

# Town of Gramercy

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## *2013 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 MAR 05 2014

**TOWN OF GRAMERCY, LOUISIANA**

**FINANCIAL REPORT**

**JUNE 30, 2013**

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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Town of Gramercy, Louisiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Gramercy's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Gramercy, Louisiana, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 through 14 and 40 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gramercy, Louisiana's basic financial statements. The performance and statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The Insurance-in-Force and Public Utility System Operations schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2013 on our consideration of the Town of Gramercy, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Gramercy, Louisiana's internal control over financial reporting and compliance.

*Donaldsonville, Louisiana*

Donaldsonville, Louisiana  
December 23, 2013

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Gramercy, Louisiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Gramercy, Louisiana's basic financial statements and have issued our report thereon dated December 23, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Gramercy, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Gramercy, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Gramercy, Louisiana's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. [13-01 & 13-02].

### **Compliance and Other Matters**

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

### **Town of Gramercy, Louisiana's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Donaldsonville - Louisiana*

Donaldsonville, Louisiana  
December 23, 2013

**TOWN OF GRAMERCY, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2013**

**SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued:	Unqualified	
Internal Control over Financial Reporting:		
• Material weakness(es) identified?	_____ yes	_____ <u>x</u> no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ <u>x</u> yes	_____ none reported
Noncompliance material to financial statements noted?	_____ yes	_____ <u>x</u> no

**B. FINDINGS- FINANCIAL STATEMENT AUDIT**

**SIGNIFICANT DEFICIENCIES**

**13-01 Documentation of Internal Control**

*Criteria:* Internal control procedures should be adequately 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).

*Effect:* The lack of documentation of policies and procedures is inadequate to provide effective internal control.

*Cause:* The Town's accounting staff is limited to three individuals, and although control procedures are in place, they are not documented.

*Recommendation:* We suggest that management identify and document the components of internal control (including control environment, entity's risk, information and communication systems, control activities, and monitoring).

*Management's response:* We concur with the finding. We will identify significant risk areas and will document internal controls related to the specific risk. The Town will use the sample policies and procedures for municipalities documents from Louisiana Legislative Auditor's website.

**TOWN OF GRAMERCY, LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2013**

**13-02 Controls over Gasoline Credit Cards**

*Condition:* Management should ensure there are adequate controls over fuel credit card purchases.

*Criteria:* An immaterial instance of fraud was brought to our attention. It was noted controls over credit card purchases should be improved. Although there were controls in place, certain other procedures that could help to mitigate this weakness were not being performed. Those procedures could include but are not limited to the following:

- Using credit cards with a feature that requires odometer reading input
- Preparing monthly analysis or summary by vehicle including the number of gallons dispensed, miles traveled, and miles per gallon
- Require management to review the analysis promptly to determine that the dates of use are reasonable, drivers are entering accurate odometer readings, and the number of gallons received, miles traveled, and miles per gallon are reasonable

*Effect:* The procedures in place should be improved so as to strengthen internal control.

*Cause:* The Town's credit card was being used for personal fuel purchases by an employee of the Town. A police officer within the police department used the Town's credit card for approximately \$7,500 in personal fuel charges. The St. James Sheriff's Office was notified and performed an investigation. The Town is seeking restitution, the officer has been charged, and the case is still pending. The amount of restitution has not been determined at this point. The officer voluntarily resigned, therefore is no longer employed by the Town,

*Recommendation:* We suggest that management implement procedures to strengthen controls that are in place to safeguard the purchase of fuel using the Town's fuel credit cards.

*Management's response:* We concur with the finding. We have identified the weakness and have made changes in our system to strengthen controls over credit card fuel purchase. Some of these changes include lowering credit limits on credit cards, immediate email notification to Town management from the fuel card company if a credit limit is reached, budgeting of GPS Systems to be installed in each police vehicle in order to track locations and better manage fuel and maintenance on vehicles, and prompt review of monthly fuel statements for reasonable purchases.

**MATERIAL WEAKNESS**

None

**COMPLIANCE WITH LAWS AND REGULATIONS**

None

**TOWN OF GRAMERCY, LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2013**

**SIGNIFICANT DEFICIENCIES**

**12-01 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**

None

**COMPLIANCE WITH LAWS AND REGULATIONS**

None

## TOWN OF GRAMERCY

### MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2013

This section of the 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, 2013.

#### FINANCIAL HIGHLIGHTS

- The Town's combined total net position increased by \$509,319 over the course of this year's operations. Net position in governmental activities increased by \$139,124 (or 3.1%) and increased \$370,195 (or 6.9%) in the net position in business-type activities.
- During the year, the Town's expenses were \$139,121 less than the \$1.85 million generated in charges for services, taxes, and other revenue. In the Town's business-type activities expenses were \$370,195 less than the approximately \$1.4 million generated in revenues.
- The general fund reported a \$3,184,035 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 fund statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
  - Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as water and sewer system.

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

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

**TOWN OF GRAMERCY**

**MANAGEMENTS DISCUSSION AND ANALYSIS**

June 30, 2013

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"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expense, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	
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, 2013**

#### **Government-wide Statements**

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

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

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

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

- Governmental activities—most of the Town's basic services are included here, such as the police, fire, public works, 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, 2013**

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 fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary funds**—Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-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 position.** The Town’s combined net position increased between fiscal years 2012 and 2013 to approximately \$10.3 million. (See Table A-1.)

	<b>Table A-1 Town’s Net Assets</b>			
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Current and other assets</b>	\$ 3,332,090	\$ 2,968,587	\$ 1,335,352	\$ 1,365,946
<b>Capital assets</b>	1,467,586	1,643,384	4,894,242	4,590,412
<b>Total assets</b>	<b>4,799,676</b>	<b>4,611,671</b>	<b>6,229,594</b>	<b>5,956,358</b>
<b>Current liabilities</b>	148,055	98,618	527,441	623,680
<b>Long term Liabilities</b>	24,678	25,231	4,413	5,133
<b>Total liabilities</b>	<b>172,733</b>	<b>123,849</b>	<b>531,854</b>	<b>628,813</b>
<b>Net position</b>				
<b>Invested in capital assets, net of related debt</b>	1,467,586	1,643,084	4,665,798	4,276,433
<b>Reserved for debt service</b>	-	-	-	-
<b>Unrestricted (deficit)</b>	3,159,357	2,844,738	1,031,942	1,051,112
<b>Total net position</b>	<b>\$ 4,626,943</b>	<b>\$ 4,487,822</b>	<b>\$ 5,697,740</b>	<b>\$ 5,327,545</b>

Net position of the Town’s governmental activities increased 3.1 percent to approximately \$4.6 million. Net position of the Town’s business-type activities increased approximately 6.9 percent to \$5.7 million.

**TOWN OF GRAMERCY**

**MANAGEMENTS DISCUSSION AND ANALYSIS**

**June 30, 2013**

**Changes in net position.** The Town's total revenues increased by approximately \$510,594 to \$3.26 million (See Table A-2.) Approximately 34.6 percent of the Town's revenue comes from charges for services, and 27.3 percent comes from tax collections.

The total cost of all programs and services decreased \$4,189 or 1.4 percent. The Town's expenses cover all services performed by its office.

**Governmental Activities**

Revenues for the Town's governmental activities increased by \$89,906 or 5 percent, while total expenses increased \$169,648 or 11.1 percent.

	<b>Table A-2</b>			
	<b>Changes in Town's Net Position</b>			
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Revenues</b>				
<b>Program revenues</b>				
Charges for services	\$ 289,077	\$ 293,266	\$ 838,547	\$ 844,416
Capital grants	39,322	6,690	423,077	11,562
<b>General revenues</b>				
Taxes	776,318	738,142	113,136	110,319
Licenses and permits	195,229	176,734	-	-
Federal grants	-	-	-	-
State grants	-	-	-	-
Intergovernmental	376,005	388,672	-	-
Miscellaneous	179,299	161,840	32,470	19,599
Interest	-	-	690	1,336
<b>Total revenues</b>	<b>1,855,250</b>	<b>1,765,344</b>	<b>1,407,920</b>	<b>987,232</b>
<b>Expenses</b>				
General government	461,994	426,886	1,056,507	1,056,502
Public safety	555,214	569,754	-	-
Streets	467,245	309,192	-	-
Fire	3,706	3,298	-	-
Sanitation	209,185	218,566	-	-
Interest	-	-	-	-
<b>Total expenses</b>	<b>1,697,344</b>	<b>1,527,696</b>	<b>1,056,507</b>	<b>1,056,502</b>
<b>Other Financing Resources (Uses)</b>				
Transfers in	210,699	233,406	297,207	100,000
Transfers out	(229,481)	(100,000)	(278,425)	(233,406)
<b>Total Other Financing Resources (Uses)</b>	<b>(18,782)</b>	<b>133,406</b>	<b>18,782</b>	<b>(133,406)</b>
<b>Increase (decrease) in net position</b>	<b>\$ 139,124</b>	<b>\$ 371,054</b>	<b>\$ 370,195</b>	<b>\$ (202,676)</b>

**Business-type Activities**

Revenues increased by 42.6 percent to \$1,407,920 before transfers and expenses of the Town's business-type activities increased 0.0004 percent to \$1,056,507.

**TOWN OF GRAMERCY**

**MANAGEMENTS DISCUSSION AND ANALYSIS**

**June 30, 2013**

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As the Town completed the year, its governmental funds reported a combined fund balance of approximately \$3.18 million, an increase of 10.9 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 revenues were increased by \$40,000. Federal grant revenue was decreased by \$35,700.
- General street expenditures were adjusted to reflect a decrease in budgeted expenditures due to a decrease in expected projects originally budgeted in capital outlay.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

At the end of the 2013 fiscal year, the Town had invested approximately \$6.3 million in a broad range of capital assets, including police equipment, buildings, vehicles, and water and sewer systems. (See Table A-3) This amount represents a net decrease (including additions and deductions) of \$133,332 or 2.1 percent, over last year.

<b>Table A-3 Town's Capital Assets (net of depreciation)</b>				
	<b>Governmental Activities</b>		<b>Business Activities</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Land</b>	\$ 87,520	\$ 87,520	\$ 76,825	\$ 76,825
<b>Plant &amp; Equipment</b>	-	-	4,366,389	4,487,619
<b>Buildings</b>	15,272	25,287	-	-
<b>Other Improvements</b>	1,130,824	1,258,822	-	-
<b>Equipment</b>	233,973	271,455	-	-
<b>Construction in progress</b>	-	-	451,028	25,968
<b>Total</b>	<b>\$ 1,467,589</b>	<b>\$ 1,643,084</b>	<b>\$ 4,894,242</b>	<b>\$ 4,590,412</b>

This year's major capital asset addition included:

- The beginning stages of sewer rehabilitation project totaling approximately \$400,000.

**TOWN OF GRAMERCY**

**MANAGEMENTS DISCUSSION AND ANALYSIS**

June 30, 2013

**Outstanding debt.** At the end of the current fiscal year, the Town had bonded debt outstanding of \$416,000 as compared to \$499,000 in the prior year, a decrease of approximately \$83,000 or 16 percent. (See Table A-4). More information about the Town's long-term liabilities is presented in Note 3 to the financial statements.

<b>Table A-4</b>					
<b>Town's Outstanding Debt</b>					
	<b>Governmental Activities</b>			<b>Business Activities</b>	
	<b>2013</b>	<b>2012</b>		<b>2013</b>	<b>2012</b>
<b>Sewer Improvement Bonds</b>	\$ -	\$ -		\$ 358,000	\$ 385,000
<b>Certificates of Indebtedness</b>	-	-		58,000	114,000
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ 416,000</b>	<b>\$ 499,000</b>

**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 36%, 13% and 20% 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 POSITION**  
**JUNE 30, 2013**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash	\$ 2,163,107	\$ 580,123	\$ 2,743,230
Certificates of deposit	755,000	425,213	1,180,213
Other accounts receivable (net)	179,585	139,060	318,645
Notes receivable (net)	-	3,400	3,400
Due from other governmental agencies	150,757	-	150,757
Prepaid insurance	83,641	-	83,641
Other assets	-	-	-
Restricted assets - cash	-	187,556	187,556
	<u>3,332,090</u>	<u>1,335,352</u>	<u>4,667,442</u>
<b>Capital assets:</b>			
Land	87,520	76,825	164,345
Other capital assets, net of depreciation	1,380,069	4,817,417	6,197,486
Total capital assets	<u>1,467,589</u>	<u>4,894,242</u>	<u>6,361,831</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,799,679</u>	<u>\$ 6,229,594</u>	<u>\$ 11,029,273</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 118,093	\$ 23,995	\$ 142,088
Customer service meter deposits	-	74,889	74,889
Payroll taxes payable	15,424	-	15,424
Due to employees' retirement systems	14,538	-	14,538
Accrued interest payable	-	2,149	2,149
Accrued salaries payable	-	10,408	10,408
Payable from restricted assets:			
Bonds payable due within one year	-	97,000	97,000
Long-term liabilities:			
Due in more than one year	-	319,000	319,000
Compensated absences	24,678	4,413	29,091
<b>TOTAL LIABILITIES</b>	<u>172,733</u>	<u>531,854</u>	<u>704,587</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	1,467,589	4,665,798	6,133,387
Unrestricted	3,159,357	1,031,942	4,191,299
<b>TOTAL NET POSITION</b>	<u>\$ 4,626,946</u>	<u>\$ 5,697,740</u>	<u>\$ 10,324,686</u>

The accompanying notes are an integral part of this statement.

**TOWN OF GRAMERCY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Fees, Fines, and Charges for Services	Capital Grants	Governmental Activities	Business-Type Activities	
<b>ACTIVITIES</b>						
<b>Governmental:</b>						
General government	\$ 461,994	\$ -	\$ -	\$ (461,994)		\$ (461,994)
Streets	467,245	-	39,322	(427,923)		(427,923)
Public safety	555,214	50,476	-	(504,738)		(504,738)
Sanitation	209,185	238,601	-	29,416		29,416
Fire	3,706	-	-	(3,706)		(3,706)
Total governmental activities	<u>1,697,344</u>	<u>289,077</u>	<u>39,322</u>	<u>(1,368,945)</u>		<u>(1,368,945)</u>
<b>Business-type:</b>						
Enterprise	1,056,507	838,547	423,077		205,117	205,117
Total business-type activities	<u>1,056,507</u>	<u>838,547</u>	<u>423,077</u>		<u>205,117</u>	<u>205,117</u>
Total Town of Gramercy	<u>\$ 2,753,851</u>	<u>\$ 1,127,624</u>	<u>\$ 462,399</u>	<u>\$ (1,368,945)</u>	<u>\$ 205,117</u>	<u>\$ (1,163,828)</u>
<b>General Revenues:</b>						
Taxes				776,318	113,136	889,454
Licenses and permits				195,229	-	195,229
Intergovernmental				376,005	-	376,005
Miscellaneous				179,299	32,470	211,769
Interest				-	690	690
Transfers				(18,782)	18,782	-
Total general revenues and transfers				<u>1,508,069</u>	<u>165,078</u>	<u>1,673,147</u>
Change in net position				139,124	370,195	509,319
Net position - July 1, 2012				<u>4,487,822</u>	<u>5,327,545</u>	<u>9,815,367</u>
Net position - June 30, 2013				<u>\$ 4,626,946</u>	<u>\$ 5,697,740</u>	<u>\$ 10,324,686</u>

The accompanying notes are an integral part of this statement.

**TOWN OF GRAMERCY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 2,163,107	\$ -	\$ 2,163,107
Certificates of deposit	755,000	-	755,000
Other accounts receivable (net)	179,585	-	179,585
Due from other governmental agencies	150,757	-	150,757
Prepaid insurance	83,641	-	83,641
<b>TOTAL ASSETS</b>	<b>\$ 3,332,090</b>	<b>\$ -</b>	<b>\$ 3,332,090</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 118,093	\$ -	\$ 118,093
Payroll taxes payable	15,424	-	15,424
Due to employees' retirement systems	14,538	-	14,538
<b>TOTAL CURRENT LIABILITIES</b>	<b>148,055</b>	<b>-</b>	<b>148,055</b>
<b>FUND BALANCES</b>			
Unassigned	3,184,035	-	3,184,035
<b>TOTAL FUND BALANCES</b>	<b>3,184,035</b>	<b>-</b>	<b>3,184,035</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,332,090</b>	<b>\$ -</b>	<b>\$ 3,332,090</b>

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 POSITION**  
**JUNE 30, 2013**

Total fund balances - Governmental Funds		\$ 3,184,035
Cost of capital assets at June 30, 2013	3,372,621	
Less: accumulated depreciation as of June 30, 2013	<u>(1,905,032)</u>	1,467,589
 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		<u>(24,678)</u>
 Total net position at June 30, 2013 - Governmental Activities		 <u>\$ 4,626,946</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, 2013**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>			
Ad valorem taxes	\$ 100,365	\$ -	\$ 100,365
Sales taxes	675,953	-	675,953
Garbage fees	235,652	-	235,652
Dumpster fees	2,949	-	2,949
Licenses and permits	195,229	-	195,229
Intergovernmental revenue:			
Federal grants	39,322	-	39,322
State funds:			
Beer	6,562	-	6,562
Video poker	369,443	-	369,443
Fines and forfeitures	50,476	-	50,476
Other revenue	179,299	-	179,299
<b>Total revenues</b>	<u>1,855,250</u>	<u>-</u>	<u>1,855,250</u>
<b><u>EXPENDITURES</u></b>			
Current operating expenditures:			
General government	443,804	-	443,804
Streets	333,499	-	333,499
Public safety	532,208	-	532,208
Sanitation	209,185	-	209,185
Fire department	3,706	-	3,706
<b>Total expenditures</b>	<u>1,522,402</u>	<u>-</u>	<u>1,522,402</u>
<b><u>EXCESS OF REVENUES OVER</u></b>			
<b><u>EXPENDITURES</u></b>	332,848	-	332,848
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers In	210,699	-	210,699
Transfers Out	(115,167)	(114,314)	(229,481)
<b>Total other financing sources (uses)</b>	<u>95,532</u>	<u>(114,314)</u>	<u>(18,782)</u>
Net change in fund balance	428,380	(114,314)	314,066
<b><u>FUND BALANCE</u></b>			
Beginning of year	2,755,655	114,314	2,869,969
End of year	<u>\$ 3,184,035</u>	<u>\$ -</u>	<u>\$ 3,184,035</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, 2013**

Net change in fund balances - Governmental funds	\$ 314,066
The change in net position reported for governmental activities in the statement of activities is different because:	
Add: Capital outlay which is considered expenditures	59,759
Less: Depreciation expense for year ended June 30, 2013	(235,257)
Excess of compensated absences used over compensated absences earned	<u>553</u>
Change in net position of governmental activities	<u>\$ 139,121</u>

The accompanying notes are an integral part of this statement.

**TOWN OF GRAMERCY, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2013**

	Public Utility Revenue Fund	Sewer Operating Fund	Total Enterprise
<b><u>ASSETS</u></b>			
Cash	\$ 177,392	\$ 402,731	\$ 580,123
Certificates of deposit	199,060	226,153	425,213
Accounts receivable (net)	104,130	34,930	139,060
Notes receivable (net)	-	3,400	3,400
Restricted assets - Cash	187,556	-	187,556
Capital assets:			
Land	76,825	-	76,825
Other capital assets, net of depreciation	3,362,697	1,454,720	4,817,417
Total capital assets	<u>3,439,522</u>	<u>1,454,720</u>	<u>4,894,242</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,107,660</u></b>	<b><u>\$ 2,121,934</u></b>	<b><u>\$ 6,229,594</u></b>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 16,388	\$ 7,607	\$ 23,995
Customer service meter deposits	74,889	-	74,889
Payable from restricted assets:			
Bonds payable due within one year	58,000	39,000	97,000
Accrued interest payable	863	1,286	2,149
Accrued salaries payable	8,115	2,293	10,408
Long-term Liabilities:			
Due in more than one year	-	319,000	319,000
Compensated absences	4,413	-	4,413
<b>TOTAL LIABILITIES</b>	<b><u>162,668</u></b>	<b><u>369,186</u></b>	<b><u>531,854</u></b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	3,569,078	1,096,720	4,665,798
Unrestricted	<u>375,914</u>	<u>656,028</u>	<u>1,031,942</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 3,944,992</u></b>	<b><u>\$ 1,752,748</u></b>	<b><u>\$ 5,697,740</u></b>

The accompanying notes are an integral part of this statement.

**TOWN OF GRAMERCY, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Public Utility Revenue Fund	Sewer Operating Fund	Total Enterprise
<b>OPERATING REVENUES</b>			
Sales	\$ 485,558	\$ 351,189	\$ 836,747
Tap fees	1,100	700	1,800
Miscellaneous revenues	30,958	1,512	32,470
Total operating revenues	<u>517,616</u>	<u>353,401</u>	<u>871,017</u>
<b>OPERATING EXPENSES</b>			
Salaries	308,953	122,774	431,727
Office expenses	7,150	22	7,172
Miscellaneous expenses	953	4,830	5,783
Insurance	40,849	8,453	49,302
Supplies and maintenance	21,641	12,180	33,821
Vehicle expenses	8,181	3,523	11,704
Uniforms	2,926	-	2,926
Professional fees	39,898	7,375	47,273
Retirement	42,749	17,080	59,829
Electricity	23,513	64,491	88,004
Payroll taxes	1,768	241	2,009
Laboratory expenses	9,490	7,090	16,580
Chemicals	25,203	6,420	31,623
Depreciation	156,547	79,105	235,652
Total operating expenses	<u>689,821</u>	<u>333,584</u>	<u>1,023,405</u>
<b>OPERATING INCOME (LOSS)</b>	<b>(172,205)</b>	<b>19,817</b>	<b>(152,388)</b>
<b>NONOPERATING REVENUE (EXPENSES)</b>			
Federal grants	35,000	388,077	423,077
Ad valorem taxes	59,807	53,329	113,136
Interest revenues	-	690	690
Bond issue cost	-	(13,572)	(13,572)
Interest expense	(3,159)	(16,371)	(19,530)
Total nonoperating revenue (expenses)	<u>91,648</u>	<u>412,153</u>	<u>503,801</u>
Income before transfers and contribution	(80,557)	431,970	351,413
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	119,316	177,891	297,207
Transfers Out	(108,599)	(169,826)	(278,425)
Total other financing sources (uses)	<u>10,717</u>	<u>8,065</u>	<u>18,782</u>
<b>CHANGE IN NET POSITION</b>	<b>(69,840)</b>	<b>440,035</b>	<b>370,195</b>
Total net position- beginning	4,014,832	1,312,713	5,327,545
Total net position- ending	<u>\$ 3,944,992</u>	<u>\$ 1,752,748</u>	<u>\$ 5,697,740</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, 2013**

	Public Utility Revenue Fund	Sewer Operating Fund	Total Enterprise
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Cash received from customers	\$ 491,258	\$ 352,428	\$ 843,686
Cash payments to suppliers for goods and services	(180,151)	(120,879)	(301,030)
Cash payments to employees for services	(353,470)	(140,095)	(493,565)
Net cash provided (used) by operating activities	<u>(42,363)</u>	<u>91,454</u>	<u>49,091</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING</u></b>			
<b><u>ACTIVITIES:</u></b>			
Subsidy from grants	35,000	388,077	423,077
Transfers from other funds	10,717	8,065	18,782
Net cash provided by noncapital financing	<u>45,717</u>	<u>396,142</u>	<u>441,859</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED</u></b>			
<b><u>FINANCING ACTIVITIES:</u></b>			
Acquisition of capital assets	(61,771)	(477,711)	(539,482)
Principal paid on debt	(56,000)	(35,000)	(91,000)
Proceeds of current refunding bonds	-	358,000	358,000
Payments on refunded debt	-	(350,000)	(350,000)
Decrease in notes receivable	-	12,000	12,000
Interest paid on indebtedness	(3,159)	(16,371)	(19,530)
Bond Issue Cost	-	(13,572)	(13,572)
Receipt of ad valorem taxes	59,807	53,329	113,136
Net cash used by capital and related financing activities	<u>(61,123)</u>	<u>(469,325)</u>	<u>(530,448)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Interest earned on investments	-	690	690
Net cash provided by investing activities	<u>-</u>	<u>690</u>	<u>690</u>
Net decrease in cash and cash equivalents	(57,769)	18,961	(38,808)
Cash and cash equivalents - beginning of year	<u>621,777</u>	<u>609,923</u>	<u>1,231,700</u>
Cash and cash equivalents - end of year	<u>\$ 564,008</u>	<u>\$ 628,884</u>	<u>\$ 1,192,892</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, 2013**

	<u>Public Utility Revenue Fund</u>	<u>Sewer Operating Fund</u>	<u>Total Enterprise</u>
<b><u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u></b>			
Income (loss) from operations	\$ (172,205)	\$ 19,817	\$ (152,388)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:			
Depreciation	156,547	79,105	235,652
Amortization	-	7,652	7,652
Net change in assets and liabilities:			
Accounts receivable	(26,893)	(973)	(27,866)
Accounts payable	(1,129)	(9,875)	(11,004)
Other liabilities	782	(4,272)	(3,490)
Customer service meter deposits	535	-	535
Total adjustments	<u>129,842</u>	<u>71,637</u>	<u>201,479</u>
Net cash provided (used) by operating activities	<u>\$ (42,363)</u>	<u>\$ 91,454</u>	<u>\$ 49,091</u>
Cash Consists of:			
Cash	\$ 177,392	\$ 334,169	\$ 511,561
Certificates of Deposit	199,060	226,153	425,213
Restricted assets - Cash	187,556	68,562	256,118
	<u>\$ 564,008</u>	<u>\$ 628,884</u>	<u>\$ 1,192,892</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. 61 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. 61, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the Town does not have any component units, which are defined by GASB Statement No. 61 as other legally separate organizations for which the elected officials are financially accountable. There are no other primary governments with which the Town has a significant relationship.

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

#### Basis of Presentation, Basis of Accounting

*Government-wide Statements:* The statement of net position and the statement of activities display information about the Town of Gramercy. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between *the governmental and business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other 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 funds are used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

## 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 and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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 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 increased (decreased) from original budgeted amounts for the general fund for the year ended June 30, 2013, by approximately \$17,800 and \$55,830 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 at the time information becomes available which indicates the uncollectibility of the particular receivable.

**Accumulated Unpaid Vacation**

Employees earn vacation leave on January 1<sup>st</sup> 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, 2013.

**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.

**Equity Classifications**

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

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

**TOWN OF GRAMERCY, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

**Equity Classifications (continued)**

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

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

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

**New Accounting Pronouncement Implemented**

The Town of Gramercy implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* in fiscal year ending June 30, 2013. GASB 63 provides guidance for the reporting deferred outflow of resources, deferred inflows of resources, and net position in the statement of financial position and related disclosures. The reader will note a change in terminology from “net assets” to “net position”.

**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, 2013, 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, 2012	\$ 87,520	\$ 285,736	\$ 2,137,374	\$ 804,732	\$ 3,315,362
Additions	-	-	15,206	44,553	59,759
Deletions	-	-	-	(2,500)	(2,500)
Cost of Capital Assets June 30, 2013	<u>87,520</u>	<u>285,736</u>	<u>2,152,580</u>	<u>846,785</u>	<u>3,372,621</u>
Accumulated depreciation June 30, 2012	-	260,449	878,552	533,277	1,672,278
Additions	-	10,015	143,204	82,035	235,254
Deletions	-	-	-	(2,500)	(2,500)
Accumulated depreciation June 30, 2013	<u>-</u>	<u>270,464</u>	<u>1,021,756</u>	<u>612,812</u>	<u>1,905,032</u>
Capital assets, net of accumulated depreciation at June 30, 2013	<u>\$ 87,520</u>	<u>\$ 15,272</u>	<u>\$ 1,130,824</u>	<u>\$ 233,973</u>	<u>\$ 1,467,589</u>

Depreciation expense of \$235,254 for the year ended June 30, 2013 was charged to the following governmental functions:

General government	\$ 27,664
Streets	170,813
Public safety	<u>36,777</u>
	<u>\$ 235,254</u>

**TOWN OF GRAMERCY, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**2. Capital Assets (continued)**

**Business-Type activities:**

	<u>Land</u>	<u>Plant &amp; Equipment</u>	<u>Construction in progress</u>	<u>Total</u>
<b>Cost of Capital Assets</b>				
June 30, 2012	\$ 76,825	\$ 9,503,934	\$ 25,968	\$ 9,606,727
Additions	-	106,521	432,961	539,482
Deletions	-	-	-	-
<b>Cost of Capital Assets</b>				
June 30, 2013	<u>76,825</u>	<u>9,610,455</u>	<u>458,929</u>	<u>10,146,209</u>
<b>Accumulated Depreciation</b>				
June 30, 2012	-	5,016,315	-	5,016,315
Additions	-	235,652	-	235,652
Deletions	-	-	-	-
<b>Accumulated Depreciation</b>				
June 30, 2013	<u>-</u>	<u>5,251,967</u>	<u>-</u>	<u>5,251,967</u>
<b>Capital assets, net of accumulated depreciation at</b>				
June 30, 2013	<u>\$ 76,825</u>	<u>\$ 4,358,488</u>	<u>\$ 458,929</u>	<u>\$ 4,894,242</u>

For the year ended June 30, 2013, depreciation expense was \$ 235,652.

**TOWN OF GRAMERCY, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**3. Outstanding Debt**

The following is a summary of long-term debt transactions which occurred during the year ended June 30, 2013:

**Governmental Activities:**

**Compensated Absences**

**Governmental activities:**

Balance at July 1, 2012	\$	25,231
Increases		4,456
Decreases		<u>(5,009)</u>
Balance at June 30, 2013	\$	<u>24,678</u>

**Business-type activities:**

Balance at July 1, 2012	\$	5,133
Increases		678
Decreases		<u>(1,398)</u>
Balance at June 30, 2013	\$	<u>4,413</u>

**Bonds Payable**

	<u>Balance</u> <u>06/30/12</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>06/30/13</u>
Business-type activities:				
2001 Sewer Improvement bonds - general obligation bonds	\$ 385,000	\$ -	\$ 385,000	\$ -
2013 Sewer Improvement bonds - general obligation refunding bonds	-	358,000	-	358,000
2003 Certificate of Indebtedness - Capital One	<u>114,000</u>	<u>-</u>	<u>56,000</u>	<u>58,000</u>
	<u>\$ 499,000</u>	<u>\$ 358,000</u>	<u>\$ 441,000</u>	<u>\$ 416,000</u>

On April 17, 2013, the Town issued \$358,000 in General Obligation Refunding Bonds with an interest rate of 1.77 percent for the purpose of refunding of the callable maturities of the Issuer's outstanding General Obligation Bonds, Series 2001 (the "Refunded Bonds"). The General Obligation Refunding Bonds, Series 2013 will mature serially on March 1 of the years 2014 to 2021, inclusive (the "Refunded Bonds"), and paying the costs of issuance of the Bonds (the "Issuance Expenses"). The Refunded Bonds are being discharged on April 17, 2013. Therefore, the refunding being accomplished with the Bonds is a "current refunding" within the meaning of Section 149(d)(5) of the Code.

**TOWN OF GRAMERCY, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**3. Outstanding Debt (continued)**

Bonds payable at June 30, 2013, were comprised of the following individual issues:

**Business-type activities:**

\$358,000 General Obligation Refunding Bond Series 2013; due in various semi-annual installments, including interest at 1.77%, through March 1, 2021; payable from ad valorem taxes

**\$ 358,000**

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

**\$ 58,000**

**Total debt**

**\$ 416,000**

The annual requirements to amortize all outstanding revenue bonds as of June 30, 2013, including interest payments of \$29,823 are as follows:

<u>Year ending June 30.</u>	<u>Amount</u>
2014	\$ 103,838
2015	47,653
2016	48,909
2017	51,129
2018	49,296
2019-2021	<u>144,998</u>
	<b><u>\$ 445,823</u></b>

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 classified restricted cash within its general ledger accounting system, but did not maintain separate deposit accounts required by the covenants, although the Town does restrict funds internally. As a result of the non-compliance with bond covenants, all debt has been classified as current.

**TOWN OF GRAMERCY, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**4. Ad Valorem Taxes**

Ad valorem taxes attach as enforceable liens on all applicable property on February 28<sup>th</sup> 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 1<sup>st</sup> 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, 2013, taxes of 5.99 mills were levied on property with assessed valuations totaling \$16,600,245 for general purposes. Additional taxes of 3.21 mills and 3.60 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 \$425,000 Certificate of Indebtedness and the \$258,000 sewer improvement bonds, respectively. Levied mills expire at the expiration of each debt requirement.

Ad valorem taxes levied during the year ended June 30, 2013, totaled approximately \$213,501.

**5. Transfers to/from Other Funds**

Interfund transfers at June 30, 2013, were as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 210,699	\$ 115,167
Other Governmental Funds	-	114,314
Enterprise Funds:		
Public Utility Revenue Fund	119,316	108,599
Sewer Operating Fund	<u>177,891</u>	<u>169,826</u>
	<u>\$ 507,906</u>	<u>\$ 507,906</u>

**TOWN OF GRAMERCY, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**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.

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 17 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, 2013, 2012, and 2011 were \$92,081, \$86,278, and \$75,048, respectively, equal to the required contributions for these years.

**TOWN OF GRAMERCY, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**6. Defined Benefit Pension Plan (continued)**

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

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

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

*Funding Policy.* Plan members are required by state statute to contribute 10 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 31 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's contributions to the System during the years ending June 30, 2013, 2012, and 2011 were \$61,439, \$59,852, and \$54,029, respectively, equal to the required contributions for these years.

**7. 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, 2013, for these services are as follows:

	<u>Water</u>	<u>Sewage</u>	<u>Total</u>
Operating revenues	\$ 517,616	\$ 353,401	\$ 871,017
Operating expenses	689,821	333,584	1,023,405
Depreciation	156,547	79,105	235,652
Income (loss) from operations	(172,205)	19,817	(152,388)
Net income (loss)	(69,840)	440,035	370,195
Acquisition of capital assets	61,771	477,711	539,482
Outstanding general obligation bonds and certificates of indebtedness	58,000	358,000	416,000

**TOWN OF GRAMERCY, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**8. 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 outstanding debt has been classified as current for the year ended June 30, 2013.

**9. Due from Other Governmental Agencies**

Amounts due from other governmental agencies at June 30, 2013, consisted of the following:

St. James Parish - sales taxes	\$ 140,045
St. James Parish - P&M sales taxes	<u>10,712</u>
	<u>\$ 150,757</u>

**10. Cash and Investments**

At June 30, 2013, the carrying amounts of the Town's deposits were as follows:

Petty cash	\$ 225
Demand deposit accounts / savings accounts	2,930,561
Certificates of deposit	<u>1,180,213</u>
	<u>\$ 4,110,999</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.

**11. 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, 2013, \$4,115,561 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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b><u>REVENUES</u></b>			
Ad valorem taxes	\$ 100,000	\$ 100,000	\$ 100,365
Sales taxes	630,000	670,000	675,953
Garbage fees	230,000	230,000	235,652
Dumpster Fees	5,000	2,500	2,949
Licenses and permits	185,000	185,000	195,229
Intergovernmental revenues:			
Federal grants	77,500	41,800	39,322
State funds:			
Beer	6,000	6,000	6,562
Video poker	395,000	395,000	369,443
Fines and forfeitures	50,000	50,000	50,476
Other	161,650	177,650	179,299
Total revenues	<u>1,840,150</u>	<u>1,857,950</u>	<u>1,855,250</u>
<b><u>EXPENDITURES</u></b>			
Current operating expenditures:			
General government	395,420	415,350	443,804
Streets	403,300	332,700	333,499
Public safety	581,000	581,000	532,208
Sanitation	218,000	217,500	209,185
Fire department	11,400	3,400	3,706
Total expenditures	<u>1,609,120</u>	<u>1,549,950</u>	<u>1,522,402</u>
<b><u>EXCESS OF REVENUES OVER EXPENDITURES</u></b>	231,030	308,000	332,848
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	-	-	210,699
Transfers out	-	(115,000)	(115,167)
Total other financing sources (uses)	<u>-</u>	<u>(115,000)</u>	<u>95,532</u>
Net change in fund balance	231,030	193,000	428,380
<b><u>FUND BALANCE</u></b>			
Beginning of year	<u>2,755,655</u>	<u>2,755,655</u>	<u>2,755,655</u>
End of year	<u>\$ 2,986,685</u>	<u>\$ 2,948,655</u>	<u>\$ 3,184,035</u>

**TOWN OF GRAMERCY, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SCHEDULE OF OTHER REVENUE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b><u>OTHER REVENUE</u></b>			
Utility franchise fees	\$ 98,500	\$ 96,500	\$ 88,169
Interest revenues	5,000	3,000	3,006
Collection fees	750	750	757
Motor Vehicle Transaction Fees	40,000	40,000	49,539
Rents and royalties	2,400	2,400	2,400
Miscellaneous	15,000	35,000	35,428
Total other revenue	<u>\$ 161,650</u>	<u>\$ 177,650</u>	<u>\$ 179,299</u>

**TOWN OF GRAMERCY, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SCHEDULE OF EXPENDITURES**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b><u>GENERAL GOVERNMENT</u></b>			
Legal and litigation fees	\$ 2,500	\$ 500	\$ 1,595
Salaries	135,120	135,600	144,494
Professional fees	15,500	14,750	14,750
Electricity	8,500	8,500	8,292
Insurance	85,000	85,000	99,456
Supplies and maintenance	18,000	18,600	20,123
Miscellaneous	11,000	11,500	10,068
Retirement	8,500	10,500	10,484
SCPCD-Building Permits	5,000	5,000	18,415
Office expenses	35,000	45,000	49,393
Payroll taxes	2,000	4,000	5,091
Vehicle expenses	24,000	26,400	26,475
Capital outlay	25,000	25,000	8,329
Dues and subscriptions	12,000	17,000	17,967
Meetings and conventions	5,000	6,000	7,000
Planning commission	2,800	2,000	1,872
Bad debts	500	-	-
Total general government	<u>395,420</u>	<u>415,350</u>	<u>443,804</u>
<b><u>STREETS</u></b>			
Salaries	140,000	150,000	148,654
Miscellaneous	4,000	3,000	1,687
Retirement	21,300	22,000	21,768
Vehicle expenses	9,500	9,500	9,822
Uniforms	2,000	3,200	3,163
Insurance	30,000	28,000	29,696
Supplies and maintenance	17,500	18,000	17,294
Electricity	60,000	60,000	61,039
Capital outlay	115,000	35,000	34,899
Payroll taxes	4,000	4,000	5,477
Total streets	<u>403,300</u>	<u>332,700</u>	<u>333,499</u>

**TOWN OF GRAMERCY, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SCHEDULE OF EXPENDITURES**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b><u>PUBLIC SAFETY</u></b>			
Police:			
Insurance	\$ 73,000	\$ 70,000	\$ 71,266
Uniforms	3,000	3,000	2,067
Retirement	75,000	70,000	61,439
Vehicle expenses	42,500	47,000	26,796
Salaries	310,000	315,000	292,102
Supplies and maintenance	28,500	32,000	42,438
Training expenses	500	500	0
Utilities	5,500	5,500	4,590
Payroll taxes	6,000	9,000	11,978
Capital outlay	30,000	22,500	15,648
Miscellaneous	3,500	3,000	631
Total police	<u>577,500</u>	<u>577,500</u>	<u>528,955</u>
Emergency Preparedness:			
Salaries	3,300	3,300	3,225
Operating expenses	200	200	28
Total emergency preparedness	<u>3,500</u>	<u>3,500</u>	<u>3,253</u>
Total public safety	<u>581,000</u>	<u>581,000</u>	<u>532,208</u>
<b><u>SANITATION</u></b>			
Solid waste disposal	215,000	215,000	206,716
Dumpster Expense	3,000	2,500	2,469
Total sanitation	<u>218,000</u>	<u>217,500</u>	<u>209,185</u>
<b><u>FIRE DEPARTMENT</u></b>			
Operating expenses	11,400	3,400	3,706
Total fire department	<u>11,400</u>	<u>3,400</u>	<u>3,706</u>
 Total all departments	 <u>\$ 1,609,120</u>	 <u>\$ 1,549,950</u>	 <u>\$ 1,522,402</u>

**OTHER SUPPLEMENTARY**  
**INFORMATION**

**TOWN OF GRAMERCY, LOUISIANA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	<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>
<b><u>ASSETS</u></b>			
Cash	\$ -	\$ -	\$ -
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
Total liabilities	\$ -	\$ -	\$ -
Fund Balance:			
Restricted for bond refunding	-	-	-
<b>Total fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

1976 Fire Protection	1991 Sewer Improvement	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -

**TOWN OF GRAMERCY, LOUISIANA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2013**

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

<u>1976 Fire Protection</u>	<u>1991 Sewer Improvement</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>(8,525)</u>	<u>(67,628)</u>	<u>(114,314)</u>
(8,525)	(67,628)	(114,314)
<u>8,525</u>	<u>67,628</u>	<u>114,314</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF GRAMERCY, LOUISIANA**  
**SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES**  
**YEAR ENDED JUNE 30, 2013**

	<u>Dates in office</u>	<u>Salaries during the year ended 06/30/13</u>
Terry Borne, Mayor	07/12-06/13	\$ 39,600
Betty Cooper Coleman	07/12-06/13	6,600
Rhonda Lee	07/12-06/13	6,600
Rubenstein Clark	07/12-06/13	6,600
Jody Bourgeois	07/12-06/13	6,600
Clyde Wiggins	07/12-06/13	6,600
Brent Dicharry- Chief of Police	07/12-06/13	<u>21,000</u>
		<u>\$ 93,600</u>

**STATISTICAL DATA**

**TOWN OF GRAMERCY, LOUISIANA**

**INSURANCE-IN-FORCE**

**JUNE 30, 2013**

**(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, 2014	\$500,000
General liability	Risk Management, Inc..	May 1, 2014	\$500,000
Law enforcement liability	Risk Management, Inc.	May 1, 2014	\$500,000
Errors and omissions liability	Risk Management, Inc.	May 1, 2014	\$500,000
Workers' compensation	Louisiana Workers' Compensation Company	May 1, 2014	Statutory
Position fidelity schedule bond	Fidelity and Deposit Company of Maryland	October 1, 2013	\$50,000
Employment practices liability	Risk Management, Inc.	May 1, 2014	\$500,000
Commercial property	Republic Property	May 1, 2014	Various limits

**TOWN OF GRAMERCY, LOUISIANA**

**Page 1 of 2**

**PUBLIC UTILITY SYSTEM OPERATIONS**

**JUNE 30, 2013**

**(Without Audit)**

**Statistics on System Operations**

- (a) As of June 30, 2013 the number of metered customers was 1,400 for the water system and 1,330 for the sewer system. There were no unmetered customers for either the water or sewer systems at June 30, 2013.
- (b) The following rate schedules were in effect during the fiscal year ended June 30, 2013 for water and sewer services:

1. Water:

**Residential**

First 2,000 gallons or less	\$ 12.00 / 1,000 gallons
2,001 to 10,000 gallons	2.75
10,001 or more	2.50

**Unincorporated Residential**

First 2,000 gallons or less	\$ 13.00 / 1,000 gallons
2,001 to 10,000 gallons	2.75
10,001 or more	2.50

**Small Business**

First 2,000 gallons or less	\$ 14.00 / 1,000 gallons
2,001 to 10,000 gallons	2.75
10,001 or more	2.75

**Large commercial and Industrial customers**

Flat rate	\$ 3.25/1,000 gallons
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**Unincorporated Industrial**

Monthly availability charge	\$ 100.00
Usage rate	3.25/1,000 gallons

PUBLIC UTILITY SYSTEM OPERATIONS

JUNE 30, 2013

(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, 2013:

- 1. Water     \$ 23.04
- 2. Sewer     \$ 19.86



# 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

Jody Bourgeois  
District 2

Rhonda Lee  
District 3

Claude "Clyde" Wiggins  
At Large

Rubenstein Mitchell-Clark  
At Large

Lydia Z. Louque  
Town Clerk

Robert Fauchoux, Jr.  
Town Attorney

Terry J. Borne  
Mayor

Brent Dicharry  
Police Chief

## CORRECTIVE ACTION PLAN

December 23, 2013

Louisiana Legislative Auditor

The Town of Gramercy respectfully submits the following corrective action plan for the year ended June 30, 2013.

Name and address of independent public accounting firm:

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

Audit Period: July 1, 2012 – June 30, 2013

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

### 13-01 DOCUMENTATION OF INTERNAL CONTROL

**Recommendation:** We suggest that management identify and document the components of internal control (including control environment, entity's risk, information and communication systems, control activities, and monitoring).

**Action Taken:** We will identify significant risk areas and will document internal controls related to the specific risk. The Town will use the sample policies and procedures for municipalities documents from Louisiana Legislative Auditor's website.

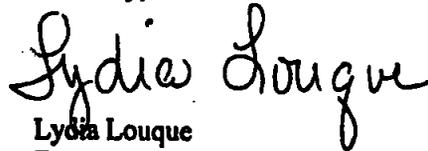
13-02 CONTROLS OVER GASOLINE CREDIT CARDS

*Recommendation:* We suggest that management implement procedures to strengthen controls that are in place to safeguard the purchase of fuel using the Town's fuel credit cards.

*Action Taken:* We have identified the weakness and have made changes in our system to strengthen controls over credit card fuel purchase. Some of these changes include lowering credit limits on credit cards, immediate email notification to Town management from the fuel card company if a credit limit is reached, budgeting of GPS Systems to be installed in each police vehicle in order to track locations and better manage fuel and maintenance on vehicles, and prompt review of monthly fuel statements for reasonable purchases.

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

Sincerely,



Lydia Louque  
Town Clerk