CITY OF GRAMBLING, LOUISIANA

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2019

CITY OF GRAMBLING, LOUISIANA
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BROWN, EWING & CO.
P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grambling, Louisiana (City), as of and for the year ended December 31, 2019, 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Grambling, Louisiana, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and budgetary comparison schedules for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

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

Other Matters

Required Supplemental Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2020, on our consideration of the City of Grambling, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brown, Eg & Co.

Ridgeland, Mississippi
September 17, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2019.

FINANCIAL HIGHLIGHTS

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

Governmental activities reported a decrease in net position of $229,099 from 2018 to 2019, whereas business-type activities reported an increase of $131,457. The decrease in net position of the governmental activities was due to a decrease in total revenues. The net position of the business-type activities went from an increase in 2018 of $205,082 to an increase of $131,457 in 2019.

Total governmental activities revenues decreased $246,231, or 8.67%, from 2018 to 2019. Program specific revenues decreased by $107,029, or 13.29%, due to a decrease in capital grants and contributions. General revenues had a net decrease of $139,202, or 5.64%, due to an increases in property taxes revenue of $17,347, a decrease in sales taxes of $68,456, a decrease in fines and forfeitures of $41,769, and a decrease in miscellaneous revenue of $54,823 included in general revenues.

Total business-type activities revenues decreased $114,793, or 7.92%, from 2018 to 2019, while expenses increased by $174,128. The increase in expenses is primarily due to an increase in personnel costs of $29,932 and an increase in depreciation expense of $54,911.

Total expenses for governmental activities was $2,608,987 in 2019. $265,002 of these expenses were offset by program specific revenues. General revenues of $2,330,182 were adequate to cover the remaining governmental activities expenses.

The General Fund's fund balance deficit decreased by $323,692 during 2019 as compared to a net decrease in 2018 of $131,800. Revenues decreased by $166,887 while expenditures decreased by $5,587 from 2018 to 2019 . Transfers in were $452,364 and $126,597, for 2019 and 2018 respectively. Transfers out were zero for 2019 and zero for 2018.

The General Fund's fund balance has a positive of $22,450 due to several conditions. When the current administration took office on January 1, 2011, the deficit was $216,945. There have been many instances since January 2011 whereby management has learned of prior obligations, such as liability insurance and worker's compensation insurance, that contributed to the current deficit in that these old bills had to be accrued. The old bills also took cash that was needed to pay current bills. Current management has made a concerted effort to make repairs and improvements to city facilities and systems. This effort has caused a temporary increase in expenditures that is expected to result in savings in the long run by properly maintaining facilities and systems and preventing unnecessary repairs. Also, the City has purchased property to include in the development of a hotel, restaurant, and other businesses in the City that are expected to generate significant property and sales tax revenues in the future as well as increasing licenses and permits and utility revenues.

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

The Health and Sanitation Fund's fund balance decreased $490,739 in 2019 as compared to a decrease of $80,437 in 2018. Health and Sanitation Fund's revenues were $438,578 in 2019, which is $90,014 or 17.03% less than 2018 revenues. The decrease was due to a decrease in sales tax revenue of $54,812 when compared to 2018. Additionally, a decrease of $50,000 in intergovernmental revenues when compared to 2018.

Health and Sanitation Fund's 2019 expenditures decreased by $287,556, or 39.15%, from 2018. The decrease in total expenditures was due to a decrease in capital outlays.

The Debt Service Fund had no change in fund balance in 2019 as compared to a net decrease in 2018 of zero.

The Capital Project Fund had no change in fund balance from 2018 to 2019.

USING THIS ANNUAL REPORT

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

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

FINANCIAL SECTION

Required Supplementary Information
Management's Discussion and Analysis (MD&A)

BASIC FINANCIAL STATEMENTS

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

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins with the government-wide financial statements. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information about the City as a whole and its activities in a way that helps answer this question. We prepared 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.

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

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

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, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 614,440	$ 802,841	$ 454,988	$ 487,240	$ 1,069,428	$ 1,290,081
Capital assets, net	2,419,603	2,460,504	2,663,192	2,852,274	5,082,795	5,312,778
Total assets	$ 3,034,043	$ 3,263,345	$ 3,118,180	$ 3,339,514	$ 6,152,223	$ 6,602,859
Current and other liabilities	$ 408,718	$ 434,331	$ 464,836	$ 735,797	$ 873,554	$ 1,170,128
Long-term liabilities	166,015	152,338	1,478,663	1,560,493	1,644,678	1,712,831
Total Liabilities	574,733	586,669	1,943,499	2,296,290	2,518,232	2,882,959
Deferred Inflows of resources	157,642	145,909	-	-	157,642	145,909
Net position						
Net investment in capital assets	2,419,603	2,460,504	337,684	337,684	2,757,287	2,798,188
Restricted	45,871	46,870	-	-	45,871	46,870
Unrestricted	(163,806)	23,393	836,997	705,540	673,191	728,933
Total net position	2,301,668	2,530,767	1,174,681	1,043,224	3,476,349	3,573,991
Total Liabilities and net position	$ 3,034,043	$ 3,263,345	$ 3,118,180	$ 3,339,514	$ 6,152,223	$ 6,602,859

Table 2
Changes in Net Position
For the Year Ended December 31, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenue:						
Charges for services	$ 191,304	$ 171,870	$ 1,159,546	$ 1,068,026	$ 1,350,850	$ 1,239,896
Operating grants and contributions	55,500	-	-	-	55,500	-
Capital grants and contributions	18,198	200,161	62,136	174,741	80,334	374,902
General Revenue:						
Property taxes	608,977	591,630	83,183	111,520	692,160	703,150
Sales taxes	915,934	984,390	-	-	915,934	984,390
Fines and forfeitures	346,112	387,881	-	-	346,112	387,881
Licenses and permits	202,832	198,397	-	-	202,832	198,397
Interest income	26	24	-	-	26	24
Intergovernmental revenue	34,524	30,462	-	-	34,524	30,462
Miscellaneous	221,777	276,600	28,874	94,245	250,651	370,845
Total Revenues	2,595,184	2,841,415	1,333,739	1,448,532	3,928,923	4,289,947
Expenses:						
General Government	870,722	568,822	-	-	870,722	568,822
Public safety	1,217,267	1,402,304	-	-	1,217,267	1,402,304
Health and sanitation	307,030	416,702	-	-	307,030	416,702
Parks and recreation	57,498	32,579	-	-	57,498	32,579
Highway and streets	75,002	34,071	-	-	75,002	34,071
Economic development	76,796	78,201	-	-	76,796	78,201
Interest on long-term debt	4,672	11,464	-	-	4,672	11,464
Business-type activities:						
Utility enterprise	-	-	1,417,578	1,243,450	1,417,578	1,243,450
Total Expenses	2,608,987	2,544,143	1,417,578	1,243,450	4,026,565	3,787,593
Increase (decrease) in Net Position Before Transfers and Special Items	(13,803)	297,272	(83,839)	205,082	(97,642)	502,354
Transfers in (out)	(215,296)	-	215,296	-	-	-
Increase (decrease) in net position	(229,099)	297,272	131,457	205,082	(97,642)	502,354
Net position, beginning	2,530,767	2,233,495	1,043,224	838,142	3,573,991	3,071,637
Prior period adjustment	-	-	-	-	-	-
Net position, restated	2,530,767	2,233,495	1,043,224	838,142	3,573,991	3,071,637
Net Position Ending	$ 2,301,668	$ 2,530,767	$ 1,174,681	$ 1,043,224	$ 3,476,349	$ 3,573,991

Governmental Activities

The cost of all governmental activities this year was $2,608,987. 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 $2,343,985 because some of the cost was paid by those who directly benefited from the programs and grants in the amount of $265,002.

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, 2019 and 2018

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
General government	$ 870,722	$ 568,822	$ (870,722)	$ (530,195)
Public safety	1,217,267	1,402,304	(1,167,267)	(1,065,889)
Health and sanitation	307,030	416,702	(120,367)	(262,153)
Park and recreation	57,498	32,579	(52,857)	(756)
Highway and streets	75,002	34,071	(56,804)	(63,127)
Economic development	76,796	78,201	(71,296)	(72,665)
Interest on long-term debt	4,672	11,464	(4,672)	(4,477)
Total Program Expenses	$ 2,608,987	$ 2,544,143	$(2,343,985)	$(1,999,262)

Table 4
Business-Type Activities
For the Year Ended December 31, 2019 and 2018

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.

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Business-Type Activities				
Utility enterprise	$1,417,578	$1,243,450	$ (195,896)	$ (683)
Total Program Expenses	$1,417,578	$1,243,450	$ (195,896)	$ (683)

Revenues and expenses of the City's business-type activities as shown in table 3 remained relatively stable for 2019 compared to 2018.

THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a combined fund balance of $125,326 which is an increase of $168,108 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 $1,850,000. Amendments increased total budgeted expenditures by $207,001. These amendments were the result of an analysis of variances from estimates at the time the original budget was prepared. Significant individual accounts amended were:

Mayor's expenses	$ 9,000

CAPITAL ASSETS

At December 31, 2019 and 2018, the City had invested in the following capital assets:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 244,402	$ 222,902	$ 49,182	$ 49,182	$ 293,584	$ 272,084
Buildings	1,877,835	1,869,005	242,106	242,106	2,119,941	2,111,111
Infrastructure	915,738	915,738	-	-	915,738	915,738
Vehicles	-	-	35,446	35,446	35,446	35,446
Furniture and equipment	1,629,007	1,370,642	-	-	1,629,007	1,370,642
Sewage plant	-	-	5,452,152	5,452,152	5,452,152	5,452,152
Water system	-	-	2,047,526	2,047,526	2,047,526	2,047,526
Water/sewer equipment	-	-	1,194,997	1,194,997	1,194,997	1,194,997
Total Capital Assets	4,666,982	4,378,287	9,021,409	9,021,409	13,688,391	13,399,696
Less: Accumulated Deprec.	2,247,379	1,917,783	6,358,217	6,169,135	8,605,596	8,086,918
Net Capital Assets	$ 2,419,603	$ 2,460,504	$ 2,663,192	$ 2,852,274	$ 5,082,795	$ 5,312,778

DEBT ADMINISTRATION

At December 31, 2019, the City's Maintenance Enterprise fund had $1,559,925 in bonds payable outstanding and the Governmental funds had debt consisting of $146,512 in limited tax revenue bonds. For further details see Note 9 to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Our elected and appointed officials and citizens consider many factors when setting the City's budget and tax rates. One of the most important factors affecting the budget is our property tax and sales tax collections. Property and sales tax make up more than 56% of 2020 revenues. The 2020 budget includes $48,000 or a 4% increase in property tax and sales tax revenues. Major plans for 2020 include developing an area of the City to include a shopping area and restaurants. Management will strive to improve the City's financial condition by restricting expenditures to needs and by searching for ways to increase revenues. Management expects future needs to be more and more manageable as routine obligations and repair and maintenance needs are brought up to date.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

Statement A

CITY OF GRAMBLING, LOUISIANA
Statement of Net Position
December 31, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 227,133	$ 1,039	$ 228,172
Net receivables	382,547	273,181	655,728
Prepaid expenses	-	1,485	1,485
Due from other funds	4,078	-	4,078
Inventories	682	-	682
Restricted Assets:			
Cash and cash equivalents	-	179,283	179,283
Capital Assets not being depreciated:			
Land	244,402	49,182	293,584
Capital assets net of accumulated depreciation:			
Buildings and improvements	1,167,990	6,028	1,174,018
Automotive and equipment	286,516	300	286,816
Infrastructure	720,695	2,607,682	3,328,377
TOTAL ASSETS	$ 3,034,043	$ 3,118,180	$ 6,152,223
LIABILITIES			
Accounts payable	$ 253,151	$ 219,170	$ 472,321
Accrued and other liabilities	78,322	12,163	90,485
Interest payable on long term debt	3,374	15,934	19,308
Customer deposits payable from restricted assets	-	116,023	116,023
Due to other funds	-	4,078	4,078
Noncurrent liabilities:			
Due within one year	73,871	97,468	171,339
Due in more than one year	166,015	1,478,663	1,644,678
Total Liabilities	574,733	1,943,499	2,518,232
DEFERRED INFLOWS OF RESOURCES			
Property tax revenues	157,642	-	157,642
Total deferred inflows of resources	157,642	-	157,642
NET POSITION:			
Net Investment in capital assets	2,419,603	337,684	2,757,287
Restricted for:			
Debt service	45,871	-	45,871
Unrestricted	(163,806)	836,997	673,191
Total Net Position	2,301,668	1,174,681	3,476,349
TOTAL LIABILITIES AND NET POSITION	$ 3,034,043	$ 3,118,180	$ 6,152,223

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, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Total
Primary Government:							
Governmental activities:							
General government	$ 870,722	$ -	$ -	$ -	$ (870,722)	$ -	$ (870,722)
Public safety	1,217,267	-	50,000	-	(1,167,267)	-	(1,167,267)
Health and sanitation	307,030	186,663	-	-	(120,367)	-	(120,367)
Parks and recreation	57,498	4,641	-	-	(52,857)	-	(52,857)
Public works	75,002	-	-	18,198	(56,804)	-	(56,804)
Economic development	76,796	-	5,500	-	(71,296)	-	(71,296)
Interest on long-term debt	4,672	-	-	-	(4,672)	-	(4,672)
Total governmental activities	2,608,987	191,304	55,500	18,198	(2,343,985)	-	(2,343,985)
Business-type activities:							
Utility Enterprise	1,417,578	1,159,546	-	62,136	-	(195,896)	(195,896)
Total Business-type activities	1,417,578	1,159,546	-	62,136	-	(195,896)	(195,896)
Total	$ 4,026,565	$ 1,350,850	$ 55,500	$ 80,334	$ (2,343,985)	$ (195,896)	$ (2,539,881)

	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Property taxes	$ 608,977	$ 83,183	$ 692,160
Sales taxes	915,934	-	915,934
License and permits	202,832	-	202,832
Fines and forfeitures	346,112	-	346,112
Interest income	26	-	26
Intergovernmental revenues	34,524	-	34,524
Miscellaneous	221,777	28,874	250,651
Transfer in (out)	(215,296)	215,296	-
Total general revenues, special items, and transfers	2,114,886	327,353	2,442,239
Change in net position	(229,099)	131,457	(97,642)
Net Position - Beginning	2,530,767	1,043,224	3,573,991
Net Position - Ending	$ 2,301,668	$ 1,174,681	$ 3,476,349

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

Statement C

CITY OF GRAMBLING, LOUISIANA
Balance Sheet
Governmental Funds
December 31, 2019

	General Fund	Health and Sanitation	Nonmajor Special Revenue Funds	Debt Service	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 188,036	$ 4,825	$ 34,272	$ -	$ 227,133
Receivables, net	250,728	51,326	-	-	302,054
Accounts receivable	24,850	-	-	-	24,850
Intergovernmental receivable	44,044	-	11,599	-	55,643
Interfund receivables	4,078	4,283	-	-	8,361
Inventories	682	-	-	-	682
TOTAL ASSETS	$ 512,418	$ 60,434	$ 45,871	$ -	$ 618,723
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable, general	$ 242,490	$ 2,909	$ -	$ -	$ 245,399
Accrued and other liabilities	85,553	520	-	-	86,073
Interfund payables	4,283	-	-	-	4,283
Total Liabilities	332,326	3,429	-	-	335,755
DEFERRED INFLOWS OF RESOURCES					
Property tax revenues	157,642	-	-	-	157,642
Total deferred inflows of resources	157,642	-	-	-	157,642
Fund Balance:					
Restricted	-	-	45,871	-	45,871
Unassigned	22,450	57,005	-	-	79,455
Total Fund Balances	22,450	57,005	45,871	-	125,326
TOTAL LIABILITIES AND FUND BALANCES	$ 512,418	$ 60,434	$ 45,871	$ -	$ 618,723

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, 2019

Total fund balances - governmental funds		$ 125,326
Amounts reported for governmental activities in the statement of net position are different because:		
The cost of capital assets (land, buildings, furniture and equipment, and infrastructure) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the City as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.		
Cost of capital assets	4,666,982	
Accumulated depreciation	(2,247,379)	
		2,419,603
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, 2019 are:		
Compensated absences	(65,227)	
Bonds payable	(146,512)	
Notes payable	(28,148)	
Interest payable	(3,374)	
		(243,261)
Net Position of Governmental Activities		$ 2,301,668

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

Statement E

CITY OF GRAMBLING, LOUISIANA
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General Fund	Health and Sanitation	Nonmajor Special Revenue Funds	Debt Service	Total Governmental Funds
REVENUES:					
General property taxes	$ 608,977	$ -	$ -	$ -	$ 608,977
Charges for services	-	186,665	-	-	186,665
Privilege licenses and permits	202,832	-	-	-	202,832
Intergovernmental revenues	92,472	-	10,250	-	102,722
Sales tax revenue	550,597	251,906	120,214	-	922,717
Fines and forfeitures	345,355	-	-	-	345,355
Interest income	7	7	12	-	26
Miscellaneous	217,259	-	15,420	-	232,679
Total Revenues	2,017,499	438,578	145,896	-	2,601,973
EXPENDITURES:					
General government	836,233	9,608	-	-	845,841
Public safety	1,189,061	-	-	-	1,189,061
Health and sanitation	-	296,284	-	-	296,284
Parks and recreations	199	-	-	-	199
Public works	13,904	-	-	-	13,904
Economic development	10,934	-	72,646	-	83,580
Debt service:					
Principal	-	8,489	3,203	-	11,692
Interest and service charges	-	4,263	410	-	4,673
Capital outlay:					
General government	21,500	-	-	-	21,500
Public safety	74,340	-	-	-	74,340
Public works	-	-	45,062	-	45,062
TOTAL EXPENDITURES	2,146,171	318,644	121,321	-	2,586,136
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(128,672)	119,934	24,575	-	15,837
OTHER FINANCING SOURCES (USES):					
Proceeds from issuance of debt	-	-	31,351	-	31,351
Operating transfers in	452,364	-	-	-	452,364
Operating transfers out	-	(610,673)	(56,925)	(62)	(667,660)
Total Other Financing Sources (Uses)	452,364	(610,673)	(25,574)	(62)	(183,945)
Net Change in Fund Balances	323,692	(490,739)	(999)	(62)	(168,108)
FUND BALANCE, BEGINNING	(301,242)	547,744	46,870	62	293,434
FUND BALANCE, ENDING	$ 22,450	$ 57,005	$ 45,871	$ -	$ 125,326

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, 2019

		AMOUNTS
Net change in fund balances - total governmental funds		$ (168,108)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.		
Capital outlays	110,572	
Depreciation expense	(181,803)	
		(71,231)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		11,692
Compensated absences are recognized in the Statement of Net Position as an increase to liabilities, but not in the Fund Financial Statements.		(429)
Interest on long-term debt in the Statement of Activities differs from the amount reporting in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		1
Other reconciling adjustment		(1,025)
Change in net position of governmental activities		$ (229,100)

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

Statement G-1

CITY OF GRAMBLING, LOUISIANA
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budget Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES:				
Property taxes	$ 595,000	$ 603,000	$ 608,977	$ 5,977
Licenses and permits	204,500	213,000	202,832	(10,168)
Intergovernmental revenues	718,000	821,000	643,070	(177,930)
Fines and forfeits	223,000	345,000	345,355	355
Interest income	6	6	7	1
Miscellaneous income	41,000	50,000	217,259	167,259
TOTAL REVENUES	1,781,506	2,032,006	2,017,500	(14,506)
EXPENDITURES:				
General government	751,265	817,453	836,233	(18,780)
Public safety	1,068,242	1,118,589	1,189,061	(70,472)
Public works	12,491	13,949	13,904	45
Parks and recreation	179	200	199	1
Economic development	9,823	10,970	10,934	36
Capital outlays	8,000	95,840	95,840	-
TOTAL EXPENDITURES	1,850,000	2,057,001	2,146,171	(89,170)
Excess (Deficiency) of Revenues Over Expenditures	(68,494)	(24,995)	(128,671)	(103,676)
Other Financing Sources (Uses):				
Transfers in	220,000	170,000	452,364	282,364
Proceeds from insurance	10,000	8,000	-	(8,000)
Total Other Financing Sources	230,000	178,000	452,364	274,364
Net change in fund balance	161,506	153,005	323,693	170,688
Fund Balance at beginning of year	(301,242)	(301,242)	(301,242)	-
Fund Balance at end of year	$ (139,736)	$ (148,237)	$ 22,451	$ 170,688

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

Statement G-2

CITY OF GRAMBLING, LOUISIANA
Health and Sanitation
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budget Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES:				
Taxes	$ 382,000	$ 382,000	$ 251,906	$ (130,094)
Charges for services	170,000	170,000	186,665	16,665
Interest income	-	-	7	7
TOTAL REVENUES	552,000	552,000	438,578	(113,422)
EXPENDITURES:				
Current:				
General government	10,000	10,000	9,608	392
Health and sanitation	418,300	418,300	296,284	122,016
Debt Service:				
Principal retirement	-	-	8,489	(8,489)
Interest and bank charges	-	-	4,263	(4,263)
Total Expenditures	428,300	428,300	318,644	109,656
Excess (Deficiency) of Revenues Over Expenditures	123,700	123,700	119,934	(3,766)
Other Financing Sources:				
Operating transfers out	(170,000)	(170,000)	(610,673)	(440,673)
Total Other Financing Sources	(170,000)	(170,000)	(610,673)	(440,673)
Net change in fund balance	(46,300)	(46,300)	(490,739)	(444,439)
Fund Balance at beginning of year	547,744	547,744	547,744	-
Fund Balance at end of year	$ 501,444	$ 501,444	$ 57,005	$ (444,439)

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

Statement H

CITY OF GRAMBLING, LOUISIANA
Statement of Net Position
Proprietary Fund
December 31, 2019

Assets		
Current assets:		
Cash and cash equivalents	$	1,039
Accounts receivable, net		273,181
Prepaid expenses		1,485
Total Current Assets		275,705
Noncurrent assets:		
Restricted cash and cash equivalents		
Customer deposits		114,598
Revenue bonds		64,685
Total restricted assets		179,283
Property, Plant and Equipment, at Cost		
Land		49,182
Buildings and improvements		242,106
Water/Sewer system		7,499,678
Automotive and equipment		1,230,443
Less: accumulated depreciation		(6,358,217)
Total capital assets (net of accumulated depreciation)		2,663,192
Total noncurrent assets		2,842,475
Total Assets	$	3,118,180
Liabilities and Net Position		
Liabilities		
Current Liabilities:		
Accounts payable	$	219,170
Accrued and other liabilities		12,163
Interest payable		15,934
Compensated absences		15,468
Revenue bonds payable		82,000
Total current liabilities		348,813
Noncurrent liabilities:		
Customer deposits payable from restricted assets		116,023
Compensated absences		738
Revenue bonds payable		1,477,925
Total noncurrent liabilities payable		1,594,686
Total Liabilities		1,943,499
Net Position		
Net investment in capital assets		337,684
Unrestricted		836,997
Total Net Position		1,174,681
Total Liabilities and Net Position	$	3,118,180

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

Statement I

CITY OF GRAMBLING, LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2019

Operating Revenues:	
Water sales	$ 403,884
Water connection charges	9,524
Sewer fees	746,139
Total Operating Revenues	1,159,547
Operating Expenses:	
Salaries and benefits	432,220
Materials and supplies	26,315
Operating costs	579,853
Professional services	64,952
Other services and charges	76,814
Depreciation	189,082
Total operating expenses	1,369,236
Operating income (loss)	(209,689)
Nonoperating revenues (expenses);	
Miscellaneous	28,062
Interest income	812
Ad valorem tax revenues	83,183
Intergovernmental revenues	62,136
Interest expense	(48,343)
Total nonoperating revenues (expenses)	125,850
Net Income Before Operating Transfers	(83,839)
Operating Transfers In	215,296
Change in net position	131,457
Net position - beginning	1,043,224
Total net position - ending	$ 1,174,681

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

Statement J

CITY OF GRAMBLING, LOUISIANA
Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended December 31, 2019

Cash flows from operating activities:	
Receipts from customers and users	$ 853,251
Intergovernmental revenues	145,319
Payments to suppliers	(899,489)
Payments to employees	(428,482)
Net cash provided by (used for) operating activities	(329,401)
Cash flows from Noncapital financing activities:	
Transfers from other funds	167,296
Net cash provided (used) by noncapital financing activities:	167,296
Cash flows from capital and related financing activities:	
Principal paid retirement of debt	(82,000)
Interest paid on capital debt	(48,343)
Net cash provided (used) by capital and related financing activities	(130,343)
Cash flows provided by (used for) investing activities:	
Interest received	812
Miscellaneous revenue	28,062
Other investing activities	193,317
Net cash provided by investing activities	222,191
Net increase (decrease) in cash and cash equivalents	(70,257)
Cash and cash equivalents at beginning of year	250,579
Cash and cash equivalents at end of year	$ 180,322
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating Income (Loss)	$ (209,689)
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	189,082
(Increase) decrease	
Accounts receivable, net	(26,003)
Intergovernmental receivable	(12,001)
Increase (decrease)	
Accounts payable	(52,916)
Accrued and other liabilities	2,030
Customer deposits	6,203
Due to other funds	(229,846)
Compensated absences	3,739
	(119,712)
Net cash provided by operating activities	$ (329,401)
Recap of cash and cash equivalents	
Cash and cash equivalents	$ 1,039
Restricted cash and cash equivalents	179,283
	$ 180,322

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

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

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

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

B. FUND ACCOUNTING

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

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

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

Governmental Funds

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

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

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

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

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

Proprietary Fund

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

C. *MEASUREMENT FOCUS AND BASIS OF ACCOUNTING*

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

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

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

FUND FINANCIAL STATEMENTS (FFS)

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

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

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

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

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

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

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

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

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

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

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

D. BUDGET PRACTICES

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

E. CASH AND CASH EQUIVALENTS

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

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.

- *Interest rate risk*: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments as 76 as of December 31, 2019.

- *Foreign currency risk*: Not applicable to 2a7-like pools.

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

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

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

G. CAPITAL ASSETS

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

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

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

H. LONG-TERM DEBT

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

I. COMPENSATED ABSENCES

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

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, 2019.

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.

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

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

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

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

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

N. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

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

O. USE OF ESTIMATES

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

P. ELIMINATION AND RECLASSIFICATIONS

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

Q. SALES TAX

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

R. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

At December 31, 2019, the City did not have any investments:

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

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

Custodial Credit-Deposits: At year end, the City's carrying amount of deposits was $342,770 (Statement C - cash and cash equivalents of $227,133 Statement H - cash and cash equivalents of $1,039 and restricted assets cash of $179,283 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, 2019, the City's bank balance was $412,324, which was covered by federal depository insurance.

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:

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

Property Tax Calendar

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

NOTE 4 - RECEIVABLES

The following is a summary of receivables at December 31, 2019:

Class of Receivable	General Fund	Health & Sanitation Fund	NonMajor Governmental Funds	Proprietary Fund	Total
Taxes:					
Property taxes	$ 250,728	$ -	$ -	$ 59,511	$ 310,239
Sales and use	44,044	21,819	8,099	-	73,962
Intergovernmental revenue:					
Charges for services	-	38,347	-	266,640	304,987
Franchise fees	24,850	-	-	-	24,850
Other	-	-	3,500	-	3,500
Gross Receivables	319,622	60,166	11,599	326,151	717,538
Less Allowance for uncollectibles	-	(8,840)	-	(52,970)	(61,810)
	$ 319,622	$ 51,326	$ 11,599	$ 273,181	$ 655,728

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

Individual balances due from/to other funds at December 31, 2019 are as follows:

Receivable Fund	Amount	Payable Fund	Amount
General fund	$ 4,078	Proprietary	$ 4,078
Health and sanitation	4,283	General fund	4,283
Total	$ 8,361	Total	$ 8,361

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

Transfers during the year ended December 31, 2019 were as follows:

	Transfer From Other Funds	Transfer to Other Funds
General Fund	$ 215,296	$ -
Maintenance Fund	452,364	-
Health and Sanitation Fund	-	610,673
Debt Service Fund	-	62
Economic Development District 1	-	1,161
Economic Development Legends Square	-	5,224
25% Economic Dev. Sales Tax Fund	-	50,540
Total	$ 667,660	$ 667,660

NOTE 6 - ACCRUED AND OTHER LIABILITIES

The accrued and other liabilities consist of the following at December 31, 2019:

Payable Category	General Fund	Health and Sanitation	Proprietary Fund	Total
Wages payable	$ 72,295	$ -	$ 6,452	$ 78,747
Sales tax payable	-	-	5,711	5,711
Payroll deductions payable	10,868	-	-	10,868
Deposits	2,390	520	-	2,910
Total	$ 85,553	$ 520	$ 12,163	$ 98,236

NOTE 7 - CAPITAL ASSETS

The following presents the changes in capital assets for the year ended December 31, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Nondepreciable assets:				
Land	$ 222,902	$ 21,500	$ -	$ 244,402
Construction in progress	-	-	-	-
Total nondepreciable assets	222,902	21,500	-	244,402
Depreciable Assets:				
Building and improvements	1,869,005	8,830	-	1,877,835
Furniture and equipment	1,370,643	110,572	147,793	1,333,422
Infrastructure	915,737	-	-	915,737
Total depreciable assets	4,155,385	119,402	147,793	4,126,994
Less: accumulated depreciation				
Buildings and improvements	661,108	48,737	-	709,845
Furniture and equipment	1,135,390	59,308	147,793	1,046,905
Infrastructure	121,285	73,758	-	195,043
Total accumulated depreciation	1,917,783	181,803	147,793	1,951,793
Governmental activities capital assets, net	$ 2,460,504	$ (40,901)	$ -	$ 2,419,603

Depreciation expense for 2019 was charged to governmental activities as follows:

General	$ 34,386
Public safety	27,905
Health and sanitation	1,115
Public works	61,098
Culture and recreation	57,299
Total	$ 181,803

A summary of plant and equipment changes in the maintenance enterprise fund for 2019 are as follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Business-type activities:					
Nondepreciable assets:					
Land	$ 49,182	$ -	$ -	$ -	$ 49,182
Construction in progress	-	-	-	-	-
Total Non-depreciable assets	49,182	-	-	-	49,182
Depreciable Assets:					
Building and improvements	242,106	-	-	-	242,106
Sewage plant	5,452,151	-	-	-	5,452,151
Water system	2,047,527	-	-	-	2,047,527
Water/Sewer equipment	1,194,997	-	-	-	1,194,997
Vehicles	35,446	-	-	-	35,446
Total depreciable assets:	8,972,227	-	-	-	8,972,227
Less:accumulated depreciation					
Buildings and improvements	234,876	1,202	-	-	236,078
Sewage plant	3,002,137	156,625	-	-	3,158,762
Water system	1,702,378	30,855	-	-	1,733,233
Water/Sewer equipment	1,194,997	-	-	-	1,194,997
Vehicles	34,747	400	-	-	35,147
Total accumulated depreciation	6,169,135	189,082	-	-	6,358,217
Net depreciable capital assets	2,803,092	(189,082)	-	-	2,614,010
Business-type activities capital assets, net	$ 2,852,274	$ (189,082)	$ -	$ -	$ 2,663,192

Depreciation expense for 2019 was charged to governmental activities as follows:

Sewer	$ 156,625
Water	32,457
Total	$ 189,082

NOTE 8 - PENSION AND RETIREMENT PLAN

The City established a Simple IRA plan to be effective October 4, 2002. All City employees are eligible to participate in the plan. The plan is a defined contribution plan administered by Raymond James and Associates. Under the plan, the City matches each employee's salary reduction for contributions to the plan up to 5% for that calendar year. The funds are immediately vested when paid into the plan. The plan is based on the IRS Code and must comply with all IRS Code requirements. The City of Grambling's contributions to the plan for the year ending December 31, 2019 were $11,692 and employees contributed $11,692.

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, 2019

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	$ 64,798	$ -	$ 58,971	$ 5,827	$ 59,361
Limited Tax Revenue Bonds	155,000	-	8,489	146,511	14,510
Bank Note Payable	-	31,351	3,203	28,148	5,788
Total	$ 219,798	31,351	$ 70,663	$ 180,486	$ 79,659

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

Bonded debt and note payable at December 31, 2019 is comprised of the following individual issues:

$155,000 - Limited Tax Revenue Bonds, Series 2018, noted dated February 16, 2018. Principal is due in fifteen (15) annual installments beginning February 19, 2019 and due each year through February 16, 2033, with an interest rate of 2.75%. The funds were used for the purchase of new garage trucks and extended warranties. Debt retirement payments are made from the Debt Service Fund.	$ 146,511
$31,351 - Bank note payable to Century Next Bank, noted dated September 16, 2019. Principal and interest is due in forty-eight (48) monthly installments of $737.54 beginning October 10, 2019 and due each year through September 16, 2023, with an interest rate of 6.00%. The funds were used for the purchase of new vehicle. Debt retirement payments are made from the 25% Economic Development Sales Tax Fund.	$ 28,148
Total	$ 174,659

As shown on Statement C, $45,871 is available in the Debt Service Fund to service the bonded debt on the Limited Tax Revenue Bonds, Series 2018. The annual requirements to amortize all outstanding bonded debt at December 31, 2019 are as follows:

Limited Tax Revenue Bonds, Series 2018 Debt Service Fund:

Year	Principal	Interest	Total
2020	$ 8,722	$ 4,029	$ 12,751
2021	8,962	3,789	12,751
2022	9,208	3,543	12,751
2023	9,461	3,290	12,751
2024	9,722	3,029	12,751
2025-2028	52,769	10,986	63,755
2030-2033	47,667	3,321	50,988
Total	$ 146,511	$ 31,987	$ 178,498

NOTE 9 - CHANGES IN LONG-TERM OBLIGATIONS (Continued)

Bank Note Payable

Year	Principal	Interest	Total
2020	$ 5,788	$ 3,006	$ 8,794
2021	7,703	1,148	8,851
2022	8,185	666	8,851
2023	6,472	2,378	8,850
Total	$ 28,148	$ 7,198	$ 35,346

Business Activities

The following is a summary of long-term obligation transactions for the year ended December 31, 2019

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	$ 20,467	$ -	$ -	$ 20,467	$ 15,468
Bonds Payable	1,641,925	-	82,000	1,559,925	82,000
Total	$ 1,662,392	$ -	$ 82,000	$ 1,580,392	$ 97,468

Bonded debt payable at December 31, 2019 is comprised of the following individual issues:

$1,345,000 - Utilities revenue refunding bonds, Series 2013 - the remaining principal is due in annual installments through 2033 with an interest rate of 4.25%. The funds were used for the water system. Debt retirement payments are made from the Maintenance Enterprise Fund.	$ 1,055,000
$575,000 - Utilities revenue bonds, Series 2015 - dated November 1, 2015 between the City and the Louisiana Department of Environmental Quality. Principal is due in annual installments through 2036 with an interest rate of 0.45% that shall increase by one-half on one percent (0.5%) per annum. The interest is payable March 1 and September 1 each year. The funds are to be used for the purpose of financial assistance for the improvement of the wastewater treatment facility. The project is under construction and has not been completed. Debt retirement payments will be made from the Maintenance Enterprise Fund.	504,925
Total	$ 1,559,925

NOTE 9 - CHANGES IN LONG-TERM OBLIGATIONS (Continued)

Of the restricted cash and investments on Statement H, $179,283 is restricted for debt service on the bonded debt. The annual requirement to amortize the Series 2013 outstanding bonded debt at December 31, 2019 are as follows:

Year	Principal	Interest	Total
2020	$ 55,000	$ 43,669	$ 98,669
2021	60,000	41,255	101,255
2022	60,000	38,675	98,675
2023	65,000	36,019	101,019
2024	65,000	33,256	98,256
2025-2029	385,000	119,956	504,956
2030-2033	365,000	31,769	396,769
Total	$ 1,055,000	$ 344,599	$ 1,399,599

The annual requirement to amortize the Series 2015 outstanding bonded debt at December 31, 2019 are as follows:

Year	Principal	Interest	Total
2020	$ 27,000	$ 1,360	$ 28,360
2021	27,000	1,239	28,239
2022	27,000	1,117	28,117
2023	28,000	994	28,994
2024	28,000	3,534	31,534
2025-2029	144,000	13,604	157,604
2030-2034	152,000	6,584	158,584
2035-2036	71,925	589	72,514
	$ 504,925	$ 29,021	$ 533,946

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Litigation and Claims

At December 31, 2019, the City is a defendant in several outstanding lawsuits. It is the opinion of legal counsel that the ultimate resolution of these lawsuits would not materially affect the financial statements.

Grant Disallowances

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

NOTE 11 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures Over Appropriation in Individual Fund - The following individual fund had actual expenditures over budgeted expenditures for the year ended December 31, 2019:

Fund	Budget	Actual	Variance
General	$ 2,057,001	2,146,171	$ (89,170)

Excess of Appropriations Over Expenditures in Individual Fund - The following individual fund had actual expenditures over budgeted expenditures for the year ended December 31, 2019:

Fund	Budget	Actual	Variance
Health and Sanitation	$ 428,300	318,644	$ 109,656

NOTE 12 - SUBSEQUENT EVENTS

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management of City of Grambling, Louisiana evaluated the activity of the Organization through September 17, 2020, which is the date the financial statements are available to be issued.

COVID-19 Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 22, 2020, the Governor of Louisiana ordered the closure of the physical location of every "non-life sustaining" and "non-essential" business for what may be an extended period of time. There has been no immediate impact to our operations however, we had to close our physical locations and all employees must work remotely as they can. Future potential impacts may include continued disruptions or restrictions on our employees' ability to work and impairment of our ability to obtain contributions and volunteers. The future effects of these issues are unknown.

NOTE 13 - GOING CONCERN

The City has suffered recurring losses from operations and has a fund balance deficiency in the General Fund that raises some doubt about its ability to continue as a going concern. The General Fund had a deficit fund balance at the beginning of fiscal year 2018 of $301,242 . During fiscal year 2019, the City reduced the deficit from $301,242 to a postitive fund balance of $22,450, thus a reduction of $323,692. The City will continue to look at all expenditure line items in the financials to evaluate ways to decrease expenditures for the remainder of the 2019 calendar year. A new housing development with 34 units was built within the City limits. Additionally, a new shopping center and grocery store have been constructed, which will increase property and sales tax as well as sewer and water revenue. All of these activities will increase the revenue base of the City. Additional revenues will be generated from the rate increases made to the City's water and sewer customer base.

NOTE 14 - NEW ACCOUNTING PRONOUNCEMENTS

A. In fiscal year 2019, the City implemented the following GASB Statements:

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

In August 2015, the GASB issued Statement No. 77, "Tax Abatement Disclosures". This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

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

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

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

In March 2016, the GASB issued Statement No. 82, "Pension Issues-An Amendment of GASB Statements Np. 67, No. 68, and No. 73". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

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

NOTE 14 - NEW ACCOUNTING PRONOUNCEMENTS (Continued)

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

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

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

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

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

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

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

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

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

NOTE 14 - NEW ACCOUNTING PRONOUNCEMENTS (Continued)

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

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

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

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

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

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

In August 2018, the GASB issued Statement No. 90, "Majority Equity Interests". The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

In May 2019, the GASB issued Statement No. 91, "Conduit Debt Obligations". The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

In January 2020, the GASB issued Statement No. 92, "Omnibus 2020". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

NOTE 14 - NEW ACCOUNTING PRONOUNCEMENTS (Continued)

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

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020.

Earlier application is encouraged and is permitted by topic.

NOTE 15 - ON-BEHALF SUPPLEMENTAL PAY

Certain employees meeting statutory qualifications in the fire and police departments receive supplemental pay directly from the State of Louisiana. This supplemental pay in the amount of $70,750 is recognized as intergovernmental revenue and public safety expenditures.

NOTE 16 - RISK MANAGEMENT

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

NOTE 17 - CONTINGENT LIABILITIES

Litigation

The City is a defendant in two legal actions seeking actual and puntive damages. The City and its legal counsel is vigorously defending all matters of litigation and believes there will be no material adverse financial effect. No amount amounts have been recorded in the financial statements as of December 31, 2019.

SPECIAL REVENUE FUNDS

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

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

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

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

SCHEDULE A

CITY OF GRAMBLING, LOUISIANA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019

	25% Economic Development Sales Tax	Legends Square Taxing District	Economic Development District 1 Fund	Total
ASSETS				
Cash and cash equivalents	$ 14,207	$ 12,931	$ 7,134	$ 34,272
Intergovernmental receivable	8,996	2,130	473	11,599
TOTAL ASSETS	$ 23,203	$ 15,061	$ 7,607	$ 45,871
LIABILITIES AND FUND BALANCES				
Liabilities:				
Total Liabilities	$ -	$ -	$ -	$ -
Fund Balance:				
Restricted	23,203	15,061	7,607	45,871
Total Fund Balances	23,203	15,061	7,607	45,871
TOTAL LIABILITIES AND FUND BALANCES	$ 23,203	$ 15,061	$ 7,607	$ 45,871

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

SCHEDULE B

CITY OF GRAMBLING, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	25% Economic Development Sales Tax	Legends Square Taxing District	Economic Development District 1 Fund	Total
REVENUES:				
Intergovernmental revenues	$ 10,250	$ -	$ -	$ 10,250
Sales tax revenue	64,678	48,666	6,870	120,214
Interest income	12	-	-	12
Miscellaneous	5,158	4,642	5,620	15,420
Total Revenues	80,098	53,308	12,490	145,896
EXPENDITURES:				
Economic development	16,863	48,390	7,393	72,646
Debt service:				
Principal	3,203	-	-	3,203
Interest and service charges	410	-	-	410
Capital outlay:				
Public works	45,062	-	-	45,062
TOTAL EXPENDITURES	65,538	48,390	7,393	121,321
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14,560	4,918	5,097	24,575
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of debt	31,351	-	-	31,351
Operating transfers out	(50,540)	(5,224)	(1,161)	(56,925)
Total Other Financing Sources (Uses)	(19,189)	(5,224)	(1,161)	(25,574)
Net Change in Fund Balances	(4,629)	(306)	3,936	(999)
FUND BALANCE, BEGINNING	27,832	15,367	3,671	46,870
FUND BALANCE, ENDING	$ 23,203	$ 15,061	$ 7,607	$ 45,871

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

SUPPLEMENTARY INFORMATION

REQUIRED BY THE

U. S. DEPARTMENT OF AGRICULTURE

Schedule 1

CITY OF GRAMBLING, LOUISIANA
Proprietary Fund Type - Maintenance Enterprise Fund
Comparative Statement of Net Position
December 31, 2019 and 2018

	2019 Maintenance Fund	2018 Maintenance Fund
Assets		
Current assets:		
Cash and cash equivalents	$ 1,039	$ 78,241
Accounts receivable, net of allowance of $24,273 and $27,708	273,181	235,177
Prepaid expenses	1,485	1,484
Total Current Assets	275,705	314,902
Noncurrent assets:		
Restricted cash and cash equivalents		
Customer deposits	114,598	107,724
Investments	64,685	64,614
Total restricted assets	179,283	172,338
Property, Plant and Equipment, at Cost		
Land	49,182	49,182
Buildings	242,106	242,106
Infrastructure	7,499,678	7,499,678
Automotive and equipment	1,230,443	1,230,443
Less: accumulated depreciation	(6,358,217)	(6,169,135)
Total capital assets (net of accumulated depreciation)	2,663,192	2,852,274
Total noncurrent assets	2,842,475	3,024,612
Total Assets	$ 3,118,180	$ 3,339,514
Liabilities		
Current Liabilities:		
Accounts payable	$ 219,170	$ 272,086
Accrued and other liabilities	12,163	10,133
Interest payable	15,934	15,934
Interfund payables	4,078	233,924
Compensated absences	15,468	11,900
Revenue bonds payable	82,000	82,000
Total current liabilities	348,813	625,977
Noncurrent liabilities:		
Customer deposits payable from restricted assets	116,023	109,820
Compensated absences	738	568
Revenue bonds payable	1,477,925	1,559,925
Total noncurrent liabilities payable	1,594,686	1,670,313
Total Liabilities	1,943,499	2,296,290
Net Position		
Net investment in capital assets	2,663,192	2,852,274
Restricted for debt service	64,685	64,614
Unrestricted	(1,553,196)	(1,873,664)
Total Net Position	1,174,681	1,043,224
Total Liabilities and Net Position	$ 3,118,180	$ 3,339,514

Schedule 2

CITY OF GRAMBLING, LOUISIANA
Proprietary Fund Type - Maintenance Enterprise Fund
Proposed Budget - 2020 and 2019
For the Years Ending December 31, 2020 and 2019

	2020 Maintenance Fund	2019 Maintenance Fund
Operating Revenues:		
Water sales	$ 400,000	$ 400,000
Water connection charges	15,000	15,000
Sewer fees	600,000	675,000
Other revenues	8,000	10,000
Total Operating Revenues	1,023,000	1,100,000
Operating Expenses:		
Water department	564,981	544,495
Sewer department	614,519	614,005
Total operating expenses	1,179,500	1,158,500
Operating income (loss)	(156,500)	(58,500)
Nonoperating revenues (expenses);		
Miscellaneous	1,000	1,000
Ad valorem tax revenues	75,000	75,000
Intergovernmental revenues	40,000	38,000
Total nonoperating revenues (expenses)	116,000	114,000
Net Income Before Operating Transfers	(40,500)	55,500
Change in net position	(40,500)	55,500
Net position - beginning	1,174,681	1,043,224
Net position - ending	$ 1,134,181	$ 1,098,724

Schedule 3

CITY OF GRAMBLING, LOUISIANA
Schedule of Compensation Paid Council Members
As of December 31, 2019

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

Council Member	Term Expiration	Compensation Paid
Gariarta D. Dupre	12/31/2019	$ 9,100
Yanise N. Days	12/31/2019	9,030
Cathy L. Holmes	12/31/2019	9,450
Cullen Jackson	12/31/2019	9,125
Roy L. Jackson	12/31/2019	24,194
Total		$ 60,899

Schedule 4

CITY OF GRAMBLING, LOUISIANA
Schedule of Compensation, Benefits, Reimbursements, and Other Payments to Chief Executive Officer
As of December 31, 2019

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

Category		Amount
Salary		$ 69,992
Benefits:		
Health insurance	$ 7,825	
Social security	4,340	
Medicare	1,015	
Simple IRA	3,068	
Total Benefits		16,248
Cell phone		2,280
Travel:		
Airfare, lodging, meals & mileage	11,878	
Total Travel		11,878
Total Compensation, Benefits, Travel, and Other Expenses		$ 100,398

Schedule 5

CITY OF GRAMBLING, LOUISIANA
Schedule of Insurance Coverage
As of December 31, 2019

Type of Coverage	Name of Insurer	Policy Number	Amount of Coverage	Deductible	Expiration Date
Commercial property	Underwriters of Admiral Ins. Co.	PR00000995502	Building: $1,748,900	$ 2,500	7/30/2020
			Personal Property: $440,000	2,500	7/30/2020
Automobile	Lloyd's of London and Institute	NA146682	Based on Individual Vehicle	1,000	3/13/2020
Fidelity Bond	Traveler's Casualty & Securtely Co.	104891788	Employee Theft: $25,000 ERISA: $25,000	500 NONE	2/11/2020

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

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

Schedule 6

CITY OF GRAMBLING, LOUISIANA
Schedule of Breakdown of Utility Customers
For Year Ended December 31, 2019

Category	Average Number of Customers
Commercial	97
Residential	1,023
Total Customers	1,120

Schedule 7

CITY OF GRAMBLING, LOUISIANA
Schedule of Water and Sewer Rates
As of and For Year Ended December 31, 2019

Gallon	*Water rates Residential*	*Sewer rates Residential*
1,000	$16.85	$27.85
2,000	16.85	27.85
3,000	19.48	30.48
4,000	22.11	33.11
5,000	24.74	35.74
6,000	27.37	38.37
7,000	30.00	41.00
8,000	32.63	43.63
9,000	35.26	46.26
10,000	37.89	48.89
11,000	40.52	51.52
12,000	43.15	54.15
13,000	45.78	56.78
14,000	48.41	59.41
15,000	51.04	62.04
16,000	53.67	64.67
17,000	56.30	67.30
18,000	58.93	69.93
19,000	61.56	72.56
20,000	64.19	75.19
21,000	66.82	77.82
22,000	69.45	80.45
23,000	72.08	83.08
24,000	74.71	85.71
25,000	77.34	88.34

Gallon	*Water rates Commercial*	*Sewer rates Commercial*
1,000	$25.31	$37.31
2,000	27.42	39.42
3,000	29.43	41.53
4,000	31.54	44.16
5,000	33.65	46.79
6,000	35.76	49.42
7,000	37.87	52.05
8,000	39.98	54.68
9,000	42.09	57.31
10,000	44.20	59.94
11,000	46.31	62.57
12,000	48.42	65.20
13,000	50.53	67.83
14,000	52.64	70.46
15,000	54.75	73.09
16,000	56.86	75.72
17,000	59.49	78.35
18,000	62.12	80.98
19,000	64.75	83.61
20,000	67.38	86.24
21,000	70.01	88.87
22,000	72.64	91.50
23,000	75.27	94.13
24,000	77.90	96.76
25,000	80.53	99.39

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Grambling, Louisiana, (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 17, 2020.

Internal Control Over Financial Reporting

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

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

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

308 HIGHLAND PARK COVE • RIDGELAND, MS 39157 • (601) 353-5423 • FAX (601) 353-5426

Compliance and other Matters

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

Purpose of this Report

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

Brown, Eg & Co.

Ridgeland, Mississippi
September 17, 2020

CITY OF GRAMBLING, LOUISIANA
Status of Prior Year Audit Findings
For Year Ended December 31, 2019

The City of Grambling, Louisiana did not have any prior year audit findings in their December 31, 2018 audited financial statements dated June 7, 2019.