

# Town of Gramercy

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## *2021 Financial Statements*

**TOWN OF GRAMERCY, LOUISIANA**

**FINANCIAL REPORT**

**JUNE 30, 2021**

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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Gramercy, Louisiana, (the Town), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, schedule of changes in total post-employment liability and related ratios on page 47, schedule of the Town's proportionate share of the net pension liability on page 48, schedule of the Town's contributions on page 49, notes to the required supplementary information on page 50, and the budgetary comparison schedules on pages 51 and 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The budgetary comparison schedules of other revenue and expenditures – general fund, the schedule of principal officials and salaries, the schedule of compensation, benefits, and other payments to agency head, the justice system funding schedule – collecting/disbursing entity as required by Act 87 of 2020 Regular Legislative Session – cash basis presentation, the insurance-in-force schedule (unaudited), and public utility system operations schedule (unaudited) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules of other revenue and expenditures – general fund on pages 53 through 55, the schedule of principal officials and salaries on page 56, the schedule of compensation, benefits, and other payments to agency head on page 57, and the justice system funding schedule – collecting/disbursing entity as required by Act 87 of 2020 Regular Legislative Session – cash basis presentation on page 58 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules of other revenue and expenditures – general fund, the schedule of principal officials and salaries, the schedule of compensation, benefits and other payments to agency head, and the justice system funding schedule – collecting/disbursing entity as required by Act 87 of 2020 Regular Legislative Session – cash basis presentation are fairly stated in all material respects in relation to the basic financial statements as a whole.

The insurance-in-force schedule (unaudited) and public utility system operations schedule (unaudited) on pages 63 through 65 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

Donaldsonville, Louisiana  
December 21, 2021

**TOWN OF GRAMERCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

This section of the Town of Gramercy's (The Town) annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the Town's financial statements, which follows this section.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$7,128,495 (net position). Of this amount, \$513,591 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- During the year, the Town's governmental activities expenses were approximately \$300,000 less than the approximately \$2.5 million generated in charges for services, taxes, and other revenue. In the Town's business-type activities, expenses were approximately \$25,000 less than the approximately \$1.5 million generated in revenues and transfers.
- The general fund reported over \$4.4 million fund balance at year end.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information, and a supplemental section that includes schedules of detailed budgetary amounts and compensation/salary schedules for principal officials and agency head. The basic financial statements include two kinds of statements that present different views of the Town:

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

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



**TOWN OF GRAMERCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

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

	<b>Fund Statements</b>		
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
Scope	Entire Town government	The activities of the Town that are not proprietary, such as police, fire, and streets	Activities the Town operates similar to private businesses: the water and sewer system
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</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, expenses, 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 the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments are due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

**TOWN OF GRAMERCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

**Government-wide Statements**

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

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

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

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

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

**Fund Financial Statements**

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

The Town has two kinds of funds:

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

**TOWN OF GRAMERCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

**Net position.** The Town's combined net position increased between fiscal years 2020 and 2021 to approximately \$7.1 million. (See Table A-1.)

**Table A-1**  
**Town's Net Position**

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Current and other assets	\$ 4,675,885	\$ 4,547,099	\$ 513,165	\$ 300,916
Capital assets	1,173,426	1,009,709	6,107,253	6,225,274
Restricted assets	-	-	213,018	283,216
<b>Total assets</b>	<b>5,849,311</b>	<b>5,556,808</b>	<b>6,833,436</b>	<b>6,809,406</b>
Deferred outflows of resources	714,520	732,800	314,017	330,471
<b>Total assets and deferred outflows of resources</b>	<b>6,563,831</b>	<b>6,289,608</b>	<b>7,147,453</b>	<b>7,139,877</b>
Current liabilities	101,355	143,245	228,534	277,895
Long term liabilities	3,065,481	3,051,112	2,307,948	2,268,527
<b>Total liabilities</b>	<b>3,166,836</b>	<b>3,194,357</b>	<b>2,536,482</b>	<b>2,546,422</b>
Deferred inflows of resources	728,758	727,073	150,713	158,257
<b>Total liabilities and deferred inflows of resources</b>	<b>3,895,594</b>	<b>3,921,430</b>	<b>2,687,195</b>	<b>2,704,679</b>
Net position				
Net investment in capital assets	1,173,426	1,009,709	5,051,446	5,055,624
Restricted	280,666	329,339	109,366	180,639
Unrestricted (deficit)	1,214,145	1,029,130	(700,554)	(801,065)
<b>Total net position</b>	<b>\$ 2,668,237</b>	<b>\$ 2,368,178</b>	<b>\$ 4,460,258</b>	<b>\$ 4,435,198</b>

Net position of the Town's governmental activities increased approximately 12.7 percent to approximately \$2.7 million. Net position of the Town's business-type activities increased approximately 0.6 percent to \$4.5 million.

**Changes in net position.** The Town's total revenues increased by approximately \$217,000 to approximately \$4.05 million. Approximately 34.9 percent of the Town's revenue comes from charges for services, 34.6 percent comes from tax collections, and 12.8 percent comes from intergovernmental revenues.

The Town's total expenses decreased by approximately \$413,000 or 10 percent to approximately \$3.7 million. Approximately 59.7 percent of the Town's expenses come from governmental activities and 40.3 percent come from its business-type activities. (See Table A-2)

**TOWN OF GRAMERCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

**Governmental Activities**

Revenues for the Town's governmental activities increased by approximately \$272,000 or 11 percent, while total expenses decreased approximately \$365,000 or 14.1 percent. There was an increase of approximately \$95,000 and \$175,000 in sales tax revenue and intergovernmental revenue, respectively, as a result of increased economic activity. Decreases in expenses are the result of changes in assumptions related to the Town's OPEB plan and decreases in retirement expenses as a result of changes in the Town's net pension liability.

**Table A-2**  
**Changes in Town's Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 289,360	\$ 282,786	\$ 1,125,395	\$ 1,063,793
Operating grants and contributions	37,741	59,206	-	-
Capital grants and contributions	-	-	35,000	163,310
General revenues				
Taxes	1,269,419	1,168,013	133,766	132,271
Licenses and permits	228,085	207,165	-	-
Fines and forfeitures	29,425	35,466	-	-
Intergovernmental	517,093	340,119	-	-
Donated assets	121,395	-	10,000	-
Miscellaneous	248,837	331,468	-	-
Interest	4,086	48,754	58	90
<b>Total revenues</b>	<b>2,745,441</b>	<b>2,472,977</b>	<b>1,304,219</b>	<b>1,359,464</b>
<b>Expenses</b>				
General government	573,746	724,733	-	-
Public safety	781,384	818,434	-	-
Streets	551,213	730,252	-	-
Sanitation	249,742	241,387	-	-
Drainage	66,498	72,553	-	-
Business-type expenses	-	-	1,501,958	1,549,914
<b>Total expenses</b>	<b>2,222,583</b>	<b>2,587,359</b>	<b>1,501,958</b>	<b>1,549,914</b>
<b>Transfers</b>				
Transfers in	-	-	222,799	218,993
Transfers out	(222,799)	(218,993)	-	-
<b>Total transfers</b>	<b>(222,799)</b>	<b>(218,993)</b>	<b>222,799</b>	<b>218,993</b>
<b>Change in net position</b>	<b>300,059</b>	<b>(333,375)</b>	<b>25,060</b>	<b>28,543</b>
Beginning net position	2,368,178	2,701,553	4,435,198	4,406,655
<b>Ending net position</b>	<b>\$ 2,668,237</b>	<b>\$ 2,368,178</b>	<b>\$ 4,460,258</b>	<b>\$ 4,435,198</b>

**TOWN OF GRAMERCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

**Business-Type Activities**

Revenues for the Town's business-type activities decreased by 4.1 percent to approximately \$1.3 million while total expenses decreased 3.2 percent to approximately \$1.5 million. The decrease in revenue is directly related to the Delta Regional Authority grant received for the Dudley Pump Station Rehabilitation in the prior year.

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

As the Town completed the year, its general fund reported fund balance of approximately \$4.3 million, an increase of 5.3 percent from last year.

**General Fund Budgetary Highlights**

Over the course of the year, the Town experienced greater revenue growth than which was budgeted by approximately \$355,000. This is a direct result of increases in video poker revenues received. General fund operating expenditures were slightly less than originally budgeted, due to an increased focus on reducing expenditures as a result of the unknown impacts of the COVID-19 pandemic.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

At the end of the 2021 fiscal year, the Town had invested approximately \$7.3 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 increase (including additions and deductions) of approximately \$46,000 or .6 percent, over last year.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Land	\$ 92,520	\$ 92,520	\$ 76,825	\$ 76,825
Plant & Equipment	-	-	5,899,870	6,148,449
Other Improvements	825,341	747,214	-	-
Equipment	228,153	151,798	-	-
Construction in progress	27,412	18,177	130,558	-
<b>Total</b>	<b>\$ 1,173,426</b>	<b>\$ 1,009,709</b>	<b>\$ 6,107,253</b>	<b>\$ 6,225,274</b>

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

This year's major capital asset activity included:

Governmental Activities:

- Railroad Avenue Relocation of over \$110,000.
- South Millet Road improvements over \$20,000
- Various street projects and other police equipment

**TOWN OF GRAMERCY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

Business-Type Activities:

- The Town began the rehabilitation of the Dudley Pump Station Generator during the prior year. The Town incurred approximately \$131,000 in progress payments during the fiscal year ending June 30, 2021. This rehabilitation was on-going at the end of the fiscal year.

**Outstanding debt.** At the end of the current fiscal year, the Town had bonded debt outstanding of approximately \$1,045,000 as compared to approximately \$1,157,000 in the prior year, a decrease of \$112,000 or 9.7 percent. (See Table A-4) More information about the Town’s long-term debt is presented in Note 6 to the financial statements.

**Table A-4**  
**Town’s Outstanding Debt**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Sewer Improvement Bonds	\$ -	\$ -	\$ -	\$ 47,000
Water Improvement Bonds	-	-	1,045,441	1,110,441
Compensated absences	30,616	33,879	5,564	5,769
<b>Total</b>	<b><u>\$ 30,616</u></b>	<b><u>\$ 33,879</u></b>	<b><u>\$ 1,051,005</u></b>	<b><u>\$ 1,163,210</u></b>

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

The Town’s major sources of revenue for the general fund are comprised from taxes, grants, and charges for services at 23%, 19%, and 21%, respectively. The economy is not expected to generate significant growth from the prior year.

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was passed by Congress and signed into law by President Biden. This plan includes an allocation of funds for local governments. The Town’s portion is expected to approximate \$1.2 million. As of June 30, 2021, the Town had not drawn its allocation, however this is expected to impact next year’s budgets.

On August 29, 2021, Hurricane Ida made landfall near Port Fourchon, Louisiana causing devastation to much of Louisiana’s Coastal regions. This is expected to have a negative impact on sales tax collections.

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

**CONTACTING THE TOWN’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town’s finances and to demonstrate the Town’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Steven T. Nosacka, Mayor, PO Drawer 340, Gramercy, LA 70052.

**TOWN OF GRAMERCY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 1,035,254	\$ 328,600	\$ 1,363,854
Investments	3,109,442	-	3,109,442
Other accounts receivable, net	216,797	180,842	397,639
Due from other governmental agencies	201,247	-	201,247
Prepaid insurance	113,145	-	113,145
Other assets	-	3,723	3,723
Restricted assets - cash	-	213,018	213,018
Capital assets:			
Non-depreciable	119,932	207,383	327,315
Capital assets, net of depreciation	1,053,494	5,899,870	6,953,364
Total assets	<u>5,849,311</u>	<u>6,833,436</u>	<u>12,682,747</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred amounts related to net pension liability	412,123	253,094	665,217
Deferred amounts related to total OPEB liability	302,397	60,923	363,320
Total deferred outflows of resources	<u>714,520</u>	<u>314,017</u>	<u>1,028,537</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	23,376	17,769	41,145
Due to employees' retirement systems	28,577	-	28,577
Accrued interest payable	-	16,196	16,196
Accrued salaries payable and related benefits	18,786	13,483	32,269
Payable from restricted assets:			
Customer service meter deposits	-	108,522	108,522
Long-term liabilities:			
Due within one year (compensated absences and bonds)	30,616	72,564	103,180
Due after one year (compensated absences and bonds)	-	978,441	978,441
Total other post-employment benefits liability	1,625,233	343,652	1,968,885
Net pension liability	1,440,248	985,855	2,426,103
Total liabilities	<u>3,166,836</u>	<u>2,536,482</u>	<u>5,703,318</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred amounts related to net pension liability	66,931	21,297	88,228
Deferred amounts related to total OPEB liability	661,827	129,416	791,243
Total deferred inflows of resources	<u>728,758</u>	<u>150,713</u>	<u>879,471</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	1,173,426	5,051,446	6,224,872
Restricted	280,666	109,366	390,032
Unrestricted (deficit)	1,214,145	(700,554)	513,591
Total net position	<u>\$ 2,668,237</u>	<u>\$ 4,460,258</u>	<u>\$ 7,128,495</u>

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

**TOWN OF GRAMERCY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total	
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-Type Activities
<b><u>Functions/Programs</u></b>							
<b>Governmental activities:</b>							
General government	\$ 573,746	\$ -	\$ -	\$ -	\$ (573,746)	\$ -	\$ (573,746)
Streets	551,213	-	-	-	(551,213)	-	(551,213)
Public safety	781,384	-	37,741	-	(743,643)	-	(743,643)
Sanitation	249,742	289,360	-	-	39,618	-	39,618
Drainage	66,498	-	-	-	(66,498)	-	(66,498)
Total governmental activities	<u>2,222,583</u>	<u>289,360</u>	<u>37,741</u>	<u>-</u>	<u>(1,895,482)</u>	<u>-</u>	<u>(1,895,482)</u>
<b>Business-type activities:</b>							
Public utility	998,786	716,362	-	35,000	-	(247,424)	(247,424)
Sewer	503,172	409,033	-	-	-	(94,139)	(94,139)
Total business-type activities	<u>1,501,958</u>	<u>1,125,395</u>	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>(341,563)</u>	<u>(341,563)</u>
Total primary government	<u>\$ 3,724,541</u>	<u>\$ 1,414,755</u>	<u>\$ 37,741</u>	<u>\$ 35,000</u>	<u>(1,895,482)</u>	<u>(341,563)</u>	<u>(2,237,045)</u>
<b>General Revenues:</b>							
Taxes					1,269,419	133,766	1,403,185
Licenses and permits					228,085	-	228,085
Intergovernmental					517,093	-	517,093
Miscellaneous					248,837	-	248,837
Fines and forfeitures					29,425	-	29,425
Donated assets					121,395	10,000	131,395
Interest					4,086	58	4,144
Transfers (to) from other funds					(222,799)	222,799	-
Total general revenues and transfers					<u>2,195,541</u>	<u>366,623</u>	<u>2,562,164</u>
Change in net position					300,059	25,060	325,119
Net position - July 1, 2020					2,368,178	4,435,198	6,803,376
Net position - June 30, 2021					<u>\$ 2,668,237</u>	<u>\$ 4,460,258</u>	<u>\$7,128,495</u>

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



**TOWN OF GRAMERCY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	General Fund	Sales Tax Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 812,371	\$ 222,883	\$ 1,035,254
Investments	3,109,442	-	3,109,442
Other accounts receivable, net	216,797	-	216,797
Due from other governmental agencies	133,819	67,428	201,247
Prepaid insurance	113,145	-	113,145
Due from other funds	9,645	-	9,645
Total assets	<u>\$ 4,395,219</u>	<u>\$ 290,311</u>	<u>\$ 4,685,530</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 23,376	\$ -	\$ 23,376
Payroll taxes payable	18,786	-	18,786
Due to employees' retirement systems	28,577	-	28,577
Due to other funds	-	9,645	9,645
Total liabilities	<u>70,739</u>	<u>9,645</u>	<u>80,384</u>
<b><u>FUND BALANCES</u></b>			
Nonspendable	113,145	-	113,145
Restricted	-	280,666	280,666
Unassigned	4,211,335	-	4,211,335
Total fund balances	<u>4,324,480</u>	<u>280,666</u>	<u>4,605,146</u>
Total liabilities and fund balances	<u>\$ 4,395,219</u>	<u>\$ 290,311</u>	<u>\$ 4,685,530</u>

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

**TOWN OF GRAMERCY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

Total fund balances - governmental funds		\$ 4,605,146
Long-term assets at June 30, 2021:		
Deferred outflows - related to net pension liability	412,123	
Deferred outflows - related to total OPEB liability	302,397	714,520
Cost of capital assets at June 30, 2021	4,429,805	
Less: accumulated depreciation as of June 30, 2021	(3,256,379)	1,173,426
Long-term liabilities at June 30, 2021:		
Compensated absences	(30,616)	
Other post-employment benefits liability	(1,625,233)	
Net pension liability	(1,440,248)	
Deferred inflows - related to net pension liability	(66,931)	
Deferred inflows - related to total OPEB liability	(661,827)	(3,824,855)
 Total net position at June 30, 2021 - governmental activities		 \$ <u><u>2,668,237</u></u>

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

**TOWN OF GRAMERCY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Sales Tax Fund	Total Governmental Funds
<b><u>REVENUES</u></b>			
Ad valorem taxes	\$ 123,458	\$ -	\$ 123,458
Sales taxes	766,586	379,375	1,145,961
Garbage fees	234,516	-	234,516
Dumpster fees	4,675	-	4,675
Mosquito control	50,169	-	50,169
Franchise taxes	110,271	-	110,271
Licenses and permits	228,085	-	228,085
Intergovernmental revenue:			
Federal grants	37,741	-	37,741
State funds:			
Beer	5,050	-	5,050
Video poker	512,043	-	512,043
Fines and forfeitures	29,425	-	29,425
Other revenue	119,557	-	119,557
Total revenues	<u>2,221,576</u>	<u>379,375</u>	<u>2,600,951</u>
<b><u>EXPENDITURES</u></b>			
Current operating expenditures:			
General government	559,991	-	559,991
Streets	444,110	-	444,110
Drainage	63,884	-	63,884
Public safety	679,000	-	679,000
Sanitation	249,742	-	249,742
Capital outlay	214,012	-	214,012
Total expenditures	<u>2,210,739</u>	<u>-</u>	<u>2,210,739</u>
<b><u>EXCESS OF REVENUES</u></b>			
<b><u>OVER EXPENDITURES</u></b>	10,837	379,375	390,212
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	520,249	-	520,249
Transfers out	(315,000)	(428,048)	(743,048)
Total other financing sources (uses)	<u>205,249</u>	<u>(428,048)</u>	<u>(222,799)</u>
Change in fund balance	216,086	(48,673)	167,413
<b><u>FUND BALANCE</u></b>			
Beginning of year	4,108,394	329,339	4,437,733
End of year	<u>\$ 4,324,480</u>	<u>\$ 280,666</u>	<u>\$ 4,605,146</u>

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

**TOWN OF GRAMERCY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Net change in fund balance - governmental funds	\$	167,413
Capital assets:		
Add: Capital outlay and other expenditures capitalized	214,012	
Less: Depreciation expense for year ended June 30, 2021	(165,885)	
Donated capital assets	121,395	
Loss on disposal	<u>(5,805)</u>	163,717
Long-term liabilities:		
Excess of compensated absences used over compensated absences earned	3,263	
Net change in total OPEB liability and deferred inflows/outflows of resources	(42,908)	
Net change in net pension liability and deferred inflows/outflows of resources	<u>8,574</u>	<u>(31,071)</u>
Change in net position of governmental activities	\$	<u><u>300,059</u></u>

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

**TOWN OF GRAMERCY, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2021**

	Public Utility Revenue Fund	Sewer Operating Fund	Total
<b><u>ASSETS</u></b>			
Current assets:			
Cash and cash equivalents	\$ 163,487	\$ 165,113	\$ 328,600
Accounts receivable, net	115,607	65,235	180,842
Due from other funds	-	205,196	205,196
Other assets	3,723	-	3,723
Restricted assets - cash and cash equivalents	103,652	-	103,652
Total current assets	<u>386,469</u>	<u>435,544</u>	<u>822,013</u>
Noncurrent assets:			
Restricted assets - cash and cash equivalents	109,366	-	109,366
Capital assets:			
Non-depreciable	76,825	130,558	207,383
Capital assets, net of depreciation	4,435,554	1,464,316	5,899,870
Total noncurrent assets	<u>4,621,745</u>	<u>1,594,874</u>	<u>6,216,619</u>
Total assets	<u>5,008,214</u>	<u>2,030,418</u>	<u>7,038,632</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred amounts related to net pension liability	163,784	89,310	253,094
Deferred amounts related to total OPEB liability	41,178	19,745	60,923
Total deferred outflows of resources	<u>204,962</u>	<u>109,055</u>	<u>314,017</u>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	7,685	10,084	17,769
Due to other funds	205,196	-	205,196
Other accrued liabilities	18,996	10,683	29,679
Payable from restricted assets:			
Customer service meter deposits	108,522	-	108,522
Debt and compensated absences due within one year	72,564	-	72,564
Total current liabilities	<u>412,963</u>	<u>20,767</u>	<u>433,730</u>
Noncurrent liabilities:			
Debt and compensated absences due after one year	978,441	-	978,441
Total other post-employment benefits liability	232,274	111,378	343,652
Net pension liability	637,973	347,882	985,855
Total noncurrent liabilities	<u>1,848,688</u>	<u>459,260</u>	<u>2,307,948</u>
Total liabilities	<u>2,261,651</u>	<u>480,027</u>	<u>2,741,678</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred amounts related to net pension liability	13,782	7,515	21,297
Deferred amounts related to total OPEB liability	87,472	41,944	129,416
Total deferred inflows of resources	<u>101,254</u>	<u>49,459</u>	<u>150,713</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	3,456,572	1,594,874	5,051,446
Restricted for debt retirement	109,366	-	109,366
Unrestricted (deficit)	(715,667)	15,113	(700,554)
Total net position	<u>\$ 2,850,271</u>	<u>\$ 1,609,987</u>	<u>\$ 4,460,258</u>

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

**TOWN OF GRAMERCY, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Public Utility Revenue Fund	Sewer Operating Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 693,596	\$ 400,474	\$ 1,094,070
Tap fees	1,850	3,100	4,950
Miscellaneous revenues	20,916	5,459	26,375
Total operating revenues	<u>716,362</u>	<u>409,033</u>	<u>1,125,395</u>
<b>OPERATING EXPENSES</b>			
Salaries	338,363	162,257	500,620
Office expenses	9,951	-	9,951
Miscellaneous expenses	5,679	3,113	8,792
Insurance	104,479	23,475	127,954
Supplies and maintenance	60,765	27,741	88,506
Vehicle expenses	1,707	1,802	3,509
Uniforms	676	420	1,096
Professional fees	12,463	17,348	29,811
Retirement	162,123	77,739	239,862
Electricity	33,109	48,370	81,479
Payroll taxes	4,735	1,716	6,451
Laboratory expenses	11,260	8,400	19,660
Chemicals	47,068	9,232	56,300
Depreciation	169,652	120,975	290,627
Total operating expenses	<u>962,030</u>	<u>502,588</u>	<u>1,464,618</u>
<b>OPERATING INCOME (LOSS)</b>	(245,668)	(93,555)	(339,223)
<b>NONOPERATING REVENUE (EXPENSES)</b>			
Ad valorem taxes	83,109	50,657	133,766
Interest revenues	23	35	58
Capital grant revenues	35,000	-	35,000
Asset donation	-	10,000	10,000
Interest expense	(36,756)	(584)	(37,340)
Total nonoperating revenue	<u>81,376</u>	<u>60,108</u>	<u>141,484</u>
Income (loss) before transfers	(164,292)	(33,447)	(197,739)
<b>TRANSFERS</b>			
Transfers in	128,631	140,204	268,835
Transfers out	-	(46,036)	(46,036)
Total other financing sources	<u>128,631</u>	<u>94,168</u>	<u>222,799</u>
<b>CHANGE IN NET POSITION</b>	(35,661)	60,721	25,060
Total net position- beginning	<u>2,885,932</u>	<u>1,549,266</u>	<u>4,435,198</u>
Total net position- ending	<u>\$ 2,850,271</u>	<u>\$ 1,609,987</u>	<u>\$ 4,460,258</u>

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

**TOWN OF GRAMERCY, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Public Utility Revenue Fund	Sewer Operating Fund	Total
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Cash received from customers	\$ 709,167	\$ 410,424	\$ 1,119,591
Cash payments to suppliers for goods and services	(390,136)	(179,926)	(570,062)
Cash payments to employees for services	(338,816)	(162,257)	(501,073)
Net cash provided by (used in) operating activities	<u>(19,785)</u>	<u>68,241</u>	<u>48,456</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING</u></b>			
<b><u>ACTIVITIES:</u></b>			
Transfers to other funds	-	(46,036)	(46,036)
Transfers from other funds	128,631	140,204	268,835
Net cash provided by noncapital financing	<u>128,631</u>	<u>94,168</u>	<u>222,799</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED</u></b>			
<b><u>FINANCING ACTIVITIES:</u></b>			
Acquisition of capital assets	(11,922)	(150,684)	(162,606)
Principal paid on debt	(65,000)	(47,000)	(112,000)
Subsidy from grants	35,000	-	35,000
Interest paid on indebtedness	(36,756)	(584)	(37,340)
Receipt of ad valorem taxes	83,109	50,657	133,766
Net cash provided by (used in) capital and related financing activities	<u>4,431</u>	<u>(147,611)</u>	<u>(143,180)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Interest earned on investments	23	35	58
Net cash provided by investing activities	<u>23</u>	<u>35</u>	<u>58</u>
Net decrease in cash and cash equivalents	113,300	14,833	128,133
Cash and cash equivalents - beginning of year	<u>263,205</u>	<u>150,280</u>	<u>413,485</u>
Cash and cash equivalents - end of year	<u>\$ 376,505</u>	<u>\$ 165,113</u>	<u>\$ 541,618</u>

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

**TOWN OF GRAMERCY, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Public Utility Revenue Fund</u>	<u>Sewer Operating Fund</u>	<u>Total</u>
<b><u>RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</u></b>			
Operating loss	\$ (245,668)	\$ (93,555)	\$ (339,223)
Adjustments to reconcile loss from operations to net cash provided by (used in) operating activities:			
Depreciation	169,652	120,975	290,627
Net change in assets and liabilities:			
Accounts receivable	(11,586)	1,391	(10,195)
Prepays	(3,723)	-	(3,723)
Due from other funds	-	(205,196)	(205,196)
Net pension liability	(21,796)	120,388	98,592
Total other postemployment benefit liability	(103,549)	111,378	7,829
Deferred outflows of resources	55,046	(38,592)	16,454
Accounts payable	(16,866)	705	(16,161)
Due to other funds	205,196	-	205,196
Other accrued liabilities	(248)	7,862	7,614
Deferred inflows of resources	(50,429)	42,885	(7,544)
Compensated absences	(205)	-	(205)
Customer service meter deposits	4,391	-	4,391
Total adjustments	<u>225,883</u>	<u>161,796</u>	<u>387,679</u>
Net cash provided by (used in) operating activities	<u>\$ (19,785)</u>	<u>\$ 68,241</u>	<u>\$ 48,456</u>
Cash and cash equivalents consists of :			
Current assets			
Cash and cash equivalents	\$ 163,487	\$ 165,113	\$ 328,600
Restricted assets - cash and cash equivalents	103,652	-	103,652
Noncurrent assets			
Restricted assets - cash and cash equivalents	109,366	-	109,366
	<u>\$ 376,505</u>	<u>\$ 165,113</u>	<u>\$ 541,618</u>

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



**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021**

**1. Summary of Significant Accounting Policies**

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

The Town's basic financial statements consist of the government-wide statements and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

**Financial Reporting Entity**

Governmental Accounting Standards Board (GASB) Statement No. 61, *Defining the Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Town is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement No. 61, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the Town does not have any component units, which are defined by GASB Statement No. 61 as other legally separate organizations for which the elected officials are financially accountable. There are no other primary governments with which the Town has a significant relationship.

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

**Basis of Presentation, Basis of Accounting**

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

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.

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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

Basis of Presentation, Basis of Accounting (continued)

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

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

The Town reports the following major governmental funds:

- a. General Fund - This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- b. Sales Tax Fund – The Sales Tax Fund accounts for the receipt and use of proceeds of the Town's one-half percent sales and use tax that was authorized on March 24, 2018. These taxes are dedicated for constructing, improving, extending and maintaining streets, drainage, sewer infrastructure and sewerage treatment works; police department equipment; and purchasing and acquiring the necessary equipment and land for any of the aforesaid public works, improvements and facilities.

The Town reports the following two major enterprise funds:

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

Measurement Focus, Basis of Accounting

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

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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

Measurement Focus, Basis of Accounting (continued)

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

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

Use of Estimates

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

Pension Plans

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

Budgets and Budgetary Accounting

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

1. A proposed budget is prepared and submitted to the Mayor and Board of Aldermen prior to the beginning of each fiscal year.
2. The proposed budget is published in the official journal and made available for public inspection. A public hearing is held to obtain taxpayer comments.

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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

Budgets and Budgetary Accounting (continued)

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

The level of budgetary control is total appropriations. Budgeted amounts included in the financial statements include the original adopted budget and final amended budget for the general fund, and the original adopted budget and final amended budget for the sale tax fund.

Cash, Cash Equivalents, and Investments

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

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

Restricted Assets

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

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets with an acquisition value greater than \$1,000 are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

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

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

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

**Accounts Receivable**

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

**Accumulated Leave**

Employees earn vacation leave on January 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, 2021.

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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

Long-Term Liabilities

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

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

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

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

Interfund Balances / Transfers

During the course of normal operations, the Town has transactions between funds, including expenditures and transfers of resources to provide services, purchase assets and service debt. Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases, where repayment is expected, the transfers are accounted for through the various due from and due to accounts.

Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. *Deferred outflows* of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. *Deferred inflows* of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

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

Statements of Cash Flows

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

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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

Encumbrances

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

Risk Management

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

Equity Classifications

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

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

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

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

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

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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

Equity Classifications (continued)

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

Arbitrage Liability

Section 148 of the Internal Revenue Code of 1986, as amended, requires that issuers of tax exempt debt make arbitrage calculations annually on bond issues issued after August 31, 1986, to determine whether an arbitrage rebate liability exists between the issuer and the U.S. Department of Treasury. Arbitrage is the difference (or profit) earned from borrowing funds at tax exempt rates and investing the proceeds in higher yielding taxable securities. There are no arbitrage rebate liabilities outstanding to the U.S. Department of Treasury for Town issues at June 30, 2021.

**2. Cash, Cash Equivalents, and Investments**

Cash and Cash Equivalents

At June 30, 2021, the carrying amounts of the Town's cash and cash equivalents were as follows:

Cash and cash equivalents	\$ 1,363,854
Restricted cash	213,018
	<u>\$ 1,576,872</u>

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

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance of the pledge of securities owned by the fiscal agent financial institution. At year-end, the Town's bank balance was \$1,651,557. Of this amount, \$604,155 was covered by federal depository insurance, and \$1,047,402 was collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

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

Investments

At June 30, 2021, the Town is invested in a \$40,000 18-month certificate of deposit with an interest rate of 0.35% and \$3,069,442 in an external investment pool, Louisiana Asset Management Pool.



**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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

Investments (continued)

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the state of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

LAMP is a governmental investment pool that reports at fair value. The investments are measured at the net asset value. The following facts are relevant for investment pools:

Credit risk: LAMP is rated AAAM by Standard & Poor's.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no public disclosure is required.

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

Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM of LAMP's total investments is 53 days (from LAMP's monthly Portfolio Holdings) as of June 30, 2021.

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

The investments in LAMP are stated at fair value based on quoted market prices. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pools is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

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

At June 30, 2021, the Town had the following investments:

LAMP	\$ 3,069,442
Investment in certificate of deposit	40,000
	<hr/>
	\$ 3,109,442

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

**3. Capital Assets**

Capital assets and depreciation activity as of and for the year ended June 30, 2021, are as follows:

<u>Governmental activities:</u>	<u>Land</u>	<u>Buildings</u>	<u>Other Improvements</u>	<u>Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
Cost of capital assets						
June 30, 2020	\$ 92,520	\$ 285,736	\$ 2,739,680	\$982,334	\$ 18,177	\$ 4,118,447
Additions	-	-	67,374	132,008	136,025	335,407
Disposals	-	-	(12,063)	(11,986)	-	(24,049)
Transfers	-	-	126,790	-	(126,790)	-
Cost of capital assets						
June 30, 2021	<u>92,520</u>	<u>285,736</u>	<u>2,921,781</u>	<u>1,102,356</u>	<u>27,412</u>	<u>4,429,805</u>
Accumulated depreciation						
June 30, 2020	-	285,736	1,992,466	830,536	-	3,108,738
Additions	-	-	110,307	55,578	-	165,885
Disposals	-	-	(6,333)	(11,911)	-	(18,244)
Accumulated depreciation						
June 30, 2021	<u>-</u>	<u>285,736</u>	<u>2,096,440</u>	<u>874,203</u>	<u>-</u>	<u>3,256,379</u>
Capital assets, net of accumulated depreciation at June 30, 2021	<u>\$ 92,520</u>	<u>\$ -</u>	<u>\$ 825,341</u>	<u>\$ 228,153</u>	<u>\$ 27,412</u>	<u>\$ 1,173,426</u>

Capital assets above that are not being depreciated include land in the amount of \$92,520 and Construction in Progress in the amount of \$27,412.

Depreciation expense of \$165,885 for the year ended June 30, 2021 was charged to the following governmental functions:

General Government	\$ 20,061
Streets	109,120
Drainage	2,614
Public Safety	34,090
	<u>\$ 165,885</u>

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

**3. Capital Assets** (continued)

Business-Type activities:

	Land	Plant & Equipment	Construction In Progress	Total
Cost of capital assets				
June 30, 2020	\$ 76,825	\$ 13,037,402	\$ -	\$ 13,114,227
Additions	-	42,048	130,558	172,606
Disposals	-	(5,995)	-	(5,995)
Cost of capital assets				
June 30, 2021	76,825	13,073,455	130,558	13,280,838
Accumulated depreciation				
June 30, 2020	-	6,888,953	-	6,888,953
Additions	-	290,627	-	290,627
Disposals	-	(5,995)	-	(5,995)
Accumulated depreciation				
June 30, 2021	-	7,173,585	-	7,173,585
Capital assets, net of accumulated depreciation at				
June 30, 2021	\$ 76,825	\$ 5,899,870	\$ 130,558	\$ 6,107,253

Capital assets above that are not being depreciated include land in the amount of \$76,825. Construction in progress balance relates to the rehabilitation of the generator at the Dudley Pump Station. This project was completed subsequent to year end.

For the year ended June 30, 2021, depreciation expense was \$290,627 and was charged to the following functions:

Public Utility	\$ 169,652
Sewer	120,975
	\$ 290,627

Construction Commitment

The town has no signed construction contract commitments at June 30, 2021.

**4. Due from Other Governmental Agencies**

Amounts due from other governmental units at June 30, 2021 consist of the following:

	Governmental Activities
St. James Parish School Board	\$ 195,107
St. James Parish Council	3,333
Louisiana Department of Safety and Corrections	2,807
	\$ 201,247

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

**5. Receivables**

Receivables as of June 30, 2021 for the Town's governmental and business-type funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Taxes receivable			
Property	\$ 5,008	\$ 3,040	\$ 8,048
Franchise	37,720	-	37,720
Total taxes receivable	<u>42,728</u>	<u>3,040</u>	<u>45,768</u>
Accounts receivable			
Charges for services	50,564	182,511	233,075
Other receivables			
Blighted property reimbursements	46,320	-	46,320
Video poker fees	75,624	-	75,624
Other	41,587	-	41,587
Total other receivables	<u>163,531</u>	<u>-</u>	<u>163,531</u>
Less: allowance for uncollectible accounts	<u>(40,026)</u>	<u>(4,709)</u>	<u>(44,735)</u>
Total receivables	<u>\$ 216,797</u>	<u>\$ 180,842</u>	<u>\$ 397,639</u>

**6. Long-Term Liabilities**

The following is a summary of the changes in long-term obligations for the year ended June 30, 2021:

	<u>Balance 6/30/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/21</u>	<u>Due within one year</u>
<b><u>Governmental Activities:</u></b>					
Other:					
Compensated absences	\$ 33,879	\$ 41,506	\$ 44,769	\$ 30,616	\$ 30,616
<b><u>Business-Type Activities:</u></b>					
Direct borrowing and placement of debt:					
2013 Sewer Improvement bonds-general obligation refunding bonds	47,000	-	47,000	-	-
2013 Water Improvement bonds- general obligation bonds	819,000	-	51,000	768,000	53,000
2016 Water Improvement bonds general obligation bonds	291,441	-	14,000	277,441	14,000
Other:					
Compensated absences	5,769	9,536	9,741	5,564	5,564
Total business-type activities	<u>1,163,210</u>	<u>9,536</u>	<u>121,741</u>	<u>1,051,005</u>	<u>72,564</u>
	<u>\$1,197,089</u>	<u>\$ 51,042</u>	<u>\$ 166,510</u>	<u>\$1,081,621</u>	<u>\$ 103,180</u>

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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

Direct borrowings and placements at June 30, 2021 are comprised of the following individual issues:

Business-Type Activities:

Direct borrowing and placement:

\$1,500,000 General Obligation Bond Series 2013; issued on March 1, 2014; due in various semi-annual installments, including interest at 2.95%, through March 1, 2033. The outstanding note is secured by ad valorem taxes. \$ 768,000

\$500,000 General Obligation Bond Series 2016; issued on March 1, 2017; due in various semi-annual installments, including interest at 2.95%, through March 1, 2036. The outstanding note is secured by ad valorem taxes. 277,441

\$ 1,045,441

Debt service requirements on long-term debt as of June 30, 2021 is as follows:

Bonds From Direct Borrowings and Placements			
Year ending June 30,	Principal	Interest	Total
2022	\$ 67,000	\$ 31,004	\$ 98,004
2023	71,000	29,028	100,028
2024	72,000	26,934	98,934
2025	74,000	24,810	98,810
2026	77,000	22,628	99,628
2027-2031	429,000	77,322	506,322
2032-2036	255,441	16,728	272,169
	\$ 1,045,441	\$ 228,454	\$ 1,273,895

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

**7. Due to/from Funds**

Due to/from other funds are the result of transfers between funds or collections made on behalf of one fund for another which are expected to be paid within one year. The due to/from other funds as of June 30, 2021 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Sales Tax Fund	\$ 9,645
Sewer Operating Fund	Public Utility Fund	205,196
		\$ 214,841

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

**8. 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, 2021, taxes of 12.41 mills were levied on property with assessed valuations totaling \$20,562,792. 5.99 mills are levied for general purposes. Within the 5.99 mills are funds designated for the repayment of the \$500,000 water improvement bonds. Additional taxes of 2.43 mills for the \$358,000 sewer improvement bonds and 3.99 mills for the \$1.5 million water improvement bonds were levied on the same property for the purpose of accumulating enough funds to service the annual debt requirements as they become due. Levied mills expire at the expiration of each debt requirement.

Ad valorem taxes levied during the year ended June 30, 2021, totaled approximately \$260,000.

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

Interfund transfers at June 30, 2021, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 520,249	\$ 315,000
Sales Tax Fund	-	428,048
Public Utility Revenue Fund	128,631	-
Sewer Operating Fund	140,204	46,036
	<u>\$ 789,084</u>	<u>\$ 789,084</u>

**10. Disaggregation of Accounts Payable and Accrued Payables**

Accounts payable and accrued payables as of June 30, 2021, were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Vendors	\$ 23,376	\$ 17,769	\$ 41,145
Salaries and benefits	47,363	13,483	60,846
Interest	-	16,196	16,196
Total	<u>\$ 70,739</u>	<u>\$ 47,448</u>	<u>\$ 118,187</u>

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021**

**11. Pension and Retirement Plans**

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

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

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

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

**Plan Descriptions:**

**Municipal Employees' Retirement System of Louisiana (MERS)**

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

**Municipal Police Employees' Retirement System (MPERS)**

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

**Funding Policy**

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

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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

**Funding Policy** (continued)

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2021, for the Town and covered employees were as follows:

	<u>Town</u>	<u>Employees</u>
Municipal Employees' Retirement System Plan A		
Members hired prior to 01/01/2013	29.50%	10.00%
Members hired after 01/01/2013	29.50%	10.00%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 1/01/2013	33.75%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	33.75%	8.00%
Employees receiving compensation below poverty guidelines of US Department of Health	36.25%	7.50%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Municipal Employees' Retirement System			
Plan A	\$ 193,807	\$ 199,709	\$ 185,748
Municipal Police Employees' Retirement System	\$ 91,939	\$ 86,695	\$ 82,170

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

The following schedule lists the Town's proportionate share of the net pension liability allocated by each of the pension plans based on the June 30, 2020 measurement date. The Town uses this measurement to record its net pension liability and associated amounts as of June 30, 2021 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2020 along with the change compared to the June 30, 2019 rate. The Town's proportion of the net pension liability was based on the Town's contributions to the pension plan relative to all participating employers.



**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021**

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

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

	Net Pension Liability at June 30, 2020	Rate at June 30, 2020	Increase (Decrease) on June 30, 2019 Rate
Municipal Employees' Retirement System Plan A	\$ 1,627,898	0.3765%	-0.0094%
Municipal Police Employees' Retirement System	798,205	0.0864%	0.0048%
	<u>\$ 2,426,103</u>		

The following schedule lists the pension plan's recognized pension expense of the Town for the year ended June 30, 2021:

Municipal Employees' Retirement System Plan A	\$ 276,454
Municipal Police Employees' Retirement System	152,105
	<u>\$ 428,559</u>

At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 755	\$ (40,669)
Changes of assumptions	46,353	(19,699)
Net difference between projected and actual earnings on pension plan investments	258,209	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	74,154	(27,860)
Employer contributions subsequent to the measurement date	285,746	-
Total	<u>\$ 665,217</u>	<u>\$ (88,228)</u>

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021**

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

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Employees' Retirement System Plan A	\$ 417,922	\$ (35,168)
Municipal Police Employees' Retirement System	247,295	(53,060)
	<u>\$ 665,217</u>	<u>\$ (88,228)</u>

The Town reported a total of \$285,746 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2021. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	<u>Subsequent Contributions</u>
Municipal Employees' Retirement System Plan A	\$ 193,807
Municipal Police Employees' Retirement System	91,939
	<u>\$ 285,746</u>

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

<u>Year</u>	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
2022	\$ 88,579	\$ 16,766	\$ 105,345
2023	39,645	39,640	79,285
2024	36,911	27,704	64,615
2025	23,812	18,186	41,998
	<u>\$ 188,947</u>	<u>\$ 102,296</u>	<u>\$ 291,243</u>

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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

**Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2020 are as follows:

<b>Valuation Date</b>	<u>MERS</u>	<u>MPERS</u>						
	June 30, 2020	June 30, 2020						
<b>Actuarial Cost Method</b>	Entry Age Normal Cost	Entry Age Normal cost						
<b>Actuarial Assumptions:</b>								
<b>Expected Remaining Service Lives</b>	3 years	4 years						
<b>Investment Rate of Return</b>	6.950% net of investment expenses, including inflation	6.950%						
<b>Inflation Rate</b>	2.500%	2.500%						
<b>Mortality</b>	For annuitant and beneficiary, mortality tables used were PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.	For healthy annuitant and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.						
	For employees, the PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.	For employees, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.						
	For disable live mortality, PubNS-2010(B) Disabled Retiree Table set equal to 120% males and females with the full generational MP2018 scale.	For disable lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale.						
<b>Salary Increases</b>	1-4 years of service: 6.4% - Plan A More than 4 years of service: 4.5% - Plan A	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Years of Service</u></th> <th style="text-align: center;"><u>Salary Growth Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1-2</td> <td style="text-align: center;">12.30%</td> </tr> <tr> <td style="text-align: center;">Over 2</td> <td style="text-align: center;">4.70%</td> </tr> </tbody> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	12.30%	Over 2	4.70%
<u>Years of Service</u>	<u>Salary Growth Rate</u>							
1-2	12.30%							
Over 2	4.70%							

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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

**Actuarial Assumptions** (continued)

	<u>MERS</u>	<u>MPERS</u>
<b>Cost of Living Adjustments</b>	The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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

<u>MERS</u>	<u>MPERS</u>
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.60% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return is 7.00% for the year ended June 30, 2020.	The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.55 % and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long term rate of return is 7.19% for the year ended June 30, 2020.

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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

**Actuarial Assumptions** (continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2020:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Public equity	53.0%	-	2.33%	-
Equity	-	48.5%	-	3.08%
Public fixed income	38.0%	-	1.67%	-
Fixed Income	-	33.5%	-	0.54%
Alternatives	9.0%	18.0%	0.40%	1.02%
Other	-	-	-	-
Total	<u>100.0%</u>	<u>100.0%</u>	4.40%	4.64%
Inflation			<u>2.60%</u>	<u>2.55%</u>
Expected Arithmetic Nominal Return			<u>7.00%</u>	<u>7.19%</u>

**Discount Rate**

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS and MPERS was 6.950% for the year ended June 30, 2020.

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

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
MERS			
Rates	5.950%	6.950%	7.950%
Town's Share of NPL	\$ 2,117,716	\$ 1,627,898	\$ 1,213,735
MPERS			
Rates	5.950%	6.950%	7.950%
Town's Share of NPL	\$ 1,121,392	\$ 798,205	\$ 528,033

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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

**Payables to the Pension Plan**

The Town recorded accrued liabilities to each of the retirement systems for the year ended June 30, 2021 mainly due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. The balance due to each for the retirement systems at June 30, 2021 is as follows:

	<u>June 30, 2021</u>
MERS	\$ 19,415
MPERS	9,162
	<u>\$ 28,577</u>

**12. Restricted Assets**

Under the terms of the bond indentures for the water revenue bonds and the sewer improvement refunding bonds, certain revenues are dedicated to the retirement of said bonds, and are to be set aside into special accounts after provisions have been made for the payment of the reasonable and necessary expenses of operating and maintaining the utility systems totaling \$109,366.

As of June 30, 2021, the Town was in compliance with all related debt covenants.

At June 30, 2021, the Town has \$103,652 of cash restricted for the refunding of customer meter deposits.

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

**General Information about the OPEB Plan**

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

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

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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

**General Information about the OPEB Plan** (continued)

*Employees covered by benefit terms* – At June 30, 2021, the following employees were covered by the benefit terms:

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

The Town’s total OPEB liability of \$1,968,885 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019.

*Actuarial Assumptions and other inputs* – The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%, including inflation
Prior Discount rate	2.21%
Discount rate	2.16% annually
Healthcare cost trend rates	5.5% annually until year 2030, then 4.5%

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2021, the end of the applicable measurement period.

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

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2021.

**Changes in the Total OPEB Liability**

Balance at June 30, 2020	\$ 1,920,648
Changes for the year:	
Service cost	78,430
Interest	43,313
Differences between expected and actual experience	(83,411)
Changes in assumptions	18,852
Benefit payments and net transfers	(8,947)
Net changes	48,237
Balance at June 30, 2021	\$ 1,968,885

The amount due within one year for the total OPEB liability is estimated to be \$9,000.

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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

**Changes in the Total OPEB Liability** (continued)

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	<b>1.0% Decrease (1.16%)</b>	<b>Current Discount Rate (2.16%)</b>	<b>1.0% Increase (3.16%)</b>
Total OPEB liability	\$ 2,414,708	\$ 1,968,885	\$ 1,627,362

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

	<b>1.0% Decrease (4.50%)</b>	<b>Health Cost Trend Rate (5.50%)</b>	<b>1.0% Increase (6.50%)</b>
Total OPEB liability	\$ 1,604,130	\$ 1,968,885	\$ 2,447,960

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$60,135. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,213	\$ (716,370)
Change in assumptions	324,107	(74,873)
Total	\$ 363,320	\$ (791,243)

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

Years ending June 30:	
2022	\$ (61,574)
2023	(61,574)
2024	(61,574)
2025	(61,574)
2026	(61,574)
Thereafter	(120,053)
	\$ (427,923)



**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

**14. Tax Abatement**

The local government is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the “State Board”), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Industrial Tax Exemption Program (“ITEP”) and the Restoration Tax Abatement Program (“RTAP”). In addition, the local government has the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program (“EZ Program”). For the year ending June 30, 2021, the Town did not participate in any Tax Exemption Programs.

**15. Detailed Restricted Net Position and Fund Balances**

Details of restricted Net Position as reported in the government-wide Statement of Net Position are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position restricted for:			
Debt service for bonds	\$ -	\$ 187,477	\$ 187,477
Capital infrastructure improvements and police equipment	280,666	-	280,666
Total restricted net position	<u>\$ 280,666</u>	<u>\$ 187,477</u>	<u>\$ 468,143</u>

Details of nonspendable, restricted, and unassigned fund balances at year-end are as follows:

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Total</u>
Fund balances:			
Nonspendable:			
Prepaid insurance	\$ 113,145	\$ -	\$ 113,145
Restricted:			
Capital infrastructure improvements and police equipment	-	280,666	280,666
Unassigned	4,211,335	-	4,211,335
Total fund balances	<u>\$ 4,324,480</u>	<u>\$ 280,666</u>	<u>\$ 4,605,146</u>

**16. COVID-19 Pandemic**

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

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

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

**17. Subsequent Events**

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was passed by the United States Congress and signed into law by President Biden. ARPA allocated certain funds for local governments. The Town's portion of that allocation is approximately \$1.2 million. On August 23, 2021, the Town made a draw on half of its allocation.

On August 26, 2021, Governor John Bel Edwards declared a State of Emergency due to then Tropical Storm Ida. President Biden approved Governor Edwards's request for presidential disaster declaration on August 28, 2021. On August 29, 2021, Hurricane Ida made landfall in Port Fourchon, Louisiana as a strong Category 4 Hurricane. While the full effect of this disaster is still unknown, there will be an impact on the Town as a result of recovery efforts. The State of Emergency Declaration by Governor Edwards and approved by President Biden activated the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), which will allow for disaster relief to be requested by the Town and its citizens.

**18. Current Accounting Standards Scheduled to be Implemented**

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

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after June 15, 2021. The Town will include the requirements of this standard, as applicable, in its June 30, 2022 financial statements. All of the Town's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the Town are unknown at this time.

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

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**TOWN OF GRAMERCY, LOUISIANA**  
**SCHEDULE OF CHANGES IN TOTAL POST-EMPLOYMENT LIABILITY**  
**AND RELATED RATIOS**  
**YEAR ENDED JUNE 30, 2021**

<b>Financial statement reporting date</b>	6/30/2021	6/30/2020	6/30/2019	6/30/2018
<b>Measurement date</b>	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Service Cost	\$ 78,430	\$ 202,578	\$ 134,672	\$ 138,335
Interest	43,313	80,934	73,199	71,695
Difference between actual and expected experience	(83,411)	(824,530)	39,768	13,550
Changes of assumptions or other inputs	18,852	256,419	143,599	(108,145)
Benefit payments	(8,947)	(5,865)	(4,248)	(5,570)
<b>Net change in total OPEB liability</b>	<u>48,237</u>	<u>(290,464)</u>	<u>386,990</u>	<u>109,865</u>
<b>Total OPEB liability - beginning</b>	1,920,648	2,211,112	1,824,122	1,714,257
<b>Total OPEB liability - ending</b>	<u><u>\$ 1,968,885</u></u>	<u><u>\$ 1,920,648</u></u>	<u><u>\$ 2,211,112</u></u>	<u><u>\$ 1,824,122</u></u>
Covered employee payroll	\$ 780,219	\$ 757,494	\$ 997,110	\$ 968,068
Total OPEB liability as a percentage of covered employee payroll	252.35%	253.55%	221.75%	188.43%

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

**Notes to Schedule:**

<i>Benefit Changes:</i>	None	None	None	None
<i>Changes of Assumptions.</i>				
Discount Rate:	2.16%	2.21%	3.50%	3.87%
Mortality:	RP-2014	RP-2014	RP-2000	RP-2000
Trend:	5.50%	5.50%	5.50%	5.50%

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

See the accompanying notes to the required supplementary information.

**TOWN OF GRAMERCY, LOUISIANA**  
**SCHEDULE OF THE TOWN OF GRAMERCY'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY**  
**FOR THE YEAR ENDED JUNE 30, 2021 (\*)**

	Employer's Proportion of the Net Pension Liability (Assets)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b><u>MERS (Plan A)</u></b>					
2020	0.3765%	\$ 1,627,897	\$ 719,673	226.1995%	64.52%
2019	0.3859%	1,612,594	714,416	225.7218%	64.68%
2018	0.3574%	1,479,912	652,526	226.7972%	63.94%
2017	0.3585%	1,499,694	651,032	230.3564%	63.49%
2016	0.3387%	1,388,053	566,456	245.0416%	62.11%
2015	0.3371%	1,204,149	575,339	209.2938%	66.18%
2014	0.3715%	953,468	555,569	171.6201%	73.99%
<b><u>MPERS</u></b>					
2020	0.0864%	\$ 798,205	\$ 266,753	299.2300%	70.94%
2019	0.0816%	740,956	254,786	290.8150%	71.01%
2018	0.0788%	665,960	232,472	286.4689%	71.90%
2017	0.0797%	695,448	237,804	292.4459%	70.08%
2016	0.0744%	697,000	208,309	334.5991%	66.04%
2015	0.0680%	532,873	181,960	292.8517%	70.73%
2014	0.0605%	378,380	128,238	295.0607%	75.10%

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

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

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

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

See the accompanying notes to the required supplementary information.

**TOWN OF GRAMERCY, LOUISIANA**  
**SCHEDULE OF THE TOWN OF GRAMERCY'S CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Contractually Required Contribution <sup>1</sup>	Contributions in Relation to Contractually Required Contribution <sup>2</sup>	Contribution Deficiency (Excess)	Covered Payroll <sup>3</sup>	Contribution as a % of Covered Payroll
<b><u>MERS (Plan A)</u></b>					
2021	\$ 193,807	\$ 193,807	\$ -	\$ 656,972	29.50%
2020	199,709	199,709	-	719,673	27.75%
2019	185,748	185,748	-	714,416	26.00%
2018	161,500	161,500	-	652,526	24.75%
2017	148,110	148,110	-	651,032	22.75%
2016	111,875	111,875	-	566,456	19.75%
2015	113,629	113,629	-	575,339	19.75%
<b><u>MPERS</u></b>					
2021	\$ 91,939	\$ 91,939	\$ -	\$ 272,412	33.75%
2020	86,695	86,695	-	266,753	32.50%
2019	82,170	82,170	-	254,786	32.25%
2018	71,485	71,485	-	232,472	30.75%
2017	75,503	75,503	-	237,804	31.75%
2016	61,451	61,451	-	208,309	29.50%
2015	57,317	57,317	-	181,960	31.50%

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

***For reference only:***

<sup>1</sup> *Employer contribution rate multiplied by covered payroll*

<sup>2</sup> *Actual employer contributions remitted to retirement systems*

<sup>3</sup> *Covered payroll amount for the fiscal year ended June 30 of each year*

See the accompanying notes to the required supplementary information.

**TOWN OF GRAMERCY, LOUISIANA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO DEFINED PENSION**

**Changes in benefit terms:**

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

**Changes in assumptions:**

**Municipal Employee's Retirement System (MERS)**

<i>Discount Rate:</i>				<i>Investment Rate of Return:</i>			
Year End	Measurement Date	Rate	Change	Year End	Measurement Date	Rate	Change
6/30/2021	6/30/2020	6.950%	-0.050%	6/30/2021	6/30/2020	6.950%	-0.050%
6/30/2020	6/30/2019	7.000%	-0.275%	6/30/2020	6/30/2019	7.000%	-0.275%
6/30/2019	6/30/2018	7.275%	-0.125%	6/30/2019	6/30/2018	7.275%	-0.125%
6/30/2018	6/30/2017	7.325%	-0.175%	6/30/2018	6/30/2017	7.400%	-0.100%
6/30/2017	6/30/2016	7.500%	0.000%	6/30/2017	6/30/2016	7.500%	-0.250%
6/30/2016	6/30/2015	7.500%	-0.250%	6/30/2016	6/30/2015	7.750%	
6/30/2015	6/30/2014	7.750%					

<i>Salary Increases:</i>				<i>Inflation Rate:</i>			
Year End	Measurement Date	Rate	Change	Year End	Measurement Date	Rate	Change
6/30/2021	6/30/2020	4.5% - 6.4%	0.000%	6/30/2021	6/30/2020	2.500%	0.000%
6/30/2020	6/30/2019	4.5% - 6.4%	0.100% - 2.400%	6/30/2020	6/30/2019	2.500%	-0.100%
6/30/2019	6/30/2018	5.000%	0.000%	6/30/2019	6/30/2018	2.600%	-0.125%
6/30/2018	6/30/2017	5.000%	0.000%	6/30/2018	6/30/2017	2.775%	-0.100%
6/30/2017	6/30/2016	5.000%	-0.750%	6/30/2017	6/30/2016	2.875%	0.000%
6/30/2016	6/30/2015	5.750%		6/30/2016	6/30/2015	2.875%	

**Municipal Police Employee's Retirement System (MPERS)**

<i>Discount Rate:</i>				<i>Investment Rate of Return:</i>			
Year End	Measurement Date	Rate	Change	Year End	Measurement Date	Rate	Change
6/30/2021	6/30/2020	6.950%	-0.175%	6/30/2021	6/30/2020	6.950%	-0.175%
6/30/2020	6/30/2019	7.125%	-0.075%	6/30/2020	6/30/2019	7.125%	-0.075%
6/30/2019	6/30/2018	7.200%	-0.125%	6/30/2019	6/30/2018	7.200%	-0.125%
6/30/2018	6/30/2017	7.325%	-0.175%	6/30/2018	6/30/2017	7.325%	-0.175%
6/30/2017	6/30/2016	7.500%	0.000%	6/30/2017	6/30/2016	7.500%	0.000%
6/30/2016	6/30/2015	7.500%		6/30/2016	6/30/2015	7.500%	

<i>Salary Increases including merit:</i>				<i>Inflation Rate:</i>			
Year End	Measurement Date	Rate	Change	Year End	Measurement Date	Rate	Change
6/30/2021	6/30/2020	2.2% - 9.8%	0.45% - 2.55%	6/30/2021	6/30/2020	2.500%	0.000%
6/30/2020	6/30/2019	1.75% - 7.25%	0.10%	6/30/2020	6/30/2019	2.500%	-0.100%
6/30/2019	6/30/2018	1.65% - 7.15%	0.10%	6/30/2019	6/30/2018	2.600%	-0.100%
6/30/2018	6/30/2017	1.55% - 7.05%	0.175%	6/30/2018	6/30/2017	2.700%	-0.175%
6/30/2017	6/30/2016	1.375% - 6.875%	0.000%	6/30/2017	6/30/2016	2.875%	-0.125%
6/30/2016	6/30/2015	1.375% - 6.875%		6/30/2016	6/30/2015	3.000%	

**TOWN OF GRAMERCY, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance Fav (Unfav)
<b><u>REVENUES</u></b>				
Ad valorem taxes	\$ 118,000	\$ 118,000	\$ 123,458	\$ 5,458
Sales taxes	670,000	670,000	766,586	96,586
Garbage fees	250,000	250,000	234,516	(15,484)
Dumpster fees	4,000	4,000	4,675	675
Mosquito control	50,000	50,000	50,169	169
Franchise taxes	96,200	96,200	110,271	14,071
Licenses and permits	182,000	182,000	228,085	46,085
Intergovernmental revenues:				
Federal grants	-	-	37,741	37,741
State funds:				
Beer	5,000	5,000	5,050	50
Video poker	210,000	210,000	512,043	302,043
Local funds	75,000	75,000	-	(75,000)
Fines and forfeitures	40,000	40,000	29,425	(10,575)
Other	165,900	165,900	119,557	(46,343)
Total revenues	<u>1,866,100</u>	<u>1,866,100</u>	<u>2,221,576</u>	<u>355,476</u>
<b><u>EXPENDITURES</u></b>				
Current operating expenditures:				
General government	642,015	642,015	559,991	82,024
Streets	387,740	387,740	444,110	(56,370)
Public safety	661,758	661,758	679,000	(17,242)
Sanitation	244,974	244,974	249,742	(4,768)
Drainage	75,000	75,000	63,884	11,116
Capital Outlay	305,000	305,000	214,012	90,988
Total expenditures	<u>2,316,487</u>	<u>2,316,487</u>	<u>2,210,739</u>	<u>105,748</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	(450,387)	(450,387)	10,837	249,728
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	300,000	300,000	520,249	220,249
Transfers out	-	-	(315,000)	(315,000)
Total other financing sources	<u>300,000</u>	<u>300,000</u>	<u>205,249</u>	<u>(94,751)</u>
Change in fund balance	(150,387)	(150,387)	216,086	154,977
<b><u>FUND BALANCE</u></b>				
Beginning of year	4,042,182	4,042,182	4,108,394	66,212
End of year	<u>\$ 3,891,795</u>	<u>\$ 3,891,795</u>	<u>\$ 4,324,480</u>	<u>\$ 221,189</u>



**TOWN OF GRAMERCY, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SALES TAX FUND**  
**YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance Fav (Unfav)
<b><u>REVENUES</u></b>				
Sales taxes	\$ 335,000	\$ 335,000	\$ 379,375	\$ 44,375
Street grant from parish	65,000	-	-	-
LGAP	35,000	-	-	-
Total revenues	<u>435,000</u>	<u>335,000</u>	<u>379,375</u>	<u>44,375</u>
<b><u>EXPENDITURES</u></b>				
Current operating expenditures:				
Streets	185,000	185,000	-	185,000
Public safety	40,000	40,000	-	40,000
Sewer	195,000	195,000	-	195,000
Drainage	75,000	75,000	-	75,000
Total expenditures	<u>495,000</u>	<u>495,000</u>	<u>-</u>	<u>495,000</u>
<b><u>EXCESS OF REVENUES</u></b>				
<b><u>OVER (UNDER) EXPENDITURES</u></b>	(60,000)	(160,000)	379,375	(450,625)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	-	-	(428,048)	(428,048)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(428,048)</u>	<u>(428,048)</u>
Change in fund balance	(60,000)	(160,000)	(48,673)	(878,673)
<b><u>FUND BALANCE</u></b>				
Beginning of year	329,339	329,339	329,339	-
End of year	<u>\$ 269,339</u>	<u>\$ 169,339</u>	<u>\$ 280,666</u>	<u>\$ (878,673)</u>

**OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF GRAMERCY, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SCHEDULE OF OTHER REVENUE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b><u>OTHER REVENUE</u></b>			
Interest revenues	\$ 40,000	\$ 40,000	\$ 4,086
Collection fees	500	500	270
Motor vehicle transaction fees	46,000	46,000	36,067
Gramercy recreation	42,000	42,000	-
Rents and royalties	2,400	2,400	2,400
Miscellaneous	35,000	35,000	76,734
Total other revenue	<u>\$ 165,900</u>	<u>\$ 165,900</u>	<u>\$ 119,557</u>

**TOWN OF GRAMERCY, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SCHEDULE OF EXPENDITURES**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b><u>GENERAL GOVERNMENT</u></b>			
Legal and litigation fees	\$ 5,000	\$ 5,000	\$ 1,988
Salaries	185,000	185,000	184,560
Professional fees	36,500	36,500	29,299
Electricity	12,000	12,000	13,277
Insurance	163,891	163,891	86,506
Supplies and maintenance	26,000	26,000	27,518
Miscellaneous	14,700	14,700	17,369
Retirement	35,000	35,000	36,783
SCPCD-building permits	26,000	26,000	25,876
Office expenses	60,000	60,000	66,235
Payroll taxes	5,424	5,424	12,331
Vehicle expenses	31,200	31,200	31,200
Dues and subscriptions	30,800	30,800	19,678
Meetings and conventions	5,000	5,000	4,971
Planning commission	4,500	4,500	2,400
Bad debts	1,000	1,000	-
Total general government	<u>642,015</u>	<u>642,015</u>	<u>559,991</u>
<b><u>STREETS</u></b>			
Salaries	189,000	189,000	188,212
Miscellaneous	4,000	4,000	6,445
Retirement	51,000	51,000	39,649
Vehicle expenses	9,000	9,000	6,936
Uniforms	5,000	5,000	7,181
Insurance	33,000	33,000	71,154
Supplies and maintenance	29,000	29,000	51,256
Electricity	65,000	65,000	69,247
Payroll taxes	2,740	2,740	4,030
Total streets	<u>387,740</u>	<u>387,740</u>	<u>444,110</u>

**TOWN OF GRAMERCY, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SCHEDULE OF EXPENDITURES**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b><u>PUBLIC SAFETY</u></b>			
Police:			
Insurance	\$ 84,358	\$ 84,358	\$ 100,861
Uniforms	1,500	1,500	1,905
Retirement	90,000	90,000	91,939
Vehicle expenses	28,000	28,000	14,652
Salaries	392,000	392,000	400,588
Supplies and maintenance	39,000	39,000	44,438
Training expenses	4,000	4,000	-
Electricity	6,000	6,000	6,818
Payroll taxes	14,000	14,000	12,853
Miscellaneous	2,900	2,900	4,946
Total public safety	<u>661,758</u>	<u>661,758</u>	<u>679,000</u>
<b><u>SANITATION</u></b>			
Solid waste disposal	222,974	222,974	223,724
Dumpster expense	4,000	4,000	8,315
Mosquito control	18,000	18,000	17,703
Total sanitation	<u>244,974</u>	<u>244,974</u>	<u>249,742</u>
<b><u>DRAINAGE</u></b>			
Supplies and maintenance	75,000	75,000	63,884
Total drainage department	<u>75,000</u>	<u>75,000</u>	<u>63,884</u>
<b><u>CAPITAL OUTLAY</u></b>			
Capital expenditures	305,000	305,000	214,012
Total capital outlay	<u>305,000</u>	<u>305,000</u>	<u>214,012</u>
Total all departments	<u>\$ 2,316,487</u>	<u>\$ 2,316,487</u>	<u>\$ 2,210,739</u>

**TOWN OF GRAMERCY, LOUISIANA**  
**SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Steven Nosacka, Mayor	\$ 46,800
Clyde Wiggins	9,600
Barbara Woods	9,600
Craig Calcagno	9,600
Darren Brack	9,600
Theron Louque	9,600
Brent Dicharry, Chief of Police	<u>30,300</u>
	<u>\$ 125,100</u>

**TOWN OF GRAMERCY, LOUISIANA**  
**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER**  
**PAYMENTS TO AGENCY HEAD**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Agency Head Name/Title: Mayor Steven Nosacka

Purpose	<u>Amount</u>
Salary	\$ 46,800
Benefits - insurance	14,998
Benefits - retirement	13,806
Benefits - life	50
	<u>\$ 75,654</u>

**TOWN OF GRAMERCY**  
**GRAMERCY, LOUISIANA**

**JUSTICE SYSTEM FUNDING SCHEDULE-COLLECTING/DISBURSING ENTITY**  
**AS REQUIRED BY ACT 87 OF 2020 REGULAR LEGISLATIVE SESSION**  
**CASH BASIS PRESENTATION**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>First Six Month Period <u>Ended 12/31/20</u></b>	<b>Second Six Month Period <u>Ended 6/30/21</u></b>
<b>Beginning Balance of Amounts Collected</b>	\$ -	\$ -
<b>Add Collections:</b>		
Criminal Court Costs/Fees	1,961	5,247
Criminal Fines - Contempt	1,100	2,500
Criminal Fines - Other	4,873	9,757
Service/Collection Fees	78	280
Subtotal Collections	8,012	17,784
<b>Less: Disbursements To Governments &amp; Nonprofits:</b>		
<i>Gramercy Mayors Court - La Commission on Law Enforcement</i>	19	-
<i>Gramercy Mayors Court - La Traumatic Head &amp; Spinal Car Injury Trust Fund</i>	205	555
<i>Gramercy Mayors Court - LA Judicial College Form A</i>	21	56
<i>Gramercy Mayors Court - CMIS Form A</i>	123	333
<i>Gramercy Mayors Court - JDC Public Defender's Office (District Office)</i>	400	1,110
<i>Gramercy Mayors Court - JDC Public Defender's Office (Town)</i>	400	1,110
<b>Less Amounts Retained by Collecting Agency</b>		
Amounts Self-Disbursed to Collecting Agency: <i>Criminal Fines - Other</i>	6,844	14,190
Subtotal Disbursements/Retainage	8,012	17,354
<b>Ending Balance of Amounts Collected but Not Disbursed</b>	\$ -	\$ 430



**OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Gramercy, Louisiana, (the Town) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 21, 2021.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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



## **Purpose of this Report**

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

*Postlethwaite & Netterville*

Donaldsonville, Louisiana  
December 21, 2021

**TOWN OF GRAMERCY, LOUISIANA**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**SECTION I - SUMMARY OF AUDIT RESULTS**

*Financial Statements*

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness identified

\_\_\_\_\_ Yes   X   No

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

\_\_\_\_\_ Yes   X   None reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes   X   No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**None.**

**TOWN OF GRAMERCY, LOUISIANA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2021**

**FINDINGS – FINANACIAL STATEMENT AUDIT**

**INTERNAL CONTROL**

None.

**COMPLIANCE WITH LAWS AND REGULATIONS**

None.

**PERFORMANCE AND STATISTICAL DATA**

**TOWN OF GRAMERCY, LOUISIANA**  
**INSURANCE-IN-FORCE SCHEDULE (Unaudited)**  
**JUNE 30, 2021**

<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, 2022	\$500,000
General liability	Risk Management, Inc.	May 1, 2022	\$500,000
Law enforcement liability	Risk Management, Inc.	May 1, 2022	\$500,000
Errors and omissions liability	Risk Management, Inc.	May 1, 2022	\$500,000
Workers' compensation	Louisiana Workers' Compensation Company	May 1, 2022	Statutory
Position fidelity schedule bond	CNA Surety Western Surety Company	October 1, 2021	\$50,000
Employment practices liability	Risk Management, Inc.	May 1, 2022	\$500,000
Commercial property	Axis Surplus Insurance Company	May 1, 2022	Various limits

**TOWN OF GRAMERCY, LOUISIANA**  
**PUBLIC UTILITY SYSTEM OPERATIONS SCHEDULE (Unaudited)**  
**JUNE 30, 2021**

Statistics on System Operations

- (a) As of June 30, 2021 the number of metered customers was 1,416 for the water system and 1,351 for the sewer system. There were no unmetered customers for either the water or sewer systems at June 30, 2021.
- (b) The following rate schedules were in effect during the fiscal year ended June 30, 2021 for water and sewer services:

1. Water:

Residential

First 2,000 gallons or less	\$ 16.07 / 1,000 gallons
2,001 to 10,000 gallons	3.40
10,001 or more	3.09

Unincorporated Residential

First 2,000 gallons or less	\$ 19.78 / 1,000 gallons
2,001 to 10,000 gallons	3.40
10,001 or more	3.09

Small Business

First 2,000 gallons or less	\$ 24.73 / 1,000 gallons
2,001 to 10,000 gallons	3.40
10,001 or more	3.40

Large commercial and Industrial customers

Flat rate	\$ 4.33/1,000 gallons
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Unincorporated Industrial

Monthly availability charge	\$ 100.00
Usage rate	4.33/1,000 gallons



**TOWN OF GRAMERCY, LOUISIANA**  
**PUBLIC UTILITY SYSTEM OPERATIONS SCHEDULE (Unaudited)**  
**JUNE 30, 2021**

Statistics on System Operations (continued)

2. Sewer:	<u>Rate per gallons of sewerage flow</u>
Residential customers	\$18.54/month + \$0.93 / 1,000 gallons
Small commercial customers	\$26.68/month + \$0.93 / 1,000 gallons
Large commercial customers	\$49.45/month + \$0.93 / 1,000 gallons
Industrial customers	\$49.48/month + \$0.93 / 1,000 gallons \$0.93 per pound of BOD in excess of allowable limits

(c) Average monthly billing per residential customer during the year ended June 30, 2021:

1. Water	<u>\$ 32.91</u>
2. Sewer	<u>\$ 23.93</u>



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

We have audited the financial statements of the Town of Gramercy for the year ended June 30, 2021, and have issued our report thereon dated December 21, 2021. As part of our audit, we made a study and evaluation of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.

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

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

However, during the course of our audit, we became aware of several matters that are opportunities for strengthening internal controls or operating efficiency. Our comments and suggestions regarding those matters are set forth below. This letter does not affect our reports dated December 21, 2021, on the financial statements of the Town of Gramercy or the Town's internal control over financial reporting.

**ML-21-001                      Financial Reconciliations**

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

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



**ML-21-002                    Information Technology**

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

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

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

*Postlethwaite & Netterville*

Donaldsonville, Louisiana  
December 21, 2021

**Status of Prior Year Management Letter Comments**

**ML-20-001                    Financial Reconciliations**

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

**Current Status:**              Partially resolved. A similar issue is reported as ML-2021-001.

**ML-20-002                    Information Technology**

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

**Current Status:**              A similar issue is reported as ML-2021-002.



**Steven T. Nosacka**  
Mayor

# 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



**Brent Dicharry**  
Police Chief

## CORRECTIVE ACTION PLAN

December 21, 2021

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

The Town of Gramercy respectfully submits the following corrective action plan for the year ended June 30, 2021.

Audit Period: July 1, 2020 – June 30, 2021

### MANAGEMENT LETTER COMMENTS

ML-21-001 Financial Reconciliations

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

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

ML -21-002 Information Technology

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

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

**Aldermen Dist 1**  
Barbara C. Woods

**Aldermen Dist 2**  
Darren Brack

**Aldermen Dist 3**  
Theron Louche

**Aldermen at Large**  
Craig Calcagno

**Aldermen at Large**  
Claude Wiggins

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

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Nosacka', written in a cursive style.

Steven T. Nosacka  
Mayor