

CITY OF GRAMBLING, LOUISIANA
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2013

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

JUL 23 2014

Release Date _____

**CITY OF GRAMBLING, LOUISIANA
TABLE OF CONTENTS
SEPTEMBER 30, 2013**

	PAGE(S)
INDEPENDENT AUDITOR'S REPORT	1 - 3
REQUIRED SUPPLEMENTARY INFORMATION	
Management Discussion and Analysis	4 - 13
BASIC FINANCIAL STATEMENTS	
Government - Wide Financial Statements:	STATEMENT
Statement of Net Position	A 15
Statement of Activities	B 16
Fund Financial Statements (FFS):	
Governmental Funds	
Balance Sheet	C 17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D 18
Combined Statement of Revenues, Expenditures and Changes in Fund Balances	E 19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statements of Activities	F 20
Budgetary Comparison Schedule - General Fund	G - 1 21
Budgetary Comparison Schedule - Health and Sanitation	G - 2 22
Statement of Net Position - Proprietary Funds	H 23
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	I 24
Statement of Cash Flows - All Proprietary Fund Types	J 25
Notes to the Financial Statements	26 - 43
	SCHEDULE
SUPPLEMENTARY INFORMATION REQUIRED BY THE U.S. DEPARTMENT OF AGRICULTURE	
Proprietary Fund Type - Maintenance Enterprise Fund	
Comparative Statement of Net Position	1 45
Proposed Budget 2014	2 46
Schedule of Compensation Paid Council Members	3 47
Schedule of Insurance Coverage	4 48
Schedule of Breakdown of Utility Customers	5 49
Schedule of Water and Sewer Rates	6 50
REPORT ON INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	52
OTHER INFORMATION	
Schedule of Findings and Responses	53
Status of Prior Year Findings	54
City's Corrective Action Plan	55 - 57



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grambling, Louisiana (City), as of and for the year ended December 31, 2013, 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 an opinion 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Grambling, Louisiana, as of and for the year ended December 31, 2013, and the respective changes in financial position and 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 will continue as a going concern. As discussed in Note 14 to the financial statements, the City has suffered recurring losses from operations and has a fund balance deficiency in the General Fund that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 14. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-14 and 21-22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2014, on our consideration of the City of Grambling, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Banks, Finley, White & Co.

Ridgeland, Mississippi
June 13, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2013

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, 2013.

FINANCIAL HIGHLIGHTS

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

Governmental activities reported an increase in net position of \$22,092 from 2012 to 2013, whereas business-type activities reported a decrease of \$182,063. The increase in net position of the governmental activities was due to an increase in revenues. The net position of the business-type activities went from an increase in 2012 of \$241,244 (including a prior period adjustment of \$50,000 to a decrease of \$182,063 in 2013, primarily because of two transfers from governmental activities of \$585,675 in 2012.

Total governmental activities revenues increased \$253,412 or 10.85% from 2012 to 2013. Program specific revenues increase by \$189,951 or 51.77%, due to an increase in capital grants and contributions. General revenues had a net increase of \$63,461 or 3.22%. Increases in property taxes revenue of \$269,477, fines and forfeitures of \$249,403, and miscellaneous revenues of \$79,439 was more than enough to offset the decrease in sales tax revenue of \$479,852 included in general revenues.

The \$69,694 decrease in business-type activities expenses was primarily due to decreases in personnel costs of \$60,576. Other minor increases and decreases combined to form the total decrease.

Total expenses for governmental activities was \$2,567,807 in 2013. \$556,880 of these expenses were offset by program specific revenues. General revenues of \$2,033,019 were adequate to cover the remaining governmental activities expenses.

The General Fund's fund balance decreased by \$192,879 during 2013 as compared to a decrease in 2012 of \$279,875. Revenues increased by \$113,847 while expenditures decreased by \$98,756 from 2012 to 2013. Transfers in were \$160,106 and \$50,309, for 2013 and 2012 respectively. Transfers out were \$13,794 and \$112,050, for 2013 and 2012 respectively. Sales of capital assets totaled \$333,660 during 2012 while there were no sales during 2013.

The General Fund's fund balance is a deficit of \$827,862 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 for liability insurance and workmen's compensation insurance, that contributed to the current deficit in that these old bills had to be accrued. The old bills also took cash that was needed to pay current bills. Current management has made a concerted effort to make repairs and improvements to city facilities and systems. This effort has caused a temporary increase in expenditures that is expected to result in savings in the long run by properly maintaining facilities and systems and preventing unnecessary repairs. Also, the City has purchased property to include in the development of a hotel, restaurant, and other businesses in the City that are expected to generate significant property and sales tax revenues in the future as well as increasing licenses and permits and utility revenues.

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2013

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

The Health and Sanitation Fund's fund balance decreased \$45,122 in 2013 as compared to an increase of \$173,180 in 2012. Health and Sanitation Fund's revenues were \$362,097 which is \$211,104 or 36.83% less than 2012 revenues. The decrease was due to a one-time settlement of protested sales taxes of over \$200,000 during 2012.

Health and Sanitation Fund's 2013 expenditures decreased by \$152,408 or 38.10% from 2012. The decrease in total expenditures was due to capital outlay and debt service payment in 2012 that was not incurred in 2013.

The Debt Service Fund had an increase in fund balance of \$1 in 2013 as compared to a net decrease in 2012 of \$50,030. The increase was due to a reduction of debt service requirements in 2013.

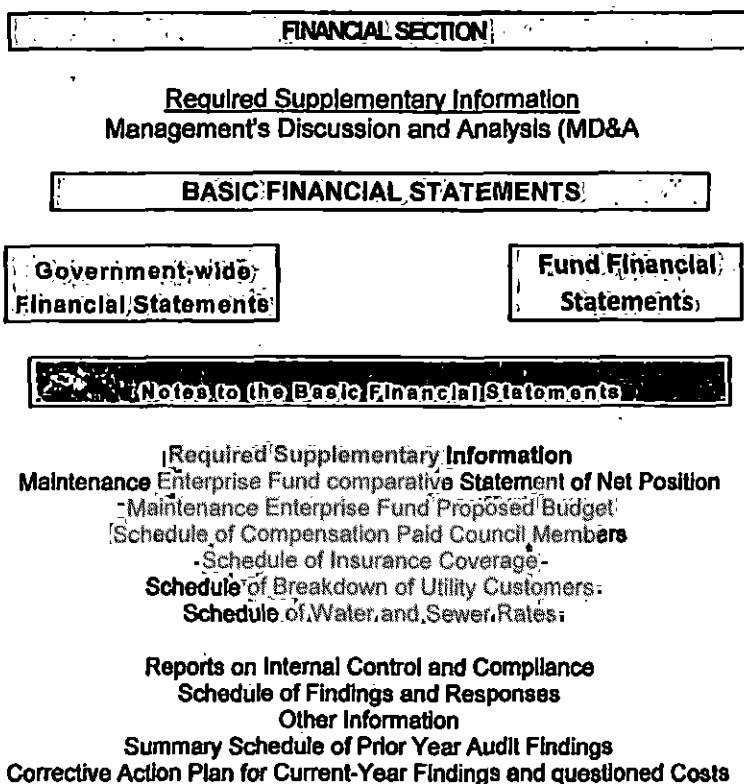
The Capital Project Fund had a decrease in fund balance of \$1,224 from 2012 to 2013. The decrease was due to increases in capital expenditures over revenues allocated during 2013.

USING THIS ANNUAL REPORT

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

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2013

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



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

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2013

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

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

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2013

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,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 649,552	\$ 762,857	\$ 348,759	\$ (22,616)	\$ 998,311	\$ 740,242
Capital assets, net	<u>2,166,139</u>	<u>1,893,377</u>	<u>1,889,094</u>	<u>2,149,982</u>	<u>4,055,233</u>	<u>4,043,359</u>
Total assets	<u>\$ 2,815,691</u>	<u>\$ 2,656,234</u>	<u>\$ 2,237,853</u>	<u>\$ 2,127,367</u>	<u>\$ 5,053,544</u>	<u>\$ 4,783,601</u>
Current and other liabilities	586,436	349,038	569,955	302,688	1,158,391	851,726
Long-term liabilities	<u>169,586</u>	<u>346,193</u>	<u>1,300,841</u>	<u>1,275,559</u>	<u>1,470,427</u>	<u>1,621,752</u>
Total Liabilities	<u>756,022</u>	<u>695,231</u>	<u>1,870,796</u>	<u>1,578,247</u>	<u>2,628,818</u>	<u>2,273,478</u>
Deferred Inflows of resources	<u>76,574</u>	-	-	-	<u>76,574</u>	-
Net position						
Net investment in capital assets	2,166,139	1,590,609	681,232	881,914	2,847,371	2,472,523
Restricted	1,011,115	1,056,236	-	-	1,011,115	1,056,236
Unrestricted	<u>(1,194,159)</u>	<u>(685,842)</u>	<u>(314,175)</u>	<u>(332,794)</u>	<u>(1,508,334)</u>	<u>(1,018,636)</u>
Total net position	<u>\$ 1,983,095</u>	<u>\$ 1,961,003</u>	<u>\$ 367,057</u>	<u>\$ 549,120</u>	<u>\$ 2,350,152</u>	<u>\$ 2,510,123</u>

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2013

Table 2
Changes In Net Position
For the Year Ended December 31

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program Revenue:						
Charges for services	\$ 161,326	\$ 366,929	\$ 995,512	\$ 823,392	\$ 1,156,838	\$ 1,190,321
Operating grants and contributions	20,183	-	-	119,785	20,183	119,785
Capital grants and contributions	375,371	-	97,928	-	473,297	-
General Revenue:						
Property taxes	764,656	495,179	73,350	68,585	838,006	563,764
Sales taxes	517,821	997,673	-	-	517,821	997,673
Fines and forfeitures	286,277	36,874	-	-	286,277	36,874
Licenses and permits	180,173	215,203	-	-	180,173	215,203
Interest income	170	325	-	49	170	374
Intergovernmental revenue	63,727	83,548	-	14,000	63,727	97,548
Miscellaneous	220,195	140,756	(42,579)	(44,176)	177,616	98,580
Total Revenues	<u>2,589,899</u>	<u>2,336,487</u>	<u>1,124,209</u>	<u>981,635</u>	<u>3,714,108</u>	<u>3,318,122</u>
Expenses:						
General Government	869,809	816,293	-	-	869,809	816,293
Public safety	1,327,506	1,389,299	-	-	1,327,506	1,389,299
Health and sanitation	265,511	316,528	-	-	265,511	316,528
Parks and recreation	2,052	8,951	-	-	2,052	8,951
Highway and streets	89,135	35,639	-	-	89,135	35,639
Interest on long-term debt	13,784	15,812	-	-	13,784	15,812
Business-type activities:						
Utility enterprise	-	-	1,306,272	1,375,866	1,306,272	1,375,866
Total Expenses	<u>2,587,807</u>	<u>2,593,522</u>	<u>1,306,272</u>	<u>1,375,866</u>	<u>3,874,079</u>	<u>3,959,488</u>
Increase (decrease) In Net Position						
Before Transfers and Special Items	22,092	(247,035)	(182,063)	(394,331)	(169,971)	(641,366)
Transfers in (out)	-	(585,575)	-	585,575	-	-
Increase (decrease) in net position	<u>22,092</u>	<u>(832,610)</u>	<u>(182,063)</u>	<u>191,244</u>	<u>(169,971)</u>	<u>(641,366)</u>
Net position, beginning	1,961,003	2,793,613	549,120	307,876	2,510,123	3,101,489
Prior period adjustment	-	-	-	50,000	-	50,000
Net position, restated	<u>1,961,003</u>	<u>2,793,613</u>	<u>549,120</u>	<u>357,876</u>	<u>2,510,123</u>	<u>3,151,489</u>
Net Position Ending	<u>\$ 1,983,095</u>	<u>\$ 1,961,003</u>	<u>\$ 367,057</u>	<u>\$ 549,120</u>	<u>\$ 2,350,152</u>	<u>\$ 2,510,123</u>

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2013

Governmental Activities

The cost of all governmental activities this year was \$2,567,807. 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 \$2,010,927 because some of the cost was paid by those who directly benefited from the programs and grants in the amount of \$556,880.

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2013	2012	2013	2012
General government	\$ 1,869,809	\$ 1,816,293	\$ (828,909)	\$ (816,293)
Public safety	1,327,506	1,389,299	(1,307,323)	(1,181,158)
Health and sanitation	265,511	316,528	(104,185)	(154,740)
Park and recreation	2,052	9,951	(2,052)	(9,951)
Highway and streets	89,135	35,639	245,336	(35,639)
Interest on long-term debt	13,794	15,812	(13,794)	(15,812)
Total Program Expenses	<u>\$ 2,567,807</u>	<u>\$ 2,583,522</u>	<u>\$(2,010,927)</u>	<u>\$(2,213,593)</u>

Table 4
Business-Type Activities
For the Year Ended December 31

Business-Type Activities

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2013	2012	2013	2012
Business-Type Activities				
Utility enterprise	\$1,306,272	\$1,375,966	\$ (212,834)	\$(432,789)
Total Program Expenses	<u>\$1,306,272</u>	<u>\$1,375,966</u>	<u>\$(212,834)</u>	<u>\$(432,789)</u>

Revenues and expenses of the City's business-type activities as shown in table 3 remained relatively stable for 2013 compared to 2012.

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2013

THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a combined fund balance of \$182,029 which is a decrease of \$239,224 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 \$2,190,000. Amendments increased total budgeted expenditures by \$87,000. These amendments were the result of an analysis of variances from estimates at the time the original budget was prepared. Significant individual accounts amended were:

Salaries	\$	99,000
Employee group insurance		(10,000)
Office supplies		(32,000)
Contracted services		(15,000)
Capital outlays		45,000

CAPITAL ASSETS

At December 31, 2013 and 2012, the City had invested in the following capital assets:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2013	2012	2013	2012	2013	2012
Land	\$ 217,902	\$ 217,902	\$ 49,182	\$ 49,182	\$ 267,084	\$ 267,084
Construction in progress	29,973	18,500	-	-	29,973	18,500
Buildings	1,889,005	1,869,005	239,004	239,004	2,108,009	2,108,009
Infrastructure	313,943	-	-	-	313,943	-
Vehicles	-	-	36,066	37,066	36,066	37,066
Furniture and equipment	1,345,742	1,308,045	-	-	1,345,742	1,308,045
Sewage plant	-	-	3,656,312	3,701,163	3,656,312	3,701,163
Water system	-	-	1,985,394	1,901,587	1,985,394	1,901,587
Water/sewer equipment	-	-	1,194,997	1,194,997	1,194,997	1,194,997
Total Capital Assets	<u>3,778,665</u>	<u>3,411,452</u>	<u>7,160,955</u>	<u>7,122,999</u>	<u>10,937,620</u>	<u>10,534,451</u>
Less: Accumulated Deprec.	<u>1,610,426</u>	<u>1,518,075</u>	<u>5,271,881</u>	<u>4,973,017</u>	<u>6,882,287</u>	<u>6,491,092</u>
Net Capital Assets	<u>\$ 2,168,139</u>	<u>\$ 1,893,377</u>	<u>\$ 1,889,074</u>	<u>\$ 2,149,982</u>	<u>\$ 4,055,333</u>	<u>\$ 4,043,359</u>

DEBT ADMINISTRATION

At December 31, 2013, the City's Maintenance Enterprise fund had \$1,345,000 in bonds payable outstanding and a capital lease in the amount of \$23,296 outstanding and the Governmental funds had debt consisting of \$302,768 in certificate of indebtedness. For further details see Note 10 to the Basic Financial Statements.

CITY OF GRAMBLING, LOUISIANA
Management's Discussion and Analysis
December 31, 2013

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Our elected and appointed officials and citizens consider many factors when setting the City's budget and tax rates. One of the most important factors affecting the budget is our property tax and sales tax collections. Property and sales tax make up more than 40% of 2013 revenues. The 2014 budget includes very little changes in property tax and sales tax revenues. Major plans for 2014 include developing an area of the City to include a total and restaurants. Management will strive to improve the City's financial condition by restricting expenditures to needs and by searching for ways to arise revenue, such as with the total and restaurant development. Management expects future needs to be more and more manageable as routine obligations and repair and maintenance needs are brought up to date.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF GRAMBLING, LOUISIANA
Statement of Net Position
December 31, 2013

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 56,451	\$ 47,440	\$ 103,891
Investments	1,011	-	1,011
Net receivables	379,494	139,401	518,895
Prepaid expenses	-	1,484	1,484
Due from other funds	212,596	-	212,596
Restricted Assets:			
Cash and cash equivalents	-	160,434	160,434
Capital Assets not being depreciated:			
Land	217,902	49,182	267,084
Construction in progress	29,973	-	29,973
Capital assets net of accumulated depreciation:			
Buildings and improvements	1,447,902	13,454	1,461,356
Automotive and equipment	162,378	30,555	192,933
Infrastructure	307,984	1,795,903	2,103,887
TOTAL ASSETS:	<u>\$ 2,815,691</u>	<u>\$ 2,237,853</u>	<u>\$ 5,053,544</u>
LIABILITIES			
Accounts payable	\$ 274,632	\$ 153,543	\$ 428,175
Accrued and other liabilities	116,317	24,863	141,180
Interest payable on long term debt	7,434	-	7,434
Customer deposits payable from restricted assets	-	101,085	101,085
Due to other funds	-	212,596	212,596
Noncurrent liabilities:			
Due within one year	188,053	77,868	265,921
Due in more than one year	169,586	1,300,841	1,470,427
Total Liabilities	<u>756,022</u>	<u>1,870,796</u>	<u>2,626,818</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred revenues	76,574	-	76,574
Total deferred outflows of resources	<u>76,574</u>	<u>-</u>	<u>76,574</u>
NET POSITION:			
Investment in capital assets, net of related debt	2,166,139	681,232	2,847,371
Restricted for:			
Debt service	1,131	-	1,131
Health and sanitation	1,009,984	-	1,009,984
Unrestricted	(1,194,159)	(314,175)	(1,508,334)
Total Net Position	<u>\$ 1,983,095</u>	<u>\$ 367,057</u>	<u>\$ 2,350,152</u>

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

Statement B

CITY OF GRAMBLING, LOUISIANA
Statement of Activities
For the Year Ended December 31, 2013

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 869,809	\$ -	\$ -	\$ 40,900	\$ (828,909)	\$ -	\$ (828,909)
Public safety	1,327,506	-	20,183	-	(1,307,323)	-	(1,307,323)
Health and sanitation	285,611	181,326	-	-	(104,185)	-	(104,185)
Parks and recreation	2,052	-	-	-	(2,052)	-	(2,052)
Highway and streets	89,135	-	-	334,471	245,336	-	245,336
Interest on long-term debt	13,794	-	-	-	(13,794)	-	(13,794)
Total governmental activities	2,587,807	181,326	20,183	375,371	(2,010,927)	-	(2,010,927)
Business-type activities:							
Utility Enterprise	1,306,272	995,512	-	97,926	-	(212,834)	(212,834)
Total Business-type activities	1,306,272	995,512	-	97,926	-	(212,834)	(212,834)
Total	\$ 3,874,079	\$ 1,156,838	\$ 20,183	\$ 473,297	\$ (2,010,927)	\$ (212,834)	\$ (2,223,761)
General Revenues:							
Property taxes				\$ 784,656	\$ 73,350	\$ 838,006	
Sales taxes				517,821	-	517,821	
License and permits				180,173	-	180,173	
Fines and forfeitures				286,277	-	286,277	
Interest income				170	-	170	
Intergovernmental revenues				63,727	-	63,727	
Miscellaneous				220,195	(42,578)	177,616	
Total general revenues, special items, and transfers				2,033,019	30,771	2,063,790	
Change in net position				22,092	(182,063)	(159,971)	
Net Position - Beginning				1,961,003	549,120	2,510,123	
Net Position - Ending				\$ 1,983,095	\$ 367,057	\$ 2,350,152	

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

Statement C

CITY OF GRAMBLING, LOUISIANA
Balance Sheet
Governmental Funds
December 31, 2013

	General Fund	Health and Sanitation	Debt Service	Capital Project	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 30,026	\$ 25,294	\$ 1,131	\$ -	\$ 56,451
Investments	616	395	-	-	1,011
Receivables, net	197,498	33,775	-	-	231,273
Accounts receivable	67,468	-	-	-	67,468
Intergovernmental receivable	76,087	-	-	4,667	80,754
Interfund receivables	99,372	955,151	-	-	1,054,523
TOTAL ASSETS	<u>\$ 471,067</u>	<u>\$ 1,014,615</u>	<u>\$ 1,131</u>	<u>\$ 4,667</u>	<u>\$ 1,491,480</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable, general	\$ 285,422	\$ -	\$ -	\$ 5,891	\$ 271,313
Accrued and other liabilities	115,008	4,631	-	-	119,637
Interfund payables	841,927	-	-	-	841,927
Total Liabilities	<u>1,222,355</u>	<u>4,631</u>	<u>-</u>	<u>5,891</u>	<u>1,232,877</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred revenues	76,574	-	-	-	76,574
Total deferred outflows of resources	<u>76,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,574</u>
Fund Balance:					
Restricted	-	1,009,984	1,131	(1,224)	1,009,891
Unassigned	(827,862)	-	-	-	(827,862)
Total Fund Balances	<u>(827,862)</u>	<u>1,009,984</u>	<u>1,131</u>	<u>(1,224)</u>	<u>182,029</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 471,067</u>	<u>\$ 1,014,615</u>	<u>\$ 1,131</u>	<u>\$ 4,667</u>	<u>\$ 1,491,480</u>

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

CITY OF GRAMBLING, LOUISIANA
Reconciliation of the Governmental Funds Balance Sheet
of the Statement of Net Position
December 31, 2013

Total fund balances - governmental funds \$ 182,029

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

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

Cost of capital assets	3,776,565	
Accumulated depreciation	<u>(1,610,426)</u>	
		2,166,139

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, 2013 are:

Compensated absences	(54,871)	
Bonds payable	(302,768)	
Interest payable	<u>(7,434)</u>	
		<u>(365,073)</u>

Net Position of Governmental Activities		<u>\$ 1,983,095</u>
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The Accompanying Notes are an integral part of these Financial Statements.

Statement E

CITY OF GRAMBLING, LOUISIANA
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	General Fund	Health and Sanitation	Debt Service	Capital Project	Total Governmental Funds
REVENUES:					
General property taxes	\$ 584,209	200,447	-	-	\$ 784,656
Charges for services	-	181,326	-	-	181,328
Privilege licenses and permits	180,173	-	-	-	180,173
Intergovernmental revenues	672,632	-	-	304,471	977,103
Fines and forfeitures	286,277	-	-	-	286,277
Interest Income	184	6	1	-	171
Miscellaneous	219,374	318	-	-	219,692
Total Revenues	<u>1,922,829</u>	<u>362,097</u>	<u>1</u>	<u>304,471</u>	<u>2,589,398</u>
EXPENDITURES:					
General government	825,788	-	-	-	825,788
Public safety	1,279,934	-	-	-	1,279,934
Health and sanitation	-	247,613	-	-	247,613
Parks and recreations	1,705	-	-	-	1,705
Highways and Streets	48,178	-	-	17,500	65,678
Debt services:					
Interest and service charges	-	-	13,794	-	13,794
Capital outlay:					
Public safety	49,697	-	-	-	49,697
Highways and Street	56,720	-	-	288,195	344,915
TOTAL EXPENDITURES	<u>2,262,020</u>	<u>247,613</u>	<u>13,794</u>	<u>305,695</u>	<u>2,829,122</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(339,191)</u>	<u>114,484</u>	<u>(13,793)</u>	<u>(1,224)</u>	<u>(239,724)</u>
OTHER FINANCING SOURCES (USES):					
Sale of capital assets	-	500	-	-	500
Operating transfers in	160,106	-	13,794	-	173,900
Operating transfers out	(13,794)	(160,106)	-	-	(173,900)
Total Other Financing Sources (Uses)	<u>146,312</u>	<u>(159,606)</u>	<u>13,794</u>	<u>-</u>	<u>500</u>
Net Change in Fund Balances	(192,879)	(45,122)	1	(1,224)	(239,224)
FUND BALANCE, BEGINNING	<u>(634,983)</u>	<u>1,055,106</u>	<u>1,130</u>	<u>-</u>	<u>421,253</u>
FUND BALANCE, ENDING	<u>\$ (827,862)</u>	<u>1,009,984</u>	<u>1,131</u>	<u>(1,224)</u>	<u>\$ 182,029</u>

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

Statement F

CITY OF GRAMBLING, LOUISIANA
Reconciliation of the Statement of Revenues
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2013

		<u>AMOUNTS</u>
Net change in fund balances - total governmental funds		\$ (239,224)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.</p>		
Capital outlays	394,613	
Depreciation expense	<u>(104,351)</u>	290,262
Sale of heavy equipment is treated as income in the governmental funds, but as a reduction of assets in the Statement of Net Position		(12,000)
Compensated absences are recognized in the Statement of Net Position as an increase to liabilities, but not in the Fund Financial Statements.		(11,446)
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.		13,784
Other		<u>(18,284)</u>
Change in net position of governmental activities		<u>\$ 22,092</u>

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

CITY OF GRAMBLING, LOUISIANA
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2013

	<u>Budget Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES:				
Property taxes	\$ 467,000	\$ 574,000	\$ 584,209	\$ (9,791)
Licenses and permits	246,000	183,000	180,173	(2,827)
Intergovernmental revenues	730,000	593,000	672,632	79,632
Fines and forfeits	252,000	284,000	286,277	2,277
Interest income	-	-	164	164
Miscellaneous income	229,000	211,000	215,675	4,675
TOTAL REVENUES	<u>1,924,000</u>	<u>1,845,000</u>	<u>1,919,130</u>	<u>74,130</u>
EXPENDITURES:				
(General government	838,965	872,294	825,788	46,506
(Public safety	1,300,358	1,352,016	1,279,934	72,082
(Highway and streets	48,947	50,891	48,176	2,715
(Parks and recreation)	1,730	1,799	1,705	94
(Capital outlays	-	-	106,417	(106,417)
TOTAL EXPENDITURES	<u>2,190,000</u>	<u>2,277,000</u>	<u>2,262,020</u>	<u>14,980</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(266,000)</u>	<u>(432,000)</u>	<u>(342,890)</u>	<u>89,110</u>
Other Financing Sources (Uses):				
Transfers in	-	156,000	160,108	4,108
Proceeds from Insurance	6,000	4,000	3,699	(301)
Transfers out	-	(14,000)	(13,794)	206
Total Other Financing Sources	<u>6,000</u>	<u>146,000</u>	<u>150,011</u>	<u>4,011</u>
Net change in fund balance	<u>(260,000)</u>	<u>(286,000)</u>	<u>(192,879)</u>	<u>93,121</u>
Fund Balance at beginning of year	<u>(634,983)</u>	<u>(634,983)</u>	<u>(634,983)</u>	<u>-</u>
Fund Balance at end of year	<u>\$ (894,983)</u>	<u>\$ (920,983)</u>	<u>\$ (827,862)</u>	<u>\$ 93,121</u>

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

CITY OF GRAMBLING, LOUISIANA
Health and Sanitation
Budgetary Comparison Schedule
For the Year Ended December 31, 2013

	<u>Budget Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 200,447	\$ 190,000	\$ 200,447	\$ 10,447
Charges for services	235,553	150,000	161,326	11,326
Interest Income	-	-	6	6
Miscellaneous	-	-	318	318
TOTAL REVENUES	<u>436,000</u>	<u>340,000</u>	<u>362,097</u>	<u>22,097</u>
EXPENDITURES:				
Current:				
Health and sanitation	401,000	276,000	247,613	28,387
Total Expenditures	<u>401,000</u>	<u>276,000</u>	<u>247,613</u>	<u>28,387</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>35,000</u>	<u>64,000</u>	<u>114,484</u>	<u>50,484</u>
Other Financing Sources:				
Sale of capital asset	-	1,000	500	(500)
Operating transfers out	-	(160,000)	(160,106)	(106)
Total Other Financing Sources	<u>-</u>	<u>(159,000)</u>	<u>(159,606)</u>	<u>(606)</u>
Net change in fund balance	35,000	(95,000)	(45,122)	49,878
Fund Balance at beginning of year	1,055,106	1,055,106	1,055,106	-
Fund Balance at end of year	<u>\$ 1,090,106</u>	<u>\$ 960,106</u>	<u>\$ 1,009,984</u>	<u>\$ 49,878</u>

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

CITY OF GRAMBLING, LOUISIANA
Statement of Net Position
Proprietary Fund
December 31, 2013

Assets	
Current assets:	
Cash and cash equivalents	\$ 47,440
Accounts receivable, net	139,401
Prepaid expenses	<u>1,484</u>
Total Current Assets	<u>188,325</u>
Noncurrent assets:	
Restricted cash and cash equivalents	101,933
Customer deposits	<u>58,501</u>
Revenue bonds	<u>160,434</u>
Total restricted assets	<u>320,868</u>
Property, Plant and Equipment, at Cost	
Land	49,182
Buildings and improvements	239,004
Water/Sewer system	5,841,706
Automotive and equipment	1,231,063
Less: accumulated depreciation	<u>(5,271,881)</u>
Total capital assets (net of accumulated depreciation)	<u>1,689,094</u>
Total noncurrent assets	<u>2,049,528</u>
Total Assets	<u>\$ 2,237,853</u>
Liabilities and Net Position	
Liabilities	
Current Liabilities:	
Accounts payable	\$ 153,543
Accrued and other liabilities	24,863
Interfund payables	212,586
Compensated absences	9,572
Revenue bonds payable	<u>68,296</u>
Total current liabilities	<u>468,870</u>
Noncurrent liabilities:	
Customer deposits payable from restricted assets	101,085
Compensated absences	841
Revenue bonds payable	<u>1,300,000</u>
Total noncurrent liabilities payable	<u>1,401,926</u>
Total Liabilities	<u>1,870,796</u>
Net Position	
Investment in capital assets, net of related debt	681,232
Unrestricted	<u>(314,175)</u>
Total Net Position	<u>\$ 387,057</u>

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

CITY OF GRAMBLING, LOUISIANA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2013

Statement I

Operating Revenues:	
Water sales	\$ 424,473
Water connection charges	26,526
Sewer fees	<u>544,513</u>
Total Operating Revenues	<u>995,512</u>
 Operating Expenses:	
Salaries and benefits	319,211
Materials and supplies	15,694
Operating costs	463,841
Professional services	57,655
Other services and charges	110,029
Depreciation	<u>304,095</u>
Total operating expenses	<u>1,270,525</u>
Operating Income (loss)	<u>(275,013)</u>
 Nonoperating revenues (expenses);	
Miscellaneous	4,257
Interest income	15
Ad valorem tax revenues	73,350
Intergovernmental revenues	97,926
Sale of assets	(46,850)
Interest expense	<u>(35,748)</u>
Total nonoperating revenues (expenses)	<u>92,950</u>
Change in net position	<u>(182,063)</u>
 Net position - beginning	 <u>549,120</u>
Total net position - ending	\$ <u><u>367,057</u></u>

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

CITY OF GRAMBLING, LOUISIANA
Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended December 31, 2013

Cash flows from operating activities:	
Receipts from customers and users	\$ 994,928
Intergovernmental revenues	171,276
Payments to suppliers	(953,500)
Payments to employees	(316,289)
Net cash provided by (used for) operating activities	<u>(103,585)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(94,957)
Principal paid retirement of debt	(1,244,771)
Proceeds from refunding bond	1,345,000
Interest paid on capital debt	(35,748)
Sales of capital assets	(30,476)
Net cash provided (used) by capital and related financing activities	<u>(60,952)</u>
Cash flows provided by (used for) investing activities:	
Interest received	15
Miscellaneous revenue	4,257
Other investing activities	207,181
Net cash provided by investing activities	<u>211,453</u>
Net increase (decrease) in cash and cash equivalents	46,916
Cash and cash equivalents at beginning of year	<u>160,958</u>
Cash and cash equivalents at end of year	<u>\$ 207,874</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating Income (Loss)	\$ (275,013)
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	304,095
(Increase) decrease	
Accounts receivable, net	(584)
Intergovernmental receivable	(2,969)
Increase (decrease)	
Accounts payable	35,837
Accrued and other liabilities	(14,727)
Interest payable	(46,017)
Customer deposits	1,710
Due to other funds	(108,839)
Compensated absences	2,922
	<u>171,428</u>
Net cash provided by operating activities	<u>\$ (103,585)</u>

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

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

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

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

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

B. FUND ACCOUNTING

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

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2013

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

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

Governmental Funds

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

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

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

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

Proprietary Fund

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2013

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

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

FUND FINANCIAL STATEMENTS (FFS)

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

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

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

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

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

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2013

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

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

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

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

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

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

D. BUDGET PRACTICES

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

E. CASH AND CASH EQUIVALENTS

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

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2013

F. INVESTMENTS

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

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

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

Definitions:

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

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

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

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

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

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

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2013

- ◆ *Interest rate risk:* LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments as of December 31, 2013.
- ◆ *Foreign currency risk:* Not applicable to 2a7-like pools.

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

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

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

G. CAPITAL ASSETS

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

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

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

H. LONG-TERM DEBT

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

I. COMPENSATED ABSENCES

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

CITY OF GRAMLING, LOUISIANA
Notes to the Financial Statements
December 31, 2013

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 GSAB 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, 2013.

L. RESTRICTED NET POSITION

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

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

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

M. FUND BALANCES OF FUND FINANCIAL STATEMENTS

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

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

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2013

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.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2013

Q. SALES TAX

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

R. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

NOTE 2 - BUDGET TO GAAP RECONCILIATION

<u>Sources/inflows of resources:</u>	<u>General</u>	<u>Health & Sanitation</u>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule - Statement G	\$ 1,919,130	\$ 362,097
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(634,983)	1,055,108
Transfers in from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(180,106)	-
Sales of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	-	(500)
Proceeds from insurance are inflows for budgetary resources but are not revenues for financial reporting purposes.	(3,699)	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds - Statement E	<u>\$ 1,120,342</u>	<u>\$ 1,416,703</u>
<u>Charges to appropriations/outflows:</u>		
Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule - Statement G	\$ 2,262,020	\$ 247,613
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(13,794)	(160,108)
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Statement E	<u>\$ 2,248,226</u>	<u>\$ 87,507</u>

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2013

NOTE 3 - DEPOSITS AND INVESTMENTS

At December 31, 2013, the City had the following investments:

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

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

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

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

Custodial Credit-Deposits: At year end, the City's carrying amount of deposits was \$205,824 (Statement C-Cash and cash equivalents of \$56,451 Statement H - cash and cash equivalents of \$47,440 and restricted assets cash of \$101,933 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, 2013, the City's bank balance was \$464,922 which was covered by federal depository insurance.

NOTE 4 - LEVIED TAXES

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

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

<u>Category</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Public streets	6.50	5.51	2019
Water system	5.00	4.24	2016
Police department	5.50	4.66	2019
Public Improvement	11.20	9.50	2019
Fire department	20.80	17.62	2019
General Alimony Constitutional	<u>7.00</u>	<u>6.00</u>	Statutory
Total Levy	<u><u>56.00</u></u>	<u><u>47.53</u></u>	

Property Tax Calendar

Lien Date	12/31/13
Levy Date	10/31/13
Due Date	12/31/13
Collection Dates	November 1 through June 30

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2013

NOTE 5 - RECEIVABLES

The following is a summary of receivables at December 31, 2013:

Class of Receivable	General Fund	Health & Sanitation Fund	Capital Projects	Proprietary Fund	Total
Taxes:					
Property taxes	\$ 197,498	\$ -	\$ -	\$ 21,840	\$ 219,338
Sales and use	46,087	16,000	-	-	62,087
Intergovernmental revenue:					
Grants	30,000	-	4,666	2,969	37,635
Charges for services	-	22,458	-	135,896	158,354
Franchise fees	67,468	-	-	-	67,468
Gross Receivables	<u>341,053</u>	<u>38,458</u>	<u>4,666</u>	<u>160,705</u>	<u>544,882</u>
Less Allowance for uncollectibles	-	(4,683)	-	(24,273)	(28,956)
	<u>\$ 341,053</u>	<u>\$ 33,775</u>	<u>\$ 4,666</u>	<u>\$ 136,432</u>	<u>\$ 515,926</u>

NOTE 6 - INTERFUND ASSETS/LIABILITIES (FFS LEVEL ONLY)

Individual balances due from/to other funds at December 31, 2013 are as follows:

Receivable Fund	Amount	Payable Fund	Amount
General	\$ 99,372	Proprietary	\$ 99,372
Health and Sanitation	841,927	General	841,927
Health and Sanitation	113,224	Proprietary	113,224
Total	<u>\$ 1,054,523</u>	Total	<u>\$ 1,054,523</u>

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

Transfers during the year ended December 31, 2013 were as follows:

	Transfer From Other Funds	Transfer to Other Funds
General Fund	160,106	13,794
Health and Sanitation Fund	-	160,106
Debt Service Fund	13,794	-
Total	<u>\$ 173,900</u>	<u>\$ 173,900</u>

The transfer to debt service from the general fund was to make a debt service payment because the balance in the debt service fund had been transferred to the general fund.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2013

NOTE 7 - ACCRUED AND OTHER LIABILITIES

The payables at December 31, 2013 are as follows:

Payable category	General Fund	Health and Sanitation	Proprietary Fund	Total
Wages payable	\$ 43,192	\$ 1,631	\$ 7,554	\$ 52,377
Other payables	6,678	145	-	6,823
Accrued insurance	65,136	2,855	17,309	85,300
Total	<u>\$ 115,006</u>	<u>\$ 4,631</u>	<u>\$ 24,863</u>	<u>\$ 144,500</u>

NOTE 8 - CAPITAL ASSETS

The following presents the changes in capital assets for the year ended December 31, 2013:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Nondepreciable assets:				
Land	\$ 217,902	\$ -	\$ -	\$ 217,902
Construction in progress	16,500	344,916	331,443	29,973
Total nondepreciable assets	<u>234,402</u>	<u>344,916</u>	<u>331,443</u>	<u>247,875</u>
Depreciable Assets:				
Building and improvements	1,869,005	-	-	1,869,005
Furniture and equipment	1,308,045	49,697	12,000	1,345,742
Infrastructure	-	313,943	-	313,943
Total depreciable assets	<u>3,177,050</u>	<u>363,640</u>	<u>12,000</u>	<u>3,528,690</u>
Less: accumulated depreciation				
Buildings and improvements	373,102	48,001	-	421,103
Furniture and equipment	1,144,973	50,391	12,000	1,183,364
Infrastructure	-	5,959	-	5,959
Total depreciable capital assets:	<u>1,518,075</u>	<u>104,351</u>	<u>12,000</u>	<u>1,610,426</u>
Governmental activities capital assets, net	<u>\$ 1,893,377</u>	<u>\$ 604,205</u>	<u>\$ 331,443</u>	<u>\$ 2,166,139</u>

Depreciation expense for 2013 was charged to governmental activities as follows:

General	\$ 40,451
Public safety	40,730
Health and sanitation	16,864
Highways and streets	5,959
Culture and recreation	347
Total	<u>\$ 104,351</u>

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2013

A summary of plant and equipment changes in the maintenance enterprise fund for 2013 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Nondepreciable assets:				
(Land)	\$ <u>49,182</u>	\$ -	\$ -	\$ <u>49,182</u>
Depreciable Assets:				
Building and improvements:	239,004	-	-	239,004
Sewage plant:	3,701,162	11,150	56,000	3,656,312
Water system:	1,901,587	83,807	-	1,985,394
Water/Sewer equipment	1,194,997	-	-	1,194,997
Vehicles:	37,066	-	1,000	36,066
Total depreciable assets:	<u>7,073,816</u>	<u>94,957</u>	<u>57,000</u>	<u>7,111,773</u>
Less: accumulated depreciation				
Buildings and improvements	219,921	5,629	-	225,550
Sewage plant:	2,321,789	188,927	4,687	2,506,049
Water system:	1,241,180	98,574	-	1,339,754
Water/Sewer equipment:	1,181,029	4,293	-	1,185,322
Vehicles:	9,097	6,672	583	15,186
Total accumulated depreciation	<u>4,973,016</u>	<u>304,095</u>	<u>5,260</u>	<u>5,271,861</u>
Net depreciable capital assets	<u>2,100,800</u>	<u>(209,138)</u>	<u>51,750</u>	<u>1,839,912</u>
Business-type activities capital assets, net	<u>\$ 2,149,982</u>	<u>\$ (209,138)</u>	<u>\$ 51,750</u>	<u>\$ 1,889,094</u>

NOTE 9 - PENSION AND RETIREMENT PLAN

The City established a Simple IRA plan to be effective October 4, 2002. All city employees are eligible to participate in the plan. The plan is defined contribution plan administered by Morgan Keegan & Co., Inc. Under the plan, the City matches each employee's salary reduction for contributions to the plan up to 6% for that calendar year. The funds are immediately vested when paid into the plan. The plan is based on the IRS Code and must comply with all IRS Code requirements. The City of Grambling's contributions to the system for the year ending December 31, 2013 were \$10,355 and employees contributed \$10,355.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2013

NOTE 10 - CHANGES IN LONG-TERM OBLIGATIONS

Governmental Activities

The following is a summary of long-term obligation transactions for the year ended December 31, 2013

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 43,425	32,382	20,936	\$ 54,871	\$ 39,258
Certificate of Indebtness	302,768	-	-	302,768	148,795
Total	\$ 346,193	32,382	20,936	\$ 357,639	\$ 188,053

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

Bonded debt payable at December 31, 2013 is comprised of the following individual issues:

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

As shown on Statement C, \$1,131 is available in the Debt Service Fund to service the bonded debt on the Certificate of Indebtedness, Series 2005. The annual requirements to amortize all outstanding bonded debt at December 31, 2013 are as follows:

Debt Service Fund:

Year	Principal	Interest	Total
2014	\$ 148,795	7,447	\$ 156,242
2015	153,973	3,513	157,486
Total	\$ 302,768	\$ 10,960	\$ 313,728

Business Activities

The following is a summary of long-term obligation transactions for the year ended December 31, 2013

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 7,492	5,268	2,347	\$ 10,413	\$ 9,572
Capital leases	57,132	-	33,836	23,296	23,296
Bonds Payable	1,210,935	1,345,000	1,210,935	1,345,000	45,000
Total	\$ 1,275,559	1,350,268	1,247,118	\$ 1,378,709	\$ 77,868

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2013

Bonded debt payable at December 31, 2013 is comprised of the following individual issues:

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

Of the restricted cash and investments on Statement H, \$160,434 is restricted for debt service on the bonded debt. The annual requirement to amortize all outstanding bonded debt at December 31, 2013 are as follows:

Year	Principal	Interest	Total
2014	\$ 45,000	\$ 28,581	\$ 73,581
2015	45,000	27,625	72,625
2016	50,000	26,669	76,669
2017	50,000	25,713	75,713
2018	50,000	24,650	74,650
2019-2023	295,000	105,931	400,931
2024-2028	365,000	71,825	436,825
2029-2033	<u>445,000</u>	<u>29,325</u>	<u>474,325</u>
Total	<u>\$ 1,345,000</u>	<u>\$ 340,319</u>	<u>\$ 1,685,319</u>

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

At December 31, 2013, The City had the following assets under capital lease:

Asset	Contract Date	Lease Term	Interest Rate	Cost	Accumulated Depreciation	Net Book Value
Aerators	4/1/2012	24 months	5%	\$ 89,496	\$ 12,680	\$ 76,816

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

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2013

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of December 31, 2013:

Fiscal Year	Maintenance
2014	\$ <u>24,022</u>
Total lease payments	24,022
Less amounts representing interest	<u>726</u>
Present value of net minimum lease payments	\$ <u><u>23,296</u></u>

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Litigation and Claims

At December 31, 2013 there are several lawsuits outstanding. It is the opinion of legal counsel that the ultimate resolution of these lawsuits would not materially affect the financial statements, except for the one settled in March 2013 with an engineering firm. In 2006, a contract related to the Mt. Olive Community Sewer Project was executed. The City decided not to proceed due to the funding obligations. In September 2012, the engineering firm made a demand for payment. In March 2013, a settlement was reached with the firm to pay them \$96,180 over 24 months. An accrual was recorded in the Enterprise Fund as of December 31, 2012 to reflect the \$96,180 liability that the City incurred as result of this settlement. The outstanding balance remaining on the settlement as of December 31, 2013 is \$17,972.

Grant Disallowances

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

Construction In Progress

The City has under construction the following projects:

Project Description:	Estimated Cost of Project	Balance 01/01/13	Additions	Deletions	Balance 12/31/13	Estimated Cost to Complete
West College Avenue Rehab	\$ 274,723	16,500	258,223	274,723	-	\$ -
Safe Route to Schools	<u>37,000</u>	-	<u>29,973</u>	-	<u>29,973</u>	<u>7,027</u>
Total	<u>\$ 311,723</u>	<u>16,500</u>	<u>288,196</u>	<u>274,723</u>	<u>29,973</u>	<u>\$ 7,027</u>

At December 31, 2013, the construction contractor estimate that the project will be completed by May 2014.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2013

NOTE 12 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Appropriations Over Expenditures in Individual Funds - The following individual funds had actual expenditures under budgeted expenditures for the year ended December 31, 2013:

Fund	Budget	Actual	Variance
General	\$ 2,277,000	\$ 2,262,020	\$ 14,980
Health and Sanitation	276,000	247,613	28,387

NOTE 13 - SUBSEQUENT EVENTS

During the month of June 2014, the City finalized an agreement with a major hotel chain to build a hotel in Grambling. This project is expected to bring in significant new revenue.

Subsequent events have been evaluated through June 13, 2014, which represents the date the financial report was available to be issued. Subsequent events after that date have not been evaluated.

NOTE 14 - GOING CONCERN

The City has suffered recurring losses from operations and has a fund balance deficiency in the general fund that raises substantial doubt about its ability to continue as a going concern. The General Fund has a deficit fund balance at the end of the fiscal year of \$827,862. During the year, the City reduced salaries by 5% across the board. 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 2014 calendar year. Capital outlay for the 2014 fiscal year will be greatly reduced. The City is exploring the possibility of moving the fees for garbage collection to the general fund and their attorney will research the legality of this. There is a new 34 housing unit being built in the city which will increase property and sales tax as well as sewer and water revenue. All of these activities are expected to increase the revenue base for the City.

Additionally, the City reviewed their water and sewer rates and made increases to these rates which went into effect November of 2013.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2013

NOTE 15 - NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2012, the City implemented the following GASB Statements:

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

Although these Statements had no current effect on the financial statements as a result of implementation, the Statements did change the presentation of the City's financials, which consisted of the net assets being classified as net position.

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

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

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

NOTE 16 - ON-BEHALF SUPPLEMENTAL PAY

Certain employees meeting statutory qualifications in the fire and police departments receive supplemental pay directly from the State of Louisiana. This supplemental pay in the amount of \$94,033 is recognized as intergovernmental revenue and public safety expenditures.

NOTE 17 - RISK MANAGEMENT

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

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

CITY OF GRAMBLING, LOUISIANA
 Proprietary Fund Type - Maintenance Enterprise Fund
 Comparative Statement of Net Position
 December 31, 2013 and 2012

	2013 Maintenance Fund	2012 Maintenance Fund
	<u> </u>	<u> </u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 47,440	\$ 84,271
Accounts receivable, net of allowance of \$24,273 and \$27,708	139,401	135,848
Prepaid expenses	<u>1,484</u>	<u>1,484</u>
Total Current Assets	<u>188,325</u>	<u>221,603</u>
Noncurrent assets:		
Restricted cash and cash equivalents		
Customer deposits	101,933	76,857
Investments	<u>58,501</u>	<u>560</u>
Total restricted assets	<u>160,434</u>	<u>77,217</u>
Property, Plant and Equipment, at Cost		
Land	49,182	49,182
Buildings	239,004	239,004
Infrastructure	5,641,708	6,797,747
Automotive and equipment	1,231,063	37,066
Less: accumulated depreciation	<u>(6,271,861)</u>	<u>(4,973,017)</u>
Total capital assets (net of accumulated depreciation)	<u>1,889,094</u>	<u>2,149,982</u>
Total Assets	<u>\$ 2,237,853</u>	<u>\$ 2,448,802</u>
Liabilities		
Current Liabilities:		
Accounts payable	\$ 153,543	\$ 117,708
Accrued and other liabilities	24,863	32,703
Interest payable	-	46,017
Interfund payables	212,598	321,435
Compensated absences	9,572	6,887
Revenue bonds payable	<u>68,296</u>	<u>145,140</u>
Total current liabilities	<u>468,870</u>	<u>669,888</u>
Noncurrent liabilities:		
Customer deposits payable from restricted assets	101,085	99,375
Compensated absences	841	604
Revenue bonds payable	<u>1,300,000</u>	<u>1,129,815</u>
Total noncurrent liabilities payable	<u>1,401,926</u>	<u>1,229,794</u>
Total Liabilities	<u>1,870,796</u>	<u>1,899,682</u>
Net Position		
Investment in capital assets, net of related debt	1,889,094	881,914
Restricted for debt service	58,501	-
Unrestricted	<u>(1,580,538)</u>	<u>(332,794)</u>
Total Net Position	<u>\$ 367,057</u>	<u>\$ 549,120</u>

Schedule 2

CITY OF GRAMBLING, LOUISIANA
Proprietary Fund Type - Maintenance Enterprise Fund
Proposed Budget - 2014
For Year Ended December 31, 2013 and 2012

Operating Revenues:	
Water sales	\$ 418,000
Sewer fees	501,000
Other revenues	<u>3,000</u>
Total Operating Revenues	<u>922,000</u>
Operating Expenses:	
Water department	745,931
Sewer department	<u>457,183</u>
Total operating expenses	<u>1,203,114</u>
Operating income (loss)	<u>(281,114)</u>
Nonoperating revenues (expenses):	
Miscellaneous	1,000
Ad valorem tax revenues	73,000
Intergovernmental revenues	<u>98,000</u>
Total nonoperating revenues (expenses)	<u>172,000</u>
Net Income Before Operating Transfers	(109,114)
Operating Transfers In	<u>-</u>
Change in net position	<u>(109,114)</u>
Net position - beginning	<u>367,057</u>
Net position - ending	<u><u>\$ 257,943</u></u>

CITY OF GRAMBLING, LOUISIANA
Schedule of Compensation Paid Council Members
As of December 31, 2013

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

<u>Board Member</u>	<u>Term Expiration</u>	<u>Compensation Paid</u>
Birdex Copeland	12/31/2014	\$ 8,295
Yanise Days	12/31/2014	8,295
Cathy Holmes	12/31/2014	9,345
Cullen Jackson	12/31/2014	8,295
Roy Jackson	12/31/2014	17,290
Total		<u>\$ 51,520</u>

CITY OF GRAMBLING, LOUISIANA
Schedule of Insurance Coverage
As of December 31, 2013

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Policy Number</u>	<u>Amount of Coverage</u>	<u>Deductible</u>	<u>Expiration Date</u>
Commercial property	Underwriters of Lloyd of London	APPUC1101805	Building:	\$ 2,500	7/30/2013
			\$2,198,000		
			Personal Property:	2,500	7/30/2013
			\$540,000		
Automobile	Agency Management Corporation	5CA8938	Based on Individual Vehicle	500	3/13/2013
	Traveler's Casualty	103093269	\$15,000	NONE	
		104436852	5,000	500	
Fidelity Bond		103093272	10,000	NONE	2/11/2014

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

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

CITY OF GRAMBLING, LOUISIANA
Schedule of Breakdown of Utility Customers
For Year Ended December 31, 2013

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

CITY OF GRAMBLING, LOUISIANA
 Schedule of Water and Sewer Rates
 As of and For Year Ended December 31, 2013

<u>Gallon</u>	<u>Water rates Residential</u>	<u>Sewer rates Residential</u>
1,000	\$15.00	\$15.00
2,000	15.00	15.00
3,000	17.50	17.50
4,000	20.00	20.00
5,000	22.50	22.50
6,000	25.00	25.00
7,000	27.50	27.50
8,000	30.00	30.00
9,000	32.50	32.50
10,000	35.00	35.00
11,000	37.50	37.50
12,000	40.00	40.00
13,000	42.50	42.50
14,000	45.00	45.00
15,000	47.50	47.50
16,000	50.00	50.00
17,000	52.50	52.50
18,000	55.00	55.00
19,000	57.50	57.50
20,000	60.00	60.00
21,000	62.50	62.50
22,000	65.00	65.00
23,000	67.50	67.50
24,000	70.00	70.00
25,000	72.50	72.50

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Grambling, (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 22, 2013.

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 of the effectiveness of the City's internal control.

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

[Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed] to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, [described in the accompanying Schedule of Findings and Responses as Item 2013-1 that we consider to be a significant] deficiency.

Compliance and other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Response as item 2013-2.

The City's Response to Findings

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

Purpose of this Report

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

Bank, Finley, White & Co.
Ridgeland, Mississippi
June 13, 2014

CITY OF GRAMBLING, LOUISIANA
Schedule of Findings and Responses
For Year Ended December 31, 2013

Finding: 2013-1

Internal Control Over Financial Reporting

General Fund Chart of Accounts

Condition: The general fund chart of accounts is not designed in a manner that identify the departments/functions expenditures within the general fund.

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

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

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

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

Finding: 2013-2

Compliance and other Matters

Louisiana Budget Law

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

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

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

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

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

CITY OF GRAMBLING, LOUISIANA
Status of Prior Year Audit Findings
For Year Ended December 31, 2013

Finding: 12-F1 - Control Procedures

Current Status: *Corrected*

Finding: 12-F2 - Louisiana Budget Law

Current Status: *Not Corrected*

Finding: 12-F3 - Bond Debt Covenants

Current Status: *Corrected, no longer required due to refunding of revenue bond, the covenant requirements were removed.*

Finding: 12-F4 - Internal Controls Over Adjustments to Utility Bills

Current Status: *Corrected*

Finding: 12-F5 - Water Meter Deposits

Current Status: *Corrected*

Finding: 12-F6 - Improper Use of Restricted Funds

Current Status: *Corrected*

**CITY OF GRAMBLING, LOUISIANA
CORRECTIVE ACTION PLAN
June 13, 2014**

STATE OF LOUISIANA LEGISLATIVE AUDITORS

The City of Grambling respectfully submits the following corrective action plan for the year ended December 31, 2013.

Name and address of independent public accounting firm: Banks, Finley, White & Co., 308 Highland Park Cove, Ridgeland, MS 39157.

Audit period: Year Ended December 31, 2013.

The findings from our December 31, 2013 schedule of findings and responses are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and responses.

**Finding: 2013-1
Internal Control of Financial Reporting: *General Fund Chart of Accounts***

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

Corrective Action Plan:

Finding: 2013-2

Compliance and Other Matters: Louisiana Budget Law

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

Corrective Action Plan:

If the Louisiana Legislative Auditors have questions regarding this plan, please call me at (318) 247-6120.

Sincerely,

Edward R. Jones
Mayor

City of Grambling

EDWARD R. JONES, MAYOR



COUNCIL MEMBERS

HOME OF GRAMBLING STATE UNIVERSITY

BIRDEX COPELAND
YANISE DAYS
CATHY HOLMES
CULLEN JACKSON
ROY JACKSON, *Mayor Pro Tempore*

City of Grambling

Corrective Action Plan

For Audit Period: Year Ended December 31, 2013

STATE OF LOUISIANA LEGISLATIVE AUDITORS

The City of Grambling respectfully submits the following corrective action plan for year ended December 31, 2013.

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

Audit period: Year Ended December 31, 2013

The findings from December 31, 2013, schedule of findings and responses are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and responses.

Finding 2013-1- Internal Control of Financial Reporting: General Fund Chart of Actions

Correction Action Plan: The mayor has met with the accountants to begin the process of adopting administrative accounting control procedures for establishing chart of accounts as recommended by the State of Louisiana Legislative Auditors for local government.

Finding 2013-2 -- Compliance and other Matters: Louisiana Budget Law

Correction Action Plan: The City of Grambling's general fund met several challenges for 2013: decrease in sales tax revenue in the amount of \$71,286, increase in health insurance premiums approximately \$24,000, an emergency street repair in the amount of \$36,000, and other unexpected costs. Despite the fact that all employees received five percent cut in salary and the city eliminated approximately four (4) positions, the deficit increased, but it did not increase to the anticipated amount.

In an effort to continue in the alleviation of this deficit, on Friday, June 20, 2014, the Grambling City Council voted to reduce the workday for all employees from eight to seven hours. This council action will be at a cost savings of approximately \$169,000 a year to the City. Other cost saving measures, such as, energy and fuel costs, supplies, and gradual reduction of the workforce through attrition will be implemented.

In addition, it is anticipated that by the end of 2014, the construction of a hotel and retail development will begin near Interstate 20 on a nine acre tract that is owned by the City. At the closing of the USDA Loan and at the signing of the lease agreement by the Economic Development Corporation, the City will be reimbursed for the market value of the property and any associated legal costs incurred relating to the project. In addition, the city has also signed a lease agreement to sell an AT&T tower lease.

Both the Mayor and the Council consider the deficit in our General Fund as a very serious matter, and we are committed to decreasing and eventually dissolving it.

If the Louisiana Legislative Auditors have questions regarding this plan, please call me at (318) 247-6120.

Sincerely,


Edward R. Jones, Mayor
City of Grambling

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

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