



Town of Gramercy

2004 Financial Statements

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.



Postlethwaite & Netterville

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TOWN OF GRAMERCY, LOUISIANA

FINANCIAL REPORT

JUNE 30, 2004



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Gramercy, Louisiana

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 Town of Gramercy (the Town), as of and for the year ended June 30, 2004, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 13 to the basic financial statements, the Town adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments*; Statement No. 37, *Basic Financial Statements—For State and Local Governments: Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2002. This results in a change in the format and content of the basic financial statements.

The management's discussion and analysis and budgetary comparison information on pages 7 through 13 and 39 through 42 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion to it.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2004 on our consideration of the Town of Gramercy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying other supplementary information on pages 43 through 55 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information included in the performance and statistical data on pages 56 through 59 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Postlethwaite: Nettlesville

Donaldsonville, Louisiana
September 13, 2004





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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Gramercy, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Gramercy, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Town's basic financial statements and have issued our report thereon dated September 13, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Gramercy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item B-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe that the lack of segregation of duties described above is a material weakness.

This report is intended for the information of the Board of Aldermen, management of the Town of Gramercy, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postulated: Netherland

Donaldsonville, Louisiana
September 13, 2004

TOWN OF GRAMERCY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

A. Summary of Audit Results:

- (1) The auditors' report expressed an unqualified opinion on the financial statements of the Town of Gramercy, Louisiana as of and for the year ended June 30, 2004.
- (2) One reportable condition relating to the audit of the financial statements is reported at section B-1 in this schedule. This condition is considered a material weakness.
- (3) No instances of noncompliance relating to the financial statements of the Town of Gramercy, Louisiana were disclosed during the audit.

B. Reportable Conditions:

(1) Lack of Segregation of Duties

Condition - the performance of accounting procedures is limited to two people.

Criteria - segregation of duties is an integral part of internal controls; as such, policies and procedures should be in place that provide reasonable assurance that financial transactions are properly recorded.

Effect - the segregation of duties is inadequate to provide effective internal control.

Recommendation - no action is recommended.

Management's response - we concur with the finding and the recommendation. Compensating controls do exist in that the Board of Commissioners reviews all invoices prior to disbursement. Additionally, the Board of Commissioners has decided that it would not be cost effective to increase the size of the administrative staff to achieve effective segregation of duties.

TOWN OF GRAMERCY, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDING
YEAR ENDED JUNE 30, 2004

A. FINDINGS – FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITION

(1) Lack of Segregation of Duties

Effect: The segregation of duties is inadequate to provide effective internal control because of the limited size of the staff.

Recommendation: No action is recommended. It would not be cost effective to hire additional people to obtain a segregation of duties.

A similar finding was noted in the current year audit.

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS June 30, 2004

This section of Town's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2004. Please read it in conjunction with the transmittal letter at the front of this report and the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Town's combined total net assets decreased slightly by \$72,059 or 1.6% over the course of this year's operations. Net assets of our governmental activities increased approximately \$136,929 (or 7.3%) and decreased \$208,988 or nearly 8.3% in the net assets of our business-type activities.
- During the year, the Town's expenses were \$136,929 less than the \$1.2 million generated in charges for services, taxes, and other revenue. In the Town's business-type activities expenses were \$208,898 more than the \$659,478 generated in revenues.
- The general fund reported a \$1.3 million fund balance for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as water and sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2004

Figure A-1
Major Features of Town's Government and Fund Financial Statements

	Fund Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire Town government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as police, fire, and streets	Activities the Town operates similar to private businesses: the water and sewer system
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expense, and changes in net assets • Statement of cash flows
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2004

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net assets and how they have changed. Net assets—the difference between the Town's assets and liabilities—is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town you need to consider additional nonfinancial factors such as changes in the Town's property tax base and the condition of the Town's roads.

The government-wide financial statements of the Town are divided into two categories:

- Governmental activities—most of the Town's basic services are included here, such as the police, fire, public works, parks department, and general administration. Property taxes, sales taxes, franchise fees and interest finance most of these activities.
- Business-type activities—The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's water and sewer system are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds—not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2004

The Town has two kinds of funds:

- **Governmental funds**—Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary funds**—Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.
 - In fact, the Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net assets. The Town's combined net assets increased between fiscal years 2003 and 2004 to approximately \$4.3 million. (See Table A-1.)

	Table A-1			
	Town's Net Assets			
	Governmental Activities		Business-Type Activities	
	2004	2003	2004	2003
Current and other assets	\$ 1,523,676	\$1,467,088	\$ 934,303	\$ 954,702
Capital assets	779,122	796,845	3,948,765	3,675,749
Total assets	2,302,798	2,263,933	4,883,068	4,630,451
Current liabilities	78,208	180,419	928,199	819,594
Long term Liabilities	205,075	200,928	1,643,000	1,290,000
Total liabilities	283,283	381,347	2,571,199	2,109,594
Net assets				
Invested in capital assets, net of related debt	589,122	588,064	2,261,765	2,300,749
Reserved for debt service		-	253,305	240,833
Unrestricted (deficit)	1,430,393	1,294,522	(203,201)	(20,725)
Total net assets	\$ 2,019,515	\$1,882,586	\$2,311,869	\$2,520,857

Net assets of the Town's governmental activities increased 7.3 percent to approximately \$2 million. Net assets of the Town's business-type activities decreased 8.3 percent to approximately \$2.3 million.

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2004

Changes in net assets. The Town's total revenues increased by approximately \$26,000 to \$1.9 million (See Table A-2.) Approximately 57 percent of the Town's revenue comes from charges for services, and 31 percent comes from tax collections.

The total cost of all programs and services increased approximately \$177,625 or 9.8 percent. The Town's expenses cover all services performed by its office.

Governmental Activities

Revenues for the Town's governmental activities increased 7.6 percent, while total expenses increased 13.7 percent.

	Table A-2			
	Changes in Town's Net Assets			
	Governmental Activities		Business-Type Activities	
	2004	2003	2004	2003
Revenues				
Program revenues				
Charges for services	\$ 483,003	\$ 515,212	\$ 606,000	\$ 550,414
Operating grants	-		-	25,969
General revenues				
Taxes	547,050	417,393	48,674	54,843
Licenses and permits	113,318	100,431	-	-
Miscellaneous	106,056	205,898	4,804	12,263
Total revenues	1,249,427	1,238,934	659,478	643,489
Expenses				
General government	284,505	281,368	868,466	825,018
Public safety	377,912	338,256	-	-
Streets	274,937	182,773	-	-
Fire	1,738	1,580	-	-
Sanitation	143,011	142,959	-	-
Debt service expenditures:				
Principal retirement	20,000	20,000	-	-
Interest	10,395	11,385	-	-
Total expenses	1,112,498	978,321	868,466	825,018
Increase (decrease) in net assets	\$ 136,929	\$ 260,613	\$(208,988)	\$(181,529)

- The cost of all governmental activities this year decreased by approximately 4.7 percent to \$ 136,929.

Business-type Activities

Revenues increased slightly by approximately 2.5 percent to \$659,478 and expenses of the Town's business-type activities increased by 5.3 percent to \$868,466.

TOWN OF GRAMERCY
MANAGEMENTS DISCUSSION AND ANALYSIS
June 30, 2004

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its governmental funds reported a combined fund balance of \$1.4 million, increase of 12.3 percent from last year.

General Fund Budgetary Highlights

Over the course of the year, the Town Council revised the Town budget. These budget amendments were resulted from:

- Video poker and fine revenues were slightly higher than budgeted.
- Increases in appropriations to prevent budget overruns, such as police salaries, streets and parks engineering fees, and electricity.

With these adjustments, actual expenditures were approximately \$44,500 under final budget amounts.

CAPITAL ASSETS

At the end of 2004, the Town had invested approximately \$4.7 million in a broad range of capital assets, including police equipment, buildings, vehicles, and water and sewer systems. (See Table A-3). This amount represents a net increase (including additions and deductions) of approximately \$255,000, or 5.7 percent, over last year.

		Table A-3 Town's Capital Assets (net of depreciation)			
		Governmental Activities		Business Activities	
		2004	2003	2004	2003
Land	\$	87,520	\$ 87,520	\$ 76,825	\$ 76,825
Plant & Equipment		-	-	3,399,921	3,598,924
Construction in progress		-	-	472,019	-
Buildings		106,701	116,877	-	-
Other Improvements		497,200	496,688	-	-
Equipment		87,701	95,760	-	-
Total		\$ 779,122	\$ 796,845	\$ 3,948,765	\$ 3,675,749

This year's major capital asset addition included:

- Roadway improvements totaling \$21,422
- Culverts in recreation park costing \$20,000
- Car radio system totaling \$3,934.
- Three used police cars costing \$2,500 each or \$7,500 in total.

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2004

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town 's major sources of revenue for the general fund are comprised from sales tax, occupational licenses, garbage fees, and video poker by 37%, 9%, 12% and 22% respectively. The economy is not expected to generate any significant growth. However, the Town's future revenues are expected to be higher than current year as a result of the LCDBG grant in the amount of \$477,350. Revenue increases are also expected in the public utility revenue fund as a result of the effects of the increase in the rate schedule. All expenditures are expected to be consistent with the current years.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Lydia Louque, Town Clerk, PO Drawer 340, Gramercy, LA 70052.

TOWN OF GRAMERCY
STATEMENT OF NET ASSETS
JUNE 30, 2004

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 440,460	\$ 241,021	\$ 681,481
Certificates of deposit	255,000	154,370	409,370
Other accounts receivable (net)	69,739	69,655	139,394
Special assessment receivable	-	74,086	74,086
Due from other funds	645,641	(645,641)	-
Due from other governmental agencies	69,283	-	69,283
Prepaid insurance	43,252	-	43,252
Other assets	-	17,094	17,094
Restricted assets	-	355,941	355,941
Capital assets:			
Land and construction in progress	-	548,844	548,844
Other capital assets, net of depreciation	779,122	3,399,921	4,179,043
Total capital assets	<u>779,122</u>	<u>3,948,765</u>	<u>4,727,887</u>
TOTAL ASSETS	<u>2,302,497</u>	<u>4,215,291</u>	<u>6,517,788</u>
LIABILITIES			
Accounts payable	\$ 55,618	\$ 37,927	\$ 93,545
Cash overdraft	-	1,634	1,634
Other current liabilities	1,730	57,935	59,665
Payroll taxes payable	1,546	-	1,546
Due to employees' retirement systems	19,013	-	19,013
General obligation bonds due within one year	-	52,000	52,000
Accrued interest payable	-	9,647	9,647
Payable from restricted assets:			
Revenue bonds payable due within one year	-	89,000	89,000
Accrued interest payable	-	12,279	12,279
Long-term liabilities:			
Compensated absences	15,075	-	15,075
General obligation bonds	190,000	405,000	595,000
Revenue bonds payable	-	1,238,000	1,238,000
TOTAL LIABILITIES	<u>282,982</u>	<u>1,903,422</u>	<u>2,186,404</u>
NET ASSETS			
Invested in capital assets, net of related debt	589,122	2,261,765	2,850,887
Reserved for revenue bond debt service	-	253,305	253,305
Unreserved (deficit)	1,430,393	(203,201)	1,227,192
TOTAL NET ASSETS	<u>\$ 2,019,515</u>	<u>\$ 2,311,869</u>	<u>\$ 4,331,384</u>

The accompanying notes are an integral part of this statement.



TOWN OF GRAMERCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

	Expenses	Program Revenues Fees, Fines, and Charges for Services	Net (Expense) Revenue and Changes in Net Assets		Total
			Governmental Activities	Business-Type Activities	
ACTIVITIES					
Governmental:					
General government	\$ 284,505	\$ -	\$ (284,505)		\$ (284,505)
Streets	274,937	-	(274,937)		(274,937)
Public safety	377,912	41,655	(336,257)		(336,257)
Sanitation	143,011	154,217	11,206		11,206
Fire	1,738	-	(1,738)		(1,738)
Debt service expenditures:					
Principal retirement	20,000	-	(20,000)		(20,000)
Interest	10,395	-	(10,395)		(10,395)
Total governmental activities	<u>1,112,498</u>	<u>195,872</u>	<u>(916,626)</u>		<u>(916,626)</u>
Business-type:					
Enterprise	868,467	606,000		(262,467)	(262,467)
Total business-type activities	<u>868,467</u>	<u>606,000</u>		<u>(262,467)</u>	<u>(262,467)</u>
Total Town of Gramercy	<u>\$ 1,980,965</u>	<u>\$ 801,872</u>	<u>\$ (916,626)</u>	<u>(262,467)</u>	<u>(1,179,093)</u>
General Revenues:					
Taxes			547,050	48,674	595,724
Licenses and permits			113,318	-	113,318
Intergovernmental			\$ 287,131		
Miscellaneous			106,056	2,969	109,025
Interest			-	1,835	1,835
Total general revenues			<u>1,053,555</u>	<u>53,478</u>	<u>1,107,033</u>
Change in net assets			136,929	(208,989)	(72,060)
Net assets - July 1, 2004			<u>1,882,586</u>	<u>2,520,857</u>	<u>4,403,443</u>
Net assets - June 30, 2004			<u>\$ 2,019,515</u>	<u>\$ 2,311,868</u>	<u>\$4,331,383</u>

The accompanying notes are an integral part of this statement.



TOWN OF GRAMERCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 350,908	89,552	\$ 440,460
Certificates of deposit	255,000	-	255,000
Other accounts receivable (net)	69,739	-	69,739
Due from other funds	645,641	301	645,942
Due from other governmental agencies	69,283	-	69,283
Prepaid insurance	43,252	-	43,252
TOTAL ASSETS	\$ 1,433,823	\$ 89,853	\$ 1,523,676
LIABILITIES			
Accounts payable	\$ 55,618	\$ -	\$ 55,618
Other current liabilities	1,730	-	1,730
Due to other funds	301	-	301
Payroll taxes payable	1,546	-	1,546
Due to employees' retirement systems	19,013	-	19,013
TOTAL LIABILITIES	78,208	-	78,208
FUND BALANCES			
Reserved for debt service	-	44,156	44,156
Unreserved	1,355,615	45,697	1,401,312
TOTAL FUND BALANCES	1,355,615	89,853	1,445,468
Total liabilities and fund balances	\$ 1,433,823	\$ 89,853	\$ 1,523,676

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004

Total fund balances - Governmental Funds		\$ 1,445,468
Cost of capital assets at June 30, 2004	1,315,071	
Less: accumulated depreciation as of June 30, 2004	<u>(535,949)</u>	779,122
 Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.		
Compensated Absences		(15,075)
Bonds payable		<u>(190,000)</u>
Total net assets at June 30, 2004 - Governmental Activities		<u>\$ 2,019,515</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2004

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Ad valorem taxes	\$ 64,375	\$ 28,767	\$ 93,142
Sales taxes	453,908	-	453,908
Garbage fees	154,217	-	154,217
Licenses and permits	113,318	-	113,318
Intergovernmental revenue:			
Beer	7,331	-	7,331
Video poker	279,800	-	279,800
Fines and forfeitures	41,655	-	41,655
Other revenue	105,790	266	106,056
Total revenues	<u>1,220,394</u>	<u>29,033</u>	<u>1,249,427</u>
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	267,392	-	267,392
Streets	270,713	-	270,713
Public safety	377,378	-	377,378
Sanitation	143,011	-	143,011
Fire department	1,738	-	1,738
Debt service expenditures:			
Principal retirement	-	20,000	20,000
Interest	-	10,395	10,395
Total expenditures	<u>1,060,232</u>	<u>30,395</u>	<u>1,090,627</u>
		-	-
		-	-
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>			
	160,162	(1,362)	158,800
<u>FUND BALANCE</u>			
Beginning of year	1,195,453	91,215	1,286,668
End of year	<u>\$ 1,355,615</u>	<u>\$ 89,853</u>	<u>\$ 1,445,468</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2004

Net change in fund balances - Governmental funds	\$	158,800
The change in net assets reported for governmental activities in the statement of activities is different because:		
Add: Capital outlay which is considered expenditures		68,192
Less: Depreciation expense for year ended June 30, 2004		(85,916)
Less: Excess of compensated absences earned over compensated absences used		<u>(4,147)</u>
Change in net assets of governmental activities	\$	<u><u>136,929</u></u>

The accompanying notes are an integral part of this statement.



TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2004

	Public Utility Revenue Fund	Sewer Operating Fund	Total Enterprise
ASSETS			
Cash	\$ 241,021	\$ -	\$ 241,021
Certificates of deposit	85,121	69,249	154,370
Accounts receivable (net)	51,020	18,635	69,655
Special assessment receivable	-	74,086	74,086
Other assets	-	17,094	17,094
Due from other funds	22,136	-	22,136
Restricted assets - Cash	-	355,941	355,941
Capital assets:			
Land and construction in progress	548,844	-	548,844
Other capital assets, net of depreciation	1,475,909	1,924,012	3,399,921
Total capital assets	<u>2,024,753</u>	<u>1,924,012</u>	<u>3,948,765</u>
TOTAL ASSETS	<u>2,424,051</u>	<u>2,459,017</u>	<u>4,883,068</u>
LIABILITIES			
Accounts payable	30,344	7,583	37,927
Cash overdraft	-	1,634	1,634
Customer service meter deposits	57,935	-	57,935
Payable from restricted assets:			
Revenue bonds payable due within one year	44,000	45,000	89,000
Accrued interest payable	-	12,279	12,279
General obligation bonds due within one year	-	52,000	52,000
Accrued interest payable	5,957	3,690	9,647
Due to other funds	386,580	281,197	667,777
Long-term Liabilities:			
General obligation bonds	-	405,000	405,000
Revenue bonds payable	456,000	782,000	1,238,000
TOTAL LIABILITIES	<u>980,816</u>	<u>1,590,383</u>	<u>2,571,199</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,524,753	737,012	2,261,765
Reserved for revenue bond debt service	-	253,305	253,305
Unreserved (deficit)	(81,518)	(121,683)	(203,201)
TOTAL NET ASSETS	<u>\$ 1,443,235</u>	<u>\$ 868,634</u>	<u>\$ 2,311,869</u>

The accompanying notes are an integral part of this statement.



TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2004

	Public Utility Revenue Fund	Sewer Operating Fund	Total Enterprise
OPERATING REVENUES			
Sales	\$ 411,565	\$ 177,991	\$ 589,556
Tap fees	8,744	7,700	16,444
Ad valorem taxes	-	48,674	48,674
Miscellaneous revenues	995	1,974	2,969
Total operating revenues	<u>421,304</u>	<u>236,339</u>	<u>657,643</u>
OPERATING EXPENSES			
Salaries	209,034	64,147	273,181
Office expenses	3,885	2,062	5,947
Miscellaneous expenses	561	3,665	4,226
Insurance	33,514	9,189	42,703
Supplies and maintenance	19,693	11,502	31,195
Vehicle expenses	1,415	1,185	2,600
Uniforms	2,759	-	2,759
Professional fees	35,185	4,375	39,560
Retirement	20,010	6,851	26,861
Electricity	25,545	53,967	79,512
Payroll taxes	418	146	564
Laboratory expenses	4,835	7,055	11,890
Chemicals	15,711	4,721	20,432
Depreciation	73,283	129,594	202,877
Rural development grant	3,400	-	3,400
Uncollectible Accounts	-	47,152	47,152
Total operating expenses	<u>449,248</u>	<u>345,611</u>	<u>794,859</u>
OPERATING LOSS	(27,944)	(109,272)	(137,216)
NONOPERATING INCOME (EXPENSES)			
Interest revenues	184	1,651	1,835
Interest expense	(13,665)	(59,943)	(73,608)
Total nonoperating expenses	<u>(13,481)</u>	<u>(58,292)</u>	<u>(71,773)</u>
Change in net assets	(41,425)	(167,564)	(208,989)
Total net assets- beginning	1,484,660	1,036,198	2,520,858
Total net assets- ending	<u>\$ 1,443,235</u>	<u>\$ 868,634</u>	<u>\$ 2,311,869</u>

The accompanying notes are an integral part of this statement.



TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2004

	Public Utility Revenue Fund	Sewer Operating Fund	Total Enterprise
CASH FLOWS FROM			
OPERATING ACTIVITIES:			
Cash received from customers	\$ 433,071	\$ 237,446	\$ 670,517
Advances from (payments to) other funds	7,019	23,982	31,001
Cash payments to suppliers for goods and services	(142,547)	(154,648)	(297,195)
Cash payments to employees for services	(209,034)	(64,147)	(273,181)
Net cash provided by (used by) operating activities	<u>88,509</u>	<u>42,633</u>	<u>131,142</u>
CASH FLOWS FROM CAPITAL AND			
RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(472,019)	(3,874)	(475,893)
Collections on assessment receivables	-	108,934	108,934
Principal paid on revenue bond maturities	-	(45,000)	(45,000)
Proceeds from certificate of indebtedness	500,000	-	500,000
Principal paid on general obligation bonds	-	(20,000)	(20,000)
Principal paid on certificate of indebtedness	-	(26,000)	(26,000)
Payment of bond issuance costs	-	1,228	1,228
Interest paid on indebtedness	(13,665)	(59,943)	(73,608)
Net cash provided (used) by capital and related financing activities	<u>14,316</u>	<u>(44,655)</u>	<u>(30,339)</u>
CASH FLOWS FROM INVESTING			
ACTIVITIES:			
Interest earned on investments	<u>183</u>	<u>1,651</u>	<u>1,834</u>
Net cash provided by investing activities	<u>183</u>	<u>1,651</u>	<u>1,834</u>
Net increase (decrease) in cash and cash equivalents	103,008	(371)	102,637
Cash and cash equivalents - beginning of year	<u>223,134</u>	<u>425,561</u>	<u>648,695</u>
Cash and cash equivalents - end of year	<u>\$ 326,142</u>	<u>\$ 425,190</u>	<u>\$ 751,332</u>

The accompanying notes are an integral part of this statement.



TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2004

	<u>Public Utility Revenue Fund</u>	<u>Sewer Operating Fund</u>	<u>Total Enterprise</u>
<u>RECONCILIATION OF INCOME</u>			
<u>(LOSS) FROM OPERATIONS</u>			
<u>TO NET CASH PROVIDED BY</u>			
<u>OPERATING ACTIVITIES</u>			
Loss from operations	\$ (27,943)	\$ (109,272)	\$ (137,215)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:			
Depreciation	73,283	129,594	202,877
Net change in assets and liabilities:			
Accounts receivable	11,767	1,107	12,874
Due from other funds	-	-	-
Due to other funds	7,019	23,982	31,001
Accounts payable	16,075	2,123	18,198
Other liabilities	5,957	(4,901)	1,056
Customer service meter deposits	2,351	-	2,351
Total adjustments	<u>116,452</u>	<u>151,905</u>	<u>268,357</u>
Net cash provided by operating activities	<u>\$ 88,509</u>	<u>\$ 42,633</u>	<u>\$ 131,142</u>
Cash Consists of :			
Cash	\$ 241,021	\$ -	\$ 241,021
Certificates of Deposit	85,121	69,249	154,370
Restricted assets - Cash	-	355,941	355,941
	<u>\$ 326,142</u>	<u>\$ 425,190</u>	<u>\$ 751,332</u>

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The Town of Gramercy, Louisiana was incorporated on November 27, 1947, and operates under a Mayor - Board of Aldermen form of government. As authorized by its charter, the Town is responsible for public safety, highways and streets, sanitation, public improvements, and general administrative services.

The accounting and reporting practices of the Town of Gramercy conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Town's reporting entity applies all relevant Government Accounting Standards (GASB) pronouncements. The Town's proprietary funds apply all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB pronouncements prevail. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

Financial Reporting Entity

Statement No. 14 of the Governmental Accounting Standards Board (GASB), *The Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Town is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the Town does not have any component units, which are defined by GASB Statement No. 14 as other legally separate organizations for which the elected officials are financially accountable. There are no other primary governments with which the Town has a significant relationship.

The following is a summary of certain significant accounting policies and practices:

Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net assets and the statement of activities display information about the Town of Gramercy. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between *the governmental and business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category—*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The Town reports the following major governmental funds:

- a. General Fund - This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- b. Debt Service Fund - This fund accounts for the resources accumulated and payments made for principal, interest and related costs on general long-term debt.

The Town reports the following major enterprise fund:

Public Utility Fund - This fund is used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the Town follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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 as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting

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

1. A proposed budget is prepared and submitted to the Mayor and Board of Aldermen prior to the beginning of each fiscal year.
2. The proposed budget is published in the official journal and made available for public inspection. A public hearing is held to obtain taxpayer comments.
3. The budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
4. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts originally estimated require the approval of the Board of Aldermen.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the general, debt service, and proprietary funds are adopted on bases consistent with accounting principles generally accepted in the United States of America (GAAP).
7. Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.

The level of budgetary control is total appropriations. Budgeted amounts are as originally adopted, or as amended by the Board. Originally adopted revenues and expenditures for the general fund for the year ended June 30, 2004, were decreased by approximately \$900 and \$25,880, respectively; originally adopted revenues and expenses for the public utility revenue fund for the year ended June 30, 2004, were increased by approximately \$10,060 and \$7,311, respectively; and originally adopted revenues and expenses for the sewer operating fund for the year ended June 30, 2004, were decreased by approximately \$66,372 and \$10,390, respectively.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Cash and Investments

Cash and investments, which include demand deposit accounts, interest-bearing demand deposit accounts, and certificates of deposit, are stated at cost, which approximates market.

Under Louisiana Revised Statutes 39:1271 and 33:2955, the Town may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Building Improvements	15
Other Improvements	20-40
Vehicles	5-15
Equipment	3-15

The proprietary fund type operations are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by the proprietary funds is charged as an expense against their operations. Depreciation has been provided over the assets' estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Sewerage system	40 years
Waterworks system	40 years
Office equipment	5-10 years
Automotive equipment	3-5 years

All fixed assets are stated at historical cost.

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Uncollectible amounts due from customers for utility services are recognized through the establishment of an allowance for uncollectible accounts account at the time information becomes available which indicates the uncollectibility of the particular receivable.

Accumulated Unpaid Vacation

Employees earn vacation leave at various rates depending upon the length of their employment. Employees must use their vacation leave in the year earned. Accordingly, no provision is made in the financial statements for unpaid vacation leave.

Operating Transfers In and Out

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the transfers are accounted for through the various due from and due to accounts.

Statements of Cash Flows

For purposes of the statements of cash flows, the Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

Encumbrances

Encumbrances accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

Reclassifications

Certain 2003 balances have been reclassified to conform with the 2004 financial statement presentation.

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

2. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2004, are as follows:

Governmental activities:

	<u>Land</u>	<u>Buildings</u>	<u>Other Improvements</u>	<u>Equipment</u>	<u>Total</u>
Cost at June 30, 2003 (as reported in the general fixed asset account group)	\$ 87,520	\$ 285,736	\$ 540,064	\$ 354,777	\$ 1,268,097
Items below the established capitalization threshold for capital assets	-	-	(1,014)	(20,203)	(21,217)
Total Cost at June 30, 2003	<u>87,520</u>	<u>285,736</u>	<u>539,050</u>	<u>334,574</u>	<u>1,246,880</u>
Additions	-	-	41,422	26,770	68,192
Deletions	-	-	-	-	-
Cost of Capital Assets June 30, 2004	<u>87,520</u>	<u>285,736</u>	<u>580,472</u>	<u>361,344</u>	<u>1,315,072</u>
Accumulated depreciation June 30 2003	-	168,857	42,362	238,814	450,033
Additions	-	10,178	40,910	34,829	85,917
Deletions	-	-	-	-	-
Accumulated depreciation June 30 2004	<u>-</u>	<u>179,035</u>	<u>83,272</u>	<u>273,643</u>	<u>535,950</u>
Capital assets, net of accumulated depreciation at June 30, 2004	<u>\$ 87,520</u>	<u>\$ 106,701</u>	<u>\$ 497,200</u>	<u>\$ 87,701</u>	<u>\$ 779,122</u>

For the year ended June 30, 2004, depreciation expense was \$ 85,915.

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

2. **Capital Assets** (continued)

Business-Type activities:

	Land	Construction in Progress	Plant & Equipment	Total
Cost of Capital Assets				
June 30, 2003	\$ 76,825	\$ -	\$ 6,471,359	\$ 6,548,184
Additions	-	472,019	3,874	475,893
Deletions	-	-	-	-
Cost of Capital Assets				
June 30, 2004	<u>76,825</u>	<u>472,019</u>	<u>6,475,233</u>	<u>7,024,077</u>
Accumulated Depreciation				
June 30, 2003	-	-	2,872,435	2,872,435
Additions	-	-	202,877	202,877
Deletions	-	-	-	-
Accumulated Depreciation				
June 30, 2004	<u>-</u>	<u>-</u>	<u>3,075,312</u>	<u>3,075,312</u>
Capital assets, net of accumulated depreciation at				
June 30, 2004	<u>\$ 76,825</u>	<u>\$ 472,019</u>	<u>\$ 3,399,921</u>	<u>\$ 3,948,765</u>

For the year ended June 30, 2004, depreciation expense was \$202,877 .

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

3. Changes in Long-Term Debt

The following is a summary of long-term debt transactions which occurred during the year ended June 30, 2004:

	<u>Balance 06/30/03</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 06/30/04</u>
Governmental activities:				
1991 Sewer Improvement bonds - general obligation portion	\$ 210,000	\$ -	\$ 20,000	\$ 190,000
	<u>210,000</u>	<u>-</u>	<u>20,000</u>	<u>190,000</u>
Business-type activities:				
1991 Sewer Improvement bonds	495,000	-	45,000	450,000
2000 Certificate of Indebtedness	232,000	-	19,000	212,000
2000 Certificate of Indebtedness - LPFA	18,000	-	6,000	12,000
2001 Sewer Improvement bonds - general obligation bonds	630,000	-	20,000	610,000
2003 Certificate of Indebtedness - Hibernia	-	425,000	-	425,000
2003 Certificate of Indebtedness - LPFA	-	75,000	-	75,000
	<u>\$ 1,375,000</u>	<u>\$ 500,000</u>	<u>\$ 91,000</u>	<u>\$ 1,784,000</u>

Bonds payable at June 30, 2004, were comprised of the following individual issues:

Governmental activities

\$400,000 of Sewer Improvements Bonds; due in various semi-annual installments, including interest at 4.95%, through April 1, 2011.

190,000
\$ 190,000

Business-type activities

\$850,000 of Sewer Improvement bonds; due in various semi-annual installments, including interest at 4.95%, through April 2, 2012; secured by the sewer operating revenues in excess of those necessary to operate and maintain the system.

\$ 450,000

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Changes in Long-Term Debt (continued)

Business-type activities (continued)

\$270,000 Certificate of Indebtedness; due in various semi-annual installments, including interest at 5.25%, through September 1, 2010; secured by the annual revenues of the Town of Gramercy in excess of statutory, necessary, and usual charges.	212,000
\$30,000 Certificate of Indebtedness; due in annual installments of \$6,000 through September 1, 2005; non-interest bearing; secured by the annual revenues of the Town of Gramercy in excess of statutory, necessary, and usual charges.	12,000
\$650,000 General Obligation Bonds; due in various semi-annual installments, including interest at rates ranging from 0.10% to 7.00%, through March 1, 2021; payable from ad valorem taxes	610,000
\$425,000 Certificate of Indebtedness; due in various annual installments, including interest at 2.05%, through September 1, 2013; payable from ad valorem taxes	425,000
\$75,000 Certificate of Indebtedness; due in annual installments of \$15,000 through September 1, 2008; non-interest bearing; payable from ad valorem taxes	<u>75,000</u>
	<u>\$ 1,784,000</u>

The annual requirements to amortize all outstanding revenue bonds as of June 30, 2004, including interest payments of \$598,593, are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2005	\$ 252,727
2006	254,706
2007	250,004
2008	244,876
2009	256,378
Thereafter	<u>1,313,902</u>
	<u>\$ 2,572,593</u>

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. **Changes in Long-Term Debt** (continued)

As part of the various Bond agreements the Town has agreed to comply with certain covenants. The covenants consist, primarily, of reporting and audit requirements, insurance coverage, restrictions on additional debt, maintenance of various deposit accounts, and other administrative requirements. The Town has not complied with some of these covenants; however, the applicable lending institutions have issued verbal waivers regarding these covenants.

4. **Ad Valorem Taxes**

Ad valorem taxes attach as enforceable liens on all applicable property on February 28th of each year. Taxes are levied and are billed to the taxpayers in November of each year. Billed ad valorem taxes become delinquent on January 1st of the following calendar year.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. James Parish. During the year ended June 30, 2004, taxes of 5.99 mills were levied on property with assessed valuations totaling \$10,746,953 for general purposes. Additional taxes of 7.14 mills were levied on the same property for the purpose of accumulating enough funds to service the annual debt requirements as they become due.

Ad valorem taxes levied during the year ended June 30, 2004, totaled approximately \$141,816.

5. **Interfund Receivables and Payables**

Interfund receivables and payables at June 30, 2004, were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 645,641	\$ 301
Debt Service Funds	301	-
Enterprise Funds:		
Public Utility Revenue Fund	22,136	386,580
Sewer Operating Fund	-	281,197
	<u>\$ 668,078</u>	<u>\$ 668,078</u>

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Excess of Expenses over Appropriations in Individual Funds

Expenses exceeded revenues by \$41,424 and \$167,564 during the fiscal year ended June 30, 2004, for the public utility revenue, and sewer operating funds, respectively.

7. Defined Benefit Pension Plan

Substantially all employees of the Town of Gramercy are members of either the Municipal Employees' Retirement System of Louisiana or the Municipal Police Employees' Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

a. Municipal Employees' Retirement System of Louisiana

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, which has separate assets and benefit provisions. All employees of the Town of Gramercy are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after the age of 60 with at least 10 years of creditable service or at or after the age of 55 with a least 25 years of creditable service or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average monthly salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate their employment with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary to the system, and the Town of Gramercy is required to make contributions at an actuarially determined rate. The rate currently being paid by the Town is 11.00 percent of annual covered payroll. Contributions to the System also include 0.25 percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Gramercy are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Gramercy's contributions to the System under Plan A during the years ending June 30, 2004, 2003, and 2002 were \$38,369, \$30,025, and \$25,416, respectively, equal to the required contributions for these years.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. Defined Benefit Pension Plan (continued)

b. Municipal Police Employees' Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after the age of 50 with at least 20 years of creditable service or at or after the age of 55 with a least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of their final-average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate their employment with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.50 percent of their annual covered salary to the System, and the Town of Gramercy is required to make contributions at an actuarially determined rate. The rate currently being paid by the Town is 15.25 percent of annual covered payroll. The contribution requirements of plan members and the Town of Gramercy are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Gramercy contributions to the System during the years ending June 30, 2004, 2003, and 2002 were \$23,753, \$14,076, and \$12,415, respectively, equal to the required contributions for these years.

8. Segments of Enterprise Activities

Water and sewerage services are provided by the Town and are financed by user charges. The significant financial data for the year ended June 30, 2004, for these services are as follows:

	<u>Water</u>	<u>Sewerage</u>	<u>Total</u>
Operating revenues	\$ 421,304	\$ 236,339	\$ 657,643
Operating expenses	449,247	345,611	794,858
Depreciation	73,283	129,594	202,877
Income (loss) from operations	(27,943)	(109,272)	(137,215)
Net income (loss)	(41,424)	(167,564)	(208,988)
Acquisition of capital assets	472,019	3874	475,893
Outstanding revenue bonds and certificates of indebtedness	500,000	1,284,000	1,784,000

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

9. Restricted Assets

Under the terms of the bond indentures for the water revenue refunding bonds and the sewer improvement bonds, certain revenues are dedicated to the retirement of said bonds, and are to be set aside into special accounts after provisions have been made for the payment of the reasonable and necessary expenses of operating and maintaining the utility systems.

The Town has been reclassifying a portion of its cash and investments as "restricted" on a monthly basis; however, the Town has not established all of the "restricted" accounts delineated in the bond indentures. All of the applicable lending institutions waived the violations of these covenants for the year ended June 30, 2004.

10. Due from Other Governmental Agencies

Amounts due from other governmental agencies at June 30, 2004, consisted of the following:

St. James Parish - sales taxes	\$ 61,822
St. James Parish - P&M sales taxes	<u>7,461</u>
	<u>\$ 69,283</u>

11. Lease Agreements

The Town has entered into several separate lease agreements providing for the use of various pieces of maintenance equipment, various pieces of computer equipment, and police radios. The maintenance equipment and computer leases require monthly payments ranging from \$157 to \$201. The leases relating to the police radios require annual payments approximately \$3,200.

All of the previously mentioned lease agreements have non-appropriation exculpatory clauses that allow for the cancellation of the agreements should the Town not make appropriations for their continuance during any subsequent fiscal periods.

12. Cash and Investments

At June 30, 2004, the carrying amounts of the Town's deposits were as follows:

Petty cash	\$ 225
Demand deposit accounts / savings accounts	946,013
Certificates of deposit	<u>498,922</u>
	<u>\$ 1,445,160</u>

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

12. Cash and Investments(continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by either federal deposit insurance or by the pledge of securities owned by a fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. At June 30, 2004, the Town had \$1,878,505 in deposits (collected bank balances). Of these bank balances, \$200,000 was covered by federal depository insurance; \$1,678,505 was secured by collateral held by the fiscal agent bank's agent in the name of the Town of Gramercy (GASB category 2).

13. Changes in Accounting Principles

For the year ended June 30, 2004, the Town has implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB Statement 34 creates new basic financial statements for reporting on the Town's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which had been the method of presentation in previously issued financial statements. Non-major funds are presented in total in one column in the fund financial statements.

The implementation of GASB Statement No. 34 caused the opening fund balance at June 30, 2003 to be restated in terms of Net Assets as follows:

Governmental Funds' Fund Balance, June 30, 2003		\$1,286,667
Add: Capital Assets as of June 30, 2003:		
Cost	\$ 1,246,880	
Accumulated Depreciation	(450,033)	
		796,847
Subtract: Compensated Absences	(10,928)	
Bonds payable	(190,000)	
		(200,928)
Net Assets at June 30, 2003		<u>\$ 1,882,586</u>

REQUIRED SUPPLEMENTARY

INFORMATION



TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2004

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad valorem taxes	\$ 66,000	\$ 66,000	\$ 64,375	\$ (1,625)
Sales taxes	375,000	395,000	453,908	58,908
Garbage fees	150,000	150,000	154,217	4,217
Licenses and permits	95,000	100,000	113,318	13,318
Intergovernmental revenues:				
Beer	9,000	7,500	7,331	(169)
Video poker	250,000	280,000	279,800	(200)
Fines and forfeitures	35,000	40,000	41,655	1,655
Other	163,000	103,600	105,790	2,190
Total revenues	<u>1,143,000</u>	<u>1,142,100</u>	<u>1,220,394</u>	<u>78,294</u>
EXPENDITURES				
Current operating expenditures:				
General government	259,200	255,450	267,392	(11,942)
Streets	290,600	302,800	270,713	32,087
Public safety	394,400	400,070	377,378	22,692
Sanitation	145,000	145,000	143,011	1,989
Fire department	41,500	1,500	1,738	(238)
Total expenditures	<u>1,130,700</u>	<u>1,104,820</u>	<u>1,060,232</u>	<u>44,588</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,300	37,280	160,162	122,882
FUND BALANCE				
Beginning of year	<u>1,195,454</u>	<u>1,195,453</u>	<u>1,195,453</u>	-
End of year	<u>\$ 1,207,754</u>	<u>\$ 1,232,733</u>	<u>\$ 1,355,615</u>	<u>\$ 122,882</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF OTHER REVENUE
GENERAL FUND
YEAR ENDED JUNE 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>OTHER REVENUE</u>				
Utility franchise fees	\$ 51,800	\$ 58,900	\$ 54,653	\$ (4,247)
Interest revenues	5,000	9,000	2,619	(6,381)
Collection fees	1,500	1,500	1,338	(162)
Cops fast grant revenues	9,000	9,000	2,754	(6,246)
Rural development grants	25,000	-	-	-
Fire revenues	40,000	-	-	-
Miscellaneous	30,700	25,200	44,426	19,226
Total other revenue	<u>\$ 163,000</u>	<u>\$ 103,600</u>	<u>\$ 105,790</u>	<u>\$ 2,190</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED JUNE 30, 2004

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT				
Legal and litigation fees	\$ 9,500	\$ 16,500	\$ 21,785	\$ (5,285)
Salaries	83,000	72,500	68,115	4,385
Professional fees	9,500	10,250	10,250	-
Electricity	9,500	10,000	10,363	(363)
Insurance	60,000	60,000	68,608	(8,608)
Supplies and maintenance	9,500	6,700	9,440	(2,740)
Miscellaneous	8,000	8,000	9,496	(1,496)
Retirement	4,500	4,500	4,700	(200)
Office expenses	25,000	29,500	31,621	(2,121)
Payroll taxes	2,500	2,500	3,946	(1,446)
Vehicle expenses	6,000	7,500	7,550	(50)
Capital outlay	15,000	10,000	4,091	5,909
Dues and subscriptions	9,500	9,500	9,836	(336)
Meetings and conventions	5,000	5,000	4,240	760
Planning commission	2,700	3,000	3,351	(351)
Total general government	<u>259,200</u>	<u>255,450</u>	<u>267,392</u>	<u>(11,942)</u>
STREETS				
Salaries	100,000	100,000	85,874	14,126
Miscellaneous	11,500	41,500	39,943	1,557
Retirement	8,500	8,500	6,808	1,692
Vehicle expenses	3,000	3,000	3,211	(211)
Uniforms	1,100	1,100	1,041	59
Insurance	18,000	19,200	19,919	(719)
Supplies and maintenance	18,500	18,500	18,074	426
Electricity	42,000	48,000	47,995	5
Capital outlay	85,000	60,000	43,765	16,235
Payroll taxes	3,000	3,000	4,083	(1,083)
Total streets	<u>290,600</u>	<u>302,800</u>	<u>270,713</u>	<u>32,087</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED JUNE 30, 2004

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>PUBLIC SAFETY</u>				
Police:				
Insurance	\$ 56,000	\$ 56,000	\$ 46,921	\$ 9,079
Uniforms	1,000	1,000	851	149
Retirement	30,500	23,000	23,753	(753)
Vehicle expenses	26,500	29,000	16,218	12,782
Salaries	226,000	235,000	217,624	17,376
Supplies and maintenance	24,000	21,000	35,396	(14,396)
Training expenses	1,000	500	196	304
Utilities	3,500	4,200	4,046	154
Payroll taxes	2,000	2,000	4,306	(2,306)
Capital outlay	19,500	21,000	20,336	664
Miscellaneous	2,500	5,400	6,831	(1,431)
Total police	<u>392,500</u>	<u>398,100</u>	<u>376,478</u>	<u>21,622</u>
Emergency Preparedness:				
Salaries	900	900	900	-
Operating expenses	500	250	0	250
Capital outlay	500	820	-	820
Total emergency preparedness	<u>1,900</u>	<u>1,970</u>	<u>900</u>	<u>1,070</u>
Total public safety	<u>394,400</u>	<u>400,070</u>	<u>377,378</u>	<u>22,692</u>
<u>SANITATION</u>				
Solid waste disposal	145,000	145,000	143,011	1,989
Total sanitation	<u>145,000</u>	<u>145,000</u>	<u>143,011</u>	<u>1,989</u>
<u>FIRE DEPARTMENT</u>				
Operating expenses	41,500	1,500	1,738	(238)
Total fire department	<u>41,500</u>	<u>1,500</u>	<u>1,738</u>	<u>(238)</u>
Total all departments	<u>\$ 1,130,700</u>	<u>\$ 1,104,820</u>	<u>\$ 1,060,232</u>	<u>\$ 44,588</u>

OTHER SUPPLEMENTARY
INFORMATION



TOWN OF GRAMERCY, LOUISIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004

	<u>1969 Street Improvement</u>	<u>1969 Waterworks Improvement</u>	<u>1976 Waterworks Improvement</u>
<u>ASSETS</u>			
Cash	\$ 5,231	\$ 28,378	\$ 3,653
Due from other funds	<u>-</u>	<u>-</u>	<u>21</u>
Total assets	<u>\$ 5,231</u>	<u>\$ 28,378</u>	<u>\$ 3,674</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:			
Unreserved - designated for debt service	-	-	-
Unreserved - undesignated	<u>5,231</u>	<u>28,378</u>	<u>3,674</u>
Total fund balance	<u>5,231</u>	<u>28,378</u>	<u>3,674</u>
Total liabilities and fund balance	<u>\$ 5,231</u>	<u>\$ 28,378</u>	<u>\$ 3,674</u>

<u>1976 Fire Protection</u>	<u>1991 Sewer Improvement</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 8,365 49	\$ 43,925 231	\$ 89,552 301
<u>\$ 8,414</u>	<u>\$ 44,156</u>	<u>\$ 89,853</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
- 8,414 <u>8,414</u>	44,156 <u>44,156</u>	44,156 45,697 <u>89,853</u>
<u>\$ 8,414</u>	<u>\$ 44,156</u>	<u>\$ 89,853</u>

TOWN OF GRAMERCY, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

	<u>1969</u> Street Improvement	<u>1969</u> Waterworks Improvement	<u>1976</u> Waterworks Improvement
REVENUES			
Taxes and penalties	\$ -	\$ -	\$ -
Interest revenues	18	84	16
Total revenues	<u>18</u>	<u>84</u>	<u>16</u>
EXPENDITURES			
Principal retirement	-	-	-
Interest	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER			
EXPENDITURES	18	84	16
FUND BALANCE			
Beginning of year	<u>5,213</u>	<u>28,294</u>	<u>3,658</u>
End of year	<u>\$ 5,231</u>	<u>\$ 28,378</u>	<u>\$ 3,674</u>

<u>1976 Fire Protection</u>	<u>1991 Sewer Improvement</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 28,767	\$ 28,767
23	125	266
<u>23</u>	<u>28,892</u>	<u>29,033</u>
-	20,000	20,000
-	10,395	10,395
<u>-</u>	<u>30,395</u>	<u>30,395</u>
23	(1,503)	(1,362)
<u>8,391</u>	<u>45,659</u>	<u>91,215</u>
<u>\$ 8,414</u>	<u>\$ 44,156</u>	<u>\$ 89,853</u>

TOWN OF GRAMERCY, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2004

	1969 Street Improvement		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Taxes and penalties	\$ -	\$ -	\$ -
Interest revenues	100	18	(82)
Total revenues	<u>100</u>	<u>18</u>	<u>(82)</u>
EXPENDITURES			
Principal retirement	-	-	-
Interest	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES			
	100	18	(82)
FUND BALANCE			
Beginning of year	<u>4,848</u>	<u>5,213</u>	<u>365</u>
End of year	<u>\$ 4,948</u>	<u>\$ 5,231</u>	<u>\$ 283</u>

1969 Waterworks Improvement

<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
<u>600</u>	<u>84</u>	<u>(516)</u>
<u>600</u>	<u>84</u>	<u>(516)</u>
-	-	-
-	-	-
-	-	-
600	84	(516)
26,522	28,294	1,772
<u>\$ 27,122</u>	<u>\$ 28,378</u>	<u>\$ 1,256</u>

TOWN OF GRAMERCY, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2004

	1976 Waterworks Improvement		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes and penalties	\$ -	\$ -	\$ -
Interest revenues	160	16	(144)
Total revenues	160	16	(144)
EXPENDITURES			
Principal retirement	-	-	-
Interest	-	-	-
Total expenditures	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES			
	160	16	(144)
FUND BALANCE			
Beginning of year	6,629	3,658	(2,971)
End of year	\$ 6,789	\$ 3,674	\$ (3,115)

1976 Fire Protection

<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
280	23	(257)
<u>280</u>	<u>23</u>	<u>(257)</u>
-	-	-
-	-	-
-	-	-
280	23	(257)
17,752	8,391	(9,361)
<u>\$ 18,032</u>	<u>\$ 8,414</u>	<u>\$ (9,618)</u>

TOWN OF GRAMERCY, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2004

	1991 Sewer Improvement		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Taxes and penalties	\$ 32,000	\$ 28,767	\$ (3,233)
Interest revenues	400	125	(275)
Total revenues	<u>32,400</u>	<u>28,892</u>	<u>(3,508)</u>
EXPENDITURES			
Principal retirement	20,000	20,000	-
Interest	11,400	10,395	1,005
Total expenditures	<u>31,400</u>	<u>30,395</u>	<u>1,005</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,000	(1,503)	(2,503)
FUND BALANCE			
Beginning of year	<u>32,994</u>	<u>45,659</u>	<u>12,665</u>
End of year	<u>\$ 33,994</u>	<u>\$ 44,156</u>	<u>\$ 10,162</u>

Total		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 32,000	\$ 28,767	\$ (3,233)
1,540	266	(1,274)
<u>33,540</u>	<u>29,033</u>	<u>(4,507)</u>
20,000	20,000	-
11,400	10,395	1,005
<u>31,400</u>	<u>30,395</u>	<u>1,005</u>
2,140	(1,362)	(3,502)
88,745	91,215	2,470
<u>\$ 90,885</u>	<u>\$ 89,853</u>	<u>\$ (1,032)</u>

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF REVENUES AND EXPENSES - BUDGET (GAAP BASIS) AND ACTUAL
ENTERPRISE FUNDS - PUBLIC UTILITY REVENUE FUND
YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>OPERATING REVENUES</u>			
Sales	\$ 415,000	\$ 411,565	\$ (3,435)
Tap fees	7,500	8,744	1,244
Miscellaneous revenues	2,500	995	(1,505)
Total operating revenues	<u>425,000</u>	<u>421,304</u>	<u>(3,696)</u>
<u>OPERATING EXPENSES</u>			
General and administrative:			
Salaries	23,800	22,907	893
Office expenses	4,500	3,885	615
Miscellaneous	1,000	557	443
Insurance	31,000	30,343	657
Professional fees	54,375	35,185	19,190
Retirement	2,800	2,520	280
Payroll taxes	250	46	204
	<u>117,725</u>	<u>95,443</u>	<u>22,282</u>
Water treatment:			
Salaries	135,000	132,175	2,825
Insurance	3,000	2,709	291
Supplies and maintenance	10,500	9,183	1,317
Retirement	12,400	11,700	700
Uniforms	1,800	1,718	82
Payroll taxes	500	264	236
Laboratory expenses	3,500	4,835	(1,335)
Chemicals	18,000	15,711	2,289
Miscellaneous	200	-	200
Depreciation	40,000	66,210	(26,210)
Electricity	27,000	25,545	1,455
	<u>251,900</u>	<u>270,050</u>	<u>(18,150)</u>

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF REVENUES AND EXPENSES - BUDGET (GAAP BASIS) AND ACTUAL
ENTERPRISE FUNDS - PUBLIC UTILITY REVENUE FUND
YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>OPERATING EXPENSES</u>			
Distribution:			
Salaries	\$ 60,000	\$ 53,952	\$ 6,048
Miscellaneous	3	3	-
Insurance	450	462	(12)
Supplies and maintenance	12,500	10,510	1,990
Vehicle expenses	2,000	1,415	585
Uniforms	1,000	1,041	(41)
Retirement	7,000	5,790	1,210
Payroll taxes	100	108	(8)
Capital expenditures	15,000	3,400	11,600
Depreciation	8,000	7,073	927
	<u>106,053</u>	<u>83,754</u>	<u>22,299</u>
 Total operating expenses	 <u>475,678</u>	 <u>449,247</u>	 <u>26,431</u>
 <u>INCOME (LOSS) FROM OPERATIONS</u>	 <u>(50,678)</u>	 <u>(27,943)</u>	 <u>22,735</u>
 <u>OTHER REVENUES (EXPENSES)</u>			
Interest revenues	5,000	184	(4,816)
Grant revenue	12,560	-	(12,560)
Interest expense	(7,708)	(13,665)	(5,957)
	<u>9,852</u>	<u>(13,481)</u>	<u>(23,333)</u>
 <u>NET LOSS</u>	 <u>\$ (40,826)</u>	 <u>\$ (41,424)</u>	 <u>\$ (598)</u>

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF REVENUES AND EXPENSES - BUDGET (GAAP BASIS) AND ACTUAL
ENTERPRISE FUNDS - SEWER OPERATING FUND
YEAR ENDED JUNE 30, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
<u>OPERATING REVENUES</u>			
Sales	\$ 175,000	\$ 177,991	\$ 2,991
Tap fees	7,500	7,700	200
Ad valorem taxes	50,000	48,674	(1,326)
Miscellaneous revenues	200	1,974	1,774
Total operating revenues	<u>232,700</u>	<u>236,339</u>	<u>3,639</u>
<u>OPERATING EXPENSES</u>			
Office salaries	18,300	18,056	244
Maintenance salaries	48,000	46,091	1,909
Legal fees	500	-	500
Office expenses	2,000	2,062	(62)
Miscellaneous	4,000	3,665	335
Insurance	8,500	9,189	(689)
Supplies and maintenance	12,500	11,502	998
Vehicle expenses	1,200	1,185	15
Professional fees	4,375	4,375	-
Retirement	6,500	6,851	(351)
Electricity	55,000	53,967	1,033
Payroll taxes	800	146	654
Laboratory expenses	7,000	7,055	(55)
Chemicals	5,500	4,721	779
Depreciation	90,000	129,594	(39,594)
Uncollectible accounts	-	47,152	(47,152)
Total operating expenses	<u>264,175</u>	<u>345,611</u>	<u>(81,436)</u>
<u>LOSS FROM OPERATIONS</u>	(31,475)	(109,272)	(77,797)
<u>OTHER REVENUES</u>			
Interest revenues	4,500	1,651	(2,849)
Grant revenues	93,872	-	(93,872)
	<u>98,372</u>	<u>1,651</u>	<u>(96,721)</u>
<u>OTHER CHARGES</u>			
Interest expense	70,640	59,943	10,697
	<u>70,640</u>	<u>59,943</u>	<u>10,697</u>
<u>NET LOSS</u>	\$ (3,743)	\$ (167,564)	\$ (163,821)

**PERFORMANCE AND
STATISTICAL DATA**



TOWN OF GRAMERCY, LOUISIANA

INSURANCE-IN-FORCE

JUNE 30, 2004

(Without Audit)

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Limits</u>
Automobile liability	Risk Management, Inc.	May 1, 2005	\$500,000
General liability	Risk Management, Inc..	May 1, 2005	\$500,000
Law enforcement liability	Risk Management, Inc.	May 1, 2005	\$500,000
Errors and omissions liability	Risk Management, Inc.	May 1, 2005	\$500,000
Workers' compensation	Louisiana Workers' Compensation Company	May 1, 2005	Statutory
Position fidelity schedule bond	Fidelity and Deposit Company of Maryland	October 1, 2004	\$50,000
Employment practices liability	Risk Management, Inc.	May 1, 2005	\$500,000
Commercial property	Travelers	May 1, 2005	Various limits

PUBLIC UTILITY SYSTEM OPERATIONS

JUNE 30, 2004

(Without Audit)

Statistics on System Operations

- (a) As of June 30, 2004 the number of metered customers was 1,281 and 1,206 for the water and sewer systems, respectively. There were no unmetered customers for either the water or sewer systems at June 30, 2004.
- (b) The following rate schedules were in effect during the fiscal year ended June 30, 2004 for water and sewer services:

1. Water:

Residential and small commercial customers

First 2,000 gallons or less	\$ 5.00 / 1,000 gallons
2,001 to 10,000 gallons	2.63
10,001 or more	2.25

Large commercial and Industrial customers

Flat rate	\$ 2.87/1,000 gallons
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Recreational District:

First 50,000 or less	\$ 20.00/1,000 gallons
Next 150,000 gallons	1.73
Next 200,000 gallons	1.45
Over 400,000 gallons	1.15

PUBLIC UTILITY SYSTEM OPERATIONS

JUNE 30, 2004
(Without Audit)

Statistics on System Operations (continued)

2. Sewer	<u>Rate per gallons of sewerage flow</u>
Residential customers and small commercial customers	\$9.25/month + \$0.42 / 1,000 gallons
Large commercial customers	\$32.00/month + \$0.42 / 1,000 gallons
Industrial customers	Monthly base rates ranging from \$50 to \$750 (based on sewerage flow and the biochemical oxygen demand of the waste) plus \$0.21/1,000 gallons of sewerage flow plus \$0.035/pound of waste

(c) Average monthly billing per residential customer during the year ended June 30, 2004:

- 1. Water \$ 19.33
- 2. Sewer \$ 11.92



TOWN OF GRAMERCY, LOUISIANA
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
YEAR ENDED JUNE 30, 2004
(Without Audit)

	Salaries during the year ended 06/30/04
Herman Bourgeois- Mayor (5/04-6/04)	\$ 2,500
Terry Borne- Mayor (10/03-4/04)	5,250
Eugene Louque - Mayor (7/03- 9/03)	7,500
John Doucet	4,200
Betty Cooper Coleman	4,200
Alvin St. Pierre, Jr.	4,200
Rubenstein Clark	4,200
Mary Katherine Bocz	4,200
David Dufrense - chief of police	19,800
	\$ 56,050

