



Town of Gramercy

June 30, 2020

Financial Statements

Town of Gramercy

2020 Financial Statements

TOWN OF GRAMERCY, LOUISIANA

FINANCIAL REPORT

JUNE 30, 2020

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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, 2020, 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, 2020, 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 47, schedule of the Town's proportionate share of the net pension liability on page 48, schedule of the Town's contributions on page 49, notes to the required supplementary information on page 50, and the budgetary comparison schedules on pages 51 and 52 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, the insurance-in-force schedule (unaudited), and public utility system 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 – general fund on pages 53 through 55, the schedule of principal officials and salaries on page 56, and the schedule of compensation, benefits, and other payments to agency head on page 57 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 62 through 64 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 30, 2020, 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 30, 2020

TOWN OF GRAMERCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

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, 2020. 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 \$6,803,376 (net position). Of this amount, \$557,404 (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 \$333,375 more than the approximately \$2.8 million generated in charges for services, taxes, other revenue, and transfers. In the Town's business-type activities, expenses were \$28,543 less than the approximately \$1.8 million generated in revenues and transfers.
- The general fund reported approximately \$4.1 million fund balance at 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.

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, 2020

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, 2020

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 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, 2020

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net position. The Town's combined net position decreased between fiscal years 2019 and 2020 to approximately \$6.8 million. (See Table A-1.)

Table A-1
Town's Net Position

	Governmental Activities		Business-Type Activities	
	2020	2019 Restated	2020	2019
Current and other assets	\$ 4,547,099	\$ 4,433,932	\$ 300,916	\$ 403,556
Capital assets	1,009,709	1,125,652	6,225,274	6,120,978
Restricted assets	-	-	283,216	270,168
Total assets	5,556,808	5,559,584	6,809,406	6,794,702
Deferred outflows of resources	732,800	549,124	330,471	300,891
Total assets and deferred outflows of resources	6,289,608	6,108,708	7,139,877	7,095,593
Current liabilities	143,245	119,720	277,895	276,456
Long term liabilities	3,051,112	3,147,471	2,268,527	2,365,954
Total liabilities	3,194,357	3,267,191	2,546,422	2,642,410
Deferred inflows of resources	727,073	139,964	158,257	46,528
Total liabilities and deferred inflows of resources	3,921,430	3,407,155	2,704,679	2,688,938
Net position				
Net investment in capital assets	1,009,709	1,125,652	5,055,624	4,853,537
Restricted for debt retirement	-	-	180,639	179,844
Unrestricted (deficit)	1,358,469	1,575,901	(801,065)	(626,726)
Total net position	\$ 2,368,178	\$ 2,701,553	\$ 4,435,198	\$ 4,406,655

Net position of the Town's governmental activities decreased approximately 12.3 percent to approximately \$2.4 million. Net position of the Town's business-type activities increased approximately 0.7 percent to \$4.4 million.

Changes in net position. The Town's total revenues increased by approximately \$223,000 to approximately \$3.8 million. Approximately 35.1 percent of the Town's revenue comes from charges for services, and 33.9 percent comes from tax collections.

The Town's total expenses increased by approximately \$242,000 or 6.2 percent to approximately \$4.1 million. Approximately 62.5 percent of the Town's expenses come from governmental activities and 37.5 percent come from its business-type activities. (See Table A-2)

TOWN OF GRAMERCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

Governmental Activities

Revenues for the Town's governmental activities increased by approximately \$100,000 or 4.2 percent, while total expenses increased approximately \$87,000 or 3.5 percent. There was an increase of approximately \$102,000 in sales tax revenue as a result of increased economic activity.

Table A-2
Changes in Town's Net Position

	Governmental Activities		Business-Type Activities	
	2020	2019 Restated	2020	2019
Revenues				
Program revenues				
Charges for services	\$ 282,786	\$ 301,078	\$ 1,063,793	\$ 1,047,658
Operating grants and contributions	59,206	-	-	-
Capital grants and contributions	-	35,000	163,310	40,223
General revenues				
Taxes	1,168,013	1,084,936	132,271	126,019
Licenses and permits	207,165	184,577	-	-
Fines and forfeitures	35,466	42,589	-	-
Intergovernmental	340,119	356,561	-	-
Miscellaneous	331,468	331,685	-	-
Interest	48,754	58,699	90	99
Total revenues	2,472,977	2,395,125	1,359,464	1,213,999
Expenses				
General government	724,733	708,882	-	-
Public safety	818,434	764,099	-	-
Streets	730,252	785,474	-	-
Fire	-	780	-	-
Sanitation	241,387	241,304	-	-
Drainage	72,553	-	-	-
Business-type expenses	-	-	1,549,914	1,394,414
Total expenses	2,587,359	2,500,539	1,549,914	1,394,414
Transfers				
Transfers in	322,810	233,918	422,694	117,904
Transfers out	(541,803)	(321,760)	(203,701)	(30,062)
Total transfers	(218,993)	(87,842)	218,993	87,842
Change in net position	(333,375)	(193,256)	28,543	(92,573)
Beginning net position	2,701,553	2,894,809	4,406,655	4,499,228
Ending net position	\$ 2,368,178	\$ 2,701,553	\$ 4,435,198	\$ 4,406,655

Net position of the Town's governmental activities was restated for fiscal year 2019 as a result of revenues received after year end that should have been accrued in accordance with the Town's revenue recognition policies.

TOWN OF GRAMERCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

Business-Type Activities

Revenues for the Town's business-type activities increased by 12 percent to approximately \$1.4 million while total expenses increased 11.2 percent to approximately \$1.5 million. The increases in both are directly related to the Delta Regional Authority grant received for the Dudley Pump Station Rehabilitation.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its general fund reported fund balance of approximately \$4.1 million, a decrease of 1.8 percent from last year.

General Fund Budgetary Highlights

Over the course of the year, the Town Council amended the general fund budget to better reflect actual operations as they evolved through the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of the 2020 fiscal year, the Town had invested approximately \$7.23 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 \$12,000 or .2 percent, over last year.

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

	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Land	\$ 92,520	\$ 92,520	\$ 76,825	\$ 76,825
Plant & Equipment	-	-	6,148,449	6,005,003
Other Improvements	747,214	837,805	-	-
Equipment	151,798	184,074	-	-
Construction in progress	18,177	11,253	-	39,150
Total	\$ 1,009,709	\$ 1,125,652	\$ 6,225,274	\$ 6,120,978

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:

- Various roadway improvements of over \$30,000.
- The purchase of police equipment of over \$20,000.

Business-Type Activities:

- The Town began the rehabilitation of the Dudley Pump Station during the prior year. The Town incurred approximately \$317,000 in progress payments during the fiscal year ending June 30, 2020. This rehabilitation was placed in service during the fiscal year.

TOWN OF GRAMERCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

Outstanding debt. At the end of the current fiscal year, the Town had bonded debt outstanding of approximately \$1,157,000 as compared to approximately \$1,267,000 in the prior year, a decrease of \$110,000 or 8.7 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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Sewer Improvement Bonds	\$ -	\$ -	\$ 47,000	\$ 95,000
Water Improvement Bonds	-	-	1,110,441	1,172,441
Compensated absences	33,879	28,523	5,769	5,843
Total	\$ 33,879	\$ 28,523	\$ 1,163,210	\$ 1,273,284

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 47%, 10%, and 16%, 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.

The world-wide pandemic associated with COVID-19 has spread across the state of Louisiana, including Gramercy. COVID-19 has had a minimal impact on the operations of the Town, but has a bigger impact on certain businesses within the Town. The Town does not anticipate any significant impact in next year's budget.

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, 2020

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 901,314	\$ 130,269	\$ 1,031,583
Investments	3,106,356	-	3,106,356
Other accounts receivable, net	226,115	170,647	396,762
Due from other governmental agencies	215,363	-	215,363
Prepaid insurance	97,951	-	97,951
Restricted assets - cash	-	283,216	283,216
Capital assets:			
Non-depreciable	110,697	76,825	187,522
Capital assets, net of depreciation	899,012	6,148,449	7,047,461
Total assets	<u>5,556,808</u>	<u>6,809,406</u>	<u>12,366,214</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amounts related to net pension liability	407,075	265,028	672,103
Deferred amounts related to total OPEB liability	325,725	65,443	391,168
Total deferred outflows of resources	<u>732,800</u>	<u>330,471</u>	<u>1,063,271</u>
<u>LIABILITIES</u>			
Accounts payable	68,312	33,930	102,242
Due to employees' retirement systems	28,525	-	28,525
Accrued interest payable	-	22,065	22,065
Accrued salaries payable and related benefits	12,529	-	12,529
Payable from restricted assets:			
Customer service meter deposits	-	104,131	104,131
Long-term liabilities:			
Due within one year (compensated absences and bonds)	33,879	117,769	151,648
Due after one year (compensate absences and bonds)	-	1,045,441	1,045,441
Total other post-employment benefits liability	1,584,825	335,823	1,920,648
Net pension liability	1,466,287	887,263	2,353,550
Total liabilities	<u>3,194,357</u>	<u>2,546,422</u>	<u>5,740,779</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to net pension liability	44,418	24,806	69,224
Deferred amounts related to total OPEB liability	682,655	133,451	816,106
Total deferred inflows of resources	<u>727,073</u>	<u>158,257</u>	<u>885,330</u>
<u>NET POSITION</u>			
Net investment in capital assets	1,009,709	5,055,624	6,065,333
Restricted for debt retirement	-	180,639	180,639
Unrestricted (deficit)	1,358,469	(801,065)	557,404
Total net position	<u>\$ 2,368,178</u>	<u>\$ 4,435,198</u>	<u>\$ 6,803,376</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, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total	
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-Type Activities
<u>Functions/Programs</u>							
Governmental activities:							
General government	\$ 724,733	\$ -	\$ -	\$ -	\$ (724,733)	\$ -	\$ (724,733)
Streets	730,252	-	-	-	(730,252)	-	(730,252)
Public safety	818,434	-	59,206	-	(759,228)	-	(759,228)
Sanitation	241,387	282,786	-	-	41,399	-	41,399
Drainage	72,553	-	-	-	(72,553)	-	(72,553)
Total governmental activities	2,587,359	282,786	59,206	-	(2,245,367)	-	(2,245,367)
Business-type activities:							
Public utility	1,160,326	662,588	-	35,000	-	(462,738)	(462,738)
Sewer	389,588	401,205	-	128,310	-	139,927	139,927
Total business-type activities	1,549,914	1,063,793	-	163,310	-	(322,811)	(322,811)
Total primary government	\$ 4,137,273	\$ 1,346,579	\$ 59,206	\$ 163,310	(2,245,367)	(322,811)	(2,568,178)
General Revenues:							
Taxes					1,168,013	132,271	1,300,284
Licenses and permits					207,165	-	207,165
Intergovernmental					340,119	-	340,119
Miscellaneous					331,468	-	331,468
Fines and forfeitures					35,466	-	35,466
Interest					48,754	90	48,844
Transfers (to) from other funds					(218,993)	218,993	-
Total general revenues and transfers					1,911,992	351,354	2,263,346
Change in net position					(333,375)	28,543	(304,832)
Net position - July 1, 2019, as restated					2,701,553	4,406,655	7,108,208
Net position - June 30, 2020					\$ 2,368,178	\$ 4,435,198	\$ 6,803,376

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

TOWN OF GRAMERCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General</u> <u>Fund</u>	<u>Sales Tax</u> <u>Infrastructure</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 624,562	\$ 276,752	\$ 901,314
Investments	3,106,356	-	3,106,356
Other accounts receivable, net	226,115	-	226,115
Due from other governmental agencies	146,370	68,993	215,363
Prepaid insurance	97,951	-	97,951
Due from other funds	16,406	-	16,406
Total assets	<u>\$ 4,217,760</u>	<u>\$ 345,745</u>	<u>\$ 4,563,505</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 68,312	\$ -	\$ 68,312
Payroll taxes payable	12,529	-	12,529
Due to employees' retirement systems	28,525	-	28,525
Due to other funds	-	16,406	16,406
Total liabilities	<u>109,366</u>	<u>16,406</u>	<u>125,772</u>
<u>FUND BALANCES</u>			
Nonspendable	97,951	-	97,951
Restricted	-	329,339	329,339
Unassigned	4,010,443	-	4,010,443
Total fund balances	<u>4,108,394</u>	<u>329,339</u>	<u>4,437,733</u>
Total liabilities and fund balances	<u>\$ 4,217,760</u>	<u>\$ 345,745</u>	<u>\$ 4,563,505</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, 2020

Total fund balances - governmental funds		\$ 4,437,733
Long-term assets at June 30, 2020:		
Deferred outflows - related to net pension liability	407,075	
Deferred outflows - related to total OPEB liability	325,725	732,800
Cost of capital assets at June 30, 2020	4,118,447	
Less: accumulated depreciation as of June 30, 2020	(3,108,738)	1,009,709
Long-term liabilities at June 30, 2020:		
Compensated absences	(33,879)	
Other post-employment benefits liability	(1,584,825)	
Net pension liability	(1,466,287)	
Deferred inflows - related to net pension liability	(44,418)	
Deferred inflows - related to total OPEB liability	(682,655)	(3,812,064)
 Total net position at June 30, 2020 - governmental activities		 <u>\$ 2,368,178</u>

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, 2020

	General Fund	Sales Tax Infrastructure	Total Governmental Funds
<u>REVENUES</u>			
Ad valorem taxes	\$ 116,805	\$ -	\$ 116,805
Sales taxes	704,194	347,014	1,051,208
Garbage fees	231,024	-	231,024
Dumpster fees	2,025	-	2,025
Mosquito control	49,737	-	49,737
Licenses and permits	207,165	-	207,165
Intergovernmental revenue:			
Federal grants	59,206	-	59,206
State funds:			
Beer	2,836	-	2,836
Video poker	337,283	-	337,283
Fines and forfeitures	35,466	-	35,466
Other revenue	350,278	-	350,278
Total revenues	<u>2,096,019</u>	<u>347,014</u>	<u>2,443,033</u>
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	599,151	-	599,151
Streets	485,634	-	485,634
Drainage	72,031	-	72,031
Public safety	654,887	-	654,887
Sanitation	241,387	-	241,387
Capital outlay	75,952	-	75,952
Total expenditures	<u>2,129,042</u>	<u>-</u>	<u>2,129,042</u>
<u>EXCESS OF REVENUES</u>			
<u>(UNDER) OVER EXPENDITURES</u>	(33,023)	347,014	313,991
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	322,810	322,810
Transfers out	(42,574)	(499,229)	(541,803)
Total other financing sources (uses)	<u>(42,574)</u>	<u>(176,419)</u>	<u>(218,993)</u>
Change in fund balance	(75,597)	170,595	94,998
<u>FUND BALANCE</u>			
Beginning of year, as restated	4,183,991	158,744	4,342,735
End of year	<u>\$ 4,108,394</u>	<u>\$ 329,339</u>	<u>\$ 4,437,733</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, 2020

Net change in fund balance - governmental funds	\$	94,998
Capital assets:		
Add: Capital outlay and other expenditures capitalized	75,952	
Less: Depreciation expense for year ended June 30, 2020	(191,610)	
Loss on disposal	<u>(285)</u>	(115,943)
Long-term liabilities:		
Excess of compensated absences earned over compensated absences used	(5,356)	
Net change in total OPEB liability and deferred inflows/outflows of resources	(186,403)	
Net change in net pension liability and deferred inflows/outflows of resources	<u>(120,671)</u>	<u>(312,430)</u>
Change in net position of governmental activities	\$	<u><u>(333,375)</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, 2020

	Public Utility Revenue Fund	Sewer Operating Fund	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 55,239	\$ 75,030	\$ 130,269
Accounts receivable, net	104,021	66,626	170,647
Restricted assets - cash and cash equivalents	97,922	47,832	145,754
Total current assets	<u>257,182</u>	<u>189,488</u>	<u>446,670</u>
Noncurrent assets:			
Restricted assets - cash and cash equivalents	110,044	27,418	137,462
Capital assets:			
Non-depreciable	76,825	-	76,825
Capital assets, net of depreciation	4,593,284	1,555,165	6,148,449
Total noncurrent assets	<u>4,780,153</u>	<u>1,582,583</u>	<u>6,362,736</u>
Total assets	<u>5,037,335</u>	<u>1,772,071</u>	<u>6,809,406</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amounts related to net pension liability	194,565	70,463	265,028
Deferred amounts related to total OPEB liability	65,443	-	65,443
Total deferred outflows of resources	<u>260,008</u>	<u>70,463</u>	<u>330,471</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	24,551	9,379	33,930
Other accrued liabilities	19,244	2,821	22,065
Payable from restricted assets:			
Customer service meter deposits	104,131	-	104,131
Debt and compensated absences due within one year	70,769	47,000	117,769
Total current liabilities	<u>218,695</u>	<u>59,200</u>	<u>277,895</u>
Noncurrent liabilities:			
Debt and compensated absences due after one year	1,045,441	-	1,045,441
Total other post-employment benefits liability	335,823	-	335,823
Net pension liability	659,769	227,494	887,263
Total noncurrent liabilities	<u>2,041,033</u>	<u>227,494</u>	<u>2,268,527</u>
Total liabilities	<u>2,259,728</u>	<u>286,694</u>	<u>2,546,422</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to net pension liability	18,232	6,574	24,806
Deferred amounts related to total OPEB liability	133,451	-	133,451
Total deferred inflows of resources	<u>151,683</u>	<u>6,574</u>	<u>158,257</u>
<u>NET POSITION</u>			
Net investment in capital assets	3,547,748	1,507,876	5,055,624
Restricted for debt retirement	105,389	75,250	180,639
Unrestricted (deficit)	(767,205)	(33,860)	(801,065)
Total net position	<u>\$ 2,885,932</u>	<u>\$ 1,549,266</u>	<u>\$ 4,435,198</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, 2020

	Public Utility Revenue Fund	Sewer Operating Fund	Total
OPERATING REVENUES			
Charges for services	\$ 647,785	\$ 395,175	\$ 1,042,960
Tap fees	1,850	2,950	4,800
Miscellaneous revenues	12,953	3,080	16,033
Total operating revenues	<u>662,588</u>	<u>401,205</u>	<u>1,063,793</u>
OPERATING EXPENSES			
Salaries	420,533	121,827	542,360
Office expenses	10,872	2,813	13,685
Miscellaneous expenses	2,519	584	3,103
Insurance	110,333	34,153	144,486
Supplies and maintenance	162,055	44,541	206,596
Vehicle expenses	3,031	1,866	4,897
Uniforms	12,728	6,717	19,445
Professional fees	14,150	16,430	30,580
Retirement	128,872	33,460	162,332
Electricity	27,568	33,559	61,127
Payroll taxes	5,901	1,112	7,013
Laboratory expenses	10,735	9,025	19,760
Chemicals	41,463	8,143	49,606
Depreciation	170,838	74,651	245,489
Total operating expenses	<u>1,121,598</u>	<u>388,881</u>	<u>1,510,479</u>
OPERATING INCOME (LOSS)	(459,010)	12,324	(446,686)
NONOPERATING REVENUE (EXPENSES)			
Ad valorem taxes	80,757	51,514	132,271
Interest revenues	49	41	90
Capital grant revenues	35,000	128,310	163,310
Interest expense	<u>(38,728)</u>	<u>(707)</u>	<u>(39,435)</u>
Total nonoperating revenue	<u>77,078</u>	<u>179,158</u>	<u>256,236</u>
Income (loss) before transfers	(381,932)	191,482	(190,450)
TRANSFERS			
Transfers in	112,553	310,141	422,694
Transfers out	-	(203,701)	(203,701)
Total other financing sources	<u>112,553</u>	<u>106,440</u>	<u>218,993</u>
CHANGE IN NET POSITION	(269,379)	297,922	28,543
Total net position- beginning	<u>3,155,311</u>	<u>1,251,344</u>	<u>4,406,655</u>
Total net position- ending	<u>\$ 2,885,932</u>	<u>\$ 1,549,266</u>	<u>\$ 4,435,198</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, 2020

	Public Utility Revenue Fund	Sewer Operating Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from customers	\$ 668,707	\$ 400,800	\$ 1,069,507
Cash payments to suppliers for goods and services	(432,592)	(182,090)	(614,682)
Cash payments to employees for services	(416,796)	(121,827)	(538,623)
Net cash provided by (used in) operating activities	<u>(180,681)</u>	<u>96,883</u>	<u>(83,798)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING</u>			
<u>ACTIVITIES:</u>			
Transfers to other funds	-	(203,701)	(203,701)
Transfers from other funds	112,553	310,141	422,694
Net cash provided by noncapital financing	<u>112,553</u>	<u>106,440</u>	<u>218,993</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED</u>			
<u>FINANCING ACTIVITIES:</u>			
Acquisition of capital assets	(8,105)	(341,687)	(349,792)
Principal paid on debt	(62,000)	(48,000)	(110,000)
Subsidy from grants	35,000	128,310	163,310
Interest paid on indebtedness	(38,728)	(707)	(39,435)
Receipt of ad valorem taxes	80,757	51,514	132,271
Net cash provided by (used in) capital and related financing activities	<u>6,924</u>	<u>(210,570)</u>	<u>(203,646)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest earned on investments	49	41	90
Net cash provided by investing activities	<u>49</u>	<u>41</u>	<u>90</u>
Net decrease in cash and cash equivalents	(61,155)	(7,206)	(68,361)
Cash and cash equivalents - beginning of year	324,360	157,486	481,846
Cash and cash equivalents - end of year	<u>\$ 263,205</u>	<u>\$ 150,280</u>	<u>\$ 413,485</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, 2020

	<u>Public Utility Revenue Fund</u>	<u>Sewer Operating Fund</u>	<u>Total</u>
<u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</u>			
Operating Income (loss)	\$ (459,010)	\$ 12,324	\$ (446,686)
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:			
Depreciation	170,838	74,651	245,489
Pension	48,203	12,512	60,715
OPEB	(47,142)	-	(47,142)
Loss on disposal of assets	7	-	7
Net change in assets and liabilities:			
Accounts receivable	(54)	(405)	(459)
Due from other funds	-	21,690	21,690
Deferred outflows of resources	(30,562)	982	(29,580)
Accounts payable	14,197	(22,306)	(8,109)
Other accrued liabilities	3,811	(1,355)	2,456
Deferred inflows of resources	112,939	(1,210)	111,729
Compensated absences	(74)	-	(74)
Customer service meter deposits	6,166	-	6,166
Total adjustments	<u>278,329</u>	<u>84,559</u>	<u>362,888</u>
Net cash provided by (used in) operating activities	<u>\$ (180,681)</u>	<u>\$ 96,883</u>	<u>\$ (83,798)</u>
Cash and cash equivalents consists of :			
Current assets			
Cash and cash equivalents	\$ 55,239	\$ 75,030	\$ 130,269
Restricted assets - cash and cash equivalents	97,922	47,832	145,754
Noncurrent assets			
Restricted assets - cash and cash equivalents	110,044	27,418	137,462
	<u>\$ 263,205</u>	<u>\$ 150,280</u>	<u>\$ 413,485</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, 2020

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*. 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, *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. 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, 2020

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 one-half percent 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 Revenue Fund and Sewer Operating 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, 2020

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting (continued)

Governmental Fund Financial Statements. The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in 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, 2020

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 and final amended budget for the general fund, and the original adopted budget and final amended budget for the 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.

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, 2020

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 acquisition 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

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, 2020.

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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 transactions 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 Town's deferred outflows and inflows 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, 2020

1. Summary of Significant Accounting Policies (continued)

Encumbrances

Encumbrance 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, 2020

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, 2020.

2. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

At June 30, 2020, the carrying amounts of the Town's cash and cash equivalents were as follows:

Cash and cash equivalents	\$ 1,031,583
Restricted cash	283,216
	<u>\$ 1,314,799</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.

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 \$1,359,282. Of this amount, \$510,856 was covered by federal depository insurance, and \$848,426 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, 2020, the Town invested in a \$40,000 18-month certificate of deposit with an interest rate of 0.90% and \$3,066,356 in an external investment pool, Louisiana Asset Management Pool.

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

Investments (continued)

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 47 days (from LAMP's monthly Statement of Net Assets) as of June 30, 2020.

Foreign currency risk: Not applicable. LAMP complies with the provisions of Louisiana Law concerning permissible investments for municipalities, parishes and other political subdivisions set forth in La R.S. 33:2955 and the investment policy does not provide for investment in foreign obligations.

The investments in LAMP are stated at fair value based on quoted market prices. 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, 2020, the Town had the following and investments:

LAMP	\$ 3,066,356
Investment in certificate of deposit	<u>40,000</u>
	<u>\$ 3,106,356</u>

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

3. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2020, 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, 2019	\$ 92,520	\$ 285,736	\$ 2,700,190	\$1,040,195	\$ 11,253	\$ 4,129,894
Additions	-	-	39,490	29,538	6,924	75,952
Disposals	-	-	-	(87,399)	-	(87,399)
Cost of capital assets						
June 30, 2020	<u>92,520</u>	<u>285,736</u>	<u>2,739,680</u>	<u>982,334</u>	<u>18,177</u>	<u>4,118,447</u>
Accumulated depreciation						
June 30, 2019	-	285,736	1,862,385	856,121	-	3,004,242
Additions	-	-	130,081	61,529	-	191,610
Disposals	-	-	-	(87,114)	-	(87,114)
Accumulated depreciation						
June 30, 2020	<u>-</u>	<u>285,736</u>	<u>1,992,466</u>	<u>830,536</u>	<u>-</u>	<u>3,108,738</u>
Capital assets, net of accumulated depreciation at June 30, 2020	<u>\$ 92,520</u>	<u>\$ -</u>	<u>\$ 747,214</u>	<u>\$ 151,798</u>	<u>\$ 18,177</u>	<u>\$ 1,009,709</u>

Capital assets above that are not being depreciated include land in the amount of \$92,520 and Construction in Progress in the amount of \$18,177.

Depreciation expense of \$191,610 for the year ended June 30, 2020 was charged to the following governmental functions:

General Government	\$ 23,033
Streets	129,667
Drainage	522
Public Safety	38,388
	<u>\$ 191,610</u>

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

3. **Capital Assets** (continued)

Business-Type activities:

	<u>Land</u>	<u>Plant & Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
Cost of capital assets				
June 30, 2019	\$ 76,825	\$ 12,715,910	\$ 39,150	\$ 12,831,885
Additions	-	388,942	316,545	705,487
Disposals	-	(67,450)	(355,695)	(423,145)
Cost of capital assets				
June 30, 2020	<u>76,825</u>	<u>13,037,402</u>	<u>-</u>	<u>13,114,227</u>
Accumulated depreciation				
June 30, 2019	-	6,710,907	-	6,710,907
Additions	-	245,489	-	245,489
Disposals	-	(67,443)	-	(67,443)
Accumulated depreciation				
June 30, 2020	<u>-</u>	<u>6,888,953</u>	<u>-</u>	<u>6,888,953</u>
Capital assets, net of accumulated depreciation at				
June 30, 2020	<u>\$ 76,825</u>	<u>\$ 6,148,449</u>	<u>\$ -</u>	<u>\$ 6,225,274</u>

Capital assets above that are not being depreciated include land in the amount of \$76,825. There was no construction in progress at year end.

For the year ended June 30, 2020, depreciation expense was \$ 245,489 and was charged to the following functions:

Public Utility	\$ 170,838
Sewer	74,651
	<u>\$ 245,489</u>

Construction Commitment

The town has one active construction contract at June 30, 2020 totaling \$97,728.

4. **Due from Other Governmental Agencies**

Amounts due from other governmental units at June 30, 2020 consist of the following:

	<u>Governmental Activities</u>
St. James Parish School Board	\$ 206,979
St. James Parish Council	3,333
Louisiana Department of Safety and Corrections	5,051
	<u>\$ 215,363</u>

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

5. Receivables

Receivables as of June 30, 2020 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	\$ 4,657	\$ 3,040	\$ 7,697
Franchise	36,071	-	36,071
Total taxes receivable	<u>40,728</u>	<u>3,040</u>	<u>43,768</u>
Accounts receivable			
Charges for services	50,781	172,296	223,077
Less: allowance for uncollectible accounts	<u>(40,026)</u>	<u>(4,709)</u>	<u>(44,735)</u>
Accounts receivable, net	<u>10,755</u>	<u>167,587</u>	<u>178,342</u>
Other receivables			
Blighted property reimbursements	41,166	-	41,166
Video poker fees	73,276	-	73,276
Other	<u>60,190</u>	<u>20</u>	<u>60,210</u>
Total other receivables	<u>174,632</u>	<u>20</u>	<u>174,652</u>
Total receivables	<u>\$ 226,115</u>	<u>\$ 170,647</u>	<u>\$ 396,762</u>

6. Long-Term Liabilities

The following is a summary of the changes in long-term obligations for the year ended June 30, 2020:

	<u>Balance 6/30/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/20</u>	<u>Due within one year</u>
<u>Governmental Activities:</u>					
Other:					
Compensated absences	\$ 28,523	\$ 42,677	\$ 37,321	\$ 33,879	\$ 33,879
<u>Business-Type Activities:</u>					
Direct borrowing and placement of debt:					
2013 Sewer Improvement bonds-general obligation refunding bonds	95,000	-	48,000	47,000	47,000
2013 Water Improvement bonds- general obligation bonds	868,000	-	49,000	819,000	51,000
2016 Water Improvement bonds general obligation bonds	304,441	-	13,000	291,441	14,000
Other:					
Compensated absences	<u>5,843</u>	<u>7,950</u>	<u>8,024</u>	<u>5,769</u>	<u>5,769</u>
Total business-type activities	<u>1,273,284</u>	<u>7,950</u>	<u>118,024</u>	<u>1,163,210</u>	<u>117,769</u>
	<u>\$1,301,807</u>	<u>\$ 50,627</u>	<u>\$ 155,345</u>	<u>\$ 1,197,089</u>	<u>\$ 151,648</u>

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

6. **Long-Term Liabilities** (continued)

Direct borrowings and placements at June 30, 2020 are comprised of the following individual issues:

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	\$ 47,000
\$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.	819,000
\$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.	291,441
	\$ 1,157,441

Debt service requirements on long-term debt as of June 30, 2020 is as follows:

Bonds From Direct Borrowings and Placements			
Year ending June 30,	Principal	Interest	Total
2021	\$ 112,000	\$ 33,754	\$ 145,754
2022	67,000	31,004	98,004
2023	71,000	29,028	100,028
2024	72,000	26,934	98,934
2025	74,000	24,810	98,810
2026-2030	414,000	89,536	503,536
2031-2035	329,000	26,434	355,434
2036	18,441	708	19,149
	\$ 1,157,441	\$ 262,208	\$ 1,419,649

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, 2020

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, 2020 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sales Tax Fund	\$ 16,406
		<u>\$ 16,406</u>

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, 2020, taxes of 12.82 mills were levied on property with assessed valuations totaling \$19,432,904. 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 2.66 mills for the \$358,000 sewer improvement bonds and 4.17 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, 2020, totaled approximately \$250,000.

9. Transfers to/from Other Funds

Interfund transfers at June 30, 2020, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 42,574
Sales Tax Infrastructure	322,810	499,229
Public Utility Revenue Fund	112,553	-
Sewer Operating Fund	310,141	203,701
	<u>\$ 745,504</u>	<u>\$ 745,504</u>

10. Expenditures – Actual and Budget

The following funds had actual expenditures over budgeted expenditures for the year ended June 30, 2020:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 2,133,118	\$ 2,171,616	\$ (38,498)

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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, 2020

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, 2020, for the Town and covered employees were as follows:

	Town	Employees
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:

	2020	2019	2018
Municipal Employees' Retirement System			
Plan A	\$ 199,709	\$ 185,748	\$ 161,500
Municipal Police Employees' Retirement System	\$ 86,695	\$ 82,170	\$ 71,485

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 based on the June 30, 2019 measurement date. The Town uses this measurement to record its net pension liability and associated amounts as of June 30, 2020 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2019 along with the change compared to the June 30, 2018 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, 2020

11. **Pension and Retirement Plans** (continued)

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

	Net Pension Liability at June 30, 2019	Rate at June 30, 2019	Increase (Decrease) on June 30, 2018 Rate
Municipal Employees' Retirement System Plan A	\$ 1,612,594	0.3859%	0.0285%
Municipal Police Employees' Retirement System	740,956	0.0816%	0.0028%
	<u>\$ 2,353,550</u>		

The following schedule lists the pension plan's recognized pension expense of the Town for the year ended June 30, 2020:

Municipal Employees' Retirement System Plan A	\$ 354,733
Municipal Police Employees' Retirement System	153,510
	<u>\$ 508,243</u>

At June 30, 2020, 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	\$ 1,555	\$ (62,141)
Changes of assumptions	82,273	-
Net difference between projected and actual earnings on pension plan investments	208,074	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	93,797	(7,083)
Employer contributions subsequent to the measurement date	286,404	-
Total	<u>\$ 672,103</u>	<u>\$ (69,224)</u>

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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	\$ 467,449	\$ (42,896)
Municipal Police Employees' Retirement System	204,654	(26,328)
	\$ 672,103	\$ (69,224)

The Town reported a total of \$286,404 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2019 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2020. 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	\$ 199,709
Municipal Police Employees' Retirement System	86,695
	\$ 286,404

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
2020	\$ 121,222	\$ 54,114	\$ 175,336
2021	69,771	1,895	71,666
2022	20,424	23,602	44,026
2023	13,427	12,020	25,447
	\$ 224,844	\$ 91,631	\$ 316,475

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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, 2019 are as follows:

Valuation Date	<u>MERS</u>	<u>MPERS</u>								
	June 30, 2019	June 30, 2019								
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	7.0% net of investment expenses	7.125%								
Inflation Rate	2.500%	2.500%								
Mortality	For annuitant and beneficiary, mortality tables used were PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. For employees, the PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. For disable live mortality, PubNS-2010(B) Disabled Retiree Table set equal to 120% males and females with the full generational MP2018 scale.	For healthy annuitant and beneficiary, mortality tables used were RP-2000 Combined Healthy with Blue Collar Adjustment Sex-Distinct Tables projected to 2029 by Scale AA (setback 1 year for females). 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 setback 5 years for males and setback 3 years for females.								
Salary Increases	1-4 years of service: 7.4% - Plan B More than 4 years of service: 4.9% - Plan B	<table border="0"> <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, 2020

11. Pension and Retirement Plans (continued)

Actuarial Assumptions (continued)

	<u>MERS</u>	<u>MPERS</u>
Cost of Living Adjustments	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.	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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:

<u>MERS</u>	<u>MPERS</u>
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, 2019.	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 7.89% for the year ended June 30, 2019.

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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, 2019:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Public equity	50.0%	-	2.15%	-
Equity	-	48.5%	-	3.28%
Public fixed income	35.0%	-	1.51%	-
Fixed Income	-	33.5%	-	0.80%
Alternatives	15.0%	18.0%	0.64%	1.06%
Other	-	-	-	-
Total	<u>100.0%</u>	<u>100.0%</u>	4.30%	5.14%
Inflation			<u>2.70%</u>	<u>2.75%</u>
Expected Arithmetic Nominal Return			<u>7.00%</u>	<u>7.89%</u>

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 7.000%, and 7.125%, respectively, for the year ended June 30, 2019.

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	6.000%	7.000%	8.000%
Town's Share of NPL	\$ 2,102,531	\$ 1,612,594	\$ 1,198,363
MPERS			
Rates	6.125%	7.125%	8.125%
Town's Share of NPL	\$ 1,032,395	\$ 740,956	\$ 496,467

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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, 2020 mainly due to the accrual for payroll at the end of the fiscal year. 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, 2020 is as follows:

	<u>June 30, 2020</u>
MERS	\$ 19,675
MPERS	<u>8,853</u>
	<u>\$ 28,528</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 \$180,639.

As of June 30, 2020, the Town was in compliance with all related debt covenants.

At June 30, 2020, the Town has \$102,577 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’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 insurance benefits are provided through comprehensive plans and are made available to employees upon actual retirement. Employees retirement eligibility (D.R.O.P. entry) provisions are as follows: attainment of Medical benefits are provided through a self-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 services; or, age 55 and 12 years of service.

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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

General Information about the OPEB Plan (continued)

Employees covered by benefit terms – At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	16
	18

The Town's total OPEB liability of \$1,920,648 was measured as of June 30, 2020 and was determined by an actuarial valuation as July 1, 2019.

Actuarial Assumptions and other inputs – The total OPEB liability in the July 1, 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	3.50%
Discount rate	2.21% annually
Healthcare cost trend rates	5.5% annually until year 2030, then 4.5%

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2020, the end of the applicable measurement period.

Mortality rates were based on the SOA RP-2014 Combined Table.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2020.

Changes in the Total OPEB Liability

Balance at June 30, 2019	\$	2,211,112
Changes for the year:		
Service cost		202,578
Interest		80,934
Differences between expected and actual experience		(824,530)
Changes in assumptions		256,419
Benefit payments and net transfers		(5,865)
Net changes		(290,464)
Balance at June 30, 2020	\$	1,920,648

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, 2020

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

Changes in the Total OPEB Liability (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 (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1.0% Decrease (1.21%)	Current Discount Rate (2.21%)	1.0% Increase (3.21%)
Total OPEB liability	\$ 2,350,988	\$ 1,920,648	\$ 1,591,249

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	\$ 1,571,204	\$ 1,920,648	\$ 2,379,273

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$228,393. At June 30, 2020, 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	\$ 43,570	\$ (732,916)
Change in assumptions	347,598	(83,190)
Total	\$ 391,168	\$ (816,106)

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:	
2021	\$ (55,118)
2022	(55,118)
2023	(55,118)
2024	(55,118)
2025	(55,118)
Thereafter	(149,348)
	\$ (424,938)

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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, 2020, the Town did not participate in any Tax Exemption Programs.

15. Prior Period Adjustment

Fund balance of the Sales Tax Infrastructure fund and net position of the Governmental Activities within the government-wide financial statements were restated as of June 30, 2019 by an increase of \$21,690. The increase to prior period fund balance and net position is the result of revenues received after year end that should have been accrued in accordance with the Town’s revenue recognition policies.

	<u>Fund Balance</u>	Sales Tax Infrastructure Fund
Fund balance, June 30, 2019, as previously reported		\$ 137,054
Adjustment for revenue received		21,690
Fund balance, June 30, 2019, as restated		<u>\$ 158,744</u>

	<u>Net Position</u>	Governmental Activities
Net position, June 30, 2019, as previously reported		\$ 2,679,863
Adjustment for revenue received		21,690
Net position, June 30, 2019, as restated		<u>\$ 2,701,553</u>

16. COVID-19 Pandemic

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which has spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets.

The outbreak could have a continued material adverse impact on economic and market conditions. There continues to be no prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Town and its financial results.

17. Subsequent Events

In August 2020, the Town awarded a contract in the amount of \$116,594 for the Gramercy Pump Station Generator. Management has evaluated subsequent events through December 30, 2020.

TOWN OF GRAMERCY
GRAMERCY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

18. Current Accounting Standard Scheduled to be Implemented

Following is a summary of the accounting standard announced by the Governmental Accounting Standards Board (GASB) that is 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 June 15, 2021. The Town will include the requirements of this standard, as applicable, in its June 30, 2022 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.

GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The Town will include the requirements of this standard, as applicable, in its June 30, 2022 financial statement. The effect of this standard or its applicability to the Town are unknown at this time.

GASB Statement 90, *Majority Equity Interests*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for 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. The effect of this standard or its applicability to the Town are unknown at this time.

GASB Statement 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The Town will include the requirements of this standard, as applicable, in its June 30, 2023 financial statement. The effect of this standard or its applicability to the Town are unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

TOWN OF GRAMERCY, LOUISIANA
SCHEDULE OF CHANGES IN TOTAL POST-EMPLOYMENT LIABILITY
AND RELATED RATIOS
YEAR ENDED JUNE 30, 2020

Financial statement reporting date	6/30/2020	6/30/2019	6/30/2018
Measurement date	6/30/2020	6/30/2019	6/30/2018
Service Cost	\$ 202,578	\$ 134,672	\$ 138,335
Interest	80,934	73,199	71,695
Difference between actual and expected experience	(824,530)	39,768	13,550
Changes of assumptions or other inputs	256,419	143,599	(108,145)
Benefit payments	(5,865)	(4,248)	(5,570)
Net change in total OPEB liability	<u>(290,464)</u>	<u>386,990</u>	<u>109,865</u>
Total OPEB liability - beginning	2,211,112	1,824,122	1,714,257
Total OPEB liability - ending	<u>\$ 1,920,648</u>	<u>\$ 2,211,112</u>	<u>\$ 1,824,122</u>
Covered employee payroll	\$ 757,494	\$ 997,110	\$ 968,068
Total OPEB liability as a percentage of covered employee payroll	253.55%	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 years presented.

Changes of Assumptions.

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

<u>Measurement Date</u>	<u>Discount Rate</u>
6/30/2020	2.21%
6/30/2019	3.50%
6/30/2018	3.87%
6/30/2017	3.52%

For fiscal year 2020, the mortality rates were changed from based on RP-2000 Table to the RP-2014 Table.

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, 2020 (*)

	Employer's Proportion of the Net Pension Liability (Assets)	Employer's Proportionate Share of the Net Pension Liability (Asset)	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>					
2019	0.3859%	\$ 1,612,594	\$ 714,416	225.7218%	64.68%
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>					
2019	0.0816%	\$ 740,956	\$ 254,786	290.8150%	71.01%
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, 2020

	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>					
2020	\$ 199,709	\$ 199,709	\$ -	\$ 719,673	27.75%
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>					
2020	\$ 86,695	\$ 86,695	\$ -	\$ 266,753	32.50%
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, 2020

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
6/30/2020	6/30/2019	7.000%	-0.275%
6/30/2019	6/30/2018	7.275%	-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%	-0.250%
6/30/2015	6/30/2014	7.750%	

Investment Rate of Return:

Year End	Measurement Date	Rate	Change
6/30/2020	6/30/2019	7.000%	-0.275%
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
6/30/2020	6/30/2019	4.9% - 7.4%	0.100% - 2.400%
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
6/30/2020	6/30/2019	7.125%	-0.075%
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
6/30/2020	6/30/2019	7.125%	-0.075%
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
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Inflation Rate:

Year End	Measurement Date	Rate	Change
6/30/2020	6/30/2019	2.500%	-0.100%
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%	

No changes for the years presented.

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Fav (Unfav)
<u>REVENUES</u>				
Ad valorem taxes	\$ 115,000	\$ 115,000	\$ 116,805	\$ 1,805
Sales taxes	650,000	650,000	704,194	54,194
Garbage fees	230,000	230,000	231,024	1,024
Dumpster fees	4,000	2,000	2,025	25
Mosquito control	50,000	50,000	49,737	(263)
Licenses and permits	180,000	180,000	207,165	27,165
Intergovernmental revenues:				
Federal grants	-	-	59,206	59,206
State funds:				
Beer	5,000	3,403	2,836	(567)
Video poker	345,000	294,000	337,283	43,283
Fines and forfeitures	40,000	37,000	35,466	(1,534)
Other	296,700	262,800	350,278	87,478
Total revenues	<u>1,915,700</u>	<u>1,824,203</u>	<u>2,096,019</u>	<u>271,816</u>
<u>EXPENDITURES</u>				
Current operating expenditures:				
General government	645,224	594,019	599,151	(5,132)
Streets	425,263	479,475	485,634	(6,159)
Public safety	660,400	657,150	654,887	2,263
Sanitation	244,974	244,974	241,387	3,587
Drainage	-	110,000	72,031	37,969
Capital Outlay	-	47,500	75,952	(28,452)
Total expenditures	<u>1,975,861</u>	<u>2,133,118</u>	<u>2,129,042</u>	<u>4,076</u>
<u>EXCESS OF REVENUES OVER</u>				
<u>(UNDER) EXPENDITURES</u>	(60,161)	(308,915)	(33,023)	275,892
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	167,000	-	(167,000)
Transfers out	(200,000)	-	(42,574)	(42,574)
Total other financing sources (uses)	<u>(200,000)</u>	<u>167,000</u>	<u>(42,574)</u>	<u>(209,574)</u>
Change in fund balance	(260,161)	(141,915)	(75,597)	66,318
<u>FUND BALANCE</u>				
Beginning of year	4,183,992	4,183,992	4,183,991	(1)
End of year	<u>\$3,923,831</u>	<u>\$4,042,077</u>	<u>\$4,108,394</u>	<u>\$ 66,317</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SALES TAX INFRASTRUCTURE
YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Fav (Unfav)</u>
<u>REVENUES</u>				
Sales taxes	\$ 300,000	\$ 325,383	\$ 347,014	\$ 21,631
Street grant from parish	75,000	-	-	-
LGAP	35,000	-	-	-
DRA Grant Revenue	150,000	144,500	-	(144,500)
Total revenues	<u>560,000</u>	<u>469,883</u>	<u>347,014</u>	<u>(122,869)</u>
<u>EXPENDITURES</u>				
Current operating expenditures:				
Streets	185,000	37,000	-	37,000
Public safety	30,000	20,000	-	20,000
Sewer	475,000	400,000	-	400,000
Drainage	110,000	110,000	-	110,000
Total expenditures	<u>800,000</u>	<u>567,000</u>	<u>-</u>	<u>567,000</u>
<u>EXCESS OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	(240,000)	(97,117)	347,014	(689,869)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	322,810	322,810
Transfers out	-	-	(499,229)	(499,229)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(176,419)</u>	<u>(176,419)</u>
Change in fund balance	(240,000)	(97,117)	170,595	(866,288)
<u>FUND BALANCE</u>				
Beginning of year, as restated	137,053	137,053	158,744	(21,691)
End of year	<u>\$ (102,947)</u>	<u>\$ 39,936</u>	<u>\$ 329,339</u>	<u>\$ (887,979)</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF OTHER REVENUE
GENERAL FUND
YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>OTHER REVENUE</u>			
Utility franchise fees	\$ 93,000	\$ 93,000	\$103,262
Interest revenues	60,000	50,000	48,754
Collection fees	500	400	352
Motor vehicle transaction fees	63,000	42,000	36,615
Rents and royalties	2,400	2,400	2,400
Miscellaneous	77,800	75,000	158,895
Total other revenue	<u>\$ 296,700</u>	<u>\$262,800</u>	<u>\$350,278</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>GENERAL GOVERNMENT</u>			
Legal and litigation fees	\$ 10,000	\$ 5,000	\$ 3,145
Salaries	185,000	185,000	181,111
Professional fees	36,500	36,500	32,398
Electricity	16,000	13,300	12,310
Insurance	150,000	70,000	72,204
Supplies and maintenance	41,000	46,000	35,135
Miscellaneous	9,000	12,500	11,421
Retirement	35,000	59,690	59,131
SCPCD-building permits	23,500	24,400	24,642
Office expenses	60,000	55,000	51,667
Payroll taxes	6,924	9,189	12,641
Vehicle expenses	30,000	30,240	30,400
Dues and subscriptions	26,800	35,000	42,683
Meetings and conventions	10,000	6,700	6,703
Planning commission	4,500	4,500	3,560
Bad debts	1,000	1,000	20,000
Total general government	<u>645,224</u>	<u>594,019</u>	<u>599,151</u>
<u>STREETS</u>			
Salaries	225,000	215,508	222,798
Miscellaneous	5,000	3,000	2,016
Retirement	54,000	50,000	49,185
Vehicle expenses	9,000	9,000	7,854
Uniforms	5,000	6,573	6,717
Insurance	30,000	87,841	87,507
Supplies and maintenance	29,000	43,824	43,131
Electricity	65,000	60,000	62,370
Payroll taxes	3,263	3,729	4,056
Total streets	<u>425,263</u>	<u>479,475</u>	<u>485,634</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>PUBLIC SAFETY</u>			
Police:			
Insurance	\$ 65,000	\$ 71,000	\$ 75,257
Uniforms	3,000	1,500	1,171
Retirement	91,000	91,000	86,695
Vehicle expenses	24,000	20,000	17,023
Salaries	400,000	400,000	406,290
Supplies and maintenance	45,500	44,000	42,078
Training expenses	6,000	-	-
Electricity	6,000	7,000	6,249
Payroll taxes	15,200	15,000	14,139
Miscellaneous	4,700	7,650	5,985
Total public safety	<u>660,400</u>	<u>657,150</u>	<u>654,887</u>
<u>SANITATION</u>			
Solid waste disposal	222,974	222,974	220,592
Dumpster expense	4,000	4,000	6,373
Mosquito control	18,000	18,000	14,422
Total sanitation	<u>244,974</u>	<u>244,974</u>	<u>241,387</u>
<u>DRAINAGE</u>			
Supplies and maintenance	-	110,000	72,031
Total drainage department	<u>-</u>	<u>110,000</u>	<u>72,031</u>
<u>CAPITAL OUTLAY</u>			
Capital expenditures	-	47,500	75,952
Total capital outlay	<u>-</u>	<u>47,500</u>	<u>75,952</u>
Total all departments	<u>\$ 1,975,861</u>	<u>\$ 2,133,118</u>	<u>\$ 2,129,042</u>

TOWN OF GRAMERCY, LOUISIANA
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
FOR THE YEAR ENDED JUNE 30, 2020

Steven Nosacka, Mayor	\$ 46,801
Betty Cooper Coleman	3,200
Clyde Wiggins	9,600
Barbara Woods	5,600
Craig Calcagno	9,600
Darren Brack	9,600
Theron Louque	9,600
Brent Dicharry, Chief of Police	30,299
	<u>\$ 124,300</u>

TOWN OF GRAMERCY, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2020

Agency Head Name/Title: Mayor Steven Nosacka

Purpose	<u>Amount</u>
Salary	\$ 46,801
Benefits - insurance	13,153
Benefits - retirement	12,987
Benefits - life	73
Registration fees	250
Conference travel	401
	<u>\$ 73,665</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, each major fund, and the aggregate remaining fund information of the Town of Gramercy, Louisiana, (the Town) as of and for the year ended June 30, 2020, 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 30, 2020.

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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

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

Postlethwaite & Netterville

Donaldsonville, Louisiana

December 30, 2020

TOWN OF GRAMERCY, LOUISIANA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness identified

_____ Yes X No

- Significant deficiency identified not considered to be a material weakness?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

TOWN OF GRAMERCY, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020

FINDINGS – FINANACIAL STATEMENT AUDIT

INTERNAL CONTROL

2019-001 Internal Control over Financial Reporting

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.

Current Status: Resolved.

COMPLIANCE WITH LAWS AND REGULATIONS

2019-002 Local Government Budget Act

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

Current Status: Resolved.

2019-003 Local Government Budget Act

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.

Current Status: Resolved.

PERFORMANCE AND STATISTICAL DATA

TOWN OF GRAMERCY, LOUISIANA
INSURANCE-IN-FORCE SCHEDULE (Unaudited)
JUNE 30, 2020

<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, 2021	\$500,000
General liability	Risk Management, Inc.	May 1, 2021	\$500,000
Law enforcement liability	Risk Management, Inc.	May 1, 2021	\$500,000
Errors and omissions liability	Risk Management, Inc.	May 1, 2021	\$500,000
Workers' compensation	Louisiana Workers' Compensation Company	May 1, 2021	Statutory
Position fidelity schedule bond	CNA Surety Western Surety Company	October 1, 2020	\$50,000
Employment practices liability	Risk Management, Inc.	May 1, 2021	\$500,000
Commercial property	AmTrust Insurance Company	May 1, 2021	Various limits

TOWN OF GRAMERCY, LOUISIANA
PUBLIC UTILITY SYSTEM OPERATIONS SCHEDULE (Unaudited)
JUNE 30, 2020

Statistics on System Operations

- (a) As of June 30, 2020 the number of metered customers was 1,406 for the water system and 1,341 for the sewer system. There were no unmetered customers for either the water or sewer systems at June 30, 2020.
- (b) The following rate schedules were in effect during the fiscal year ended June 30, 2020 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	3.30
10,001 or more	3.00

Unincorporated Residential

First 2,000 gallons or less	\$ 19.20 / 1,000 gallons
2,001 to 10,000 gallons	3.30
10,001 or more	3.00

Small Business

First 2,000 gallons or less	\$ 24.01 / 1,000 gallons
2,001 to 10,000 gallons	3.30
10,001 or more	3.30

Large commercial and Industrial customers

Flat rate	\$ 4.20/1,000 gallons
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Unincorporated Industrial

Monthly availability charge	\$ 100.00
Usage rate	4.20/1,000 gallons

TOWN OF GRAMERCY, LOUISIANA
PUBLIC UTILITY SYSTEM OPERATIONS SCHEDULE (Unaudited)
JUNE 30, 2020

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, 2020:

1. Water	<u>\$ 30.66</u>
2. Sewer	<u>\$ 23.73</u>

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

We have audited the financial statements of the Town of Gramercy for the year ended June 30, 2020, and have issued our report thereon dated December 30, 2020. As part of our audit, we made a study and evaluation of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal accounting. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

However, during the course of our audit, we became aware of several matters that are opportunities for strengthening internal controls or operating efficiency. Our comments and suggestions regarding those matters are set forth below. This letter does not affect our reports dated December 30, 2020, on the financial statements of the Town of Gramercy or the Town's internal control over financial reporting.

ML-20-001

Financial Reconciliations

Condition:

The accounts payable and accounts receivable sub ledger should be timely reconciled to the general ledger at year end.

Recommendations:

The Town should perform a monthly reconciliation of accounts receivable and accounts payable general ledger accounts to the underlying accounting records. Any discrepancies should be investigated and resolved. These reconciliations should be reviewed by someone independent of the employee performing the reconciliation.



ML-20-002

Information Technology

Condition:

The Town is not aware of when successful system backups have been completed by information technology consultants. Additionally, the Town's employees do not participate in any cybersecurity trainings.

Recommendations:

The Town should ensure that it obtains notifications when backups are performed of its systems. Additionally, the Town should ensure that its employees are participating in cyber awareness training to mitigate the risk of data breaches.

This information is intended solely for the use of the Mayor, Board of Aldermen, and management of the Town of Gramercy and should not be used for any other purpose.

Postlethwaite & Netterville

Donaldsonville, Louisiana
December 30, 2020



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

Barbara C. Woods
District 1

Darren Brack
District 2

Theron Louque
District 3

Craig Calcagno
At Large

Claude "Clyde" Wiggins
At Large

Robert Fauchaux, Jr.
Town Attorney

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

Steven T. Nosacka
Mayor

Brent Dicharry
Police Chief

CORRECTIVE ACTION PLAN

December 30, 2020

The Town of Gramercy respectfully submits the following corrective action plan for the year ended June 30, 2020.

Audit Period: July 1, 2019 – June 30, 2020

MANAGEMENT LETTER COMMENTS

ML-20-001 Financial Reconciliations

Condition: The accounts payable and accounts receivable sub ledger should be timely reconciled to the general ledger at year end.

Management's Response: Management of the Town will implement procedures to establish monthly reconciliations to ensure accurate financial reporting.

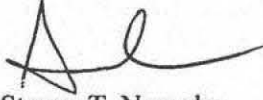
ML -20-002 Information Technology

Condition: The Town is not aware of when successful system backups have been completed by information technology consultants. Additionally, the Town's employees do not participate in any cybersecurity trainings.

Management's Response: Management of the Town will contact its software vendors regarding obtaining notifications of successful backups of its systems and find a vendor to perform annual cybersecurity trainings.

If you have questions regarding this plan, please call Steven T. Nosacka at (225) 869-4403.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Nosacka', with a stylized flourish extending to the right.

Steven T. Nosacka
Mayor