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TOWN OF GRAMERCY, LOUISIANA
ENTERPRISE FUNDS - SEWER OPERATING FUND

SCHEDULE E-3

COMPARATIVE STATEMENTS OF CHANGES IN RETAINED EARNINGS
YEARS ENDED JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
Retained earnings - beginning of year (as previously reported)	\$ 397,472	\$ 385,018
Adjustment for the unrecorded depreciation on the underground portion of the sewer system	(496,221)	-
Retained earnings - beginning of year (as restated)	(98,749)	385,018
Net income	(56,520)	8,685
Depreciation transferred to contributed capital	<u>7,588</u>	<u>3,769</u>
Retained earnings - end of year	<u>(\$ 147,681)</u>	<u>\$ 397,472</u>

The accompanying notes are an integral part of these statements.





Postlethwaite & Netterville

A Professional Accounting Corporation
CERTIFIED PUBLIC ACCOUNTANTS

8550 UNITED PLAZA BLVD., SUITE 1001 • BATON ROUGE, LOUISIANA 70809 • TELEPHONE (504) 922-4600 • FAX (504) 922-4611

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

We have audited the general purpose financial statements of the Town of Gramercy, Louisiana as of and for the year ended June 30, 1996, and have issued our report thereon dated October 9, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *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 general purpose financial statements are free of material misstatement.

The management of the Town of Gramercy is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Town of Gramercy as of and for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to this internal control structure, we obtained an understanding of the design of the relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON
AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the general purpose financial statements of the Town of Gramercy, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated October 9, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Gramercy is the responsibility of the Town's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town of Gramercy's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Aldermen, management of the Town of Gramercy, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Postlethwaite & Netterville

Baton Rouge, Louisiana
October 9, 1996

In accordance with *Government Auditing Standards*, we have also issued reports dated October 9, 1996, on our consideration of the Town's internal control structure and on its compliance with laws and regulations.

Pastlethwaite & Netterville

Baton Rouge, Louisiana
October 9, 1996





Postlethwaite & Netterville

A Professional Accounting Corporation
CERTIFIED PUBLIC ACCOUNTANTS

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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 general purpose financial statements of the Town of Gramercy, Louisiana, as of and for the year ended June 30, 1996. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. The general purpose financial statements of the Town of Gramercy as of and for the year ended June 30, 1995 were audited by other auditors whose report dated December 13, 1995 expressed a qualified opinion due to the Town's decision to not depreciate the underground portion of its sewer system as discussed in Note 13 to the general purpose financial statements.

We conducted our audit in accordance with generally accepted auditing standards and *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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Gramercy as of June 30, 1996, and the results of its operations of its governmental funds for the year then ended and the results of its operations and cash flows of its proprietary funds for the two years ended June 30, 1996 and 1995, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The financial statements of the individual funds and account groups and the other supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Gramercy. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole, except for that information related to the number of customers serviced by the water and sewer systems. This information was furnished to us from the Town, and we express no opinion on it.

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TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

11. **Lease Agreements (continued)**

Both of the previously mentioned lease agreements have non-appreciation exculpatory clauses that allow for cancellation of the agreements should the Town not make appropriations for their contribution during any subsequent fiscal periods. Lease expenditures totaled \$4,840 during the year ended June 30, 1996.

12. **Cash and Investments**

At June 30, 1996, the carrying amounts of the Town's deposits were as follows:

Petty Cash	\$ 125
Demand Deposit Accounts / Savings Accounts	655,088
Certificates of Deposit	<u>730,656</u>
	<u>\$ 1,385,869</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by either federal deposit insurance or by the pledge of securities owned by a fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. At June 30, 1996, the Town had \$1,393,435 in deposits (collected bank balances). Of these bank balances, \$200,000 was covered by federal depository insurance, and \$1,193,435 was secured by collateral owned by the fiscal agent bank.

13. **Prior Period Adjustments**

Prior to July 1, 1995, the Town considered the underground portion of its sewer system to have an unlimited life and, as such, was not depreciating that portion of its property and equipment. This lack of depreciation resulted in the Town's total capital being overstated by \$519,063 at June 30, 1995.

In order to provide a more accurate description of its financial position and to present its financial statements in accordance with generally accepted accounting principles, the Town reduced its retained earnings and contributed capital accounts at June 30, 1995, by \$496,221 and \$22,842, respectively. These adjustments had no effect on the fiscal 1996 financial statements.

14. **Stewardship, Compliance, and Accountability**

Louisiana R.S. 39:1310 requires that budgets be amended when actual expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more. The Town did not properly amend its budget for the sewer operating fund for the year ended June 30, 1996.



TOWN OF GRAMERCY, LOUISIANA

SCHEDULE F-1

COMPARATIVE STATEMENTS OF GENERAL FIXED ASSETS
JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>GENERAL FIXED ASSETS</u>		
Land	\$ 11,220	\$ 11,220
Buildings	133,087	133,087
Improvements other than buildings	7,821	7,821
Equipment	<u>79,062</u>	<u>259,990</u>
Total general fixed assets	<u>\$ 231,190</u>	<u>\$ 412,118</u>
 <u>INVESTMENT IN GENERAL FIXED ASSETS</u>		
General fund revenues	\$ 169,812	\$ 350,740
Federal revenue sharing funds	29,959	29,959
State revenue sharing fund	<u>31,419</u>	<u>31,419</u>
Total investment in general fixed assets	<u>\$ 231,190</u>	<u>\$ 412,118</u>

The accompanying notes are an integral part of these statements.



TOWN OF GRAMERCY, LOUISIANA
GENERAL FUND

SCHEDULE A-4
Page 2 of 2

STATEMENT OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1996
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1995

	<u>1996</u>		Variance - Favorable (Unfavorable)	<u>1995</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<u>PUBLIC SAFETY</u>				
Police:				
Cops fast grant	\$ 19,000	\$ 20,344	(\$ 1,344)	\$ -
Insurance	10,500	11,009	(509)	9,262
Uniforms	800	691	109	346
Retirement	4,500	4,458	42	3,733
Vehicle expenses	9,500	9,561	(61)	5,885
Salaries	51,000	51,100	(100)	45,469
Supplies and maintenance	6,000	5,401	599	7,710
Training expenses	1,000	1,115	(115)	212
Payroll taxes	1,300	1,297	3	1,154
Legal and litigation fees	2,000	-	2,000	1,874
Capital outlay	6,500	3,231	3,269	-
Miscellaneous	3,000	3,181	(181)	1,346
Total police	<u>115,100</u>	<u>111,388</u>	<u>3,712</u>	<u>76,991</u>
Emergency Preparedness:				
Salaries	1,200	1,200	-	1,200
Operating expenses	500	305	195	564
Capital outlay	500	-	500	-
Total emergency preparedness	<u>2,200</u>	<u>1,505</u>	<u>695</u>	<u>1,764</u>
Total public safety	<u>117,300</u>	<u>112,893</u>	<u>4,407</u>	<u>78,755</u>
<u>SANITATION</u>				
Solid waste disposal	<u>115,500</u>	<u>114,115</u>	<u>1,385</u>	<u>114,233</u>
Total sanitation	<u>115,500</u>	<u>114,115</u>	<u>1,385</u>	<u>114,233</u>
<u>FIRE DEPARTMENT</u>				
Insurance	<u>1,850</u>	<u>1,835</u>	<u>15</u>	<u>1,674</u>
Total fire department	<u>1,850</u>	<u>1,835</u>	<u>15</u>	<u>1,674</u>
Total all departments	<u>\$ 558,300</u>	<u>\$ 549,135</u>	<u>\$ 9,165</u>	<u>\$ 504,159</u>

The accompanying notes are an integral part of this statement.



TOWN OF GRAMERCY, LOUISIANA
GENERAL FUND

SCHEDULE A-4
Page 1 of 2

STATEMENT OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1996
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1995

	1996		Variance -	1995
	Budget	Actual	Favorable (Unfavorable)	Actual
GENERAL GOVERNMENT				
Legal and litigation fees	\$ 7,100	\$ 5,100	\$ 2,000	\$ 11,846
Salaries	57,500	58,473	(973)	58,045
Audit and accounting fees	6,000	5,965	35	5,892
Electricity	7,500	7,120	380	6,899
Insurance	44,000	45,726	(1,726)	39,907
Supplies and maintenance	14,000	13,651	349	11,833
Miscellaneous	4,500	4,204	296	11,243
Retirement	2,600	2,684	(84)	2,336
Office expenses	17,000	17,417	(417)	18,653
Payroll taxes	1,500	1,511	(11)	1,531
Vehicle expenses	2,000	1,831	169	1,936
Capital outlay	3,000	565	2,435	8,277
Uncollectible accounts	1,000	-	1,000	945
Dues and subscriptions	7,300	7,241	59	6,702
Meetings and conventions	1,500	1,640	(140)	3,881
Planning commission	2,400	2,400	-	2,400
Total general government	<u>178,900</u>	<u>175,528</u>	<u>3,372</u>	<u>192,326</u>
STREETS				
Salaries	55,000	56,681	(1,681)	45,371
Miscellaneous	3,500	3,160	340	2,694
Retirement	3,000	3,051	(51)	2,377
Vehicle expenses	3,000	3,000	-	2,407
Uniforms	150	79	71	115
Insurance	13,500	14,342	(842)	10,581
Supplies and maintenance	13,000	20,392	(7,392)	5,150
Electricity	41,000	41,579	(579)	41,900
Interest expense	1,000	938	62	-
Capital outlay	10,000	-	10,000	6,094
Payroll taxes	1,600	1,542	58	482
Total streets	<u>144,750</u>	<u>144,764</u>	<u>(14)</u>	<u>117,171</u>

The accompanying notes are an integral part of this statement.



TOWN OF GRAMERCY, LOUISIANA
GENERAL FUND

SCHEDULE A-3

SCHEDULE OF OTHER REVENUE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1996

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1995

	<u>1996</u>		Variance - Favorable (Unfavorable)	<u>1995</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<u>OTHER REVENUE</u>				
Utility franchise fees	\$ 39,500	\$ 35,039	(\$ 4,461)	\$ 38,048
P&M sales taxes	20,000	19,618	(382)	16,331
Interest revenues	20,000	22,732	2,732	14,939
Collection fees	6,700	3,343	(3,357)	6,364
Cops fast grant revenues	19,000	11,041	(7,959)	-
Miscellaneous	<u>26,900</u>	<u>28,292</u>	<u>1,392</u>	<u>24,228</u>
Total other revenue	<u>\$ 132,100</u>	<u>\$ 120,065</u>	<u>(\$ 12,035)</u>	<u>\$ 99,910</u>

The accompanying notes are an integral part of this statement.



TOWN OF GRAMERCY, LOUISIANA
GENERAL FUND

SCHEDULE A-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1996
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1995

	1996			1995
	Budget	Actual	Variance - Favorable (Unfavorable)	Actual
REVENUES				
Ad valorem taxes	\$ 25,300	\$ 25,358	\$ 58	\$ 24,168
Sales taxes	260,000	267,305	7,305	216,175
Garbage fees	115,500	122,495	6,995	121,132
Licenses and permits	72,000	81,167	9,167	73,405
Intergovernmental revenues:				
Tobacco	11,500	15,523	4,023	12,438
Beer	6,000	5,666	(334)	6,208
Video Poker	21,000	37,014	16,014	24,910
Fines and forfeitures	34,000	38,955	4,955	20,728
Other	132,100	120,065	(12,035)	99,910
Total revenues	677,400	713,548	36,148	599,074
EXPENDITURES				
Current Operating Expenditures:				
General government	178,900	175,528	3,372	192,326
Streets	144,750	144,764	(14)	117,171
Public safety	117,300	112,893	4,407	78,755
Sanitation	115,500	114,115	1,385	114,233
Fire Department	1,850	1,835	15	1,674
Total expenditures	558,300	549,135	9,165	504,159
EXCESS OF REVENUES OVER EXPENDITURES	119,100	164,413	45,313	94,915
FUND BALANCE				
Beginning of year	470,886	470,886	-	375,971
End of year	\$ 589,986	\$ 635,299	\$ 45,313	\$ 470,886

The accompanying notes are an integral part of this statement.



TOWN OF GRAMERCY, LOUISIANA
GENERAL FUND

SCHEDULE A-1

COMPARATIVE BALANCE SHEETS
JUNE 30, 1996 AND 1995

ASSETS

	<u>1996</u>	<u>1995</u>
Cash	\$ 190,349	\$ 90,960
Investments	348,000	348,000
Other accounts receivable (net of allowances for uncollectible accounts of \$3,809)	38,111	33,647
Due from other funds	89,529	38,458
Due from other governmental agencies	25,580	19,062
Other current assets	<u>-</u>	<u>8</u>
Total assets	<u>\$ 691,569</u>	<u>\$ 530,135</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts payable	\$ 33,806	\$ 36,103
Other current liabilities	1,989	2,165
Due to other funds	7,524	6,903
Payroll taxes payable	4,947	6,452
Due to employees' retirement systems	<u>8,004</u>	<u>7,626</u>
Total Liabilities	<u>56,270</u>	<u>59,249</u>
Fund balance	<u>635,299</u>	<u>470,886</u>
Total liabilities and fund balance	<u>\$ 691,569</u>	<u>\$ 530,135</u>

The accompanying notes are an integral part of these statements.



LIABILITIES AND CAPITAL

	<u>1996</u>	<u>1995</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 17,129	\$ 4,061
Customer service meter deposits	40,351	36,556
Payable from restricted assets:		
Revenue Bonds payable - due within one year	18,188	16,814
Accrued interest payable	563	645
Due to other funds	<u>26,237</u>	<u>-</u>
Total current liabilities	<u>102,468</u>	<u>58,076</u>
<u>LONG-TERM LIABILITIES</u>		
Revenue Bonds payable - due after one year	<u>86,438</u>	<u>104,625</u>
Total long-term liabilities	<u>86,438</u>	<u>104,625</u>
 Total liabilities	 <u>188,906</u>	 <u>162,701</u>
<u>CAPITAL CONTRIBUTIONS</u>		
From federal grant for utility systems	844,408	844,408
From municipality grant for utility systems	<u>445,108</u>	<u>445,108</u>
	1,289,516	1,289,516
Less: Depreciation applicable to capital contributions	(400,097)	(378,089)
Net contributions	<u>889,419</u>	<u>911,427</u>
<u>RETAINED EARNINGS</u>		
Reserved for revenue bond debt service	73,777	65,896
Unreserved	<u>218,884</u>	<u>165,703</u>
Total retained earnings	<u>292,661</u>	<u>231,599</u>
Total capital	<u>1,182,080</u>	<u>1,143,026</u>
 Total liabilities and capital	 <u>\$ 1,370,986</u>	 <u>\$ 1,305,727</u>

FINANCIAL STATEMENTS OF
INDIVIDUAL FUNDS AND ACCOUNT GROUPS



TOWN OF GRAMERCY, LOUISIANA
DEBT SERVICE FUNDS

COMBINING BALANCE SHEET
JUNE 30, 1996 AND 1995

	1969 Sewer <u>Improvement</u>	1969 Waterworks <u>Improvement</u>	1976 Waterworks <u>Improvement</u>
<u>ASSETS</u>			
Cash	\$ -	\$ -	\$ -
Investments	4,335	23,512	4,606
Property taxes receivable	-	-	23
Due from other funds	-	-	21
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 4,335</u>	<u>\$ 23,512</u>	<u>\$ 4,650</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Due to other funds	\$ -	\$ -	\$ -
Total liabilities	<u> </u>	<u> </u>	<u> </u>
Fund Balance:			
Unreserved - designated for debt service	-	-	4,650
Unreserved - undesignated	4,335	23,512	-
Total fund balance	<u>4,335</u>	<u>23,512</u>	<u>4,650</u>
Total liabilities and fund balance	<u>\$ 4,335</u>	<u>\$ 23,512</u>	<u>\$ 4,650</u>

The accompanying notes are an integral part of this statement.



TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Segments of Enterprise Activities

Water and sewerage services are provided by the Town and are financed by user charges. The significant financial data for the year ended June 30, 1996 for these services are as follows:

	<u>Water</u>	<u>Sewerage</u>	<u>Total</u>
Operating revenues	\$ 285,100	\$ 155,374	\$ 440,474
Operating expenses	249,196	184,493	433,689
Depreciation	47,542	89,176	136,718
Income (loss) from operations	35,904	(29,119)	6,785
Net income (loss)	39,054	(56,520)	(17,466)
Property, plant, and equipment additions	26,503	21,677	48,180
Outstanding revenue bonds	104,626	728,923	833,549

9. Restricted Assets

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

The Town has been reclassifying a portion of its cash and investments as "restricted" on a monthly basis; however, the Town did not establish all of the "restricted" accounts delineated in the bond indentures. All of the applicable lending institutions waived the violations of these covenants for the year ended June 30, 1996.

10. Due from Other Governmental Agencies

Amounts due from other governmental agencies at June 30, 1996, consisted of the following:

St. James Parish - Sales Taxes	\$ 24,618
P&M Sales Taxes	<u>962</u>
	<u>\$ 25,580</u>

11. Lease Agreements

On November 1, 1995, the Town entered into an operating lease providing for the use of a particular piece of maintenance equipment. The lease extends over a three year period through November 1, 1998 and requires monthly payments of \$605.

The Town entered into an additional lease agreement providing for the use of a separate piece of maintenance equipment on July 24, 1996. This lease also extends over a three year period and requires monthly payments of \$1,128.



TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. Defined Benefit Pension Plan

a. Municipal Employees Retirement System of Louisiana (continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary, and the Town of Gramercy is required to contribute at an actuarially determined rate. The current rate is 6.75% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Gramercy are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Gramercy's contributions to the System under Plan A for the years ending June 30, 1996, 1995, and 1994 were \$12,256, 10,344, and \$12,541, respectively, equal to the required contributions for year.

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

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary, and the Town of Gramercy is required to contribute at an actuarially determined rate. The current rate is 9.0% of annual covered payroll. The contribution requirements of plan members and the Town of Gramercy are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Gramercy contributions to the System for the years ending June 30, 1996, 1995, and 1994 were \$5,700, \$3,951, and \$4,664, respectively, equal to the required contributions for year.



TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

5. Interfund Receivable and Payable Balances

Interfund receivable and payable balances as of June 30, 1996 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 89,529	\$ 7,524
Debt Service Funds	302	-
Enterprise Funds:		
Public Utility Revenue Fund	-	26,237
Sewer Operating Fund	499	56,569
	<u>\$ 90,330</u>	<u>\$ 90,330</u>

6. Excess of Expenditures over Appropriations in Individual Funds

The sewer operating fund's expenditures exceeded its appropriations by \$147,681 during the year ended June 30, 1996, resulting in a negative balance in the retained earnings account.

7. Defined Benefit Pension Plan

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

a. Municipal Employees Retirement System of Louisiana (System)

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

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



TOWN OF GRAMERCY, LOUISIANA
ENTERPRISE FUNDS - PUBLIC UTILITY REVENUE FUND

SCHEDULE D-2
Page 1 of 2

COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES
YEARS ENDED JUNE 30, 1996 AND 1995

	Budget	1996 Actual	Variance	1995 Actual
Operating Revenues				
Sales	\$ 255,000	\$ 278,846	\$ 23,846	\$ 214,724
Tap fees	4,500	4,000	(500)	2,500
Miscellaneous	2,500	2,254	(246)	190
	262,000	285,100	23,100	217,414
Operating Expenses				
General and administrative:				
Salaries	16,000	16,634	(634)	14,030
Office expenses	2,000	1,718	282	2,198
Miscellaneous	100	63	37	-
Insurance	13,500	13,799	(299)	10,780
Audit and accounting fees	3,600	3,645	(45)	4,029
Uncollectible accounts	500	-	500	435
Retirement	1,000	1,122	(122)	772
Electricity	650	542	108	593
Payroll taxes	250	220	30	199
Depreciation	500	-	500	515
	38,100	37,743	357	33,551
Water treatment:				
Salaries	65,000	64,050	950	50,911
Miscellaneous	150	-	150	156
Insurance	1,500	1,453	47	1,313
Supplies and maintenance	8,000	14,086	(6,086)	11,474
Retirement	2,800	3,031	(231)	2,298
Uniforms	100	232	(132)	50
Payroll taxes	800	682	118	554
Laboratory expenses	1,700	1,771	(71)	1,433
Chemicals	14,000	15,018	(1,018)	11,528
Depreciation	40,000	36,132	3,868	40,779
Electricity	15,500	14,664	836	11,453
	149,550	151,119	(1,569)	131,949

The accompanying notes are an integral part of these statements.



TOWN OF GRAMERCY, LOUISIANA
ENTERPRISE FUNDS - PUBLIC UTILITY REVENUE FUND

SCHEDULE D-2
Page 2 of 2

COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES
YEARS ENDED JUNE 30, 1996 AND 1995

	<u>Budget</u>	<u>1996 Actual</u>	<u>Variance</u>	<u>1995 Actual</u>
Operating Expenses				
Distribution:				
Salaries	\$ 25,000	\$ 25,875	(\$ 875)	\$ 22,288
Miscellaneous	100	-	100	495
Insurance	200	184	16	180
Supplies and maintenance	21,000	17,904	3,096	7,799
Vehicle expenses	5,000	3,484	1,516	997
Uniforms	200	102	98	149
Retirement	1,200	1,107	93	1,088
Payroll taxes	300	268	32	148
Depreciation	<u>12,000</u>	<u>11,410</u>	<u>590</u>	<u>12,731</u>
	<u>65,000</u>	<u>60,334</u>	<u>4,666</u>	<u>45,875</u>
Total operating expenses	<u>252,650</u>	<u>249,196</u>	<u>3,454</u>	<u>211,375</u>
Income (loss) from operations	9,350	35,904	26,554	6,039
Other Revenues:				
Interest revenues	15,000	18,209	3,209	11,714
Rural development grant revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
	<u>15,000</u>	<u>18,209</u>	<u>3,209</u>	<u>26,714</u>
Other Charges:				
Interest expense	8,850	8,766	84	10,048
Rural development grant expenses	6,300	6,293	7	20,355
Capital expenditures	<u>35,000</u>	<u>-</u>	<u>35,000</u>	<u>-</u>
	<u>50,150</u>	<u>15,059</u>	<u>35,091</u>	<u>30,403</u>
Net income (loss)	(\$ 25,800)	\$ 39,054	\$ 64,854	\$ 2,350

The accompanying notes are an integral part of these statements.



TOWN OF GRAMERCY, LOUISIANA
ENTERPRISE FUNDS - PUBLIC UTILITY REVENUE FUND

SCHEDULE D-3

COMPARATIVE STATEMENTS OF CHANGES IN RETAINED EARNINGS
YEARS ENDED JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
Retained earnings - beginning of year	\$ 231,599	\$ 207,241
Net Income	39,054	2,350
Depreciation transferred to contributed capital	<u>22,008</u>	<u>22,008</u>
Retained earnings - end of year	<u>\$ 292,661</u>	<u>\$ 231,599</u>

The accompanying notes are an integral part of these statements.



LIABILITIES AND CAPITAL

	<u>1996</u>	<u>1995</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 27,017	\$ 2,798
Payable from restricted assets:		
Revenue Bonds payable - due within one year	30,000	30,000
Accrued interest payable	9,121	9,607
Due to other funds	56,569	34,577
Other liabilities	<u>3,543</u>	<u>-</u>
Total current liabilities	<u>126,250</u>	<u>76,982</u>
<u>LONG-TERM LIABILITIES</u>		
Revenue Bonds payable - due after one year	<u>698,923</u>	<u>709,807</u>
Total long-term liabilities	<u>698,923</u>	<u>709,807</u>
 Total liabilities	 <u>825,173</u>	 <u>786,789</u>
<u>CAPITAL CONTRIBUTIONS</u>		
From federal grant for utility systems	303,523	303,523
From municipality grant for utility systems	<u>1,128,406</u>	<u>1,128,406</u>
	1,431,929	1,431,929
Less: Depreciation applicable to contributions	(53,116)	(22,686)
Net contributions	<u>1,378,813</u>	<u>1,409,243</u>
<u>RETAINED EARNINGS</u>		
Reserved for revenue bond debt service	140,409	122,643
Unreserved	(288,090)	274,829
Total retained earnings	<u>(147,681)</u>	<u>397,472</u>
Total capital	<u>1,231,132</u>	<u>1,806,715</u>
 Total liabilities and capital	 <u>\$ 2,056,305</u>	 <u>\$ 2,593,504</u>

GENERAL FUND

To account for resources traditionally associated
with governments which are not required to be
accounted for in other funds.



1976 Fire Protection

<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ 11,300	\$ 11,621	\$ 321
300	245	(55)
<u>11,600</u>	<u>11,866</u>	<u>266</u>
8,000	9,072	(1,072)
3,300	2,138	1,162
<u>11,300</u>	<u>11,210</u>	<u>90</u>
300	656	356
<u>11,142</u>	<u>11,142</u>	<u>-</u>
<u>\$ 11,442</u>	<u>\$ 11,798</u>	<u>\$ 356</u>



TOWN OF GRAMERCY, LOUISIANA
ENTERPRISE FUNDS

SCHEDULE C-4
Page 1 of 2

COMBINING STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 1996 AND 1995

	Public Utility Revenue Fund	Sewer Operating Fund	Total	
			1996	1995
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Cash received from customers	\$ 278,794	\$ 153,243	\$ 432,037	\$ 380,240
Cash payments to suppliers for goods & services	(58,370)	(19,632)	(78,002)	(83,490)
Cash payments to employees for services	(100,266)	(26,417)	(126,683)	(110,958)
Net cash provided by operating activities	<u>120,158</u>	<u>107,194</u>	<u>227,352</u>	<u>185,792</u>
 <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
Rural development grant expenses (net)	(6,293)	-	(6,293)	(5,355)
Net cash used by noncapital financing activities	<u>(6,293)</u>	<u>-</u>	<u>(6,293)</u>	<u>(5,355)</u>
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
Proceeds from issuance of revenue bonds	-	19,116	19,116	55,079
Principal paid on revenue bond maturities	(16,813)	(30,000)	(46,813)	(75,720)
Acquisition of capital assets	(26,503)	(21,677)	(48,180)	(45,587)
Interest paid on revenue bonds	(8,766)	(36,082)	(44,848)	(46,534)
Net cash used by capital and related financing activities	<u>(52,082)</u>	<u>(68,643)</u>	<u>(120,725)</u>	<u>(112,762)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Interest earned on investments	<u>18,209</u>	<u>8,681</u>	<u>26,890</u>	<u>19,825</u>
Net cash provided by investing activities	<u>18,209</u>	<u>8,681</u>	<u>26,890</u>	<u>19,825</u>
Net increase in cash and cash equivalents	79,992	47,232	127,224	87,500
Cash and cash equivalents - beginning of year	<u>346,683</u>	<u>305,741</u>	<u>652,424</u>	<u>564,924</u>
Cash and cash equivalents - end of year	<u>\$ 426,675</u>	<u>\$ 352,973</u>	<u>\$ 779,648</u>	<u>\$ 652,424</u>

The accompanying notes are an integral part of this statement.



TOWN OF GRAMERCY, LOUISIANA
ENTERPRISE FUNDS

SCHEDULE C-3

COMBINING STATEMENT OF CHANGES IN RETAINED EARNINGS
YEARS ENDED JUNE 30, 1996 AND 1995

	<u>Public Utility Revenue Fund</u>	<u>Sewer Operating Fund</u>	<u>Total</u>	
			<u>1996</u>	<u>1995</u>
Retained earnings - beginning of year (as previously reported)	\$ 231,599	\$ 397,472	\$ 629,071	\$ 592,259
Adjustment for the unrecorded depreciation on the underground portion of the sewer system	-	(496,221)	(496,221)	-
Retained earnings - beginning of year (as restated)	231,599	(98,749)	132,850	592,259
Net income (loss)	39,054	(56,520)	(17,466)	11,035
Depreciation transferred to contributed capital	<u>22,008</u>	<u>7,588</u>	<u>29,596</u>	<u>25,777</u>
Retained earnings - end of year	<u>\$ 292,661</u>	<u>(\$ 147,681)</u>	<u>\$ 144,980</u>	<u>\$ 629,071</u>

The accompanying notes are an integral part of this statement.



TOWN OF GRAMERCY, LOUISIANA
ENTERPRISE FUNDS

SCHEDULE C-2

COMBINING STATEMENT OF REVENUES AND EXPENSES
YEARS ENDED JUNE 30, 1996 AND 1995

	<u>Public Utility Revenue Fund</u>	<u>Sewer Operating Fund</u>	<u>Total</u>	
			<u>1996</u>	<u>1995</u>
<u>Operating Revenues</u>				
Sales	\$ 278,846	\$ 149,574	\$ 428,420	\$ 360,225
Tap fees	4,000	5,800	9,800	5,600
Miscellaneous	2,254	-	2,254	190
	<u>285,100</u>	<u>155,374</u>	<u>440,474</u>	<u>366,015</u>
<u>Operating Expenses</u>				
Salaries	106,559	26,417	132,976	116,313
Legal and professional fees	-	24,413	24,413	2,321
Office expenses	1,718	1,327	3,045	3,827
Miscellaneous	63	98	161	661
Insurance	15,436	4,508	19,944	15,936
Supplies and maintenance	31,990	9,572	41,562	28,606
Vehicle expenses	3,484	672	4,156	1,555
Uniforms	334	-	334	199
Audit and accounting fees	3,645	3,645	7,290	8,058
Retirement	5,260	1,260	6,520	5,633
Electricity	15,206	17,798	33,004	31,914
Payroll taxes	1,170	299	1,469	1,243
Laboratory expenses	1,771	2,504	4,275	1,433
Chemicals	15,018	2,804	17,822	11,528
Depreciation	47,542	89,176	136,718	92,984
Uncollectible accounts	-	-	-	705
Total operating expenses	<u>249,196</u>	<u>184,493</u>	<u>433,689</u>	<u>322,916</u>
Income (loss) from operations	35,904	(29,119)	6,785	43,099
<u>Other Revenues</u>				
Interest revenues	18,209	8,681	26,890	19,825
Rural development grant revenues	-	-	-	15,000
	<u>18,209</u>	<u>8,681</u>	<u>26,890</u>	<u>34,825</u>
<u>Other Charges</u>				
Interest expense	8,766	36,082	44,848	46,534
Rural development grant expenses	6,293	-	6,293	20,355
	<u>15,059</u>	<u>36,082</u>	<u>51,141</u>	<u>66,889</u>
Net income (loss)	<u>\$ 39,054</u>	<u>(\$ 56,520)</u>	<u>(\$ 17,466)</u>	<u>\$ 11,035</u>

The accompanying notes are an integral part of this statement.



LIABILITIES AND CAPITAL

	<u>Public Utility Revenue Fund</u>	<u>Sewer Operating Fund</u>	<u>Total</u>	
			<u>1996</u>	<u>1995</u>
<u>CURRENT LIABILITIES</u>				
Accounts payable	\$ 17,129	\$ 27,017	\$ 44,146	\$ 6,859
Customer service meter deposits	40,351	-	40,351	36,556
Payable from restricted assets:				
Revenue Bonds payable - due within one year	18,188	30,000	48,188	46,814
Accrued interest payable	563	9,121	9,684	10,252
Due to other funds	26,237	56,569	82,806	34,577
Other liabilities	-	3,543	3,543	-
Total current liabilities	<u>102,468</u>	<u>126,250</u>	<u>228,718</u>	<u>135,058</u>
<u>LONG-TERM LIABILITIES</u>				
Revenue Bonds payable - due after one year	<u>86,438</u>	<u>698,923</u>	<u>785,361</u>	<u>814,432</u>
Total long-term liabilities	<u>86,438</u>	<u>698,923</u>	<u>785,361</u>	<u>814,432</u>
Total liabilities	<u>188,906</u>	<u>825,173</u>	<u>1,014,079</u>	<u>949,490</u>
<u>CAPITAL CONTRIBUTIONS</u>				
From federal grant for utility systems	844,408	303,523	1,147,931	1,147,931
From municipality grant for utility systems	<u>445,108</u>	<u>1,128,406</u>	<u>1,573,514</u>	<u>1,573,514</u>
	1,289,516	1,431,929	2,721,445	2,721,445
Less: Depreciation applicable to capital contributions	(400,097)	(53,116)	(453,213)	(400,775)
Net contributions	<u>889,419</u>	<u>1,378,813</u>	<u>2,268,232</u>	<u>2,320,670</u>
<u>RETAINED EARNINGS</u>				
Reserved for revenue bond debt service	73,777	140,409	214,186	188,539
Unreserved	<u>218,884</u>	(288,090)	(69,206)	<u>440,532</u>
Total retained earnings	<u>292,661</u>	(147,681)	144,980	<u>629,071</u>
Total capital	<u>1,182,080</u>	<u>1,231,132</u>	<u>2,413,212</u>	<u>2,949,741</u>
Total liabilities and capital	<u>\$ 1,370,986</u>	<u>\$ 2,056,305</u>	<u>\$ 3,427,291</u>	<u>\$ 3,899,231</u>



TOWN OF GRAMERCY, LOUISIANA
ENTERPRISE FUNDS

COMBINING BALANCE SHEET
JUNE 30, 1996 AND 1995

A S S E T S

	<u>Public Utility Revenue Fund</u>	<u>Sewer Operating Fund</u>	<u>Total</u>	
			<u>1996</u>	<u>1995</u>
<u>CURRENT ASSETS</u>				
Cash	\$ 110,203	\$ 74,354	\$ 184,557	\$ 85,659
Investments	223,943	99,089	323,032	321,160
Accounts receivable (net of allowances for uncollectible accounts of \$5,301)	34,324	14,638	48,962	38,047
Due from other funds	-	499	499	2,977
Total current assets	<u>368,470</u>	<u>188,580</u>	<u>557,050</u>	<u>447,843</u>
<u>RESTRICTED ASSETS</u>				
Assets restricted for the retirement of the outstanding revenue bonds as well as for the replacement and extension of the utility system	<u>92,529</u>	<u>179,530</u>	<u>272,059</u>	<u>245,605</u>
Total restricted assets	<u>92,529</u>	<u>179,530</u>	<u>272,059</u>	<u>245,605</u>
<u>PROPERTY, PLANT, AND EQUIPMENT</u>				
Land	1,825	-	1,825	1,825
Plant and equipment	<u>1,893,831</u>	<u>2,425,882</u>	<u>4,319,713</u>	<u>4,271,533</u>
	1,895,656	2,425,882	4,321,538	4,273,358
Less: Allowance for depreciation	(985,669)	(737,687)	(1,723,356)	(1,067,575)
Net property, plant, and equipment	<u>909,987</u>	<u>1,688,195</u>	<u>2,598,182</u>	<u>3,205,783</u>
Total assets	<u>\$ 1,370,986</u>	<u>\$ 2,056,305</u>	<u>\$ 3,427,291</u>	<u>\$ 3,899,231</u>

The accompanying notes are an integral part of this statement.



ENTERPRISE FUNDS

Public Utility Revenue Fund - To account for the provision of water services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billing, and collection.

Sewer Operating Fund - To account for the provision of sewer services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billing, and collection.



DEBT SERVICE FUNDS

To account for accumulation of funds and payments
of principal and interest on specified bond issues.



TOWN OF GRAMERCY, LOUISIANA
DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL
YEAR ENDED JUNE 30, 1996

	1991 Sewer Improvement		
	Budget	Actual	Variance
<u>REVENUES</u>			
Taxes and penalties	\$ 32,350	\$ 31,316	(\$ 1,034)
Interest revenues	1,000	562	(438)
Total revenues	33,350	31,878	(1,472)
 <u>EXPENDITURES</u>			
Principal retirement	15,000	15,000	-
Interest expenses	17,350	17,256	94
Total expenses	32,350	32,256	94
 <u>EXCESS OF REVENUES OVER (UNDER)</u>			
<u>EXPENDITURES</u>	1,000	(378)	(1,378)
 <u>FUND BALANCE</u>			
Beginning of year	21,409	24,477	3,068
End of year	\$ 22,409	\$ 24,099	\$ 1,690

The accompanying notes are an integral part of this statement.



TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Changes in Long-Term Debt

The following is a summary of long-term debt transactions which occurred during the year ended June 30, 1996:

	<u>Balance</u> <u>6/30/95</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/96</u>
1976 Waterworks Improvement Bonds	\$ 28,211	\$ -	\$ 3,903	\$ 24,308
1976 Fire Protection Bonds	65,552	-	9,072	56,480
1991 Sewer Improvement Bonds - General Obligation Portion	350,000	-	15,000	335,000
Water Revenue Refunding Bonds	121,439	-	16,813	104,626
1991 Sewer Improvement Bonds	<u>739,807</u>	<u>19,116</u>	<u>30,000</u>	<u>728,923</u>
	<u>\$ 1,305,009</u>	<u>\$ 19,116</u>	<u>\$ 74,788</u>	<u>\$ 1,249,337</u>

Bonds payable at June 30, 1996 were comprised of the following individual issues:

General Long-Term Debt

\$68,000 of Waterworks Improvement Bonds;
due in annual installments of \$4,825, including interest
at 5.00%, through March 24, 2002.

\$ 24,308

\$158,000 of Fire Protection Bonds; due in annual
installments of \$11,210, including interest at 5.00%,
through March 24, 2002.

56,480

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

335,000
\$ 415,788

Public Utility Revenue Fund

\$200,000 of Water Revenue Refunding Bonds; due in
monthly installments of \$2,138, including interest at 7.75%,
through May 5, 2001; secured by the net income derived
from the operation of the waterworks system.

\$ 104,626

TOWN OF GRAMERCY, LOUISIANA
DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL
YEAR ENDED JUNE 30, 1996

	1976 Waterworks Improvement		
	Budget	Actual	Variance
<u>REVENUES</u>			
Taxes and penalties	\$ 4,800	\$ 5,016	\$ 216
Interest revenues	150	158	8
Total revenues	4,950	5,174	224
<u>EXPENDITURES</u>			
Principal retirement	3,400	3,903	(503)
Interest expenses	1,400	922	478
Total expenses	4,800	4,825	(25)
<u>EXCESS OF REVENUES OVER (UNDER)</u>			
<u>EXPENDITURES</u>	150	349	199
<u>FUND BALANCE</u>			
Beginning of year	4,302	4,301	(1)
End of year	\$ 4,452	\$ 4,650	\$ 198

The accompanying notes are an integral part of this statement.



1969 Waterworks Improvement

<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ -	\$ -	\$ -
<u>1,000</u>	<u>599</u>	<u>(401)</u>
<u>1,000</u>	<u>599</u>	<u>(401)</u>
-	-	-
-	-	-
-	-	-
1,000	599	(401)
<u>22,913</u>	<u>22,913</u>	<u>-</u>
<u>\$ 23,913</u>	<u>\$ 23,512</u>	<u>(\$ 401)</u>



TOWN OF GRAMERCY, LOUISIANA
DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL
YEAR ENDED JUNE 30, 1996

	1969 Sewer Improvement		
	Budget	Actual	Variance
<u>REVENUES</u>			
Taxes and penalties	\$ -	\$ -	\$ -
Interest revenues	300	110	(190)
Total revenues	300	110	(190)
<u>EXPENDITURES</u>			
Principal retirement	-	-	-
Interest expenses	-	-	-
Total expenses	-	-	-
<u>EXCESS OF REVENUES OVER (UNDER)</u>			
<u>EXPENDITURES</u>	300	110	(190)
<u>FUND BALANCE</u>			
Beginning of year	4,225	4,225	-
End of year	\$ 4,525	\$ 4,335	(\$ 190)

The accompanying notes are an integral part of this statement.



SCHEDULE B-2

<u>1976 Fire Protection</u>	<u>1991 Sewer Improvement</u>	<u>Total</u>	
		<u>1996</u>	<u>1995</u>
\$ 11,621	\$ 31,316	\$ 47,953	\$ 48,399
245	562	1,674	1,782
<u>11,866</u>	<u>31,878</u>	<u>49,627</u>	<u>50,181</u>
9,072	15,000	27,975	25,984
<u>2,138</u>	<u>17,256</u>	<u>20,316</u>	<u>26,307</u>
<u>11,210</u>	<u>32,256</u>	<u>48,291</u>	<u>52,291</u>
656	(378)	1,336	(2,110)
<u>11,142</u>	<u>24,477</u>	<u>67,058</u>	<u>69,168</u>
<u>\$ 11,798</u>	<u>\$ 24,099</u>	<u>\$ 68,394</u>	<u>\$ 67,058</u>



TOWN OF GRAMERCY, LOUISIANA
DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 1996

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1995

	<u>1969</u> <u>Sewer</u> <u>Improvement</u>	<u>1969</u> <u>Waterworks</u> <u>Improvement</u>	<u>1976</u> <u>Waterworks</u> <u>Improvement</u>
<u>REVENUES</u>			
Taxes and penalties	\$ -	\$ -	\$ 5,016
Interest revenues	<u>110</u>	<u>599</u>	<u>158</u>
Total revenues	<u>110</u>	<u>599</u>	<u>5,174</u>
<u>EXPENDITURES</u>			
Principal retirement	-	-	3,903
Interest expenses	<u>-</u>	<u>-</u>	<u>922</u>
Total expenses	<u>-</u>	<u>-</u>	<u>4,825</u>
<u>EXCESS OF REVENUES OVER (UNDER)</u>			
<u>EXPENDITURES</u>	110	599	349
<u>FUND BALANCE</u>			
Beginning of year	<u>4,225</u>	<u>22,913</u>	<u>4,301</u>
End of year	<u>\$ 4,335</u>	<u>\$ 23,512</u>	<u>\$ 4,650</u>

The accompanying notes are an integral part of this statement.



SCHEDULE B-1

1976 Fire Protection	1991 Sewer Improvement	Total	
		1996	1995
\$ -	\$ -	\$ -	\$ 256
11,696	23,723	67,872	66,757
53	144	220	-
49	232	302	63
<u>\$ 11,798</u>	<u>\$ 24,099</u>	<u>\$ 68,394</u>	<u>\$ 67,076</u>
\$ -	\$ -	\$ -	\$ 18
-	-	-	18
11,798	24,099	40,547	39,920
-	-	27,847	27,138
<u>11,798</u>	<u>24,099</u>	<u>68,394</u>	<u>67,058</u>
<u>\$ 11,798</u>	<u>\$ 24,099</u>	<u>\$ 68,394</u>	<u>\$ 67,076</u>



TOWN OF GRAMERCY, LOUISIANA
ENTERPRISE FUNDS - PUBLIC UTILITY REVENUE FUND

COMPARATIVE BALANCE SHEETS
JUNE 30, 1996 AND 1995

A S S E T S

	<u>1996</u>	<u>1995</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 110,203	\$ 40,979
Investments	223,943	222,349
Accounts receivable (net of allowances for uncollectible accounts of \$3,683)	34,324	25,041
Due from other funds	-	2,977
Total current assets	<u>368,470</u>	<u>291,346</u>
<u>RESTRICTED ASSETS</u>		
Assets restricted for the retirement of the outstanding revenue bonds as well as for the replacement and extension of the utility system	<u>92,529</u>	<u>83,355</u>
Total restricted assets	<u>92,529</u>	<u>83,355</u>
<u>PROPERTY, PLANT, AND EQUIPMENT</u>		
Land	1,825	1,825
Plant and equipment	<u>1,893,831</u>	<u>1,867,328</u>
	1,895,656	1,869,153
Less: Allowance for depreciation	<u>(985,669)</u>	<u>(938,127)</u>
Net property, plant, and equipment	<u>909,987</u>	<u>931,026</u>
Total assets	<u>\$ 1,370,986</u>	<u>\$ 1,305,727</u>

The accompanying notes are an integral part of these statements.



<u>Total</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ 48,450	\$ 47,953	(\$ 497)
<u>2,750</u>	<u>1,674</u>	<u>(1,076)</u>
<u>51,200</u>	<u>49,627</u>	<u>(1,573)</u>
26,400	27,975	(1,575)
<u>22,050</u>	<u>20,316</u>	<u>1,734</u>
<u>48,450</u>	<u>48,291</u>	<u>159</u>
2,750	1,336	(1,414)
<u>63,991</u>	<u>67,058</u>	<u>3,067</u>
<u>\$ 66,741</u>	<u>\$ 68,394</u>	<u>\$ 1,653</u>





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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

We have audited the general purpose financial statements of the Town of Gramercy, Louisiana as of and for the year ended June 30, 1996 and have issued our report thereon dated October 9, 1996.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit for the year ended June 30, 1996, we considered the internal control structure of the Town of Gramercy, in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements of Town of Gramercy, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of the internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated October 9, 1996.

The management of the Town of Gramercy is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

GENERAL LONG-TERM DEBT OBLIGATIONS GROUP

To account for all long-term debt not being
serviced by the revenues of a proprietary fund
or nonexpendable trust fund



COMPARATIVE STATEMENTS OF GENERAL LONG-TERM DEBT
JUNE 30, 1996 AND 1995

	<u>Balance</u> <u>6/30/95</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/96</u>
1976 Waterworks Improvement bonds	\$ 28,211	\$ -	\$ 3,903	\$ 24,308
1976 Fire Protection bonds	65,552	-	9,072	56,480
1991 Sewer Improvement bonds	<u>350,000</u>	<u>-</u>	<u>15,000</u>	<u>335,000</u>
	<u>\$ 443,763</u>	<u>\$ -</u>	<u>\$ 27,975</u>	<u>\$ 415,788</u>

The accompanying notes are an integral part of these statements



SUPPORTING SCHEDULES



TOWN OF GRAMERCY, LOUISIANA**SCHEDULE H****INSURANCE-IN-FORCE**
JUNE 30, 1996

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Limits</u>
Automobile Liability	Louisiana Municipal Risk Management	May 1, 1997	\$ 500,000
General Liability	Louisiana Municipal Risk Management	May 1, 1997	500,000
Law Enforcement Liability	Louisiana Municipal Risk Management	May 1, 1997	500,000
Errors and Omissions Liability	Louisiana Municipal Risk Management	May 1, 1997	500,000
Workers' Compensation	Louisiana Municipal Risk Management	January 1, 1997	Statutory
Position Fidelity Schedule Bond	Fidelity and Deposit Company of Maryland	October 1, 1996	50,000
Employee Dishonesty	Colonial American Casualty and Surety Company	August 1, 1996	10,000
Theft, Disappearance, and Destruction	Colonial American Casualty and Surety Company	August 1, 1996	20,000
Commercial Property	Hanover American Insurance Company	July 1, 1996	Various limits totalling 1,288,949



TOWN OF GRAMERCY, LOUISIANA
PUBLIC UTILITY SYSTEM OPERATIONS
JUNE 30, 1996
(Without Audit)

Statistics on System Operations

- (a) As of June 30, 1996 the number of metered customers was 1,076 and 1,036 for the water and sewer systems, respectively. There were no unmetered customers for either the water and sewer systems at June 30, 1996.
- (b) The following rate schedules were in effect during the fiscal year ended June 30, 1996 for water and sewer services:

1. Water -	<u>Rate per</u> <u>1,000 Gallons</u>
Residential customers	
First 2,000 gallons or less	\$ 4.00
Next 3,000 gallons	2.50
Next 5,000 gallons	2.00
Next 5,000 gallons	1.85
Over 15,000 gallons	1.65
Commercial customers (rates in effect since April 15, 1996; prior to this date, rates were identical to those charged residential customers)	
First 10,000 gallons or less	\$ 34.50
Over 10,000 gallons	1.75
Industrial customers (rates in effect since April 15, 1996; prior to this date, rates were identical to those charged residential customers)	
First 50,000 gallons or less	\$ 172.50
Over 50,000 gallons	2.00



TOWN OF GRAMERCY, LOUISIANA
PUBLIC UTILITY SYSTEM OPERATIONS
JUNE 30, 1996
(Without Audit)

SCHEDULE I
Page 2 of 2

2. Sewer	<u>Rate per gallons sewerage flow</u>
Residential customers and small commercial customers	\$9.25/month plus \$0.42/1,000 gallons
Large commercial customers	\$32.00/month plus \$0.42/1,000 gallons
Industrial customers	Monthly base rates ranging from \$50 to \$750 (based on sewerage flow and the biochemical oxygen demand of the waste) plus \$0.21/1,000 gallons of sewerage flow plus \$0.035/pound of waste

(c) Average monthly billing per customer was:

- 1. Water \$ 16.21
- 2. Sewer \$ 11.85



TOWN OF GRAMERCY, LOUISIANA
ENTERPRISE FUNDS - SEWER OPERATING FUND

SCHEDULE E-2

COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES
YEARS ENDED JUNE 30, 1996 AND 1995

	1996			1995
	Budget	Actual	Variance	Actual
Operating Revenues				
Sales	\$ 150,000	\$ 149,574	(\$ 426)	\$ 145,501
Tap fees	5,000	5,800	800	3,100
Miscellaneous	200	-	(200)	-
	<u>155,200</u>	<u>155,374</u>	<u>174</u>	<u>148,601</u>
Operating Expenses				
General and administrative:				
Office Salaries	13,000	13,559	(559)	11,970
Maintenance salaries	13,000	12,858	142	17,114
Legal and professional fees	1,800	24,413	(22,613)	2,321
Office expenses	1,200	1,327	(127)	1,629
Miscellaneous	300	98	202	10
Insurance	4,000	4,508	(508)	3,663
Supplies and maintenance	10,500	9,572	928	9,333
Vehicle expenses	600	672	(72)	558
Accounting and auditing fees	3,600	3,645	(45)	4,029
Retirement	1,400	1,260	140	1,475
Electricity	19,000	17,798	1,202	19,868
Payroll taxes	300	299	1	342
Laboratory expenses	2,600	2,504	96	-
Chemicals	3,000	2,804	196	-
Depreciation	39,000	89,176	(50,176)	38,959
Uncollectible accounts	300	-	300	270
Total operating expenses	<u>113,600</u>	<u>184,493</u>	<u>(70,893)</u>	<u>111,541</u>
Income (loss) from operations	41,600	(29,119)	(70,719)	37,060
Other Revenues:				
Interest revenues	8,000	8,681	681	8,111
	<u>8,000</u>	<u>8,681</u>	<u>681</u>	<u>8,111</u>
Other Charges:				
Interest expense	35,000	36,082	(1,082)	36,486
Capital expenditures	12,000	-	12,000	-
	<u>47,000</u>	<u>36,082</u>	<u>10,918</u>	<u>36,486</u>
Net income (loss)	<u>\$ 2,600</u>	<u>(\$ 56,520)</u>	<u>(\$ 59,120)</u>	<u>\$ 8,685</u>

The accompanying notes are an integral part of these statements.



SINGLE AUDIT REPORTS

OF

CERTIFIED PUBLIC ACCOUNTANTS



TOWN OF GRAMERCY, LOUISIANA
ENTERPRISE FUNDS

SCHEDULE C-4
Page 2 of 2

COMBINING STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 1996 AND 1995

	<u>Public Utility Revenue Fund</u>	<u>Sewer Operating Fund</u>	<u>Total</u>	
			<u>1996</u>	<u>1995</u>
<u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>				
Income (loss) from operations	\$ 35,904	(\$ 29,119)	\$ 6,785	\$ 43,099
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:				
Depreciation	47,542	89,176	136,718	92,984
Provision for uncollectible accounts	-	-	-	705
Net change in assets and liabilities:				
Accounts receivable	(9,283)	(1,632)	(10,915)	2,981
Due from other funds	2,977	(499)	2,478	42,046
Due to other funds	26,237	21,992	48,229	1,967
Accounts payable	13,068	24,219	37,287	(479)
Accrued payables	(82)	3,057	2,975	-
Customer service meter deposits	3,795	-	3,795	2,489
Total adjustments	<u>84,254</u>	<u>136,313</u>	<u>220,567</u>	<u>142,693</u>
Net cash provided by operating activities	<u>\$ 120,158</u>	<u>\$ 107,194</u>	<u>\$ 227,352</u>	<u>\$ 185,792</u>

The accompanying notes are an integral part of this statement.



For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Accounting Controls

1. Cash receipts
2. Cash disbursements

Administrative Controls

General Requirements

1. Political activity
2. Civil rights
3. Federal financial reports
4. Drug-free workplace
5. Allowable costs
6. Administrative requirements

Specific Requirements

1. Types of services allowed or unallowed
2. Eligibility
3. Matching, level-of-effort, and earmarking
4. Special reporting requirements
5. Special tests and provisions
6. Claims for advances and reimbursements
7. Amounts claimed for matching

For all of the internal control structure categories listed above, we obtained an understanding of the design of the relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, the Town of Gramercy had no major federal financial assistance programs and expended one-hundred percent of its total federal financial assistance under the following nonmajor programs:

1. Cops fast grant
2. Summertime holidays safe and sober campaign
3. 1976 Fire Protection bonds guaranteed by the Office of Rural, Economic, and Community Development
4. 1976 Waterworks Improvement bonds guaranteed by the Office of Rural, Economic, and Community Development.

Except as discussed in the following paragraph, we performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.



We performed no tests of controls to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that could be relevant to preventing or detecting material noncompliance with applicable laws and regulations. We did not perform such tests because the results of procedures we performed to obtain an understanding of the design of internal control structure policies and procedures and whether they have been placed in operation indicated that there is inadequate segregation of duties to have effective internal controls. We consider this condition to be a reportable condition under standards established by the American Institute of Certified Public Accountants.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Town's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations, that would be material to a federal financial assistance program, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the lack of segregation of duties is a material weakness.

This report is intended for the information of the Board of Aldermen, management of the Town of Gramercy, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Postlethwaite & Nettville

Baton Rouge, Louisiana
October 9, 1996





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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

We have audited the general purpose financial statements of the Town of Gramercy, as of and for the year ended June 30, 1996, and have issued our report thereon dated October 9, 1996.

We have applied procedures to test the Town of Gramercy's, compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996:

1. Political activity
2. Civil rights
3. Federal financial reports
4. Drug-free workplace
5. Allowable costs
6. Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Gramercy's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Gramercy had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Aldermen, management of the Town of Gramercy, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Postlethwaite & Netterville

Baton Rouge, Louisiana
October 9, 1996



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

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

We have audited the general purpose financial statements of the Town of Gramercy, as of and for the year ended June 30, 1996, and have issued our report thereon dated October 9, 1996.

In connection with our audit of the general purpose financial statements of the Town of Gramercy, Louisiana, and with our consideration of the Town's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, *Audits of State and Local Governments*, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level-of-effort, and earmarking; reporting; compliance with debt covenants; claims for advances and reimbursements; and amounts claimed for matching that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Aldermen, management of the Town of Gramercy, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Postlethwaite & Netterville

Baton Rouge, Louisiana
October 9, 1996



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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

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

We have audited the general purpose financial statements of the Town of Gramercy, Louisiana as of and for the year ended June 30, 1996 and have issued our report thereon dated October 9, 1996. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Town of Gramercy taken as a whole. The accompanying schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Postlethwaite & Netterville

Baton Rouge, Louisiana
October 9, 1996

TOWN OF GRAMERCY, LOUISIANA

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 1996

<u>Federal Grantor/ Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Bond Amount</u>	<u>Disbursements / Expenditures during the year ended June 30, 1996</u>	<u>Remaining Balance as of June 30, 1996</u>
1976 Fire Protection Bonds guaranteed by the Office of Rural, Economic, and Community Development	10.423	\$ 158,000	\$ 9,072	\$ 56,480
1976 Waterworks Improvement Bonds guaranteed by the Office of Rural, Economic, and Community Development	10.423	68,000	3,903	24,308
U.S. Department of Justice • Cops fast grant	16.710	N/A	20,344	N/A
U. S. Department of Transportation / passed through the Louisiana Highway Safety Commission • Summertime holidays safe and sober campaign	26.100	N/A	<u>2,604</u> <u>\$ 35,923</u>	N/A



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TOWN OF GRAMERCY, LOUISIANA

FINANCIAL REPORT

JUNE 30, 1996

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

Release Date FEB 12 1997

*Program of Grants
State Government*



TOWN OF GRAMERCY, LOUISIANA

SCHEDULE J

SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
YEAR ENDED JUNE 30, 1996

	<u>Year Ended</u> <u>June 30, 1996</u>
Herman Bourgeois - Mayor	\$ 12,000
Eldrige Zeringue	3,900
Robert Weber	3,900
Melissa Laurent	3,900
Betty Cooper Coleman	3,900
Sid D. Morgan	3,900
Carl Spizale - Chief of Police	<u>18,000</u>
	<u>\$ 49,500</u>

TOWN OF GRAMERCY, LOUISIANA
PROPRIETARY FUNDS

EXHIBIT 4

COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES
YEARS ENDED JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>Operating Revenues</u>		
Sales	\$ 428,420	\$ 360,225
Tap fees	9,800	5,600
Miscellaneous	2,254	190
Total operating revenues	<u>440,474</u>	<u>366,015</u>
 <u>Operating Expenses</u>		
Salaries	132,976	116,313
Legal and professional fees	24,413	2,321
Office expenses	3,045	3,827
Miscellaneous	161	661
Insurance	19,944	15,936
Supplies and maintenance	41,562	28,606
Vehicle expenses	4,156	1,555
Uniforms	334	199
Audit and accounting fees	7,290	8,058
Retirement	6,520	5,633
Electricity	33,004	31,914
Payroll taxes	1,469	1,243
Laboratory expenses	4,275	1,433
Chemicals	17,822	11,528
Depreciation	136,718	92,984
Uncollectible accounts	-	705
Total operating expenses	<u>433,689</u>	<u>322,916</u>
 Income from Operations	 6,785	 43,099
 <u>Non-operating revenues (expenses)</u>		
Interest revenues	26,890	19,825
Rural development grant expenses (net)	(6,293)	(5,355)
Interest expense	(44,848)	(46,534)
Net non-operating revenues (expenses)	<u>(24,251)</u>	<u>(32,064)</u>
 Net income (loss)	 (17,466)	 11,035
 Depreciation transferred to contributed capital	 <u>29,596</u>	 <u>25,777</u>
 Increase in retained earnings	 12,130	 36,812
 Retained earnings - beginning of year (as restated)	 <u>132,850</u>	 <u>592,259</u>
 Retained earnings - end of year	 <u>\$ 144,980</u>	 <u>\$ 629,071</u>

The accompanying notes are an integral part of these statements.



TOWN OF GRAMERCY, LOUISIANA

FINANCIAL REPORT

JUNE 30, 1996



TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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

Reclassifications

Certain 1995 balances have been reclassified to conform with the 1996 financial statement presentation.

2. **Fixed Assets**

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>06/30/95</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/96</u>
Land	\$ 11,220	\$ -	\$ -	\$ 11,220
Buildings	133,087	-	-	133,087
Improvements other than buildings	7,821	-	-	7,821
Equipment	<u>259,990</u>	<u>3,796</u>	<u>184,724</u>	<u>79,062</u>
	<u>\$ 412,118</u>	<u>\$ 3,796</u>	<u>\$ 184,724</u>	<u>\$ 231,190</u>

The Town purchased an additional police vehicle during July, 1996 for approximately \$19,000. The Town had committed to purchase this vehicle prior to June 30, 1996.

A summary of proprietary fund type property, plant, and equipment at June 30, 1996 follows:

Land	\$ 1,825
Plant and equipment	<u>4,319,713</u>
	4,321,538
Less: Accumulated depreciation	<u>(1,723,356)</u>
	<u>\$ 2,598,182</u>

In accordance with Financial Accounting Standards Board Statement No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*, the Town capitalizes interest in connection with construction in progress for Proprietary Fund types. No interest was capitalized during the year ended June 30, 1996.



TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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

Accounts Receivable

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

Accumulated Unpaid Vacation

Employees earn vacation leave at various rates depending upon the length of employment. Vacation leave must be used in the year earned. Accordingly, no provision is made in the financial statements for unpaid vacation leave.

Operating Transfers In and Out

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

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. However, since its inclusion would make the statements unduly complex and difficult to read, comparative data (i.e., presentation of prior year totals by fund type) has not been presented in each of the statements.

Total Columns on Combined Statements - Overview

Total columns on the combined statements - overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Since interfund eliminations have not been made in the aggregation of this data, such data is not comparable to a consolidation.

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 twelve months or less to be cash equivalents.

Encumbrances

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



TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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

Budgets and Budgetary Accounting

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

1. A proposed budget is prepared and submitted to the Mayor and Board of Aldermen prior to the beginning of each fiscal year.
2. The proposed budget is published in the official journal and made available for public inspection. A public hearing is called to obtain taxpayer comments.
3. The budget is adopted through 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 estimated require the approval of the Board of Aldermen.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the General, Debt Service, and Proprietary Funds are adopted on bases consistent with generally accepted accounting principles (GAAP).
7. Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.

The level of budgetary control is total appropriations. Budgeted amounts are as originally adopted, or as amended by the Board. Originally budgeted revenues for the General Fund for the fiscal year ended June 30, 1996 were increased by \$110,700, and originally budgeted expenditures were decreased by \$1,250. Originally budgeted revenues and expenses for the Enterprise Funds were decreased by \$38,000 and \$11,650, respectively.

Cash and Investments

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

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



TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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

Fixed Assets and Long-term Liabilities (continued)

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

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

Sewerage System	40 years
Waterworks System	40 years
Office Equipment	5-10 years
Automotive Equipment	3- 5 years

All fixed assets are stated at historical cost.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Property and sales taxes, interest revenue, and various intergovernmental revenues are susceptible to accrual. Fines, licenses, and permits are not susceptible to accrual because they are generally not measurable until received in cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is the principal and interest on long-term debt which is recognized when due.

The proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Use of Estimates

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



TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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

Fund Accounting - Governmental Funds (continued)

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in other funds.

Debt Service Funds - The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

Enterprise Funds - The Enterprise 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.

Fixed Assets and Long-term Liabilities

The accounting and reporting treatment applied to fixed assets and long-term liabilities is determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus, and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group and are recorded as expenditures in the governmental fund types when purchased. The Town has not capitalized public domain ("infrastructure") fixed assets which consist of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements. These assets are immovable and of value only to the Town; therefore, the need for cumulative accountability is not significant. No depreciation has been provided on general fixed assets, nor has interest been capitalized.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Obligation Account Group.



TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

The accounting and reporting practices of the Town of Gramercy conform to generally accepted accounting principles as applicable to governmental units on a consistent basis between periods. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and 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.

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

Financial Reporting Entity

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

Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which the spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic fund types and two broad fund categories as follows:

Governmental Funds

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

TOWN OF GRAMERCY, LOUISIANA
PROPRIETARY FUNDS

EXHIBIT 5
Page 1 of 2

COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash received from customers	\$ 432,037	\$ 380,240
Cash payments to suppliers for goods and services	(78,002)	(83,490)
Cash payments to employees for services	(126,683)	(110,958)
Net cash provided by operating activities	<u>227,352</u>	<u>185,792</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Rural development grant expenses (net)	(6,293)	(5,355)
Net cash used by noncapital financing activities	<u>(6,293)</u>	<u>(5,355)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Proceeds from the issuance of additional revenue bonds	19,116	55,079
Acquisition and construction of capital assets	(48,180)	(75,720)
Principal paid on revenue bonds	(46,813)	(45,587)
Interest paid on revenue bonds	(44,848)	(46,534)
Net cash used by capital and related financing activities	<u>(120,725)</u>	<u>(112,762)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest earned on investments	<u>26,890</u>	<u>19,825</u>
Net cash provided by investing activities	<u>26,890</u>	<u>19,825</u>
Net increase in cash and cash equivalents	127,224	87,500
Cash and cash equivalents - beginning of year	<u>652,424</u>	<u>564,924</u>
Cash and cash equivalents - end of year	<u>\$ 779,648</u>	<u>\$ 652,424</u>

The accompanying notes are an integral part of these statements.



GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.



<u>Debt Service Funds</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 48,450	\$ 47,953	(\$ 497)
-	-	-
-	-	-
-	-	-
-	-	-
2,750	1,674	(1,076)
-	-	-
<u>51,200</u>	<u>49,627</u>	<u>(1,573)</u>
-	-	-
-	-	-
-	-	-
-	-	-
26,400	27,975	(1,575)
<u>22,050</u>	<u>20,316</u>	<u>1,734</u>
<u>48,450</u>	<u>48,291</u>	<u>159</u>
2,750	1,336	(1,414)
<u>63,991</u>	<u>67,058</u>	<u>3,067</u>
<u>\$ 66,741</u>	<u>\$ 68,394</u>	<u>\$ 1,653</u>



TOWN OF GRAMERCY, LOUISIANA
GENERAL AND DEBT SERVICE FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30 , 1996

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Ad valorem taxes	\$ 25,300	\$ 25,358	\$ 58
Sales taxes	260,000	267,305	7,305
Garbage fees	115,500	122,495	6,995
Licenses and permits	72,000	81,167	9,167
Intergovernmental revenue	38,500	58,203	19,703
Fines and forfeitures	34,000	38,955	4,955
Interest revenue	20,000	22,732	2,732
Other revenue	112,100	97,333	(14,767)
Total revenues	677,400	713,548	36,148
<u>EXPENDITURES</u>			
Current Operating Expenditures:			
General government	178,900	175,528	3,372
Streets	144,750	144,764	(14)
Public safety	117,300	112,893	4,407
Sanitation	115,500	114,115	1,385
Fire Department	1,850	1,835	15
Debt Service Expenditures:			
Principal retirement	-	-	-
Interest	-	-	-
Total expenditures	558,300	549,135	9,165
<u>EXCESS OF REVENUES</u>			
<u>OVER EXPENDITURES</u>	119,100	164,413	45,313
<u>FUND BALANCE</u>			
Beginning of year	470,886	470,886	-
End of year	\$ 589,986	\$ 635,299	\$ 45,313

The accompanying notes are an integral part of this statement.



**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 1996**

	<u>General</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>	
			<u>1996</u>	<u>1995</u>
<u>REVENUES</u>				
Ad valorem taxes	\$ 25,358	\$ 47,953	\$ 73,311	\$ 72,567
Sales taxes	267,305	-	267,305	216,175
Garbage fees	122,495	-	122,495	121,132
Licenses and permits	81,167	-	81,167	73,405
Intergovernmental revenue	58,203	-	58,203	43,556
Fines and forfeitures	38,955	-	38,955	20,728
Other revenue	<u>120,065</u>	<u>1,674</u>	<u>121,739</u>	<u>101,692</u>
Total revenues	<u>713,548</u>	<u>49,627</u>	<u>763,175</u>	<u>649,255</u>
<u>EXPENDITURES</u>				
Current Operating Expenditures:				
General government	175,528	-	175,528	192,326
Streets	144,764	-	144,764	117,171
Public safety	112,893	-	112,893	78,755
Sanitation	114,115	-	114,115	114,233
Fire Department	1,835	-	1,835	1,674
Debt Service Expenditures:				
Principal retirement	-	27,975	27,975	25,984
Interest	-	20,316	20,316	26,307
Total expenditures	<u>549,135</u>	<u>48,291</u>	<u>597,426</u>	<u>556,450</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	164,413	1,336	165,749	92,805
<u>FUND BALANCE</u>				
Beginning of year	<u>470,886</u>	<u>67,058</u>	<u>537,944</u>	<u>445,139</u>
End of year	<u>\$ 635,299</u>	<u>\$ 68,394</u>	<u>\$ 703,693</u>	<u>\$ 537,944</u>

The accompanying notes are an integral part of this statement.



EXHIBIT 1

Proprietary Fund Type	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-term Obligations	1996	1995
Enterprise				
\$ 184,557	\$ -	\$ -	\$ 374,906	\$ 176,875
323,032	-	-	738,904	735,917
48,962	-	-	48,962	38,047
-	-	-	220	-
-	-	-	38,111	33,655
499	-	-	90,330	41,498
-	-	-	25,580	19,062
272,059	-	-	272,059	245,605
-	231,190	-	231,190	412,118
2,598,182	-	-	2,598,182	3,205,783
-	-	347,394	347,394	376,687
-	-	68,394	68,394	67,076
<u>\$ 3,427,291</u>	<u>\$ 231,190</u>	<u>\$ 415,788</u>	<u>\$ 4,834,232</u>	<u>\$ 5,352,323</u>
\$ 44,146	\$ -	\$ -	\$ 77,952	\$ 42,962
40,351	-	-	40,351	36,556
82,806	-	-	90,330	41,498
9,684	-	-	9,684	10,252
48,188	-	-	48,188	46,814
785,361	-	-	785,361	814,432
-	-	415,788	415,788	443,763
3,543	-	-	18,483	16,243
<u>1,014,079</u>	<u>-</u>	<u>415,788</u>	<u>1,486,137</u>	<u>1,452,520</u>
2,268,232	-	-	2,268,232	2,320,670
-	231,190	-	231,190	412,118
214,186	-	-	214,186	188,539
(69,206)	-	-	(69,206)	440,532
-	-	-	663,146	498,024
-	-	-	40,547	39,920
<u>2,413,212</u>	<u>231,190</u>	<u>-</u>	<u>3,348,095</u>	<u>3,899,803</u>
<u>\$ 3,427,291</u>	<u>\$ 231,190</u>	<u>\$ 415,788</u>	<u>\$ 4,834,232</u>	<u>\$ 5,352,323</u>



TOWN OF GRAMERCY, LOUISIANA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1996

	Governmental Fund Type	
	General	Debt Service
ASSETS		
Cash	\$ 190,349	\$ -
Investments	348,000	67,872
Accounts receivable (net of allowances for uncollectible accounts of \$5,301)	-	-
Property taxes receivable	-	220
Other accounts receivable (net of allowances for uncollectible accounts of \$3,809)	38,111	-
Due from other funds	89,529	302
Due from other governmental agencies	25,580	-
Restricted assets:		
Cash and investments	-	-
General fixed assets	-	-
Fixed assets (net)	-	-
Amount to be provided for long-term debt	-	-
Amount available in debt service funds	-	-
Total assets	\$ 691,569	\$ 68,394
 LIABILITIES		
Accounts payable	\$ 33,806	\$ -
Customer service meter deposits	-	-
Due to other funds	7,524	-
Payable from restricted assets:		
Accrued interest payable	-	-
Bonds payable - current portion	-	-
Bonds payable - non-current portion	-	-
General obligation bonds payable	-	-
Other liabilities	14,940	-
Total liabilities	56,270	-
 FUND EQUITY		
Contributed capital (net)	-	-
Investments in general fixed assets	-	-
Retained earnings:		
Reserved for revenue bond debt service	-	-
Unreserved	-	-
Fund Balance:		
Unreserved - undesignated	635,299	27,847
Unreserved - designated for debt service	-	40,547
Total fund equity	635,299	68,394
Total liabilities and fund equity	\$ 691,569	\$ 68,394

The accompanying notes are an integral part of this statement.



We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

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

Cause: The condition is due to economic and space limitations.

Recommendation: No action recommended.

Management's
response: We concur with the finding.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the lack of segregation of duties is a material weakness.

This report is intended for the information of the Board of Aldermen, management of the Town of Gramercy, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Postlethwaite & Netterville

Baton Rouge, Louisiana
October 9, 1996



TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Changes in Long-Term Debt (continued)

Sewer Operating Fund

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

\$ 728,923

The annual requirements to amortize all outstanding revenue bonds as of June 30, 1996, including interest payments of \$551,950 are as follows:

<u>Year ending</u> <u>June 30,</u>	
1997	\$ 139,910
1998	137,682
1999	140,454
2000	142,979
2001	138,118
Thereafter	<u>1,102,144</u>
	<u>\$ 1,801,287</u>

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

4. Ad Valorem Taxes

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

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. James Parish. For the year ended June 30, 1996, taxes of 5.10 mills were levied on property with assessed valuations totaling \$4,959,691 for general purposes. Additional taxes of 9.67 mills were levied on the same property for the purpose of accumulating enough funds to service the annual debt requirements as they become due.

Total taxes levied during the year ended June 30, 1996 were approximately \$72,800.



TOWN OF GRAMERCY, LOUISIANA
PROPRIETARY FUNDS

EXHIBIT 5
Page 2 of 2

COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>RECONCILIATION OF INCOME FROM OPERATIONS TO</u>		
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Income from operations	\$ 6,785	\$ 43,099
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	136,718	92,984
Provision for uncollectible accounts	-	705
Net change in assets and liabilities		
Accounts receivable	(10,915)	2,981
Due from other funds	2,478	42,046
Accounts payable	37,287	(479)
Customer service meter deposits	3,795	2,489
Other liabilities	2,975	-
Due to other funds	48,229	1,967
Total adjustments	<u>220,567</u>	<u>142,693</u>
Net cash provided by operating activities	<u>\$ 227,352</u>	<u>\$ 185,792</u>

The accompanying notes are an integral part of these statements.

