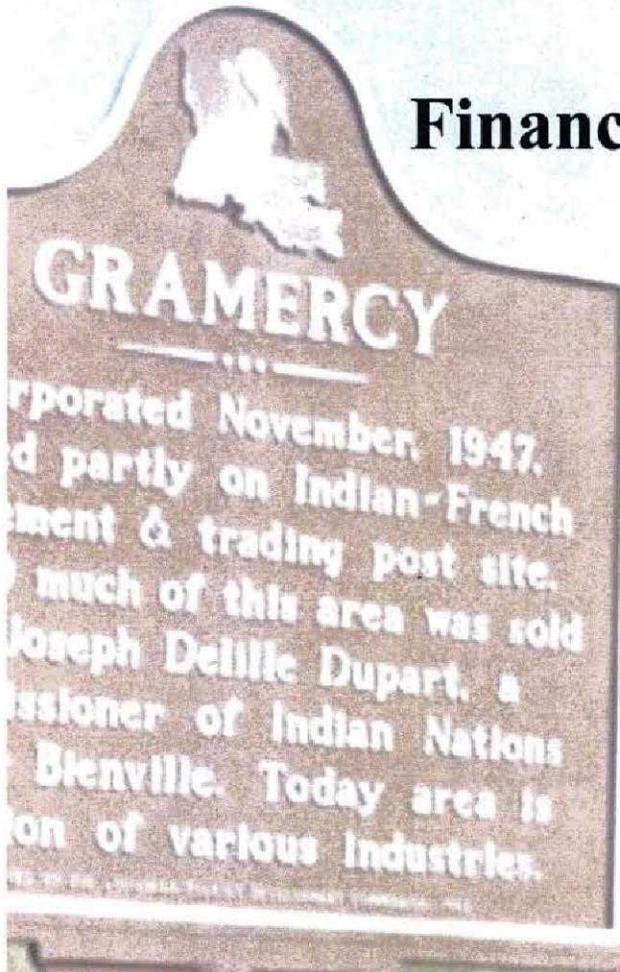


Town of Gramercy

June 30, 2019

Financial Statements



Town of Gramercy

2019 Financial Statements

TOWN OF GRAMERCY, LOUISIANA

FINANCIAL REPORT

JUNE 30, 2019

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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, and each major fund of the Town of Gramercy, Louisiana, (the Town) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 from 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 auditors' 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 entity'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 entity'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, schedule of changes in total post-employment liability and related ratios on page 46, schedule of the Town's proportionate share of the net pension liability on page 47, the schedule of the Town's contributions on page 48, the notes to the required supplementary information on page 49 and the budgetary comparison schedules on pages 50 through 51 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 responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The budgetary comparison schedules of other revenue and expenditures – general fund, the schedule of principal officials and salaries, the schedule of compensation, benefits, and other payments to agency head, and the insurance-in-force schedule (unaudited) and public utility operations schedule (unaudited) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules of other revenue and expenditures on pages 52 through 54, schedule of principal officials and salaries on page 55, and the schedule of compensation, benefits, and other payments to agency head on page 56 are the responsibility of management and were derived from and relate 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 budgetary comparison schedules of other revenue and expenditures – general fund, the schedule of principal officials and salaries and the schedule of compensation, benefits and other payments to agency head are fairly stated in all material respects in relation to the basic financial statements as a whole.

The insurance-in-force schedule (unaudited) and public utility system operations schedule (unaudited) on pages 63 through 65 have 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 December 23, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Donaldsonville, Louisiana
December 23, 2019

TOWN OF GRAMERCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

This section of the Town of Gramercy's (The Town) annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the Town's financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$7,086,518 (net position). Of this amount, 927,485 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- During the year, the Town's governmental activities expenses and transfers were \$214,946 more than the approximately \$2.6 million generated in charges for services, taxes, other revenue, and transfers. In the Town's business-type activities, expenses were \$92,573 more than the approximately \$1.3 million generated in revenues and transfers.
- The general fund reported approximately \$4.18 million fund balance at year end.
- On March 24, 2018, the Town authorized an additional ½ percent sales tax to be levied on sales within the Town's limits. The tax was made effective July 1, 2018. This resulted in an increase of approximately \$313,000 in sales tax revenues as compared to the prior year end.

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 includes schedules of detailed budgetary amounts and compensation/salary schedules for principal officials and agency head. 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's government, reporting the Town's operations in more detail than the government-wide statements.
 - The governmental fund 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
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

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	The activities of the Town that are not proprietary, 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 position • 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 position • Statement of revenues, expenses, and changes in net position • 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 the 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 are due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

TOWN OF GRAMERCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

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 position 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 position and how they have changed. Net position - the difference between the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources - is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net position 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 non-financial 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, 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.

The Town has two kinds of funds:

- Governmental funds - Most of the Town's basic services are included in its governmental fund, which focuses 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 fund 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-term 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.

TOWN OF GRAMERCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net position. The Town's combined net position decreased between fiscal years 2018 and 2019 to approximately \$7.1 million. (See Table A-1.)

Table A-1
Town's Net Position

	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Current and other assets	\$ 4,412,242	\$ 4,368,926	\$ 403,556	\$ 375,402
Capital assets	1,125,652	1,164,543	6,120,978	6,261,703
Restricted assets	-	-	270,168	267,617
Total assets	5,537,894	5,533,469	6,794,702	6,904,722
Deferred outflows of resources	549,124	470,204	300,891	298,912
Total assets and deferred outflows of resources	6,087,018	6,003,673	7,095,593	7,203,634
Current liabilities	119,720	132,230	276,456	254,151
Long term liabilities	3,147,471	2,866,947	2,365,954	2,405,571
Total liabilities	3,267,191	2,999,177	2,642,410	2,659,722
Deferred inflows of resources	139,964	109,687	46,528	44,684
Total liabilities and deferred inflows of resources	3,407,155	3,108,864	2,688,938	2,704,406
Net position				
Invested in capital assets, net of related debt	1,125,652	1,164,543	4,853,537	5,169,067
Restricted for debt retirement	-	-	179,844	-
Unrestricted (deficit)	1,554,211	1,730,266	(626,726)	(669,839)
Total net position	\$ 2,679,863	\$ 2,894,809	\$ 4,406,655	\$ 4,499,228

Net position of the Town's governmental activities decreased approximately 7.4 percent to approximately \$2.7 million. Net position of the Town's business-type activities decreased approximately 2.1 percent to \$4.4 million. Long term liabilities of the Town's governmental activities increased approximately 9.8 percent to approximately \$3.1 million. The increase is mainly the result of an increase in the Town's total OPEB liability.

Changes in net position. The Town's total revenues increased by approximately \$342,000 to approximately \$3.6 million. Approximately 37.5 percent of the Town's revenue comes from charges for services, and 33.2 percent comes from tax collections.

TOWN OF GRAMERCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

The Town's total expenses increased by approximately \$233,000 or 6.4 percent to approximately \$3.89 million. Approximately 64 percent of the Town's expenses come from governmental activities and 36 percent come from its business-type activities. (See Table A-2)

Governmental Activities

Revenues for the Town's governmental activities increased by approximately \$323,000 or 15.8 percent, while total expenses increased approximately \$189,000 or 8.2 percent. There was an increase of approximately \$313,000 in sales tax revenue as a result of the March 24, 2018 vote which authorized an additional ½ percent sales tax to be charged within the limits of the Town. The additional tax became effective July 1, 2018.

Table A-2
Changes in Town's Net Position

	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Revenues				
Program revenues				
Charges for services	\$ 301,078	\$ 288,898	\$ 1,047,658	\$ 1,064,149
Capital grants and contributions	35,000	12,538	40,223	-
General revenues				
Taxes	1,063,246	790,600	126,019	130,305
Licenses and permits	184,577	227,302	-	-
Fines and forfeitures	42,589	45,484	-	-
Intergovernmental	356,561	364,982	-	-
Miscellaneous	331,685	285,903	-	-
Interest	58,699	34,723	99	72
Total revenues	2,373,435	2,050,430	1,213,999	1,194,526
Expenses				
General government	708,882	717,094	-	-
Public safety	764,099	645,993	-	-
Streets	785,474	707,459	-	-
Fire	780	1,046	-	-
Sanitation	241,304	239,973	-	-
Business-type expenses	-	-	1,394,414	1,350,794
Total expenses	2,500,539	2,311,565	1,394,414	1,350,794
Other financing sources (uses)				
Transfers in	233,918	308,915	117,904	342,896
Transfers out	(321,760)	(342,896)	(30,062)	(308,915)
Total other financing sources (uses)	(87,842)	(33,981)	87,842	33,981
Decrease in net position	(214,946)	(295,116)	(92,573)	(122,287)
Beginning net position	2,894,809	3,189,925	4,499,228	4,621,515
Ending net position	\$ 2,679,863	\$ 2,894,809	\$ 4,406,655	\$ 4,499,228

Business-Type Activities

Revenues for the Town's business-type activities increased by 1.6 percent to approximately \$1.2 million while total expenses increased 3.2 percent to approximately \$1.4 million.

TOWN OF GRAMERCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its general fund reported fund balance of approximately \$4.2 million, a decrease of 1.9 percent from last year.

General Fund Budgetary Highlights

Over the course of the year, the Town Council did not amend the general fund budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of the 2019 fiscal year, the Town had invested approximately \$7.25 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 decrease (including additions and deductions) of approximately \$180,000 or 2.4 percent, over last year.

Table A-3
Town's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Land	\$ 92,520	\$ 87,520	\$ 76,825	\$ 76,825
Plant & Equipment	-	-	6,005,003	6,184,878
Other Improvements	837,805	837,955	-	-
Equipment	184,074	158,531	-	-
Construction in progress	11,253	80,537	39,150	-
Total	\$ 1,125,652	\$ 1,164,543	\$ 6,120,978	\$ 6,261,703

Net decrease in capital assets is a result of the current year depreciation expense exceeding the current year capital asset additions.

This year's major capital asset activity included:

Governmental Activities:

- Purchase of a 2018 Ford F-150 for the Police Department for approximately \$29,000.
- Purchase of six radios and charges for the Police Department for approximately \$25,000.
- Pump station pump kit purchased for the Streets and Park Department for approximately \$14,500.
- The Town completed the Town Hall Renovation during the year. The total addition was approximately \$80,500 transferred out of construction in progress.
- The Town began and completed the Montz Firehouse Renovations project for approximately \$42,000.
- Remaining in construction in progress at year end are the Rose Street Rehabilitation and Railroad Avenue Relocation.

Business-Type Activities:

- The Town began the rehabilitation of the Dudley Pump Station during the current year. The Town has incurred approximately \$39,000 as of June 30, 2019.

TOWN OF GRAMERCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Outstanding debt. At the end of the current fiscal year, the Town had bonded debt outstanding of approximately \$1,302,000 as compared to approximately \$1,392,000 in the prior year, a decrease of approximately \$90,000 or 6.5 percent. (See Table A-4) More information about the Town's long-term debt is presented in Note 6 to the financial statements.

Table A-4
Town's Outstanding Debt

	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Sewer Improvement Bonds	\$ -	\$ -	\$ 95,000	\$ 140,000
Water Improvement Bonds	-	-	1,172,441	1,220,253
Compensated absences	28,523	26,236	5,843	5,310
Total	\$ 28,523	\$ 26,236	\$ 1,273,284	\$ 1,365,563

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's major sources of revenue for the general fund are comprised from taxes, licenses and permits, and charges for services at 36%, 9%, and 15%, respectively. The economy is not expected to generate significant growth from the prior year. All expenditures are expected to be consistent with the current year's.

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 Steven T. Nosacka, Mayor, PO Drawer 340, Gramercy, LA 70052.

TOWN OF GRAMERCY
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,421,065	\$ 211,678	\$ 1,632,743
Investments	2,558,259	-	2,558,259
Other accounts receivable, net	154,175	170,188	324,363
Internal balances	(21,690)	21,690	-
Due from other governmental agencies	173,008	-	173,008
Prepaid insurance	127,425	-	127,425
Restricted assets - cash	-	270,168	270,168
Capital assets:			
Non-depreciable	103,773	115,975	219,748
Capital assets, net of depreciation	1,021,879	6,005,003	7,026,882
Total assets	<u>5,537,894</u>	<u>6,794,702</u>	<u>12,332,596</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amounts related to net pension liability	400,671	269,793	670,464
Deferred amounts related to total OPEB liability	148,453	31,098	179,551
Total deferred outflows of resources	<u>549,124</u>	<u>300,891</u>	<u>850,015</u>
<u>LIABILITIES</u>			
Accounts payable	62,276	42,039	104,315
Due to employees' retirement systems	27,010	-	27,010
Accrued interest payable	-	19,609	19,609
Accrued salaries payable and related benefits	1,911	-	1,911
Payable from restricted assets:			
Customer service meter deposits	-	97,965	97,965
Long-term liabilities:			
Due within one year (compensated absences and bonds)	28,523	116,843	145,366
Due after one year (compensate absences and bonds)	-	1,156,441	1,156,441
Total other post-employment benefits liability	1,828,147	382,965	2,211,112
Net pension liability	1,319,324	826,548	2,145,872
Total liabilities	<u>3,267,191</u>	<u>2,642,410</u>	<u>5,909,601</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to net pension liability	64,306	30,679	94,985
Deferred amounts related to total OPEB liability	75,658	15,849	91,507
Total deferred inflows of resources	<u>139,964</u>	<u>46,528</u>	<u>186,492</u>
<u>NET POSITION</u>			
Net investment in capital assets	1,125,652	4,853,537	5,979,189
Restricted for debt retirement	-	179,844	179,844
Unrestricted (deficit)	1,554,211	(626,726)	927,485
Total net position	<u>\$ 2,679,863</u>	<u>\$ 4,406,655</u>	<u>\$ 7,086,518</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF GRAMERCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Fees, Fines, and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Functions/Programs						
Governmental activities:						
General government	\$ 708,882	\$ -	\$ -	\$ (708,882)	\$ -	\$ (708,882)
Streets	785,474	-	35,000	(750,474)	-	(750,474)
Public safety	764,099	-	-	(764,099)	-	(764,099)
Sanitation	241,304	301,078	-	59,774	-	59,774
Fire department	780	-	-	(780)	-	(780)
Total governmental activities	<u>2,500,539</u>	<u>301,078</u>	<u>35,000</u>	<u>(2,164,461)</u>	<u>-</u>	<u>(2,164,461)</u>
Business-type activities:						
Public utility	1,030,519	645,004	40,223	-	(345,292)	(345,292)
Sewer	363,895	402,654	-	-	38,759	38,759
Total business-type activities	<u>1,394,414</u>	<u>1,047,658</u>	<u>40,223</u>	<u>-</u>	<u>(306,533)</u>	<u>(306,533)</u>
Total primary government	<u>\$3,894,953</u>	<u>\$ 1,348,736</u>	<u>\$ 75,223</u>	<u>(2,164,461)</u>	<u>(306,533)</u>	<u>(2,470,994)</u>
General Revenues:						
Taxes				1,063,246	126,019	1,189,265
Licenses and permits				184,577	-	184,577
Intergovernmental				356,561	-	356,561
Miscellaneous				331,685	-	331,685
Fines and forfeitures				42,589	-	42,589
Interest				58,699	99	58,798
Transfers (to) from other funds				(87,842)	87,842	-
Total general revenues and transfers				<u>1,949,515</u>	<u>213,960</u>	<u>2,163,475</u>
Change in net position				(214,946)	(92,573)	(307,519)
Net position - July 1, 2018				<u>2,894,809</u>	<u>4,499,228</u>	<u>7,394,037</u>
Net position - June 30, 2019				<u>\$ 2,679,863</u>	<u>\$ 4,406,655</u>	<u>\$7,086,518</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF GRAMERCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General Fund</u>	<u>Sales Tax Infrastructure</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,308,403	\$ 112,662	\$ 1,421,065
Investments	2,558,259	-	2,558,259
Other accounts receivable, net	154,175	-	154,175
Due from other governmental agencies	119,426	53,582	173,008
Prepaid insurance	127,425	-	127,425
Due from other funds	7,500	-	7,500
Total assets	<u>\$ 4,275,188</u>	<u>\$ 166,244</u>	<u>\$ 4,441,432</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 62,276	\$ -	\$ 62,276
Payroll taxes payable	1,911	-	1,911
Due to employees' retirement systems	27,010	-	27,010
Due to other funds	-	29,190	29,190
Total liabilities	<u>91,197</u>	<u>29,190</u>	<u>120,387</u>
<u>FUND BALANCES</u>			
Nonspendable	127,425	-	127,425
Restricted	-	137,054	137,054
Unassigned	4,056,566	-	4,056,566
Total fund balances	<u>4,183,991</u>	<u>137,054</u>	<u>4,321,045</u>
Total liabilities and fund balances	<u>\$ 4,275,188</u>	<u>\$ 166,244</u>	<u>\$ 4,441,432</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF GRAMERCY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total fund balances - governmental funds		\$ 4,321,045
Long-term assets at June 30, 2019:		
Deferred outflows - related to net pension liability	400,671	
Deferred outflows - related to total OPEB liability	148,453	549,124
Cost of capital assets at June 30, 2019	4,129,894	
Less: accumulated depreciation as of June 30, 2019	(3,004,242)	1,125,652
Long-term liabilities at June 30, 2019:		
Compensated absences	(28,523)	
Other post-employment benefits payable	(1,828,147)	
Net pension liability	(1,319,324)	
Deferred inflows - related to net pension liability	(64,306)	
Deferred inflows - related to total OPEB liability	(75,658)	(3,315,958)
 Total net position at June 30, 2019 - governmental activities		 \$ 2,679,863

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF GRAMERCY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Sales Tax Infrastructure	Total Governmental Funds
<u>REVENUES</u>			
Ad valorem taxes	\$ 114,172	\$ -	\$ 114,172
Sales taxes	635,889	313,185	949,074
Garbage fees	249,241	-	249,241
Dumpster fees	2,255	-	2,255
Mosquito control	49,582	-	49,582
Licenses and permits	184,577	-	184,577
Intergovernmental revenue:			
State funds:			
State grant	35,000	-	35,000
Beer	2,810	-	2,810
Video poker	353,751	-	353,751
Fines and forfeitures	42,589	-	42,589
Other revenue	369,687	-	369,687
Total revenues	<u>2,039,553</u>	<u>313,185</u>	<u>2,352,738</u>
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	665,768	-	665,768
Streets	594,228	-	594,228
Public safety	704,703	-	704,703
Sanitation	241,304	-	241,304
Fire department	780	-	780
Total expenditures	<u>2,206,783</u>	<u>-</u>	<u>2,206,783</u>
<u>(DEFICIENCY) EXCESS OF REVENUES</u>			
<u>(UNDER) OVER EXPENDITURES</u>	(167,230)	313,185	145,955
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	183,562	50,356	233,918
Transfers out	(95,273)	(226,487)	(321,760)
Total other financing sources (uses)	<u>88,289</u>	<u>(176,131)</u>	<u>(87,842)</u>
Change in fund balance	(78,941)	137,054	58,113
<u>FUND BALANCE</u>			
Beginning of year	4,262,932	-	4,262,932
End of year	<u>\$ 4,183,991</u>	<u>\$ 137,054</u>	<u>\$ 4,321,045</u>

The accompanying notes to the basic financial statement are an integral part of this statement.

TOWN OF GRAMERCY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - governmental funds	\$	58,113
Capital assets:		
Add: Capital outlay and other expenditures capitalized	154,621	
Less: Depreciation expense for year ended June 30, 2019	(187,450)	
Loss on disposal	<u>(6,062)</u>	(38,891)
Long-term liabilities:		
Excess of compensated absences earned over compensated absences used	(2,287)	
Net change in total OPEB liability and deferred inflows/outflows of resources	(174,974)	
Net change in net pension liability and deferred inflows/outflows of resources	<u>(56,907)</u>	<u>(234,168)</u>
Change in net position of governmental activities	\$	<u><u>(214,946)</u></u>

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Public Utility Revenue Fund	Sewer Operating Fund	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 128,745	\$ 82,933	\$ 211,678
Accounts receivable, net	103,967	66,221	170,188
Due from other funds	-	21,690	21,690
Restricted assets - cash	97,781	49,684	147,465
Total current assets	<u>330,493</u>	<u>220,528</u>	<u>551,021</u>
Noncurrent assets:			
Restricted assets - cash	97,834	24,869	122,703
Capital assets:			
Non-depreciable	76,825	39,150	115,975
Capital assets, net of depreciation	4,756,024	1,248,979	6,005,003
Total noncurrent assets	<u>4,930,683</u>	<u>1,312,998</u>	<u>6,243,681</u>
Total assets	<u>5,261,176</u>	<u>1,533,526</u>	<u>6,794,702</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amounts related to net pension liability	198,348	71,445	269,793
Deferred amounts related to total OPEB liability	31,098	-	31,098
Total deferred outflows of resources	<u>229,446</u>	<u>71,445</u>	<u>300,891</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	10,354	31,685	42,039
Other accrued liabilities	15,433	4,176	19,609
Payable from restricted assets:			
Customer service meter deposits	97,965	-	97,965
Debt and compensated absences due within one year	68,843	48,000	116,843
Total current liabilities	<u>192,595</u>	<u>83,861</u>	<u>276,456</u>
Noncurrent liabilities:			
Debt and compensated absences due after one year	1,109,441	47,000	1,156,441
Total other post-employment benefits liability	382,965	-	382,965
Net pension liability	611,566	214,982	826,548
Total noncurrent liabilities	<u>2,103,972</u>	<u>261,982</u>	<u>2,365,954</u>
Total liabilities	<u>2,296,567</u>	<u>345,843</u>	<u>2,642,410</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to net pension liability	22,895	7,784	30,679
Deferred amounts related to total OPEB liability	15,849	-	15,849
Total deferred inflows of resources	<u>38,744</u>	<u>7,784</u>	<u>46,528</u>
<u>NET POSITION</u>			
Net investment in capital assets	3,660,408	1,193,129	4,853,537
Restricted for debt retirement	105,291	74,553	179,844
Unrestricted (deficit)	(610,388)	(16,338)	(626,726)
Total net position	<u>\$ 3,155,311</u>	<u>\$ 1,251,344</u>	<u>\$ 4,406,655</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Public Utility Revenue Fund	Sewer Operating Fund	Total
OPERATING REVENUES			
Charges for services	\$ 641,057	\$ 398,729	\$ 1,039,786
Tap fees	1,625	3,925	5,550
Miscellaneous revenues	2,322	-	2,322
Total operating revenues	<u>645,004</u>	<u>402,654</u>	<u>1,047,658</u>
OPERATING EXPENSES			
Salaries	386,894	104,065	490,959
Office expenses	9,866	932	10,798
Miscellaneous expenses	1,050	6,080	7,130
Insurance	102,508	19,758	122,266
Supplies and maintenance	107,963	46,472	154,435
Vehicle expenses	2,001	2,138	4,139
Uniforms	12,222	3,246	15,468
Professional fees	12,750	12,750	25,500
Retirement	89,479	23,195	112,674
Electricity	30,616	45,135	75,751
Payroll taxes	6,268	1,277	7,545
Laboratory expenses	11,480	10,118	21,598
Chemicals	41,266	10,503	51,769
Depreciation	174,057	75,705	249,762
Total operating expenses	<u>988,420</u>	<u>361,374</u>	<u>1,349,794</u>
OPERATING INCOME (LOSS)	(343,416)	41,280	(302,136)
NONOPERATING REVENUE (EXPENSES)			
Ad valorem taxes	78,596	47,423	126,019
Interest revenues	55	44	99
Capital grant revenues	40,223	-	40,223
Interest expense	(42,099)	(2,521)	(44,620)
Total nonoperating revenue	<u>76,775</u>	<u>44,946</u>	<u>121,721</u>
Income (loss) before transfers	(266,641)	86,226	(180,415)
OTHER FINANCING SOURCES (USES)			
Transfers in	74,979	42,925	117,904
Transfers out	-	(30,062)	(30,062)
Total other financing sources	<u>74,979</u>	<u>12,863</u>	<u>87,842</u>
CHANGE IN NET POSITION	(191,662)	99,089	(92,573)
Total net position- beginning	<u>3,346,973</u>	<u>1,152,255</u>	<u>4,499,228</u>
Total net position- ending	<u>\$ 3,155,311</u>	<u>\$ 1,251,344</u>	<u>\$ 4,406,655</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Public Utility Revenue Fund	Sewer Operating Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from customers	\$ 643,180	\$ 389,416	\$ 1,032,596
Cash payments to suppliers for goods and services	(377,727)	(181,270)	(558,997)
Cash payments to employees for services	(386,361)	(104,065)	(490,426)
Net cash provided by (used in) operating activities	<u>(120,908)</u>	<u>104,081</u>	<u>(16,827)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING</u>			
<u>ACTIVITIES:</u>			
Transfers to other funds	-	(30,062)	(30,062)
Transfers from other funds	74,979	42,925	117,904
Net cash provided by noncapital financing	<u>74,979</u>	<u>12,863</u>	<u>87,842</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED</u>			
<u>FINANCING ACTIVITIES:</u>			
Acquisition of capital assets	(27,085)	(82,024)	(109,109)
Principal paid on debt	(60,000)	(45,000)	(105,000)
Bond proceeds	12,188	-	12,188
Subsidy from grants	40,223	-	40,223
Interest paid on indebtedness	(42,099)	(2,521)	(44,620)
Receipt of ad valorem taxes	78,596	47,423	126,019
Net cash provided by (used in) capital and related financing activities	<u>1,823</u>	<u>(82,122)</u>	<u>(80,299)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest earned on investments	55	44	99
Net cash provided by investing activities	<u>55</u>	<u>44</u>	<u>99</u>
Net increase (decrease) in cash and cash equivalents	(44,051)	34,866	(9,185)
Cash and cash equivalents - beginning of year	368,411	122,620	491,031
Cash and cash equivalents - end of year	<u>\$ 324,360</u>	<u>\$ 157,486</u>	<u>\$ 481,846</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Public Utility</u> <u>Revenue</u> <u>Fund</u>	<u>Sewer</u> <u>Operating</u> <u>Fund</u>	<u>Total</u>
<u>RECONCILIATION OF INCOME (LOSS) FROM</u>			
<u>OPERATIONS TO NET CASH PROVIDED</u>			
<u>BY (USED IN) OPERATING ACTIVITIES:</u>			
Operating Income (loss)	\$ (343,416)	\$ 41,280	\$ (302,136)
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:			
Depreciation	174,057	75,705	249,762
Pension	(7,808)	(2,024)	(9,832)
OPEB	67,027	-	67,027
Loss on disposal of assets	-	72	72
Net change in assets and liabilities:			
Accounts receivable	(4,962)	(13,238)	(18,200)
Due from other funds	-	(21,690)	(21,690)
Deferred outflows of resources	(7,527)	5,548	(1,979)
Accounts payable	(3,118)	15,342	12,224
Other accrued liabilities	-	2,410	2,410
Deferred inflows of resources	1,168	676	1,844
Compensated absences	533	-	533
Customer service meter deposits	3,138	-	3,138
Total adjustments	<u>222,508</u>	<u>62,801</u>	<u>285,309</u>
Net cash provided by (used in) operating activities	<u>\$ (120,908)</u>	<u>\$ 104,081</u>	<u>\$ (16,827)</u>
Cash Consists of :			
Current assets			
Cash	\$ 128,745	\$ 82,933	\$ 211,678
Restricted assets - cash	97,781	49,684	147,465
Noncurrent assets			
Restricted assets - cash	97,834	24,869	122,703
	<u>\$ 324,360</u>	<u>\$ 157,486</u>	<u>\$ 481,846</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

1. Summary of Significant Accounting Policies

The Town of Gramercy, Louisiana (Town) 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 Town's basic financial statements consist of the government-wide statements and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. The entity-wide financial statements follow the guidance included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. 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

Governmental Accounting Standards Board (GASB) Statement No. 61, Section 2100, *Defining 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. 61, 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. 61 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 position 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 non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation, Basis of Accounting (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. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange 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. Sales Tax Infrastructure Fund – The Sales Tax Infrastructure Fund accounts for the receipt and use of proceeds of the Town's ½ sales and use tax that was authorized on March 24, 2018. These taxes are dedicated for constructing, improving, extending and maintaining streets, drainage, sewer infrastructure and sewerage treatment works; police department equipment; and purchasing and acquiring the necessary equipment and land for any of the aforesaid public works, improvements and facilities.

The Town reports the following two major enterprise funds:

Public Utility Fund and Sewer Fund - These funds are 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.

Measurement Focus, Basis of Accounting

Government-wide, and Proprietary Fund Financial Statements. The government-wide and proprietary 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. Non-exchange transactions, in which the Town 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.

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting (continued)

Governmental Fund Financial Statements. The governmental fund is 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 fund 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 the governmental fund. 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 Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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.

Pension Plans

The Town is a participating employer in two cost-sharing, multiple-employer defined benefit pension plans as described in Note 11. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

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.

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

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, special revenue, 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 included in the financial statements include the original adopted budget for general fund, and the original adopted budget and final amended budget for sale tax infrastructure fund.

Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments include demand deposit accounts, interest-bearing demand accounts, certificates of deposit, and investments in the Louisiana Asset Management Pool (LAMP) with a maturity date within three months of the date of acquisition. Under Louisiana Revised Statutes 39:1271 and 33:2955, the Town may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc., a nonprofit corporation formed by an initiative of the State Treasury and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Under State Law, the Town may invest in certificates of deposits. These are classified as cash equivalents if the original maturities are 90 days or less; however, if their original maturity exceed 90 days, these are classified as investments. Investments are stated at cost and approximate fair value. The Town has purchased one certificate of deposit, and it has an original maturity of 18 months.

Restricted Assets

Certain customer meter deposits, debt service sinking funds, and ad valorem tax collections are legally restricted as to purpose. These assets have been classified as restricted assets on the Statement of Net Position since the use of these funds is limited by applicable deposit agreements, bond covenants, and tax millages.

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. 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.

Accounts Receivable

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

Accumulated Leave

Employees earn vacation leave on January 1st of each year at various rates depending upon the length of their employment. Employees must use their vacation leave in the year earned. The liability for compensated absences reported in the governmental-wide statements consists of unpaid, accumulated annual leave balances at June 30, 2019.

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Long-Term Liabilities

In the government-wide Statement of Net Position and in the proprietary fund types' financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond issuance costs, excluding any prepaid bond insurance, are reported as expense in the year of debt issuance. Bonded debt premiums, discounts, and gains (losses) on refundings are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable is reported net of the applicable bond premium or discount. Gains (losses) on refundings are reported as deferred outflows/inflows of resources.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and bond issuance costs during the current financial reporting period. The face amount of the debt issue is reported as "other financing sources." Premiums received on debt issuances are reported as "other financing sources" and discounts on debt are reported as "other financing uses."

Excess revenue contracts, loans, and notes are obligations of the general government and payment of these debts are normally provided by transfers from the General Fund to a debt service fund. However, if a debt is intended to be repaid by an enterprise fund it is recorded as a proprietary long-term debt.

Ad valorem tax revenue bonds are secured by ad valorem tax revenues. For those issues not associated with enterprise fund operations, payment of the debt is provided by ad valorem tax revenue recognized in the appropriate debt service fund. Ad valorem tax revenue bond issues associated with enterprise funds are accounted for in the relevant enterprise fund.

Interfund Balances / Transfers

During the course of normal operations, the Town has transaction between funds, including expenditures and transfers of resources to provide services, purchase assets and service debt. 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.

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 represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The primary government's deferred outflows of resources on the statement of net position are a result of deferrals concerning pensions and other post-employment benefits.

Note 11 presents detailed information concerning the amounts related to pensions, reported in the deferred inflows and deferred outflows sections of the statement of net position. Note 13 presents detailed information concerning the amounts related to other post-employment benefits, reported in the deferred inflows and deferred outflows sections of the statement of net position.

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.

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. The Town carries commercial insurance for all risks of loss.

Equity Classifications

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use for a particular project or service, it is the Town’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements: In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balance of the governmental fund is classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Board of Aldermen, which is the highest level of decision-making authority.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes by the Board of Aldermen.
- e. Unassigned – all other spendable amounts.

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Equity Classifications (continued)

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the Town reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, or unassigned amounts are available, the Town reduces committed amounts first, followed by assigned amounts, and finally unassigned amounts, as needed, unless the Town has provided otherwise in its committed or assignment actions.

Arbitrage Liability

Section 148 of the Internal Revenue Code of 1986, as amended, requires that issuers of tax exempt debt make arbitrage calculations annually on bond issues issued after August 31, 1986, to determine whether an arbitrage rebate liability exists between the issuer and the U.S. Department of Treasury. Arbitrage is the difference (or profit) earned from borrowing funds at tax exempt rates and investing the proceeds in higher yielding taxable securities. There are no arbitrage rebate liabilities outstanding to the U.S. Department of Treasury for Town issues at June 30, 2019.

Current Year Adoption of New Accounting Standards

In March 2018, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 88 (GASB 88), *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The statement clarifies the definition of debt for disclosure purposes and expands the required debt disclosures to provide more detail about governmental obligations. GASB 88 defines debt for purposes of disclosures as a liability that arises from a contractual obligation to pay cash (or another financial asset) in one or more payments to settle an amount that is fixed at the date when the contractual obligation is established. GASB 88 requires that direct borrowings and placements be disclosed separately from other types of debt and also provides additional guidance for disclosures related to debt. The provisions of GASB 88 are effective for financial statements for periods beginning after June 15, 2018. Additional disclosures are included in Note 6.

In November 2016, the GASB issued GASB 83, *Certain Asset Retirement Obligations (ARO)*. This standard establishes criteria for determining the timing and pattern of recognition of an ARO liability and a corresponding deferred outflow of resources. An ARO is a legally enforceable liability associated with the sale, recycling, retirement, abandonment or disposal in some other manner of a tangible capital asset permanently removed from service. Additional disclosures are included in Note 17.

2. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

At June 30, 2019, the carrying amounts of the Town's cash and cash equivalents were as follows:

Cash and cash equivalents	\$ 1,632,743
Restricted cash	270,168
	<u>\$ 1,902,911</u>

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.

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

2. **Cash, Cash Equivalents and Investments** (continued)

Cash and Cash Equivalents (continued)

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance of the pledge of securities owned by the fiscal agent financial institution. At year-end, the Town's bank balance was \$1,981,327, including a certificate of deposit. Of this amount, \$618,068 was covered by federal depository insurance, and \$1,363,259 was collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

Securities that may be pledged as collateral consist of obligations of the U.S. Government and its agencies, obligations of the State of Louisiana and its municipalities and school districts.

Investments

At June 30, 2019, the Town also had invested \$2,518,259 in an external investment pool, Louisiana Asset Management Pool. 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 governmental investment pool that reports at fair value. The investments are measured at the net asset value. The following facts are relevant for investment pools:

Credit risk: LAMP is rated AAAM 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 public disclosure is required.

Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.

Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM of LAMP's total investments is 33 days (from LAMP's monthly Statement of Net Assets) as of June 30, 2019.

Foreign currency risk: Not applicable.

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

2. Cash, Cash Equivalents and Investments (continued)

Investments (continued)

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pools 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.

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP. LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 650 Poydras St., Suite 2220, New Orleans, LA 70130.

At June 30, 2019, the Town had the following and investments:

LAMP	\$ 2,518,259
Investment in certificate of deposit	40,000
	<u>\$ 2,558,259</u>

3. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2019, are as follows:

<u>Governmental activities:</u>	<u>Land</u>	<u>Buildings</u>	<u>Other Improvements</u>	<u>Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
Cost of capital assets						
June 30, 2018	\$ 87,520	\$ 285,736	\$ 2,576,797	\$ 972,472	\$ 80,537	\$ 4,003,062
Additions	5,000	-	7,500	89,079	53,042	154,621
Disposals	-	-	(6,433)	(21,356)	-	(27,789)
Transfers	-	-	122,326	-	(122,326)	-
Cost of capital assets						
June 30, 2019	<u>92,520</u>	<u>285,736</u>	<u>2,700,190</u>	<u>1,040,195</u>	<u>11,253</u>	<u>4,129,894</u>
Accumulated depreciation						
June 30, 2018	-	285,736	1,738,842	813,941	-	2,838,519
Additions	-	-	128,301	59,149	-	187,450
Disposals	-	-	(4,758)	(16,969)	-	(21,727)
Accumulated depreciation						
June 30, 2019	<u>-</u>	<u>285,736</u>	<u>1,862,385</u>	<u>856,121</u>	<u>-</u>	<u>3,004,242</u>
Capital assets, net of accumulated depreciation at June 30, 2019	<u>\$ 92,520</u>	<u>\$ -</u>	<u>\$ 837,805</u>	<u>\$ 184,074</u>	<u>\$ 11,253</u>	<u>\$ 1,125,652</u>

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

3. Capital Assets (continued)

Capital assets above that are not being depreciated include land in the amount of \$92,520 and Construction in Progress in the amount of \$11,253.

Depreciation expense of \$187,450 for the year ended June 30, 2019 was charged to the following governmental functions:

General Government	\$	24,439
Streets		128,209
Public Safety		34,802
	\$	<u>187,450</u>

Business-Type activities:

	<u>Land</u>	<u>Plant & Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
Cost of capital assets				
June 30, 2018	\$ 76,825	\$ 12,653,662	\$ -	\$ 12,730,487
Additions	-	69,959	55,292	125,251
Disposals	-	(7,711)	(16,142)	(23,853)
Cost of capital assets				
June 30, 2019	<u>76,825</u>	<u>12,715,910</u>	<u>39,150</u>	<u>12,831,885</u>
Accumulated depreciation				
June 30, 2018	-	6,468,784	-	6,468,784
Additions	-	249,762	-	249,762
Disposals	-	(7,639)	-	(7,639)
Accumulated depreciation				
June 30, 2019	<u>-</u>	<u>6,710,907</u>	<u>-</u>	<u>6,710,907</u>
Capital assets, net of accumulated depreciation at June 30, 2019	<u>\$ 76,825</u>	<u>\$ 6,005,003</u>	<u>\$ 39,150</u>	<u>\$ 6,120,978</u>

Capital assets above that are not being depreciated include land in the amount of \$76,825 and Construction in Progress in the amount of \$39,150.

For the year ended June 30, 2019, depreciation expense was \$ 249,762 and was charged to the following functions:

Public Utility	\$	174,057
Sewer		75,705
	\$	<u>249,762</u>

Construction Commitment

The town has one active construction contract at June 30, 2019 totaling \$290,900.

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

4. Receivables

Receivables as of June 30, 2019 for the Town's governmental and business type funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Taxes receivable			
Property	\$ 4,643	\$ 3,040	\$ 7,683
Franchise	35,686	-	35,686
Total taxes receivable	<u>40,329</u>	<u>3,040</u>	<u>43,369</u>
Accounts receivable			
Charges for services	49,883	171,857	221,740
Less: allowance for uncollectible accounts	<u>(20,026)</u>	<u>(4,709)</u>	<u>(24,735)</u>
Accounts receivable, net	29,857	167,148	197,005
Other receivables	83,989	-	83,989
Total receivables	<u>\$ 154,175</u>	<u>\$ 170,188</u>	<u>\$ 324,363</u>

5. Due from Other Governmental Agencies

Amounts due from other governmental units at June 30, 2019 consist of the following:

	<u>Governmental Activities</u>
St. James Parish School Board	\$ 158,264
St. James Parish Council	3,333
Louisiana Department of Safety and Corrections	11,411
	<u>\$ 173,008</u>

6. Long-Term Liabilities

The following is a summary of the changes in long-term obligations for during the year ended June 30, 2019:

	<u>Balance 6/30/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/19</u>	<u>Due within one year</u>
<u>Governmental Activities:</u>					
Other debt:					
Compensated absences	\$ 26,236	\$ 2,287	\$ -	\$ 28,523	\$ 28,523
<u>Business-Type Activities:</u>					
Direct borrowing and placement of debt:					
2013 Sewer Improvement bonds-general obligation refunding bonds	140,000	-	45,000	95,000	48,000
2013 Water Improvement bonds- general obligation bonds	916,000	-	48,000	868,000	49,000
2016 Water Improvement bonds general obligation bonds	304,253	12,188	12,000	304,441	14,000
Other debt:					
Compensated absences	5,310	533	-	5,843	5,843
Total business-type activities	<u>1,365,563</u>	<u>12,721</u>	<u>105,000</u>	<u>1,273,284</u>	<u>116,843</u>
	<u>\$1,391,799</u>	<u>\$ 15,008</u>	<u>\$ 105,000</u>	<u>\$1,301,807</u>	<u>\$ 145,366</u>

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

6. Long-Term Liabilities (continued)

Direct borrowings, placements and other debt at June 30, 2019 are comprised of the following individual issues:

Governmental Activities:

Other debt:

Compensated absences	\$ 28,523
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Business-Type Activities:

Direct borrowing and placement:

\$358,000 General Obligation Refunding Bond Series 2013; issued on September 1, 2013; due in various semi-annual installments, including interest at 1.77%, through March 1, 2021. The outstanding note is secured by ad valorem taxes	95,000
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\$1,500,000 General Obligation Bond Series 2013; issued on March 1, 2014; due in various semi-annual installments, including interest at 2.95%, through March 1, 2033. The outstanding note is secured by ad valorem taxes.	868,000
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\$500,000 General Obligation Bond Series 2016; issued on March 1, 2017; due in various semi-annual installments, including interest at 2.95%, through March 1, 2036. The outstanding note is secured by ad valorem taxes.	304,441
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Other debt:

Compensated absences	5,843
	1,273,284
	\$ 1,301,807

Debt service requirements on long-term debt as of June 30, 2019 is as follows:

Bonds From Direct Borrowings and Placements

Year ending June 30,	Principal	Interest	Total
2020	\$ 111,000	\$ 36,465	\$ 147,465
2021	112,000	33,754	145,754
2022	67,000	31,005	98,005
2023	71,000	29,028	100,028
2024	72,000	26,934	98,934
2025-2029	400,000	101,332	501,332
2030-2034	394,000	38,057	432,057
2035-2037	40,441	2,095	42,536
	\$ 1,267,441	\$ 298,670	\$ 1,566,111

Compensated absences is not included in the table above.

As part of the various Bond agreements the Town has agreed to comply with certain covenants. The covenants consist, primarily, of reporting and auditing requirements, insurance coverage, restrictions on additional debt, maintenance of various deposit accounts, and other administrative requirements. The Town has classified restricted cash within its general ledger accounting system, and has maintained separate deposit accounts required by the covenants. These bonds are payable from ad valorem taxes.

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

7. Due to/from Funds

Due to/from other funds are the result of transfers between funds or collections made on behalf of one fund for another which are expected to be paid within one year. The due to/from other funds as of June 30, 2019 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Sales Tax Fund	\$ 7,500
Sewer Fund	Sales Tax Fund	21,690
		\$ 29,190

8. 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, 2019, taxes of 12.66 mills were levied on property with assessed valuations totaling \$18,926,288. 5.99 mills are levied for general purposes. Within the 5.99 mills are funds designated for the repayment of the \$500,000 water improvement bonds. Additional taxes of 2.51 mills for the \$358,000 sewer improvement bonds and 4.16 mills for the \$1.5 million water improvement bonds were levied on the same property for the purpose of accumulating enough funds to service the annual debt requirements as they become due. Levied mills expire at the expiration of each debt requirement.

Ad valorem taxes levied during the year ended June 30, 2019, totaled approximately \$240,000.

9. Transfers to/from Other Funds

Interfund transfers at June 30, 2019, were as follows:

	Transfers In	Transfers Out
General Fund	\$ 183,562	\$ 95,273
Sales Tax Infrastructure	50,356	226,487
Public Utility Revenue Fund	74,979	-
Sewer Operating Fund	42,925	30,062
	\$ 351,822	\$ 351,822

10. Expenditures – Actual and Budget

The following funds had actual expenditures over budgeted expenditures for the year ended June 30, 2019:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	2,063,950	2,302,056	(238,106)
Sales Tax Infrastructure	204,000	226,487	(22,487)

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

11. Pension and Retirement Plans

The Town is a participating employer in two cost-sharing defined benefit pension plans. These plans are administered by two public employee retirement systems, the Municipal Employees' Retirement System of Louisiana (MERS) and the Municipal Police Employees' Retirement System (MPERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees.

Each of the Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

MERS:
7937 Office Park Boulevard
Baton Rouge, Louisiana 70809
(225) 925-4810
www.mersla.com

MPERS:
7722 Office Park Boulevard, Suite 200
Baton Rouge, LA 70809
(225) 929-7411
www.lampers.org

Plan Descriptions:

Municipal Employees' Retirement System of Louisiana (MERS)

MERS is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to eligible state employees as defined in LRS 11:1732. The age and years of creditable service required in order for a member to receive retirement benefits are established by LRS 11:1801.

Municipal Police Employees' Retirement System (MPERS)

MPERS is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The plan provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211- 11:2233.

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

11. Pension and Retirement Plans (continued)

Funding Policy (continued)

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2019, for the Town and covered employees were as follows:

	<u>Town</u>	<u>Employees</u>
Municipal Employees' Retirement System Plan A		
Members hired prior to 01/01/2013	26.00%	9.50%
Members hired after 01/01/2013	26.00%	9.50%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 1/01/2013	32.25%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	32.25%	8.00%
Employees receiving compensation below poverty		
guidelines of US Department of Health	34.25%	7.50%

The contributions made to the retirement systems for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Municipal Employees' Retirement System			
Plan A	\$ 185,748	\$ 161,500	\$ 148,110
Municipal Police Employees' Retirement System	\$ 82,170	\$ 75,503	\$ 61,451

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The following schedule lists the Town's proportionate share of the net pension liability allocated by each of the pension plans for based on the June 30, 2018 measurement date. The Town uses this measurement to record its net pension liability and associated amounts as of June 30, 2019 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2018 along with the change compared to the June 30, 2017 rate. The Town's proportion of the net pension liability was based on the Town's contributions to the pension plan relative to all participating employers.

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

11. Pension and Retirement Plans (continued)

	Net Pension Liability at June 30, 2018	Rate at June 30, 2018	Increase (Decrease) on June 30, 2017 Rate
Municipal Employees' Retirement System Plan A	\$ 1,479,912	0.3574%	-0.0011%
Municipal Police Employees' Retirement System	665,960	0.0788%	0.0009%
	<u>\$ 2,145,872</u>		

The following schedule lists the pension plan's recognized pension expense of the Town for the year ended June 30, 2019:

Municipal Employees' Retirement System Plan B	\$ 249,096
Municipal Police Employees' Retirement System	133,974
	<u>\$ 383,070</u>

At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,002	\$ (86,649)
Changes of assumptions	88,070	-
Net difference between projected and actual earnings on pension plan investments	258,713	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	52,760	(8,336)
Employer contributions subsequent to the measurement date	267,919	-
Total	<u>\$ 670,464</u>	<u>\$ (94,985)</u>

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

11. Pension and Retirement Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' Retirement System Plan A	\$ 477,860	\$ (55,729)
Municipal Police Employees' Retirement System	192,604	(39,256)
	<u>\$ 670,464</u>	<u>\$ (94,985)</u>

The Town reported a total of \$267,919 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2019. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Municipal Employees' Retirement System Plan A	\$ 185,748
Municipal Police Employees' Retirement System	82,171
	<u>\$ 267,919</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	MERS	MPERS	Total
2019	\$ 142,351	\$ 58,965	\$ 201,316
2020	67,547	30,909	98,456
2021	20,003	(19,857)	146
2022	6,482	1,160	7,642
	<u>\$ 236,383</u>	<u>\$ 71,177</u>	<u>\$ 307,560</u>

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

11. Pension and Retirement Plans (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2018 are as follows:

Valuation Date	<u>MERS</u> June 30, 2018	<u>MPERS</u> June 30, 2018								
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal cost								
Actuarial Assumptions:										
Expected Remaining Service Lives	3 years	4 years								
Investment Rate of Return	7.275%	7.2% net of investment expenses								
Inflation Rate	2.600%	2.600%								
Mortality	For annuitant and beneficiary, mortality tables used were RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA. For employees, the RP-2000 Disabled Lives Mortality Table set back 2 years for both males and females. For disable Annuitants, RP-2000 Disable Lives Mortality Table set back 5 years for males and set back 3 years for females.	For annuitant and beneficiary, mortality tables used were RP-2000 Combined Healthy with Blue Collar Adjustment Sex-Distinct Tables set back 1 year for females projected to 2029 using scale AA. For employees, the RP-2000 Employee Table set back 4 years for males and 3 years for females. For disable Annuitants, RP-2000 Disable Lives Mortality Table set back 5 years for males and set back 3 years for females.								
Salary Increases	5.0%	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Years of Service</u></th> <th style="text-align: center;"><u>Salary Growth Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1-2</td> <td style="text-align: center;">9.75%</td> </tr> <tr> <td style="text-align: center;">3-23</td> <td style="text-align: center;">4.75%</td> </tr> <tr> <td style="text-align: center;">Over 23</td> <td style="text-align: center;">4.25%</td> </tr> </tbody> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	9.75%	3-23	4.75%	Over 23	4.25%
<u>Years of Service</u>	<u>Salary Growth Rate</u>									
1-2	9.75%									
3-23	4.75%									
Over 23	4.25%									

**TOWN OF GRAMERCY
GRAMERCY, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

11. Pension and Retirement Plans (continued)

Actuarial Assumptions (continued)

	MERS	MPERS
Cost of Living Adjustments	<p>The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.</p>	<p>The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.</p> <p>No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.</p> <p>Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.</p>

The following schedule list the methods used by each of the retirement systems in determining the long term rate of return on pension plan investments:

MERS	MPERS
<p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.70% and an adjustment for the effect of rebalancing /diversification. The resulting expected long-term rates of return is 7.00% for the year ended June 30, 2018.</p>	<p>The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.75 % and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long term rate of return is 8.03% for the year ended June 30, 2018.</p>

**TOWN OF GRAMERCY
GRAMERCY, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

11. Pension and Retirement Plans (continued)

Actuarial Assumptions (continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2018:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Public equity	50.0%	-	2.20%	-
Equity	-	52.0%	-	3.58%
Public fixed income	35.0%	-	1.50%	-
Fixed Income	-	22.0%	-	0.46%
Alternatives	15.0%	20.0%	0.60%	1.07%
Other	-	6.0%	-	0.17%
Total	100.0%	100.0%	4.30%	5.28%
Inflation			2.70%	2.75%
Expected Arithmetic Nominal Return			7.00%	8.03%

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS and MPERS was 7.28%, and 7.20%, respectively, for the year ended June 30, 2018.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Town's proportionate share of the net pension liability (NPL) using the discount rate of each retirement system as well as what the Town's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	1.0% Decrease	Current Discount Rate	1.0% Increase
MERS			
Rates	6.28%	7.28%	8.28%
Town of Gramercy's Share of NPL	\$ 1,901,081	\$ 1,479,912	\$ 1,120,428
MPERS			
Rates	6.20%	7.20%	8.20%
Town of Gramercy's Share of NPL	\$ 935,858	\$ 665,960	\$ 439,526

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

11. Pension and Retirement Plans (continued)

Payables to the Pension Plan

The Town recorded accrued liabilities to each of the retirement systems for the year ended June 30, 2019 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. The balance due to each for the retirement systems at June 30, 2019 is as follows:

	<u>June 30, 2019</u>
MERS	\$ 19,615
MPERS	7,395
	<u>\$ 27,010</u>

12. Restricted Assets

Under the terms of the bond indentures for the water revenue bonds and the sewer improvement refunding 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 totaling \$179,844.

As of June 30, 2019, the Town was in compliance with all related debt covenants.

At June 30, 2019, the Town has \$90,324 of cash restricted for the refunding of customer meter deposits.

13. Post-employment Health Care and Life Insurance Benefits

General Information about the OPEB Plan

Plan description – The Town provides certain continuing health care and life insurance benefits for its retired employees. The Town of Gramercy’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Town. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Town. No assets are accumulated in a trust that meets the criteria in GASB Codification Section P52 *Post-employment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided – Medical benefits are provided through a fully insured medical plan and are made available to employees upon actual retirement. The employees are covered by one of two retirement systems: first, the Municipal Employees’ Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; and second, the Municipal Police Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service.

Employees covered by benefit terms – At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>22</u>
	<u>23</u>

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

13. Post-employment Health Care and Life Insurance Benefits (continued)

The Town's total OPEB liability of \$2,211,112 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%, including inflation
Prior Discount rate	3.87%
Discount rate	3.50% annually
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2019, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2019.

Changes in the Total OPEB Liability

Balance at June 30, 2018	\$ 1,824,122
Changes for the year:	
Service cost	134,672
Interest	73,199
Differences between expected and actual experience	39,768
Changes in assumptions	143,599
Benefit payments and net transfers	(4,248)
Net changes	386,990
Balance at June 30, 2019	\$ 2,211,112

The amount due within one year for the total OPEB liability is estimated to be \$4,000.

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

13. **Post-employment Health Care and Life Insurance Benefits** (continued)

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1.0% Decrease (2.50%)	Current Discount Rate (3.50%)	1.0% Increase (4.50%)
Total OPEB liability	\$ 2,728,195	\$ 2,211,112	\$ 1,811,922

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.50%) or 1-percentage-point higher (6.50%) than the current healthcare trend rates:

	1.0% Decrease (4.50%)	Current Discount Rate (5.50%)	1.0% Increase (6.50%)
Total OPEB liability	\$ 1,763,296	\$ 2,211,112	\$ 2,805,283

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the Town recognized OPEB expense of \$215,875. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,919	\$ -
Change in assumptions	131,632	(91,507)
Total	\$ 179,551	\$ (91,507)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to total OPEB liability will be recognized in OPEB expense as follows:

Years ending June 30:	
2020	\$ 8,005
2021	8,005
2022	8,005
2023	8,005
2024	8,005
Thereafter	48,019
	\$ 88,044

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

14. Tax Abatement

The local government is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, the local government has the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program ("EZ Program"). For the year ending June 30, 2019, the Town did not participate in any Tax Exemption Programs.

15. Litigation and Claims

The Town of Gramercy is defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the resolution of these matters is not expected to have a material adverse effect on the financial condition of the Town.

16. Subsequent Events

The Town awarded a contract in the amount of \$98,000 for the interior cleaning and coating of the West Ground Storage Tank. Management has evaluated subsequent events through December 23, 2019.

17. Asset Retirement Obligation

The Town has incurred an asset retirement obligation (ARO) in relation to its sewer oxidation pond. Due to uncertainty relating to the ponds estimated remaining life the ARO is not reasonably estimable, and therefore not recognized, as of the year ended June 30, 2019.

18. Current Accounting Standards Scheduled to be Implemented

Following is a summary of accounting standards announced by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the Town's financial report:

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after December 15, 2019. The Town will include the requirements of this standard, as applicable, in its June 30, 2021 financial statement. All of the Town's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the Town are unknown at this time.

REQUIRED SUPPLEMENTARY

INFORMATION

TOWN OF GRAMERCY, LOUISIANA
SCHEDULE OF CHANGES IN TOTAL POST-EMPLOYMENT LIABILITY
AND RELATED RATIOS
YEAR ENDED JUNE 30, 2019

Financial statement reporting date	6/30/2019	6/30/2018
Measurement date	6/30/2019	6/30/2018
Service Cost	\$ 134,672	\$ 138,335
Interest	73,199	71,695
Difference between actual and expected experience	39,768	13,550
Changes of assumptions or other inputs	143,599	(108,145)
Benefit payments	(4,248)	(5,570)
Net change in total OPEB liability	386,990	109,865
Total OPEB liability - beginning	1,824,122	1,714,257
Total OPEB liability - ending	\$ 2,211,112	\$ 1,824,122
Covered payroll	\$ 997,110	\$ 968,068
Total OPEB liability as a percentage of covered payroll	221.75%	188.43%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule:

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75 for this OPEB Plan

Benefit Changes:

There were no changes of benefit terms for the year ended June 30, 2019 and for the year ended June 30, 2018.

Changes of Assumptions:

The changes in assumptions balance was a result of changes in the discount rate. The discount rates used for in each measurement of total OPEB liability.

Measurement Date	Discount Rate
6/30/2019	3.50%
6/30/2018	3.87%
6/30/2017	3.52%

See the accompanying notes to the required supplementary information.

TOWN OF GRAMERCY, LOUISIANA

**SCHEDULE OF THE TOWN OF GRAMERCY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019 (*)**

	Employer's Proportion of the Net Pension Liability (Assets)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>MERS (Plan A)</u>					
2018	0.3574%	\$ 1,479,912	\$ 652,526	226.7972%	63.94%
2017	0.3585%	1,499,694	651,032	230.3564%	63.49%
2016	0.3387%	1,388,053	566,456	245.0416%	62.11%
2015	0.3371%	1,204,149	575,339	209.2938%	66.18%
2014	0.3715%	953,468	555,569	171.6201%	73.99%
<u>MPERS</u>					
2018	0.0788%	\$ 665,960	\$ 232,472	286.4689%	71.90%
2017	0.0797%	695,448	237,804	292.4459%	70.08%
2016	0.0744%	697,000	208,309	334.5991%	66.04%
2015	0.0680%	532,873	181,960	292.8517%	70.73%
2014	0.0605%	378,380	128,238	295.0607%	75.10%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(*) The amounts presented have a measurement date of June 30 for the year listed.

The two Retirement Systems reported in this schedule are as follows:

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

See the accompanying notes to the required supplementary information.

TOWN OF GRAMERCY, LOUISIANA

**SCHEDULE OF THE TOWN OF GRAMERCY'S CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019**

	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contribution ²	Contribution Deficiency (Excess)	Covered Payroll ³	Contribution as a % of Covered Payroll
<u>MERS (Plan A)</u>					
2019	\$ 185,748	\$ 185,748	\$ -	\$ 714,416	26.00%
2018	161,500	161,500	-	652,526	24.75%
2017	148,110	148,110	-	651,032	22.75%
2016	111,875	111,875	-	566,456	19.75%
2015	113,629	113,629	-	575,339	19.75%
<u>MPERS</u>					
2019	\$ 82,170	\$ 82,170	\$ -	\$ 254,786	32.25%
2018	71,485	71,485	-	232,472	30.75%
2017	75,503	75,503	-	237,804	31.75%
2016	61,451	61,451	-	208,309	29.50%
2015	57,317	57,317	-	181,960	31.50%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

For reference only:

¹ *Employer contribution rate multiplied by covered payroll*

² *Actual employer contributions remitted to retirement systems*

³ *Covered payroll amount for the fiscal year ended June 30 of each year*

See the accompanying notes to the required supplementary information.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED, JUNE 30, 2019

CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO DEFINED PENSION

Changes in benefit terms:

There were no changes in benefit terms for the two pension plans listed for the years presented.

Changes in assumptions:

Municipal Employee's Retirement System (MERS)

Discount Rate:

Year End	Measurement Date	Rate	Change
6/30/2019	6/30/2018	7.275%	-0.125%
6/30/2018	6/30/2017	7.400%	-0.100%
6/30/2017	6/30/2016	7.500%	0.000%
6/30/2016	6/30/2015	7.500%	-0.250%
6/30/2015	6/30/2014	7.750%	

Investment Rate of Return:

Year End	Measurement Date	Rate	Change
6/30/2019	6/30/2018	7.275%	-0.125%
6/30/2018	6/30/2017	7.400%	-0.100%
6/30/2017	6/30/2016	7.500%	-0.250%
6/30/2016	6/30/2015	7.750%	

Salary Increases:

Year End	Measurement Date	Rate	Change
6/30/2019	6/30/2018	5.000%	0.000%
6/30/2018	6/30/2017	5.000%	0.000%
6/30/2017	6/30/2016	5.000%	-0.750%
6/30/2016	6/30/2015	5.750%	

Municipal Police Employee's Retirement System (MPERS)

Discount Rate:

Year End	Measurement Date	Rate	Change
6/30/2019	6/30/2018	7.200%	-0.125%
6/30/2018	6/30/2017	7.325%	-0.175%
6/30/2017	6/30/2016	7.500%	0.000%
6/30/2016	6/30/2015	7.500%	

Investment Rate of Return:

Year End	Measurement Date	Rate	Change
6/30/2019	6/30/2018	7.200%	-0.125%
6/30/2018	6/30/2017	7.325%	-0.175%
6/30/2017	6/30/2016	7.500%	0.000%
6/30/2016	6/30/2015	7.500%	

Salary Increases:

Year End	Measurement Date	Rate	Change
<i>No changes for the years presented.</i>			

Inflation Rate:

Year End	Measurement Date	Rate	Change
6/30/2019	6/30/2018	2.600%	-0.100%
6/30/2018	6/30/2017	2.700%	-0.175%
6/30/2017	6/30/2016	2.875%	-0.125%
6/30/2016	6/30/2015	3.000%	

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual	Variance Fav (Unfav)
<u>REVENUES</u>			
Ad valorem taxes	\$ 114,000	\$ 114,172	\$ 172
Sales taxes	626,000	635,889	9,889
Garbage fees	232,200	249,241	17,041
Dumpster fees	6,000	2,255	(3,745)
Mosquito control	50,000	49,582	(418)
Licenses and permits	180,000	184,577	4,577
Intergovernmental revenues:			
State funds:			
State grant	-	35,000	35,000
Beer	5,000	2,810	(2,190)
Video poker	335,000	353,751	18,751
Fines and forfeitures	40,000	42,589	2,589
Other	312,200	369,687	57,487
Total revenues	<u>1,900,400</u>	<u>2,039,553</u>	<u>139,153</u>
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	680,400	665,768	14,632
Streets	505,200	594,228	(89,028)
Public safety	636,350	704,703	(68,353)
Sanitation	241,000	241,304	(304)
Fire department	1,000	780	220
Total expenditures	<u>2,063,950</u>	<u>2,206,783</u>	<u>(142,833)</u>
<u>DEFICIENCY OF REVENUES OVER EXPENDITURES</u>	(163,550)	(167,230)	(3,680)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	183,562	183,562
Transfers out	-	(95,273)	(95,273)
Total other financing sources	<u>-</u>	<u>88,289</u>	<u>88,289</u>
Change in fund balance	(163,550)	(78,941)	84,609
<u>FUND BALANCE</u>			
Beginning of year	3,999,918	4,262,932	263,014
End of year	<u>\$ 3,836,368</u>	<u>\$ 4,183,991</u>	<u>\$ 347,623</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SALES TAX INFRASTRUCTURE
YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Fav (Unfav)
<u>REVENUES</u>				
Sales taxes	\$ 316,000	\$ 275,000	\$ 313,185	\$ 38,185
Total revenues	<u>316,000</u>	<u>275,000</u>	<u>313,185</u>	<u>38,185</u>
<u>EXPENDITURES</u>				
Current operating expenditures:				
Streets	205,000	107,000	-	107,000
Public safety	60,000	60,000	-	60,000
Sewer	50,000	21,000	-	21,000
Drainage	-	16,000	-	16,000
Total expenditures	<u>315,000</u>	<u>204,000</u>	<u>-</u>	<u>204,000</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>				
	1,000	71,000	313,185	(165,815)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	50,356	50,356
Transfers out	-	-	(226,487)	(226,487)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(176,131)</u>	<u>(176,131)</u>
Change in fund balance	1,000	71,000	137,054	(341,946)
<u>FUND BALANCE</u>				
Beginning of year	-	-	-	-
End of year	<u>\$ 1,000</u>	<u>\$ 71,000</u>	<u>\$ 137,054</u>	<u>\$ (341,946)</u>

OTHER SUPPLEMENTARY
INFORMATION

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF OTHER REVENUE
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>
<u>OTHER REVENUE</u>		
Utility franchise fees	\$ 93,000	\$ 106,162
Interest revenues	36,000	58,699
Collection fees	800	446
Motor vehicle transaction fees	55,000	2,400
Rents and royalties	2,400	69,874
Miscellaneous	125,000	132,106
Total other revenue	<u>\$ 312,200</u>	<u>\$ 369,687</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual
	<u> </u>	<u> </u>
<u>GENERAL GOVERNMENT</u>		
Legal and litigation fees	\$ -	\$ 3,306
Salaries	181,800	187,005
Professional fees	66,300	58,425
Electricity	15,000	11,868
Insurance	147,000	104,887
Supplies and maintenance	34,000	30,663
Miscellaneous	5,500	8,271
Retirement	32,000	43,531
SCPCD-building permits	16,500	19,650
Office expenses	58,000	62,335
Payroll taxes	7,500	7,058
Vehicle expenses	30,000	30,000
Capital outlay	50,000	41,789
Dues and subscriptions	23,200	30,190
Meetings and conventions	9,000	8,715
Planning commission	3,600	3,075
Bad debts	1,000	15,000
Total general government	<u>680,400</u>	<u>665,768</u>
 <u>STREETS</u>		
Salaries	228,000	234,057
Miscellaneous	3,200	3,676
Retirement	52,000	49,822
Vehicle expenses	9,000	8,479
Uniforms	5,000	8,102
Insurance	36,000	66,003
Supplies and maintenance	104,000	115,580
Electricity	65,000	60,519
Capital outlay	-	44,481
Payroll taxes	3,000	3,509
Total streets	<u>505,200</u>	<u>594,228</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual
<u>PUBLIC SAFETY</u>		
Police:		
Insurance	\$ 80,000	\$ 73,274
Uniforms	2,400	1,120
Retirement	85,000	82,170
Vehicle expenses	17,000	20,718
Salaries	379,000	388,321
Supplies and maintenance	47,500	45,828
Training expenses	500	-
Electricity	6,000	5,186
Payroll taxes	14,750	13,808
Capital outlay	-	68,350
Miscellaneous	4,200	5,928
Total public safety	636,350	704,703
 <u>SANITATION</u>		
Solid waste disposal	215,000	221,850
Dumpster expense	6,000	5,635
Mosquito control	20,000	13,819
Total sanitation	241,000	241,304
 <u>FIRE DEPARTMENT</u>		
Operating expenditures	1,000	780
Total fire department	1,000	780
Total all departments	\$ 2,063,950	\$ 2,206,783

TOWN OF GRAMERCY, LOUISIANA
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
FOR THE YEAR ENDED JUNE 30, 2019

Steve Nosacka, Mayor	\$ 45,600
Betty Cooper Coleman	9,600
Rhonda Lee	4,800
Clyde Wiggins	9,600
Jody Bourgeois	4,800
Craig Calcagno	9,600
Darren Brack	4,800
Theron Louque	4,800
Brent Dicharry, Chief of Police	29,400
	<u>\$ 123,000</u>

TOWN OF GRAMERCY, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2019

Agency Head Name/Title: Mayor Steve Nosacka

Purpose	<u>Amount</u>
Salary	\$ 45,600
Benefits - insurance	11,871
Benefits - retirement	11,856
Benefits - life	73
Reimbursements	229
Registration fees	250
Conference travel	401
	<u>\$ 70,280</u>

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

**INDEPENDENT AUDITORS' 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**

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Gramercy, 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 Town of Gramercy, Louisiana, (the Town), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 23, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and recommendations as item 2019-001 that we consider to be a material weakness.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as items 2019-002 and 2019-003.

Town of Gramercy, Louisiana's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Donaldsonville, Louisiana
December 23, 2019

TOWN OF GRAMERCY, LOUISIANA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness identified X Yes No

- Significant deficiency identified not considered to be a material weakness? Yes X None reported

Noncompliance material to financial statements noted?

 X Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS

INTERNAL CONTROL

2019-001 Internal Control over Financial Reporting

Criteria: The definition of internal control over financial reporting includes ensuring that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data consistent with the assertion embodied in the annual financial statements, which for the Town, is that financial statements are prepared in accordance with generally accepted accounting principles (GAAP). An integral part of internal controls is proper segregation of duties which includes separation of the employees responsible for the following functions: authorization, recording, reconciling, and custody.

Condition: Cash collections were recorded in the wrong period and journal entries are not being consistently reviewed by someone independent of the preparer. In addition, incompatible duties are not segregated over the functions of payroll, vendor maintenance, and cash collections process.

Cause: The current procedures are inadequate to provide effective internal control over financial reporting. Errors or misstatements would prevent accurate financial reporting.

Effect: The Town's cash, accounts receivable, and accounts payable accounts required adjustment in order for them to properly reflect end of year balances. The adjustments to cash were a result of a deposit and transfers of funds between accounts that were not posted to the proper accounting period. Additionally, journal entries are not periodically reviewed. The Town's accountant is responsible for all functions surrounding the payroll process. In regards to vendors, the accountant can modify vendors, and there is currently no review of vendor modifications.

TOWN OF GRAMERCY, LOUISIANA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

INTERNAL CONTROL (continued)

2019-001 Internal Control over Financial Reporting (continued)

Recommendation: The Town should take a more in-depth role in understanding the year-end adjustments necessary in preparing the financial statements and related notes. Additionally, the general ledger should be reconciled periodically to the underlying accounting records (i.e. accounts payable listing, customer deposit listing, accounts receivable aging, etc.). Proper internal controls should be designed, implemented, and documented in order to establish procedures that will properly prevent or detect material misstatements. Additionally, someone other than the Town's accountant should periodically review the vendor maintenance report to ensure that changes that have been made to vendors have been authorized and are appropriate.

View of Responsible Official: Management of the Town will implement procedures to ensure accurate financial reporting and ensure proper segregation of duties for payroll and vendor maintenance.

COMPLIANCE WITH LAWS AND REGULATIONS

2019-002 Local Government Budget Act

Criteria: Louisiana Revised Statute 39:1305 requires that the budget set forth for adoption must include a budget message that is signed by the budget preparer and contains a summary description of the proposed financial plan, policies and objectives, assumptions, budgetary basis, and a discussion of the most important factors.

Condition: The Town failed to prepare a budget message to accompany its budget.

Cause: The Town does not have adequate policies and procedures related to budget preparation.

Effect: The Town is in violation of Louisiana Revised Statute 39:1305.

Recommendation: The Town should comply with the requirements set forth in Louisiana Revised Statute 39:1305.

View of Responsible Official: A budget message was prepared to accompany the fiscal year 2020 original budget.

TOWN OF GRAMERCY, LOUISIANA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

2019-003 Local Government Budget Act

Criteria: Louisiana law (R.S. 39:1311) states that the adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures. The chief executive or administrative officer for a political subdivision subject to public participation as provided in R.S. 39:1307 shall advise the governing authority or independently elected official in writing when total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.

Condition: Expenditure amounts exceeded budgeted expenditures and other uses for the General Fund and Sales Tax Fund by 11.54 percent and 11.02 percent, respectively.

Cause: The Town did not ensure that budgeted expenditures for the general fund and sales tax fund were appropriately amended.

Effect: The Town was in violation of Louisiana Law.

Recommendation: The Town should establish policies and procedures over the monitoring of the budget to ensure budgeted expenditures and other uses do not exceed actual by five percent or more.

View of Responsible Official: The Town concurs with the finding. Management will establish policies and procedures over the monitoring of the budget to ensure budgeted amounts do not exceed actual by five percent or more.

TOWN OF GRAMERCY, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019

FINDINGS – FINANACIAL STATEMENT AUDIT

INTERNAL CONTROL

2018-001 Internal Control over Financial Reporting

Condition: General ledger accounts were not timely reconciled to the subsidiary records. Additionally, journal entries are not being reviewed by someone independent of the preparer.

Current Status: A similar finding was noted in the current year and listed as finding 2019-001.

2018-002 Segregation of Duties

Condition: Incompatible duties are not segregated over the duties of payroll, vendor maintenance, and cash collections process.

Current Status: A similar finding was noted in the current year and listed as finding 2019-001.

COMPLIANCE WITH LAWS AND REGULATIONS

2018-003 Local Government Budget Act

Condition: The Town failed to prepare a budget message to accompany its budget.

Current Status: A similar finding was noted in the current year and listed as finding 2019-002.

2018-004 Deposit Security

Condition: The Town's bank deposits are in excess of the amounts securing those deposits.

Current Status: Resolved.

PERFORMANCE AND STATISTICAL DATA

TOWN OF GRAMERCY, LOUISIANA

INSURANCE-IN-FORCE (Unaudited)

JUNE 30, 2019

<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, 2020	\$500,000
General liability	Risk Management, Inc.	May 1, 2020	\$500,000
Law enforcement liability	Risk Management, Inc.	May 1, 2020	\$500,000
Errors and omissions liability	Risk Management, Inc.	May 1, 2020	\$500,000
Workers' compensation	Louisiana Workers' Compensation Company	May 1, 2020	Statutory
Position fidelity schedule bond	CNA Surety Western Surety Company	October 1, 2019	\$ 50,000
Employment practices liability	Risk Management, Inc.	May 1, 2020	\$500,000
Commercial property	Republic Property	May 1, 2020	Various limits
Auto physical damage	Rod Prejean Assoc.	November 2, 2019	Various limits

TOWN OF GRAMERCY, LOUISIANA

PUBLIC UTILITY SYSTEM OPERATIONS (Unaudited)

JUNE 30, 2019

Statistics on System Operations

(a) As of June 30, 2019 the number of metered customers was 1,398 for the water system and 1,328 for the sewer system. There were no unmetered customers for either the water or sewer systems at June 30, 2019.

(b) The following rate schedules were in effect during the fiscal year ended June 30, 2019 for water and sewer services:

1. Water:

Residential

First 2,000 gallons or less	\$ 15.60 / 1,000 gallons
2,001 to 10,000 gallons	3.19
10,001 or more	2.90

Unincorporated Residential

First 2,000 gallons or less	\$ 18.54 / 1,000 gallons
2,001 to 10,000 gallons	3.19
10,001 or more	2.90

Small Business

First 2,000 gallons or less	\$ 23.17 / 1,000 gallons
2,001 to 10,000 gallons	3.19
10,001 or more	3.19

Large commercial and Industrial customers

Flat rate	\$ 4.06/1,000 gallons
-----------	-----------------------

Unincorporated Industrial

Monthly availability charge	\$ 100.00
Usage rate	4.06/1,000 gallons

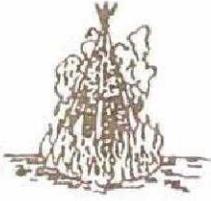
TOWN OF GRAMERCY, LOUISIANA
PUBLIC UTILITY SYSTEM OPERATIONS (Unaudited)
JUNE 30, 2019

Statistics on System Operations (continued)

2. Sewer	<u>Rate per gallons of sewerage flow</u>
Residential customers	\$18.00/month + \$0.90 / 1,000 gallons
Small commercial customers	\$25.90/month + \$0.90 / 1,000 gallons
Large commercial customers	\$48.01/month + \$0.90 / 1,000 gallons
Industrial customers	\$48.01/month + \$0.90 / 1,000 gallons \$0.90 per pound of BOD in excess of allowable limits

(c) Average monthly billing per residential customer during the year ended June 30, 2019:

1. Water	\$ <u>30.58</u>
2. Sewer	\$ <u>24.45</u>



Town of Gramercy

"THE BEST LITTLE TOWN FOR MILES AROUND."

120 North Montz Street

P. O. Drawer 340

Gramercy, Louisiana 70052

Phone 225-869-4403 • FAX 225-869-4195



Steven T. Nosacka
Mayor

Brent Dicharry
Police Chief

Aldermen

Betty Cooper-Coleman
District 1

Darren Brack
District 2

Theron Louque
District 3

Craig Calcagno
At Large

Claude "Clyde" Wiggins Louisiana Legislative Auditor
At Large

Robert Fauchaux, Jr. Town Attorney

CORRECTIVE ACTION PLAN

December 23, 2019

Louisiana Legislative Auditor

The Town of Gramercy respectfully submits the following corrective action plan for the year ended June 30, 2019.

Name and address of independent public accounting firm:

Postlethwaite & Netterville, APAC
P. O. Box 1190
Donaldsonville, LA 70346

Audit Period: July 1, 2018 – June 30, 2019

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

FINDINGS – SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2019-001 Internal Control over Financial Reporting

Recommendation: The Town should take a more in-depth role in understanding the year-end adjustments necessary in preparing the financial statements and related notes. Additionally, the general ledger should be reconciled periodically to the underlying accounting records.

Management's Response: Management of the Town will implement procedures to ensure accurate financial reporting and ensure proper segregation of duties for payroll and vendor maintenance.

2019-002 Local Government Budget Act

Recommendation: The Town should comply with the requirements set forth in Louisiana Revised Statute 39:1305.

Management's Response: A budget message was prepared to accompany the fiscal year 2020 original budget.

2019-003 Local Government Budget Act

Recommendation: The Town should establish policies and procedures over monitoring of the budget to ensure budgeted amounts do not exceed actual by five percent or more.

Management's Response: Management will establish policies and procedures over the monitoring of the budget to ensure budgeted amounts do not exceed actual by five percent or more.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Steven T. Nosacka at (225) 869-4403.

Sincerely,

A handwritten signature in blue ink, appearing to read 'S. Nosacka', with a long horizontal flourish extending to the right.

Steven T. Nosacka
Mayor

**Independent Accountant's Report
On Applying Agreed-Upon Procedures
For the Year Ended June 30, 2019**

To the Mayor and
Board of Aldermen of Town of Gramercy and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Gramercy (the Entity) and the Louisiana Legislative Auditor (LLA) (specified users) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*no exception noted*". If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, "*procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity*" is indicated.

Written Policies and Procedures

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

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exceptions noted.

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The Entity does not have a written policy for Purchasing.

- c) **Disbursements**, including processing, reviewing, and approving

The Entity does have a written policy/procedure for Disbursements; however, it does not address processing and reviewing.

- d) **Receipts**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The Entity does have a written policy/procedure for Receipts; however, it does not address for receiving deposits and management's actions to determine the completeness of all collections for each of revenue or agency fund addition.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The Entity does have a written policy for Payroll/Personnel; however, it does not address 1) payroll processing.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The Entity does not have a written policy for Contracting.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

The Entity does have a written policy for its purchase cards and fuel card; however, it does not address 4) required approvers of statements.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

The Entity does not have a written policy for Travel and Expense Reimbursements.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

The Entity does not have a written policy for Ethics.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Entity does not have a written policy for Debt Service.

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The Entity does not have a written policy for Disaster Recovery/Business Continuity.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The Entity's Board met at a quorum monthly. No exceptions noted.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

The Board's monthly financial packet including a budget-to-actual comparison for all required funds except for 3 of the 12 months of the fiscal year.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Prior year did not include a negative unassigned fund balance in the general fund. No exceptions noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

A listing of bank accounts was provided and included a total of 11 bank accounts. Management identified the entity's main operating accounts. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 bank accounts (3 main operating and 2 randomly) and obtained the bank reconciliations for the month ending June 30, 2019, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Of the 5 bank reconciliations obtained, 4 included a reviewer's initials; however, the reviewer did not include a review date for documentation that review was done timely.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Of the 5 bank accounts selected, 4 bank reconciliations had reconciling items that have been outstanding for more than 12 months. There was no documentation evidencing that these reconciling items were researched for proper disposition.

Collections

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

A listing of deposit sites was provided and included a total of 1 deposit site 1. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the 1 deposit site and performed the following procedures.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of 1 collection location. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected one collection location for each deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

In rare instances, one employee performs all functions.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

In rare instances, one employee performs all functions.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

In rare instances, one employee performs all functions.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

In rare instances, one employee performs all functions.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

The Entity stated that all employees who have access to cash are bonded and/or covered under the Entity's insurance policy.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We randomly selected two deposit dates for each of the 5 bank accounts selected in procedure #3. We obtained supporting documentation for each of the 7 (3 accounts only had one deposit in month selected) deposits and performed the procedures below.

- a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

For 4 of the 7 deposits, funds were not deposited within one business day of receipt.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the 1 location and performed the following procedures.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The person processing payments was not prohibited from adding / modifying vendor files. There is currently no review of the vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The employee who processes payments also mails the payments once they are signed.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

A listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

The payment processor is not prohibited from modifying the vendor files. There is currently no review of the files. The employee responsible for processing payments is also responsible for mailing the payments once the checks are signed.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 3 contracts and performed the procedures below.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No exceptions noted.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exceptions noted.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No exceptions noted.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 employees/officials and performed the specified procedures. No exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #16.

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.:

A listing of employees/officials receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 1 employee/official and performed the specified procedures. Only 1 employee was selected because the entity only had one employee terminated during the year. No exceptions noted.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

For 2 of the 5 employees/officials selected for our procedures, documentation that the required ethics training was completed could not be obtained.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

For all 5 employees/officials selected for our procedures, signature verification evidencing that the employee/official had read the Entity's ethics policy during the fiscal period could not be obtained.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Corrective Action

25. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

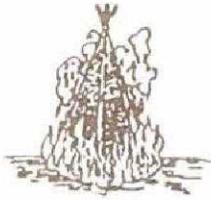
TO BE OBTAINED FROM CLIENT

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Postlethwaite & Netterville

Donaldsonville, Louisiana
December 23, 2019



Town of Gramercy

"THE BEST LITTLE TOWN FOR MILES AROUND."

120 North Montz Street

P. O. Drawer 340

Gramercy, Louisiana 70052

Phone 225-869-4403 • FAX 225-869-4195



Aldermen

Betty Cooper-Coleman
District 1

Darren Brack
District 2

Theron Louque
District 3

Craig Calcagno
At Large

Claude "Clyde" Wiggins
At Large

Robert Faucheux, Jr.
Town Attorney

Steven T. Nosacka
Mayor

Brent Dicharry
Police Chief

December 23, 2019

Louisiana Legislative Auditor

RE: Management's Response to Agreed-Upon Procedures Report

The Town of Gramercy respectfully submits the following corrective action plan for the fiscal year ended June 30, 2019.

Name and Address of independent public accounting firm:

Postlethwaite & Netterville, APAC

P.O. Box 1190

Donaldsonville, LA 70346

Audit Period: July 1, 2018 – June 30, 2019

The procedures and associated findings are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings.

STATEWIDE AGREED-UPON PROCEDURES

Written Policies and Procedures

1 b The Town of Gramercy will document its Purchasing process in the form of a written policy.

1 c The Town of Gramercy will revise its Disbursement policy.

1 d The Town of Gramercy will revise its Receipts policy.

1 e The Town of Gramercy will revise its Payroll/Personnel policy.

1 f The Town of Gramercy will develop a policy for Contracting.

1 g The Town of Gramercy will revise its Credit Cards policy.

1 h The Town of Gramercy will develop a policy for Travel and Expense reimbursements.

1 i The Town of Gramercy's written Ethics Policy is included in its Personnel Policy manual, adopted by Ordinance on December 12, 2019.

1 j The Town of Gramercy will develop a Debt Service policy.

3 b The Town of Gramercy will correct this documentation requirement.

3 c The Town of Gramercy will correct this documentation requirement.

9 d The Town of Gramercy will reassign responsibility for mailing payments to an employee who is not responsible for processing payments.

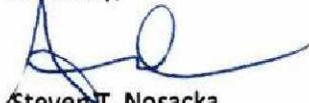
10 b The Mayor reviews and approves changes to the Vendor List.

20 a The Town of Gramercy will review documentation to ensure annual ethics training has been completed by every employee

20 b With the adoption of Ethics Policy on December 12, 2019, the Town of Gramercy will require annual signature verification of every employee's review of that Policy.

If the Legislative Auditor has any questions regarding this response, please feel free to call Mayor Steven T. Nosacka.

Sincerely,

A handwritten signature in blue ink, appearing to read "Steven T. Nosacka", with a stylized flourish extending to the right.

Steven T. Nosacka

Mayor