to proceed due to the funding obligations. In September 2012, the engineering firm made a demand for payment. In March 2013, a settlement was reached with the firm to pay them \$96,180 over 24 months. An accrual was recorded in the Enterprise Fund as of December 31, 2012 to reflect the \$96,180 liability that the City incurred as result of this settlement. The outstanding balance remaining on the settlement as of December 31, 2014 is \$8,972.

Grant Disallowances

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

Construction in Progress

The City has under construction the following projects:

<u>Project Description:</u>	Estimated Cost of Project	Balance 01/01/14	Additions	Deletions	Balance 12/31/14	Estimated Cost to Complete
Water System Improvement						
East MLK Drive	\$ 733,823	-	46,290	-	46,290	\$ 687,533
Safe Route to Schools	<u>37,000</u>	<u>29,973</u>	<u>5,331</u>	<u>-</u>	<u>35,304</u>	<u>1,696</u>
Total	<u>\$ 770,823</u>	<u>29,973</u>	<u>51,621</u>	<u>-</u>	<u>81,594</u>	<u>\$ 689,229</u>

At December 31, 2014, the construction contractor estimates that the project will be completed by May 2015.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2014

NOTE 11 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Appropriations Over Expenditures in Individual Fund - The following individual fund had actual expenditures under budgeted expenditures for the year ended December 31, 2014:

Fund	Budget	Actual	Variance
General	\$ 2,048,002	\$ 1,787,690	\$ 260,312

Excess of Expenditures Over Appropriations in Individual Fund - The following individual fund had actual expenditures over budgeted expenditures for the year ended December 31, 2014:

Fund	Budget	Actual	Variance
Health and Sanitation	\$ 328,000	384,168	\$ (56,168)

NOTE 12 - SUBSEQUENT EVENTS

During the month of June 2015, the City finalized an agreement by making certain modifications and extension of payments to the Certificate of Indebtness Series 2005 revenue bond. The terms of the agreement is to make three (3) annual payments in the amount of \$77,683, which includes principal and interest. The interest rate was decreased from 6.00% to 2.75%.

Subsequent events have been evaluated through June 22, 2015, which represents the date the financial report was available to be issued. Subsequent events after that date have not been evaluated.

NOTE 13 - PRIOR PERIOD ADJUSTMENTS

During the during the year, City management determined that certain personnel costs had been charged to the general fund but should have been charged to the Health and Sanitation and Maintenance and the proprietary fund, thus the fund balance for the general fund as previously reported in the financial statements was understated. Accordingly, adjustments were made to restate the beginning fund balances.

The following summarizes the effect of the restatement on fund balances as of December 31, 2013:

	Fund Balances			
	General Fund	Health and Sanitation	Proprietary Fund	Total
Beginning Balances, as previously reported	\$ (827,862)	1,009,984	367,057	\$ 549,179
To record interfund receivable and payable for personnel cost charged in error to the various funds.	<u>246,846</u>	<u>(97,189)</u>	<u>(182,625)</u>	<u>(32,968)</u>
Beginning Balances, as Restated	<u>\$ (581,016)</u>	<u>912,795</u>	<u>184,432</u>	<u>\$ 516,211</u>

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2014

NOTE 14 - GOING CONCERN

The City has suffered recurring losses from operations and has a fund balance deficiency in the general fund that raises substantial doubt about its ability to continue as a going concern. The General Fund has a deficit fund balance at the end of the fiscal year of \$591,417. During the year, the City reduced salaries by 5% across the board. During, 2014 the City Council also approved a monthly transfer of garbage fees to the General Fund in the amount of \$14,000, which will provide additional support. The City will continue to look at all expenditure line items in the financials to evaluate ways to decrease expenditures for the remainder of the 2015 calendar year. A new 34 housing unit was built in the city which will increase property and sales tax as well as sewer and water revenue. All of these activities are expected to increase the revenue base for the City. Additional revenues will be generated from the rate increases made to the City's water and sewer customer base.

NOTE 15 - NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2014, the City implemented the following GASB Statements:

In April 2012, GASB issued Statement No. 66, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. This Statement amends Statement No. 10 by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In June 2012, GASB issued Statement No. 68: The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50 *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013.

In January 2013, GASB issued Statement No. 69. "Government Combinations and Disposals of Government Operations". This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this statement are effective for financial statements for period beginning after December 15, 2013. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*". This statement will improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2013. The City has implemented GASB No. 70 in this annual report. however, it does not have any impact on the City.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2014

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

In November 2013, GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". This statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

The impact of this pronouncement on the City's financial statements has not been determined.

NOTE 16 - ON-BEHALF SUPPLEMENTAL PAY

Certain employees meeting statutory qualifications in the fire and police departments receive supplemental pay directly from the State of Louisiana. This supplemental pay in the amount of \$85,900 is recognized as intergovernmental revenue and public safety expenditures.

NOTE 17 - RISK MANAGEMENT

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

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

Schedule 1

CITY OF GRAMBLING, LOUISIANA
 Proprietary Fund Type - Maintenance Enterprise Fund
 Comparative Statement of Net Position
 December 31, 2014 and 2013

	2014 Maintenance Fund	2013 Maintenance Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 34,237	\$ 47,440
Accounts receivable, net of allowance of \$24,273 and \$27,708	161,130	139,401
Prepaid expenses	<u>1,484</u>	<u>1,484</u>
Total Current Assets	<u>196,851</u>	<u>188,325</u>
Noncurrent assets:		
Restricted cash and cash equivalents		
Customer deposits	107,699	101,933
Investments	<u>57,990</u>	<u>58,501</u>
Total restricted assets	<u>165,689</u>	<u>160,434</u>
Property, Plant and Equipment, at Cost		
Land	49,182	49,182
Buildings	242,106	239,004
Infrastructure	5,641,706	5,641,706
Automotive and equipment	1,228,443	1,231,063
Less: accumulated depreciation	<u>(5,570,043)</u>	<u>(5,271,861)</u>
Total capital assets (net of accumulated depreciation)	<u>1,591,394</u>	<u>1,889,094</u>
Construction in progress	<u>46,290</u>	<u>-</u>
Total noncurrent assets	<u>1,637,684</u>	<u>1,889,094</u>
Total Assets	<u>\$ 2,000,224</u>	<u>\$ 2,237,853</u>
Liabilities		
Current Liabilities:		
Accounts payable	\$ 92,314	\$ 153,543
Accrued and other liabilities	826	24,863
Interest payable	-	-
Interfund payables	374,819	212,596
Compensated absences	12,829	9,572
Revenue bonds payable	<u>45,000</u>	<u>68,296</u>
Total current liabilities	<u>525,788</u>	<u>468,870</u>
Noncurrent liabilities:		
Customer deposits payable from restricted assets	115,140	101,085
Compensated absences	1,127	841
Revenue bonds payable	<u>1,255,000</u>	<u>1,300,000</u>
Total noncurrent liabilities payable	<u>1,371,267</u>	<u>1,401,926</u>
Total Liabilities	<u>1,897,055</u>	<u>1,870,796</u>
Net Position		
Investment in capital assets, net of related debt	1,637,684	1,889,094
Restricted for debt service	57,990	58,501
Unrestricted	<u>(1,592,505)</u>	<u>(1,580,538)</u>
Total Net Position	<u>103,169</u>	<u>367,057</u>
Total Liabilities and Net Position	<u>\$ 2,000,224</u>	<u>\$ 2,237,853</u>

Schedule 2

CITY OF GRAMBLING, LOUISIANA
 Proprietary Fund Type - Maintenance Enterprise Fund
 Proposed Budget - 2015 and 2014
 For Year Ended December 31, 2014 and 2013

	2015 Maintenance Fund	2014 Maintenance Fund
Operating Revenues:		
Water sales	\$ 382,000	\$ 418,000
Sewer fees	584,000	501,000
Other revenues	<u>27,000</u>	<u>3,000</u>
Total Operating Revenues	<u>993,000</u>	<u>922,000</u>
Operating Expenses:		
Water department	512,503	745,931
Sewer department	<u>587,503</u>	<u>457,183</u>
Total operating expenses	<u>1,100,006</u>	<u>1,203,114</u>
Operating income (loss)	<u>(107,006)</u>	<u>(281,114)</u>
Nonoperating revenues (expenses);		
Miscellaneous	1,000	1,000
Ad valorem tax revenues	71,000	73,000
Intergovernmental revenues	46,000	98,000
Interest expense	<u>(68,000)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>50,000</u>	<u>172,000</u>
Net Income Before Operating Transfers	<u>(57,006)</u>	<u>(109,114)</u>
Change in net position	<u>(57,006)</u>	<u>(109,114)</u>
Net position - beginning	<u>257,943</u>	<u>367,057</u>
Net position - ending	<u>\$ 200,937</u>	<u>\$ 257,943</u>

CITY OF GRAMBLING, LOUISIANA
 Schedule of Compensation Paid Council Members
 As of December 31, 2014

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

<u>Council Member</u>	<u>Term Expiration</u>	<u>Compensation Paid</u>
Birdex Copeland	12/31/2014	\$ 7,581
Yanise Days	12/31/2014	7,581
Cathy Holmes	12/31/2014	8,545
Cullen Jackson	12/31/2014	7,581
Roy Jackson	12/31/2014	16,126
Total		<u>\$ 47,414</u>

CITY OF GRAMBLING, LOUISIANA
 Schedule of Compensation, Benefits, Reimbursements, and Other Payments to Chief Executive Officer
 As of December 31, 2014

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

Category	Amount
Salary	\$ 62,322
Benefits:	
Health insurance	\$ 4,489
Social security	3,864
Medicare	904
Simple IRA	<u>2,876</u>
Total Benefits	12,133
Cell phone	1,799
Uniforms	120
Travel:	
Advances net of returns	1,478
Airfare	2,817
Lodging	3,033
Meals	3,460
Registration	760
Other	<u>411</u>
Total Travel	<u>11,959</u>
Total Compensation, Benefits, Travel, and Other Expenses	<u>\$ 88,333</u>

CITY OF GRAMBLING, LOUISIANA
 Schedule of Insurance Coverage
 As of December 31, 2014

Type of Coverage	Name of Insurer	Policy Number	Amount of Coverage	Deductible	Expiration Date
Commercial property	Underwriters of Lloyd of London	APPUCI101805	Building: \$2,198,000	\$ 2,500	7/30/2015
			Personal Property: \$540,000	2,500	7/30/2015
Automobile	Agency Management Corporation	5CA8938	Based on Individual Vehicle	500	3/13/2015
Fidelity Bond	Traveler's Casualty	103093269	\$15,000	NONE	
		104436852	5,000	500	
		103093272	10,000	NONE	2/11/2015

Agents: Agency Management Corporation
 P. O. Box 15989
 Baton Rouge, LA 70895

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

CITY OF GRAMBLING, LOUISIANA
Schedule of Breakdown of Utility Customers
For Year Ended December 31, 2014

<u>Category</u>	<u>Average Number of Customers</u>
Commercial	<u>131</u>
Residential	<u>1,047</u>
Total Customers	<u><u>1,178</u></u>

CITY OF GRAMBLING, LOUISIANA
 Schedule of Water and Sewer Rates
 As of and For Year Ended December 31, 2014

<i>Gallon</i>	<i>Water rates Residential</i>	<i>Sewer rates Residential</i>
1,000	\$15.12	\$15.12
2,000	15.12	15.12
3,000	17.64	17.64
4,000	20.16	20.16
5,000	22.68	22.68
6,000	25.20	25.20
7,000	27.72	27.72
8,000	30.24	30.24
9,000	32.76	32.76
10,000	35.28	35.28
11,000	37.80	37.80
12,000	40.32	40.32
13,000	42.84	42.84
14,000	45.36	45.36
15,000	47.88	47.88
16,000	50.40	50.40
17,000	52.92	52.92
18,000	55.44	55.44
19,000	57.96	57.96
20,000	60.48	60.48
21,000	63.00	63.00
22,000	65.52	65.52
23,000	68.04	68.04
24,000	70.56	70.56
25,000	73.08	73.08

<i>Gallon</i>	<i>Water rates Commercial</i>	<i>Sewer rates Commercial</i>
1,000	\$24.00	\$24.00
2,000	24.00	24.00
3,000	26.00	26.00
4,000	28.00	28.00
5,000	30.00	30.00
6,000	32.00	32.00
7,000	34.00	34.00
8,000	36.00	36.00
9,000	38.00	38.00
10,000	40.00	40.00
11,000	42.00	42.00
12,000	44.00	44.00
13,000	46.00	46.00
14,000	48.00	48.00
15,000	50.00	50.00
16,000	52.00	52.00
17,000	54.00	54.00
18,000	56.00	56.00
19,000	58.00	58.00
20,000	60.00	60.00
21,000	62.00	62.00
22,000	64.00	64.00
23,000	66.00	66.00
24,000	68.00	68.00
25,000	70.00	70.00



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Grambling, Louisiana, (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 22, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2014-1 that we consider to be a significant deficiency.

Compliance and other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Response as item 2014-2.

The City's Response to Findings

The City's responses to the findings identified in our audit described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Banks Finley, White & Co.
Ridgeland, Mississippi
June 22, 2015

CITY OF GRAMBLING, LOUISIANA
Schedule of Findings and Responses
For Year Ended December 31, 2014

Finding: 2014-1
Internal Control Over Financial Reporting

General Fund Chart of Accounts

Condition: The general fund chart of accounts is not designed in a manner that identify the departments/functions expenditures within the general fund. This is a repeated finding from fiscal year 2013.

Cause: The City has not adopted the chart of accounts as recommended by the State of Louisiana Legislative Auditors as revised July 2004.

Effect: The City's expenditures are not readily identified in the accounting records.

Criteria and or Specific Requirement: Louisiana State Legislative Auditors "Chart of Accounts for Louisiana Local Government", Revised July 2004.

Recommendation: The City should adopt administrative accounting control procedures to adopt the chart of accounts as recommended by the State of Louisiana Legislative Auditors for local Governments. This will aid the City in monitoring spending within the various departments of the general fund and to budget its expenditures by department within the general fund.

Finding: 2014-2

Compliance and other Matters

Louisiana Budget Law

Condition: The total balance for the general fund was budgeted as a deficit in the original and final budgets. This is a repeated finding from the prior year audit.

Cause: The general fund has a beginning deficit and a deficit for the year, therefore adopting a balanced budget was not possible.

Effect: The City's is not in compliance with the state requirement to adopt a balanced budget.

Criteria and or Specific Requirement: Louisiana Revised Statutes LSA R. S. 39:1310 and 39:1311 require that the City have proposed expenditures less than or equal to the total estimated funds available for the ensuring year composed of the beginning fund balance plus estimated revenues/receipts for the year (a deficit fund balance is not allowed.)

Recommendation: The City should adopt administrative control procedures and a plan to reduce the deficit in the general fund. Other revenues source should be identified in order to off set the deficit. Going forward, the City should eliminate the practice of budgeting a deficit.

CITY OF GRAMBLING, LOUISIANA
Status of Prior Year Audit Findings
For Year Ended December 31, 2014

Finding: 2013-01 - *General Fund Chart of Accounts*

Current Status: *Not Corrected*

Finding: 2013-02 - *Louisiana Budget Law*

Current Status: *Not Corrected*

City of Grambling

EDWARD R. JONES, MAYOR



COUNCIL MEMBERS

HOME OF GRAMBLING STATE UNIVERSITY

YANISE DAYS
G. DENISE DUPREE
CATHY HOLMES
CULLEN JACKSON
ROY JACKSON, *Mayor Pro Tempore*

City of Grambling
Corrective Action Plan
For Audit Period: Year Ended December 31, 2014

STATE OF LOUISIANA LEGISLATIVE AUDITORS

The City of Grambling respectfully submits the following corrective action plan for year ended December 31, 2014.

Name and address of independent public accounting firm: Banks, Finley, White & Company,
308 Highland Park Cove, Ridgeland, MS 39147.

Audit period: Year Ended December 31, 2014

The findings from December 31, 2014, schedule of findings and responses are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and responses.

2014-1 Internal Control of Financial Reporting: General Fund Chart of Actions

Corrective Action Plan: After the issuance of the 2013 audit report, the City consulted with its contracted accountants on the matter of the chart of accounts. The accountants began the process of converting the City's accounting system to use the latest chart of accounts required by the Legislative Auditor. However, the accountants estimated that it would cost between \$4,000 and \$10,000 to set up the new chart of accounts in the City's software and to train the City's personnel to use the new chart. Further, management is concerned that additional costs would be incurred in accounting fees due to the likelihood that errors would be made by clerks in recording transactions under the new chart of accounts. As the City is already working to eliminate a deficit in the City's General Fund, management concluded that the cost of implementing the new chart of accounts outweighed the benefits. As the City's software is already set up to provide expenditures at the department level by use of classes in its accounting software, it is incorrect to say that expenditures are not tracked by department or that "expenditures are not readily identified in the accounting records". At year end, the accountants prepare a trial balance by function/department using the class data in the software. As the City budgets at the account level of detail, the budget appears to adequately address the City's expenditures. However, management will consider whether it would be cost efficient to present departments in the budget or in supplemental schedules accompanying the budget.

2014-2- Compliance and other Matters: Louisiana Budget Law

Corrective Action Plan: As described in the report, the current administration inherited a deficit that grew as unrecorded liabilities were identified over the last several years. As also described in the report, the administration has been working to increase revenues by developing industry and increasing utility rates to levels recommended by state and federal entities. Additionally, the administration has implemented several measures including reducing pay rates and work hours to reduce expenditures. The administration expects the deficit to be eliminated in the future. However, it will likely take several years to overcome the deficit.

Sincerely,


Edward R. Jones
Mayor

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127 King Street • P. O. Box 109
Grambling, Louisiana 71245

Phone: (318) 247-6120
Fax: (318) 247-0940

"This institution is an equal opportunity provider and employer."