



Town of Gramercy

2010 Financial Statements

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

Release Date 2/2/11

TOWN OF GRAMERCY, LOUISIANA

FINANCIAL REPORT

JUNE 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Auditors' Reports</u>	
Independent Auditors' Report	1 - 2
Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3 - 4
Independent Auditor's Report on Compliance with Requirements that Could have a Direct and Material Effect on Major Program and on Internal Control over Compliance in Accordance with OMB A-133	5 - 6
Schedule of Expenditures of Federal Awards – For the year ended June 30, 2010	7
Schedule of Findings and Questioned Costs	8 - 10
Summary Schedule of Prior Audit Finding	11 - 12
<u>Required Supplemental Information</u>	
Management Discussion and Analysis	13 - 19
<u>Basic Financial Statements:</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS):	
Statement of Net Assets	20
Statement of Activities	21
FUND FINANCIAL STATEMENTS (FFS):	
Balance Sheet – Governmental Funds	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	23
Statement of Revenues, Expenditures, and Changed in Fund Balances – Governmental Fund Types	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Net Assets – Proprietary Funds	26
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	27
Statement of Cash Flows – Proprietary Funds	28 - 29
<u>Notes to Financial Statements</u>	30 - 44



A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gramercy (the Town), as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 13 through 19 and 45 through 48 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2010, on our consideration of the Town of Gramercy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying other supplementary information on pages 49 through 52 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information included in the performance and statistical data on pages 53 through 56 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Postlette Wade: Nottenville

Donaldsonville, Louisiana
November 30, 2010

**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 the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Gramercy, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the Town of Gramercy, Louisiana's basic financial statements and have issued our report thereon dated November 30, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Gramercy's internal control over financial reporting as a basis for designing our auditing procedures 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 of Gramercy, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Gramercy, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal controls* 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 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be material weaknesses. [10-02]

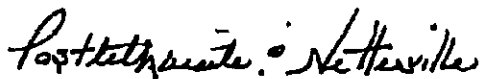
A *significant deficiency* is a deficiency, or combination of significant deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be significant deficiency [10-01].

Compliance and other matters

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

The Town of Gramercy's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Town of Gramercy's response and, accordingly, we express no opinion on it.

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



Donaldsonville, Louisiana
November 30, 2010

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the Town of Gramercy's compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Town of Gramercy's major federal programs for the year ended June 30, 2010. The Town of Gramercy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Gramercy's management. Our responsibility is to express an opinion on the Town of Gramercy's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Gramercy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town of Gramercy's compliance with those requirements.

In our opinion the Town of Gramercy complied, in all material respects with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of The Town of Gramercy is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Gramercy's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Gramercy's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Town of Gramercy's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Gramercy's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as public document.

Robert H. Nutter, Jr.

Donaldsonville, LA
November 30, 2010

TOWN OF GRAMERCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
Water Treatment Plant Improvements	66.606	XP-9695601-0	\$ 209,001
DELTA REGIONAL AUTHORITY			
Delta Local Development District Assistance	90.201	LA-4055	150,000
	90.201	LA-5101	<u>190,000</u>
			340,000
DEPARTMENT OF HOMELAND SECURITY			
Disaster Grants - Public Assistance (Presidentially declared)	97.036	1786-Hurricane Gustav	8,122
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
ICDBG Grant	14.228	Contract # 671995	48,509
DEPARTMENT OF JUSTICE			
JAG - ARRA	16.738	2009-SB-B9-0352	14,890
	16.738	B82-8-037	<u>42,458</u>
			57,348
Total			<u>\$ 662,980</u>

TOWN OF GRAMERCY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

A. SUMMARY OF AUDITORS' RESULTS

- (1) The auditors' report expressed an unqualified opinion on the financial statements of the Town of Gramercy, Louisiana as of and for the year ended June 30, 2010.
- (2) There were two significant deficiencies relating to the audit of the financial statements reported at section B in this schedule. One condition [10-02] is considered a material weakness.
- (3) No instances of noncompliance relating to the financial statements of the Town of Gramercy, Louisiana were disclosed during the audit.
- (4) There were no significant deficiencies or material weaknesses disclosed during the audit of internal controls over major federal awards.
- (5) The auditor's report on compliance for the major federal award programs for the Town of Gramercy expresses an unqualified opinion on all major federal programs.
- (6) The program tested as major program included: Delta Regional Authority – Delta Local Development District Assistance.
- (7) The threshold used for distinguishing between Type A and B programs was \$300,000.
- (8) The Town of Gramercy is not considered a low-risk auditee.

B. FINDINGS- FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

10-01 Documentation and Design of Internal Control

Criteria- Internal control procedures should be adequately designed and documented.

Condition –Management should improve its documentation of the components of internal control (including control environment, entity's risk, information and communication systems, control activities, and monitoring). In addition, there is inadequate design of internal control over the preparation of the financial statements being audited.

Effect – Significant journal entries were proposed to allow the financial statements to accurately reflect the Town's operations.

TOWN OF GRAMERCY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

SIGNIFICANT DEFICIENCIES (cont'd)

10-01 Documentation and Design of Internal Control (cont'd)

Cause – Small businesses with few employees in an accounting department typically have difficulty with establishing formal internal control procedures. Although this is not a valid reason for the lack of documentation, cost effectiveness certainly needs to be considered.

Recommendation – We suggest that management identify and document its financial statement risk and set up controls to mitigate this risk.

Management's response – We concur with the finding. We will document the required components of internal control and establish procedures for the preparation of audited financial statements.

MATERIAL WEAKNESS

10-02 Segregation of Duties

Criteria: Segregation of duties should be adequate within the Town's accounting department to provide effective internal control.

Condition: There is inadequate segregation of duties within the Town's accounting department. As a result of this weakness, the following has occurred:

- ◆ Personnel authorized to sign checks also reconciles the bank statement on a monthly basis.

Effect: The segregation of duties is inadequate to provide effective internal control.

Cause - Small businesses with few employees in an accounting department typically have difficulty with establishing formal internal control procedures. Although this is not a valid reason for the lack of documentation, cost effectiveness certainly needs to be considered.

Recommendation: Understanding that the Town's size may make it unfeasible to adequately staff an accounting department sufficient to segregate duties, we recommend that management consider the following:

- ◆ During preparation of monthly reconciliations, management should document review of the reconciliations for the complete and accurate presentation of the amounts as presented in the financial statements.

Management's Response: We concur with the finding and will review monthly bank reconciliations.

TOWN OF GRAMERCY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

COMPLIANCE WITH LAWS AND REGULATIONS

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

DELTA REGIONAL AUTHORITY

Delta Local Development District Assistance

NONE

TOWN OF GRAMERCY, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDING
YEAR ENDED JUNE 30, 2010

SIGNIFICANT DEFICIENCIES

09-01 Documentation and Design of Internal Control

Condition: Management should improve its documentation of the components of internal control (including control environment, entity's risk, information and communication systems, control activities, and monitoring). In addition, there is inadequate design of internal control over the preparation of the financial statements being audited.

Recommendation: Small businesses with few employees in an accounting department typically have difficulty with establishing formal internal control procedures. Although this is not a valid reason for the lack of documentation, cost effectiveness certainly needs to be considered. We suggest that management identify and document its financial statement risk and set up controls to mitigate this risk.

Current Status: A similar finding was noted in the current year audit.

MATERIAL WEAKNESS

09-02 Segregation of Duties

Condition: There is inadequate segregation of duties within the Town's accounting department. As a result of this weakness, the following has occurred:

- ◆ Personnel authorized to sign checks also reconciles the bank statement on a monthly basis.

In addition, certain procedures that could help to mitigate this weakness are currently not being performed. Those procedures could include but are not limited to the following:

- ◆ A review of non-routine transactions over the period-end financial reporting process.

Recommendation: Understanding that the Town's size may make it unfeasible to adequately staff an accounting department sufficient to segregate duties, we recommend that management consider the following:

- ◆ During preparation of monthly financial statements, management should review all journal entries necessary for the complete and accurate presentation of these statements.

Current Status: A similar finding was noted in the current year audit.

TOWN OF GRAMERCY, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDING
YEAR ENDED JUNE 30, 2010

COMPLIANCE WITH STATE LAWS AND REGULATIONS

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

DEPARTMENT OF HOMELAND SECURITY

Disaster Grants – Public Assistance (Presidentially Declared Disasters)

None

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2010

This section of Town's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2010.

FINANCIAL HIGHLIGHTS

- The Town's combined total net assets increased by \$1,046,779 over the course of this year's operations. Net assets of our governmental activities increased approximately \$325,000 (or 7.95%) and increased \$721,000 (or 17.68%) in the net assets of our business-type activities.
- During the year, the Town's expenses were \$325,469 less than the \$1.88 million generated in charges for services, taxes, and other revenue. In the Town's business-type activities expenses were \$721,310 less than the \$1.66 million generated in revenues.
- The general fund reported a \$2,718,745 fund balance for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2010

Figure A-1 Major Features of Town's Government and Fund Financial Statements				
Fund Statements				
	Government-wide Statements	Governmental Funds	Proprietary Funds	
Scope	Entire Town government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as police, fire, and streets	Activities the Town operates similar to private businesses: the water and sewer system	
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expense, and changes in net assets • Statement of cash flows 	
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2010

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2010

The Town has two kinds of funds:

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

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net assets. The Town’s combined net assets increased between fiscal years 2009 and 2010 to approximately \$9.21 million. (See Table A-1.)

	Table A-1			
	Town’s Net Assets			
	Governmental Activities		Business-Type Activities	
	2010	2009	2010	2009
Current and other assets	\$ 2,910,463	\$ 2,756,890	\$ 1,249,001	\$ 1,219,136
Capital assets	1,631,552	1,672,590	4,584,745	3,976,666
Total assets	4,542,015	4,429,480	5,833,746	5,195,802
Current liabilities	105,625	283,128	367,320	269,147
Long term Liabilities	16,635	52,064	671,190	852,000
Total liabilities	122,260	335,192	1,038,510	1,121,147
Net assets				
Invested in capital assets, Net of related debt	1,604,552	1,612,590	3,736,745	2,953,666
Restricted for debt service	-	-	373,408	354,931
Unrestricted (deficit)	2,815,203	2,481,698	685,809	766,058
Total net assets	\$ 4,419,755	\$ 4,094,288	\$4,795,962	\$4,074,655

Net assets of the Town’s governmental activities increased 7.95 percent to approximately \$4.4 million. Net assets of the Town’s business-type activities increased approximately 17.68 percent to \$4.8 million.

TOWN OF GRAMERCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

Changes in net assets. The Town's total revenues decreased by approximately \$181,000 to \$3.53 million (See Table A-2.) Approximately 34 percent of the Town's revenue comes from charges for services, and 23.3 percent comes from tax collections.

The total cost of all programs and services increased approximately \$12,000 or 1 percent. The Town's expenses cover all services performed by its office.

Governmental Activities

Revenues for the Town's governmental activities decreased 16.4 percent, while total expenses decreased approximately \$79,000 or 5.18 percent.

	Table A-2			
	Changes in Town's Net Assets			
	Governmental Activities		Business-Type Activities	
	2010	2009	2010	2009
Revenues				
Program revenues				
Charges for services	\$ 321,453	\$ 305,196	\$ 879,735	\$ 883,870
Operating grants	-	214,930	-	-
General revenues				
Taxes	709,689	731,300	115,243	111,114
Licenses and permits	160,443	183,730	-	-
Federal grants	115,838	157,309	549,001	446,934
State grants	-	-	70,000	-
Intergovernmental	406,144	455,095	-	-
Miscellaneous	164,989	199,430	39,093	27,090
Interest	-	-	3,119	-
Total revenues	1,878,556	2,246,990	1,656,191	1,469,008
Expenses				
General government	383,676	386,477	1,046,641	967,662
Public safety	491,780	476,384	-	-
Streets	348,941	436,583	-	-
Fire	3,099	4,552	-	-
Sanitation	211,587	212,446	-	-
Debt service expenditures:				
Principal retirement	-	-	-	-
Interest	2,970	4,455	-	-
Total expenses	1,442,053	1,520,897	1,046,641	967,662
Excess (deficiency) before transfers	436,503	726,093	609,550	501,346
Transfers	(111,034)	(183,004)	111,034	183,004
Increase (decrease) in net assets	\$ 325,469	\$ 543,089	\$ 720,584	\$ 684,350

Business-type Activities

Revenues increased by 12.7 percent to \$1,656,191 before transfers and expenses of the Town's business-type activities increased 8.2 percent to \$1,046,641.

TOWN OF GRAMERCY

**MANAGEMENTS DISCUSSION AND ANALYSIS
June 30, 2010**

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its governmental funds reported a combined fund balance of approximately \$2.8 million, increase of 13.1 percent from last year.

General Fund Budgetary Highlights

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

- Sales tax and other revenues were decreased by \$30,000 and \$20,000; respectively.
- Street expenditures were adjusted to reflect a decrease in budgeted expenditures due to decreases in salaries.

CAPITAL ASSETS

At the end of the 2010 fiscal year, the Town had invested approximately \$6.2 million in a broad range of capital assets, including police equipment, buildings, vehicles, and water and sewer systems. (See Table A-3) This amount represents a net increase (including additions and deductions) of approximately \$567,000, or 10 percent, over last year.

	Governmental Activities		Business Activities	
	2010	2009	2010	2009
Land	\$ 87,520	\$ 87,520	\$ 76,825	\$ 76,825
Plant & Equipment	-	-	4,507,920	3,899,841
Buildings	45,641	55,818	-	-
Other Improvements	1,276,338	1,341,850	-	-
Equipment	222,053	187,402	-	-
Total	\$ 1,631,552	\$ 1,672,590	\$ 4,584,745	\$ 3,976,666

This year's major capital asset addition included:

- LCDBG road improvements totaling \$48,509.
- Water plant capital expenditures include a clarifier project totaling \$136,523 and also a tank project including major repairs and painting totaling \$107,512.

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2010

Long-term debt. At the end of the current fiscal year, the Town had bonded debt outstanding of \$(10,036,803) as compared to \$(9,211,423) in the prior year, an increase of \$311,000 or 88 percent. (See Table A-4) This increase is due to new debt issued in the current year to fund sewer improvements. More information about the Town's long-term liabilities is presented in Note 3 to the financial statements.

Table A-4					
Town's Outstanding Debt					
	Governmental Activities			Business Activities	
	2010		2009	2010	2009
General Obligation Bonds	\$ 27,000		\$ 60,000	\$ -	\$ -
Sewer Improvement Bonds	-		-	590,000	680,000
Certificates of Indebtedness	-		-	258,000	343,000
Total	\$ 27,000		\$ 60,000	\$ 848,000	\$ 1,023,000

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's major sources of revenue for the general fund are comprised from sales tax, garbage fees, and video poker by 31%, 13% and 22% respectively. The economy is not expected to generate any significant growth. All expenditures are expected to be consistent with the current years.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

TOWN OF GRAMERCY
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 1,847,449	\$ 116,739	\$ 1,964,188
Certificates of deposit	755,000	551,652	1,306,652
Other accounts receivable (net)	146,958	98,825	245,783
Notes receivable (net)	-	31,400	31,400
Due from other governmental agencies	93,281	-	93,281
Prepaid insurance	67,775	-	67,775
Other assets	-	9,731	9,731
Restricted assets - cash	-	441,380	441,380
	<u>2,910,463</u>	<u>1,249,727</u>	<u>4,160,190</u>
Capital assets:			
Land	87,520	76,825	164,345
Other capital assets, net of depreciation	1,544,032	4,507,920	6,051,952
Total capital assets	<u>1,631,552</u>	<u>4,584,745</u>	<u>6,216,297</u>
TOTAL ASSETS	<u>4,542,015</u>	<u>5,834,472</u>	<u>10,376,487</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 54,845	\$ 95,108	\$ 149,953
Other current liabilities	-	72,970	72,970
Payroll taxes payable	10,747	-	10,747
Due to employees' retirement systems	13,033	-	13,033
General obligation bonds due within one year	27,000	68,000	95,000
Accrued interest payable	-	11,255	11,255
Accrued salaries payable	-	6,129	6,129
Payable from restricted assets:			
Revenue bonds payable due within one year	-	112,000	112,000
Accrued interest payable	-	1,858	1,858
Long-term liabilities:			
Compensated absences	16,635	3,190	19,825
General obligation bonds	-	420,000	420,000
Revenue bonds payable	-	248,000	248,000
TOTAL LIABILITIES	<u>122,260</u>	<u>1,038,510</u>	<u>1,160,770</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,604,552	3,736,745	5,341,297
Restricted for revenue bond debt service	-	373,408	373,408
Unrestricted fund balance	2,815,203	685,809	3,501,012
TOTAL NET ASSETS	<u>\$ 4,419,755</u>	<u>\$ 4,795,962</u>	<u>\$ 9,215,717</u>

The accompanying notes are an integral part of this statement.

**TOWN OF GRAMERCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Fees, Fines, and Charges for Services	Capital Grants	Governmental Activities	Business-Type Activities	
ACTIVITIES						
Governmental:						
General government	\$ 383,676	\$ -	\$ -	\$ (383,676)		\$ (383,676)
Streets	348,941	-	113,979	(234,962)		(234,962)
Public safety	491,780	77,982	-	(413,798)		(413,798)
Sanitation	211,587	243,471	-	31,884		31,884
Fire	3,099	-	-	(3,099)		(3,099)
Debt service expenditures:						
Interest	2,970	-	-	(2,970)		(2,970)
Total governmental activities	<u>1,442,053</u>	<u>321,453</u>	<u>113,979</u>	<u>(1,006,621)</u>		<u>(1,006,621)</u>
Business-type:						
Enterprise	<u>1,045,915</u>	<u>879,735</u>	<u>619,001</u>		<u>452,821</u>	<u>452,821</u>
Total business-type activities	<u>1,045,915</u>	<u>879,735</u>	<u>619,001</u>		<u>452,821</u>	<u>452,821</u>
Total Town of Gramercy	<u>\$ 2,487,968</u>	<u>\$ 1,201,188</u>	<u>\$ 732,980</u>	<u>\$ (1,006,621)</u>	<u>\$ 452,821</u>	<u>\$ (553,800)</u>
General Revenues:						
Taxes				709,689	115,243	824,932
Licenses and permits				160,443	-	160,443
Intergovernmental				406,144	-	406,144
Miscellaneous				166,848	39,093	205,941
Interest				-	3,119	3,119
Transfers				(111,034)	111,034	-
Total general revenues and transfers				<u>1,332,090</u>	<u>268,489</u>	<u>1,600,579</u>
Change in net assets				325,469	721,310	1,046,779
Net assets - July 1, 2009				<u>4,094,286</u>	<u>4,074,652</u>	<u>8,168,938</u>
Net assets - June 30, 2010				<u>\$ 4,419,755</u>	<u>\$ 4,795,962</u>	<u>\$ 9,215,717</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 1,734,356	\$ 113,093	\$ 1,847,449
Certificates of deposit	755,000	-	755,000
Other accounts receivable (net)	146,958	-	146,958
Due from other governmental agencies	93,281	-	93,281
Prepaid insurance	67,775	-	67,775
TOTAL ASSETS	<u>\$ 2,797,370</u>	<u>\$ 113,093</u>	<u>\$ 2,910,463</u>
CURRENT LIABILITIES			
Accounts payable	\$ 54,845	\$ -	\$ 54,845
Payroll taxes payable	10,747	-	10,747
Due to employees' retirement systems	13,033	-	13,033
TOTAL CURRENT LIABILITIES	<u>78,625</u>	<u>-</u>	<u>78,625</u>
FUND BALANCES			
Restricted for debt service	-	66,407	66,407
Unrestricted	2,718,745	46,686	2,765,431
TOTAL FUND BALANCES	<u>2,718,745</u>	<u>113,093</u>	<u>2,831,838</u>
Total liabilities and fund balances	<u>\$ 2,797,370</u>	<u>\$ 113,093</u>	<u>\$ 2,910,463</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

Total fund balances - Governmental Funds		\$ 2,831,838
Cost of capital assets at June 30, 2010	2,866,948	
Less: accumulated depreciation as of June 30, 2010	<u>(1,235,396)</u>	1,631,552
 Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.		
Compensated Absences		(16,635)
Bonds payable		<u>(27,000)</u>
Total net assets at June 30, 2010 - Governmental Activities		<u>\$ 4,419,755</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Ad valorem taxes	\$ 96,980	\$ 34,687	\$ 131,667
Sales taxes	578,022	-	578,022
Garbage fees	243,471	-	243,471
Licenses and permits	160,443	-	160,443
Intergovernmental revenue:			
Federal grants	65,470	-	65,470
LCDBG	48,509	-	48,509
State funds:			
Beer	7,317	-	7,317
Video poker	398,827	-	398,827
Fines and forfeitures	77,982	-	77,982
Other revenue	166,848	-	166,848
Total revenues	<u>1,843,869</u>	<u>34,687</u>	<u>1,878,556</u>
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	374,280	-	374,280
Streets	280,821	-	280,821
Public safety	533,688	-	533,688
Sanitation	211,587	-	211,587
Fire department	3,099	-	3,099
Debt service expenditures:			
Principal retirement	-	33,000	33,000
Interest	-	2,970	2,970
Total expenditures	<u>1,403,475</u>	<u>35,970</u>	<u>1,439,445</u>
<u>EXCESS OF REVENUES OVER</u>			
<u>EXPENDITURES</u>	440,394	(1,283)	439,111
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	-	-	-
Transfers Out	(111,034)	-	(111,034)
	<u>(111,034)</u>	<u>-</u>	<u>(111,034)</u>
Net change in fund balance	329,360	(1,283)	328,077
<u>FUND BALANCE</u>			
Beginning of year	2,389,385	114,376	2,503,761
End of year	<u>\$ 2,718,745</u>	<u>\$ 113,093</u>	<u>\$ 2,831,838</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2010

Net change in fund balances - Governmental funds	\$	328,077
The change in net assets reported for governmental activities in the statement of activities is different because:		
Add: Capital outlay which is considered expenditures		152,648
Less: Depreciation expense for year ended June 30, 2010		(193,295)
Less: Difference on loss of equipment		(390)
Add: Principal payment on bonds payable		33,000
Less: Excess of compensated absences earned over compensated absences used		<u>5,429</u>
Change in net assets of governmental activities	\$	<u><u>325,469</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Public Utility Revenue Fund	Sewer Operating Fund	Total Enterprise
<u>ASSETS</u>			
Cash	\$ 57,558	\$ 59,181	\$ 116,739
Certificates of deposit	325,558	226,094	551,652
Accounts receivable (net)	67,691	31,134	98,825
Notes receivable (net)	-	31,400	31,400
Other assets	-	9,731	9,731
Restricted assets - Cash	6,114	435,266	441,380
Capital assets:			
Land	76,825	-	76,825
Other capital assets, net of depreciation	3,241,280	1,266,640	4,507,920
Total capital assets	<u>3,318,105</u>	<u>1,266,640</u>	<u>4,584,745</u>
TOTAL ASSETS	<u>3,775,026</u>	<u>2,059,446</u>	<u>5,834,472</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 88,743	\$ 6,365	\$ 95,108
Customer service meter deposits	72,970	-	72,970
Payable from restricted assets:			
Revenue bonds payable due within one year	52,000	60,000	112,000
Accrued interest payable	-	1,858	1,858
General obligation bonds due within one year	-	68,000	68,000
Accrued interest payable	3,149	8,106	11,255
Accrued salaries payable	5,216	913	6,129
Long-term Liabilities:			
Compensated absences	3,190	-	3,190
General obligation bonds	-	420,000	420,000
Revenue bonds payable	168,000	80,000	248,000
TOTAL LIABILITIES	<u>393,268</u>	<u>645,242</u>	<u>1,038,510</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	3,098,105	638,640	3,736,745
Restricted for revenue bond debt service	-	373,408	373,408
Unrestricted equity	283,653	402,156	685,809
TOTAL NET ASSETS	<u>\$ 3,381,758</u>	<u>\$ 1,414,204</u>	<u>\$ 4,795,962</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	Public Utility Revenue Fund	Sewer Operating Fund	Total Enterprise
OPERATING REVENUES			
Sales	\$ 533,173	\$ 344,412	\$ 877,585
Tap fees	1,100	1,050	2,150
Miscellaneous revenues	1,475	37,618	39,093
Total operating revenues	<u>535,748</u>	<u>383,080</u>	<u>918,828</u>
OPERATING EXPENSES			
Salaries	285,972	91,189	377,161
Office expenses	5,745	2,432	8,177
Miscellaneous expenses	1,231	4,989	6,220
Insurance	36,344	7,471	43,815
Supplies and maintenance	31,344	7,454	38,798
Vehicle expenses	3,163	2,295	5,458
Uniforms	3,182	-	3,182
Professional fees	6,750	6,750	13,500
Retirement	31,865	11,107	42,972
Electricity	28,739	59,452	88,191
Payroll taxes	563	182	745
Laboratory expenses	18,310	9,110	27,420
Chemicals	46,470	3,480	49,950
Bad debts	26,114	2,786	28,900
Depreciation	136,697	127,163	263,860
Total operating expenses	<u>662,489</u>	<u>335,860</u>	<u>998,349</u>
OPERATING INCOME (LOSS)	(126,741)	47,220	(79,521)
NONOPERATING INCOME (EXPENSES)			
Federal grants	549,001	-	549,001
State grants	35,000	35,000	70,000
Ad valorem taxes	57,782	57,461	115,243
Interest revenues	1,142	1,977	3,119
Interest expense	(9,385)	(38,181)	(47,566)
Total nonoperating income (expenses)	<u>633,540</u>	<u>56,257</u>	<u>689,797</u>
Change in net assets before transfers	506,799	103,477	610,276
OTHER FINANCING USES			
Transfers In	110,368	666	111,034
Transfers Out	-	-	-
	<u>110,368</u>	<u>666</u>	<u>111,034</u>
Net change in net assets	617,167	104,143	721,310
Total net assets- beginning	2,764,591	1,310,061	4,074,652
Total net assets- ending	<u>\$ 3,381,758</u>	<u>\$ 1,414,204</u>	<u>\$ 4,795,962</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	<u>Public Utility Revenue Fund</u>	<u>Sewer Operating Fund</u>	<u>Total Enterprise</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from customers	\$ 606,559	\$ 476,676	\$ 1,083,235
Cash payments to suppliers for goods and services	(95,258)	(101,332)	(196,590)
Cash payments to employees for services	(314,810)	(102,441)	(417,251)
Net cash provided by operating activities	<u>196,491</u>	<u>272,903</u>	<u>469,394</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING</u>			
<u>ACTIVITIES:</u>			
Subsidy from grants	584,001	35,000	619,001
Transfers from other funds	<u>110,368</u>	<u>666</u>	<u>111,034</u>
Net cash used by noncapital financing	<u>694,369</u>	<u>35,666</u>	<u>730,035</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED</u>			
<u>FINANCING ACTIVITIES:</u>			
Acquisition of capital assets	(821,637)	(50,302)	(871,939)
Principal paid on long term debt	(50,000)	(125,000)	(175,000)
Increase in notes receivable	-	(30,674)	(30,674)
Interest paid on indebtedness	(9,385)	(38,181)	(47,566)
Net cash used by capital and related financing activities	<u>(881,022)</u>	<u>(244,157)</u>	<u>(1,125,179)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest earned on investments	<u>1,142</u>	<u>1,977</u>	<u>3,119</u>
Net cash provided by investing activities	<u>1,142</u>	<u>1,977</u>	<u>3,119</u>
Net increase (decrease) in cash and cash equivalents	10,980	66,389	77,369
Cash and cash equivalents - beginning of year	<u>378,250</u>	<u>654,152</u>	<u>1,032,402</u>
Cash and cash equivalents - end of year	<u>\$ 389,230</u>	<u>\$ 720,541</u>	<u>\$ 1,109,771</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	<u>Public Utility Revenue Fund</u>	<u>Sewer Operating Fund</u>	<u>Total Enterprise</u>
<u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>			
Income (loss) from operations	\$ (126,741)	\$ 47,220	\$ (79,521)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:			
Depreciation	136,697	127,163	263,860
Bad debts	26,114	2,786	28,900
Net change in assets and liabilities:			
Accounts receivable	12,414	34,911	47,325
Accounts payable	86,020	2,101	88,121
Other liabilities	3,590	34	3,624
Customer service meter deposits	615	1,227	1,842
Total adjustments	<u>265,450</u>	<u>168,222</u>	<u>433,672</u>
Net cash provided by operating activities	<u>\$ 138,709</u>	<u>\$ 215,442</u>	<u>\$ 354,151</u>
Cash Consists of :			
Cash	\$ 57,558	\$ 59,181	\$ 116,739
Certificates of Deposit	325,558	226,094	551,652
Restricted assets - Cash	6,114	435,266	441,380
	<u>\$ 389,230</u>	<u>\$ 720,541</u>	<u>\$ 1,109,771</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

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

Financial Reporting Entity

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

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

Basis of Presentation, Basis of Accounting

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

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

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

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

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

The Town reports the following major governmental funds:

- a. *General Fund* - This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following nonmajor governmental funds:

- a. *Debt Service Funds* - These funds accounts for the resources accumulated and payments made for principal, interest and related costs on general long-term debt.

The Town reports the following two major enterprise funds:

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

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the 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.

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

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

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

Use of Estimates

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

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting

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

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

The level of budgetary control is total appropriations. Budgeted amounts are as originally adopted, or as amended by the Board. Amended budgeted revenue and expenditures decreased from original budgeted amounts for the general fund for the year ended June 30, 2010, by approximately \$31,700 and \$45,880, respectively.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Cash and Investments

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

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

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

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

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

All fixed assets are stated at historical cost.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable

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

Accumulated Unpaid Vacation

Employees earn vacation leave 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, 2010.

Operating Transfers In and Out

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

Statements of Cash Flows

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

Encumbrances

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

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2010, are as follows:

Governmental activities:

	<u>Land</u>	<u>Buildings</u>	<u>Other Improvements</u>	<u>Equipment</u>	<u>Total</u>
Cost of Capital Assets June 30, 2009	\$ 87,520	\$ 285,736	\$ 1,824,269	\$ 520,950	\$ 2,718,475
Additions	-	-	56,237	96,411	152,648
Deletions	-	-	-	(4,175)	(4,175)
Cost of Capital Assets June 30, 2010	<u>87,520</u>	<u>285,736</u>	<u>1,880,506</u>	<u>613,186</u>	<u>2,866,948</u>
Accumulated depreciation June 30, 2009	-	229,918	482,419	333,549	1,045,886
Additions	-	10,177	121,749	61,369	193,295
Deletions	-	-	-	(3,785)	(3,785)
Accumulated depreciation June 30, 2010	<u>-</u>	<u>240,095</u>	<u>604,168</u>	<u>391,133</u>	<u>1,235,396</u>
Capital assets, net of accumulated depreciation at June 30, 2010	<u>\$ 87,520</u>	<u>\$ 45,641</u>	<u>\$ 1,276,338</u>	<u>\$ 222,053</u>	<u>\$ 1,631,552</u>

For the year ended June 30, 2010, depreciation expense was \$ 193,295.

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

2. Capital Assets (continued)

Business-Type activities:

	<u>Land</u>	<u>Plant & Equipment</u>	<u>Total</u>
Cost of Capital Assets			
June 30, 2009	\$ 76,825	\$ 8,090,294	\$ 8,167,119
Additions	-	871,939	871,939
Deletions	-	-	-
Cost of Capital Assets			
June 30, 2010	<u>76,825</u>	<u>8,962,233</u>	<u>9,039,058</u>
Accumulated Depreciation			
June 30, 2009	-	4,190,453	4,190,453
Additions	-	263,860	263,860
Deletions	-	-	-
Accumulated Depreciation			
June 30, 2010	<u>-</u>	<u>4,454,313</u>	<u>4,454,313</u>
Capital assets, net of accumulated depreciation at			
June 30, 2010	<u>\$ 76,825</u>	<u>\$ 4,507,920</u>	<u>\$ 4,584,745</u>

For the year ended June 30, 2010, depreciation expense was \$ 263,860.

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

3. Changes in Long-Term Debt

The following is a summary of long-term debt transactions which occurred during the year ended June 30, 2010:

Governmental Activities:

Compensated Absences

Governmental activities:

Balance at July 1, 2009	\$ 19,155
Increases	907
Decreases	<u>(3,427)</u>
Balance at June 30, 2010	<u>\$ 16,635</u>

Business-type activities:

Balance at July 1, 2009	\$ 4,144
Increases	370
Decreases	<u>(1,324)</u>
Balance at June 30, 2010	<u>\$ 3,190</u>

Bonds Payable

	<u>Balance</u> <u>06/30/09</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>06/30/10</u>
Governmental activities:				
1991 Sewer Improvement bonds - general obligation portion	\$ 60,000	\$ -	\$ 33,000	\$ 27,000
	<u>60,000</u>	<u>-</u>	<u>33,000</u>	<u>27,000</u>
Business-type activities:				
1991 Sewer Improvement bonds	200,000	-	60,000	140,000
2000 Certificate of Indebtedness	73,000	-	35,000	38,000
2001 Sewer Improvement bonds - general obligation bonds	480,000	-	30,000	450,000
2003 Certificate of Indebtedness -- Capital One	<u>270,000</u>	<u>-</u>	<u>50,000</u>	<u>220,000</u>
	<u>\$ 1,023,000</u>	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ 848,000</u>

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Changes in Long-Term Debt (continued)

Bonds payable at June 30, 2010, were comprised of the following individual issues:

Governmental activities:

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

Total long-term debt	\$ 27,000
Less portion due within one year	<u>(27,000)</u>
Non-current long-term debt	<u>\$ -</u>

Business-type activities:

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

\$ 140,000

\$270,000 Certificate of Indebtedness; due in various semi-annual installments, including interest at 5.25%, through September 1, 2010; secured by the annual revenues of the Town of Gramercy in excess of statutory, necessary, and usual charges.

38,000

\$650,000 General Obligation Bonds; due in various semi-annual installments, including interest at rates ranging from 0.10% to 5.20%, through March 1, 2021; payable from ad valorem taxes

450,000

\$425,000 Certificate of Indebtedness; due in various annual installments, including interest at 2.35%, through September 1, 2013; payable from ad valorem taxes

220,000

Total long-term debt	848,000
Less portion due within one year	<u>(180,000)</u>
Non-current long-term debt	<u>\$ 668,000</u>

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Changes in Long-Term Debt (continued)

The annual requirements to amortize all outstanding revenue bonds as of June 30, 2010, including interest payments of \$180,425 are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2011	247,607
2012	199,854
2013	114,006
2014	111,890
2015	55,958
Thereafter	<u>326,110</u>
	<u>\$ 1,055,425</u>

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

4. Ad Valorem Taxes

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

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. James Parish. During the year ended June 30, 2010, taxes of 5.99 mills were levied on property with assessed valuations totaling \$16,056,616 for general purposes. Additional taxes of 9.35 mills were levied on the same property for the purpose of accumulating enough funds to service the annual debt requirements as they become due for the \$1,550,000 of original amounts of Sewer and Water Improvement Bonds. Levied mills expire at the expiration of each debt requirement.

Ad valorem taxes levied during the year ended June 30, 2010, totaled approximately \$246,910.

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

5. Transfers to/from Other Funds

Interfund transfers at June 30, 2010, were as follows:

Fund	Transfers in	Transfers out
General Fund	\$ -	\$ 111,034
Enterprise Funds:	-	-
Public Utility Revenue Fund	110,368	-
Sewer Operating Fund	666	-
	\$ 111,034	\$ 111,034

6. Defined Benefit Pension Plan

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

a. Municipal Employees' Retirement System of Louisiana

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

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

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. Defined Benefit Pension Plan (continued)

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

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary to the system, and the Town of Gramercy is required to make contributions at an actuarially determined rate. The rate currently being paid by the Town is 13.50 percent of annual covered payroll. Contributions to the System also include 0.25 percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Gramercy are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Gramercy's contributions to the System under Plan A during the years ending June 30, 2010, 2009, and 2008 were \$65,516, \$61,329, and \$59,487, respectively, equal to the required contributions for these years.

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

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

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

Funding Policy. Plan members are required by state statute to contribute 7.50 percent of their annual covered salary to the System, and the Town of Gramercy is required to make contributions at an actuarially determined rate. The rate currently being paid by the Town is 11 percent of annual covered payroll. The contribution requirements of plan members and the Town of Gramercy are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Gramercy contributions to the System during the years ending June 30, 2010, 2009, and 2008 were \$22,723, \$17,122, and \$21,834, respectively, equal to the required contributions for these years.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Segments of Enterprise Activities

Water and sewerage services are provided by the Town and are financed by user charges. The significant financial data for the year ended June 30, 2010, for these services are as follows:

	<u>Water</u>	<u>Sewerage</u>	<u>Total</u>
Operating revenues	\$ 593,530	\$ 440,541	\$ 1,034,071
Operating expenses	662,489	335,860	998,349
Depreciation	136,697	127,163	263,860
Income (loss) from operations	(126,741)	47,220	34,996
Net income (loss)	617,167	104,143	721,310
Acquisition of capital assets	821,637	50,302	871,939
Outstanding revenue bonds and certificates of indebtedness	220,000	628,000	848,000

9. Restricted Assets

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

The Town has been reclassifying a portion of its cash and investments as "restricted" on a monthly basis; however, the Town has not established all of the "restricted" accounts delineated in the bond indentures. All of the applicable lending institutions waived the violations of these covenants for the year ended June 30, 2010.

10. Due from Other Governmental Agencies

Amounts due from other governmental agencies at June 30, 2010, consisted of the following:

St. James Parish - sales taxes	\$ 83,275
St. James Parish - P&M sales taxes	<u>10,006</u>
	<u>\$ 93,281</u>

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

11. Cash and Investments

At June 30, 2010, the carrying amounts of the Town's deposits were as follows:

Petty cash	\$ 225
Demand deposit accounts / savings accounts	2,292,250
Certificates of deposit	<u>1,419,745</u>
	<u>\$ 3,712,220</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by either federal deposit insurance or by the pledge of securities owned by a fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

12. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2010, \$3,725,839 of the government's bank balance was not exposed to custodial credit risk.

REQUIRED SUPPLEMENTARY

INFORMATION

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>REVENUES</u>			
Ad valorem taxes	\$ 79,000	\$ 85,000	\$ 96,980
Sales taxes	600,000	570,000	578,022
Garbage fees	220,000	225,000	243,471
Licenses and permits	170,000	170,000	160,443
Intergovernmental revenues:			
Federal grants	72,500	73,300	65,470
LCDBG	-	-	48,509
State funds:			
Beer	5,500	7,000	7,317
Video poker	425,000	425,000	398,827
Fines and forfeitures	60,000	65,000	77,982
Other	192,000	172,000	166,848
Total revenues	<u>1,824,000</u>	<u>1,792,300</u>	<u>1,843,869</u>
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	369,500	364,320	374,280
Streets	317,000	275,750	280,821
Public safety	553,500	555,250	533,688
Sanitation	215,000	215,000	211,587
Fire department	4,700	3,500	3,099
Total expenditures	<u>1,459,700</u>	<u>1,413,820</u>	<u>1,403,475</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>			
	364,300	378,480	440,394
<u>OTHER FINANCING USES</u>			
Transfers in	-	-	-
Transfers out	-	-	(111,034)
	<u>-</u>	<u>-</u>	<u>(111,034)</u>
Net change in fund balance	364,300	378,480	329,360
<u>FUND BALANCE</u>			
Beginning of year	<u>2,389,385</u>	<u>2,389,385</u>	<u>2,389,385</u>
End of year	<u>\$ 2,753,685</u>	<u>\$ 2,767,865</u>	<u>\$ 2,718,745</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF OTHER REVENUE
GENERAL FUND
YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>OTHER REVENUE</u>			
Utility franchise fees	\$ 93,500	\$ 103,500	\$ 89,935
Interest revenues	25,000	10,000	8,665
Collection fees	1,000	1,000	684
Motor Vehicle Transaction Fees	35,000	35,000	43,657
Rents and royalties	7,500	7,500	7,100
Miscellaneous	30,000	15,000	16,807
Total other revenue	<u>\$ 192,000</u>	<u>\$ 172,000</u>	<u>\$ 166,848</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>GENERAL GOVERNMENT</u>			
Legal and litigation fees	\$ 2,500	\$ 1,000	\$ 325
Salaries	121,200	123,620	124,477
Professional fees	15,000	16,200	16,200
Electricity	11,500	9,000	12,497
Insurance	80,000	80,000	88,406
Supplies and maintenance	16,000	15,500	15,635
Miscellaneous	13,000	11,000	14,880
Retirement	12,500	12,500	13,399
SCPCD-Building Permits	10,000	5,000	1,678
Office expenses	30,000	30,000	31,075
Payroll taxes	3,500	3,000	2,117
Vehicle expenses	24,000	24,000	24,070
Capital outlay	10,000	10,000	7,597
Dues and subscriptions	12,000	12,000	10,453
Meetings and conventions	5,000	9,000	8,451
Planning commission	2,800	2,500	1,872
Bad debts	500	-	1,148
Total general government	<u>369,500</u>	<u>364,320</u>	<u>374,280</u>
<u>STREETS</u>			
Salaries	135,000	100,000	94,383
Legal and engineering fees	10,000	8,000	-
Miscellaneous	2,000	2,000	-
Retirement	12,500	12,000	9,145
Vehicle expenses	7,000	5,500	6,326
Uniforms	1,500	2,000	1,903
Insurance	28,500	28,500	28,014
Interest	1,000	250	166
Supplies and maintenance	18,500	23,500	19,418
Electricity	65,000	65,000	50,247
Capital outlay	30,000	25,000	67,073
Payroll taxes	6,000	4,000	4,146
Total streets	<u>317,000</u>	<u>275,750</u>	<u>280,821</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>PUBLIC SAFETY</u>			
Police:			
Insurance	\$ 63,000	\$ 63,000	\$ 61,352
Uniforms	2,000	1,000	908
Retirement	22,000	22,000	22,723
Vehicle expenses	25,000	25,000	24,383
Salaries	270,000	290,000	284,310
Supplies and maintenance	45,000	46,500	39,857
Training expenses	500	500	350
Utilities	5,000	5,000	4,829
Payroll taxes	6,000	6,000	12,459
Capital outlay	107,500	87,000	76,495
Miscellaneous	4,000	4,000	2,907
Total police	<u>550,000</u>	<u>550,000</u>	<u>530,573</u>
Emergency Preparedness:			
Salaries	3,000	3,000	2,925
Operating expenses	500	750	190
Capital outlay	-	1,500	-
Total emergency preparedness	<u>3,500</u>	<u>5,250</u>	<u>3,115</u>
Total public safety	<u>553,500</u>	<u>555,250</u>	<u>533,688</u>
<u>SANITATION</u>			
Solid waste disposal	215,000	215,000	211,587
Total sanitation	<u>215,000</u>	<u>215,000</u>	<u>211,587</u>
<u>FIRE DEPARTMENT</u>			
Operating expenses	4,700	3,500	3,099
Total fire department	<u>4,700</u>	<u>3,500</u>	<u>3,099</u>
Total all departments	<u>\$ 1,459,700</u>	<u>\$ 1,413,820</u>	<u>\$ 1,403,475</u>

OTHER SUPPLEMENTARY
INFORMATION

TOWN OF GRAMERCY, LOUISIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>1969</u> <u>Street</u> <u>Improvement</u>	<u>1969</u> <u>Waterworks</u> <u>Improvement</u>	<u>1976</u> <u>Waterworks</u> <u>Improvement</u>
<u>ASSETS</u>			
Cash	\$ 5,354	\$ 29,036	\$ 3,771
Total assets	<u>5,354</u>	<u>29,036</u>	<u>3,771</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Total liabilities	\$ -	\$ -	\$ -
Fund Balance:			
Restricted - designated for debt service	-	-	-
Unrestricted - undesignated	<u>5,354</u>	<u>29,036</u>	<u>3,771</u>
Total fund balance	<u>5,354</u>	<u>29,036</u>	<u>3,771</u>
Total liabilities and fund balance	<u>5,354</u>	<u>29,036</u>	<u>3,771</u>

<u>1976 Fire Protection</u>	<u>1991 Sewer Improvement</u>	<u>Total Nonmajor Governmental Funds</u>
<u>\$ 8,525</u>	<u>\$ 66,407</u>	<u>\$ 113,093</u>
<u><u>\$ 8,525</u></u>	<u><u>\$ 66,407</u></u>	<u><u>\$ 113,093</u></u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	66,407	66,407
<u>8,525</u>	<u>-</u>	<u>46,686</u>
<u>8,525</u>	<u>66,407</u>	<u>113,093</u>
<u><u>\$ 8,525</u></u>	<u><u>\$ 66,407</u></u>	<u><u>\$ 113,093</u></u>

TOWN OF GRAMERCY, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	<u>1969</u> <u>Street</u> <u>Improvement</u>	<u>1969</u> <u>Waterworks</u> <u>Improvement</u>	<u>1976</u> <u>Waterworks</u> <u>Improvement</u>
<u>REVENUES</u>			
Taxes and penalties	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<u>EXPENDITURES</u>			
Principal retirement	-	-	-
Interest	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<u>EXCESS OF REVENUES OVER</u>			
<u>EXPENDITURES</u>			
	-	-	-
<u>OTHER FINANCING USES</u>			
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-
<u>FUND BALANCE</u>			
Beginning of year	<u>5,354</u>	<u>29,036</u>	<u>3,771</u>
End of year	<u>\$ 5,354</u>	<u>\$ 29,036</u>	<u>\$ 3,771</u>

<u>1976 Fire Protection</u>	<u>1991 Sewer Improvement</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 34,687	\$ 34,687
<u>-</u>	<u>34,687</u>	<u>34,687</u>
-	33,000	33,000
-	2,970	2,970
<u>-</u>	<u>35,970</u>	<u>35,970</u>
-	(1,283)	(1,283)
<u>-</u>	<u>-</u>	<u>-</u>
-	(1,283)	(1,283)
<u>8,525</u>	<u>67,690</u>	<u>114,376</u>
<u>\$ 8,525</u>	<u>\$ 66,407</u>	<u>\$ 113,093</u>

**PERFORMANCE AND
STATISTICAL DATA**

TOWN OF GRAMERCY, LOUISIANA

INSURANCE-IN-FORCE

JUNE 30, 2010

(Without Audit)

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Limits</u>
Automobile liability	Risk Management, Inc.	May 1, 2011	\$500,000
General liability	Risk Management, Inc..	May 1, 2011	\$500,000
Law enforcement liability	Risk Management, Inc.	May 1, 2011	\$500,000
Errors and omissions liability	Risk Management, Inc.	May 1, 2011	\$500,000
Workers' compensation	Louisiana Workers' Compensation Company	May 1, 2011	Statutory
Position fidelity schedule bond	Fidelity and Deposit Company of Maryland	October 1, 2010	\$50,000
Employment practices liability	Risk Management, Inc.	May 1, 2011	\$500,000
Commercial property	Republic Property	May 1, 2011	Various limits

TOWN OF GRAMERCY, LOUISIANA

PUBLIC UTILITY SYSTEM OPERATIONS

JUNE 30, 2010

(Without Audit)

Statistics on System Operations

- (a) As of June 30, 2010 the number of metered customers was 1,408 for the water system and 1,342 for the sewer system. There were no unmetered customers for either the water or sewer systems at June 30, 2010.
- (b) The following rate schedules were in effect during the fiscal year ended June 30, 2010 for water and sewer services:

1. Water:

Residential and small commercial customers

First 2,000 gallons or less	\$ 7.00 / 1,000 gallons
2,001 to 10,000 gallons	2.75
10,001 or more	2.45

Large commercial and Industrial customers

Flat rate	\$ 3.25/1,000 gallons
-----------	-----------------------

Recreational District:

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

PUBLIC UTILITY SYSTEM OPERATIONS

JUNE 30, 2010

(Without Audit)

Statistics on System Operations (continued)

2. Sewer	<u>Rate per gallons of sewerage flow</u>
Residential customers and small commercial customers	\$15.00/month + \$0.75 / 1,000 gallons
Large commercial customers	\$40.00/month + \$0.75 / 1,000 gallons
Industrial customers	Monthly base rates ranging from \$50 to \$750 (based on sewerage flow and the biochemical oxygen demand of the waste) plus \$0.21/1,000 gallons of sewerage flow plus \$0.060/pound of waste

(c) Average monthly billing per residential customer during the year ended June 30, 2010:

1. Water \$ 23.54

2. Sewer \$ 20.42

TOWN OF GRAMERCY, LOUISIANA
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
YEAR ENDED JUNE 30, 2010
(Without Audit)

	Salaries during the year ended <u>06/30/10</u>
Herman Bourgeois- Mayor	\$ 39,600
John Doucet	6,000
Betty Cooper Coleman	6,000
Alvin St. Pierre, Jr.	6,000
Rubenstein Clark	6,000
Mary Katherine Bocz	6,000
Brent Dicharry- Chief of Police	<u>19,800</u>
	<u>\$ 89,400</u>



Town of Gramercy

"THE BEST LITTLE TOWN FOR MILES AROUND."

120 North Montz Street

P. O. Drawer 340

Gramercy, Louisiana 70052

Phone 225-869-4403 • FAX 225-869-4195



Aldermen

Betty Cooper-Coleman
District 1

John A. Doucet
District 2

Alvin "Shark" St. Pierre, Jr.
District 3

Kat Bocz
At Large

Rubenstein Mitchell-Clark
At Large

Lydia Z. Louque
Town Clerk

Robert Faucheux, Jr.
Town Attorney

Herman P. Bourgeois
Mayor

Brent Dicharry
Police Chief

CORRECTIVE ACTION PLAN

November 30, 2010

Louisiana Legislative Auditor

The Town of Gramercy respectfully submits the following corrective action plan for the year ended June 30, 2010.

Name and address of independent public accounting firm:

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

Audit Period: July 1, 2009 – June 30, 2010

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

FINDINGS – SCHEDULE OF FINDINGS AND QUESTIONED COSTS

10-01 DOCUMENT AND DESIGN OF INTERNAL CONTROL

Recommendation: Small businesses with few employees in an accounting department typically have difficulty with establishing formal internal control procedures. Although this is not a valid reason for the lack of documentation, it certainly needs to be considered. We suggest that management identify and document its financial statement risk and set up controls to mitigate this risk.

Action Taken: We will identify significant risk areas and will document internal controls related to the specific risk.

10-02 SEGREGATION OF DUTIES

Recommendation: Understanding that the Town's size may make it unfeasible to adequately staff an accounting department sufficient to segregate duties, we recommend management consider the following:

- During preparation of monthly reconciliations, management should document review of the reconciliations for the complete and accurate presentation of the amounts as presented in the financial statements.

Action Taken: We will document a review of period end journal entries.

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

Sincerely,

A handwritten signature in cursive script that reads "Lydia Louque".

Lydia Louque
Town Clerk