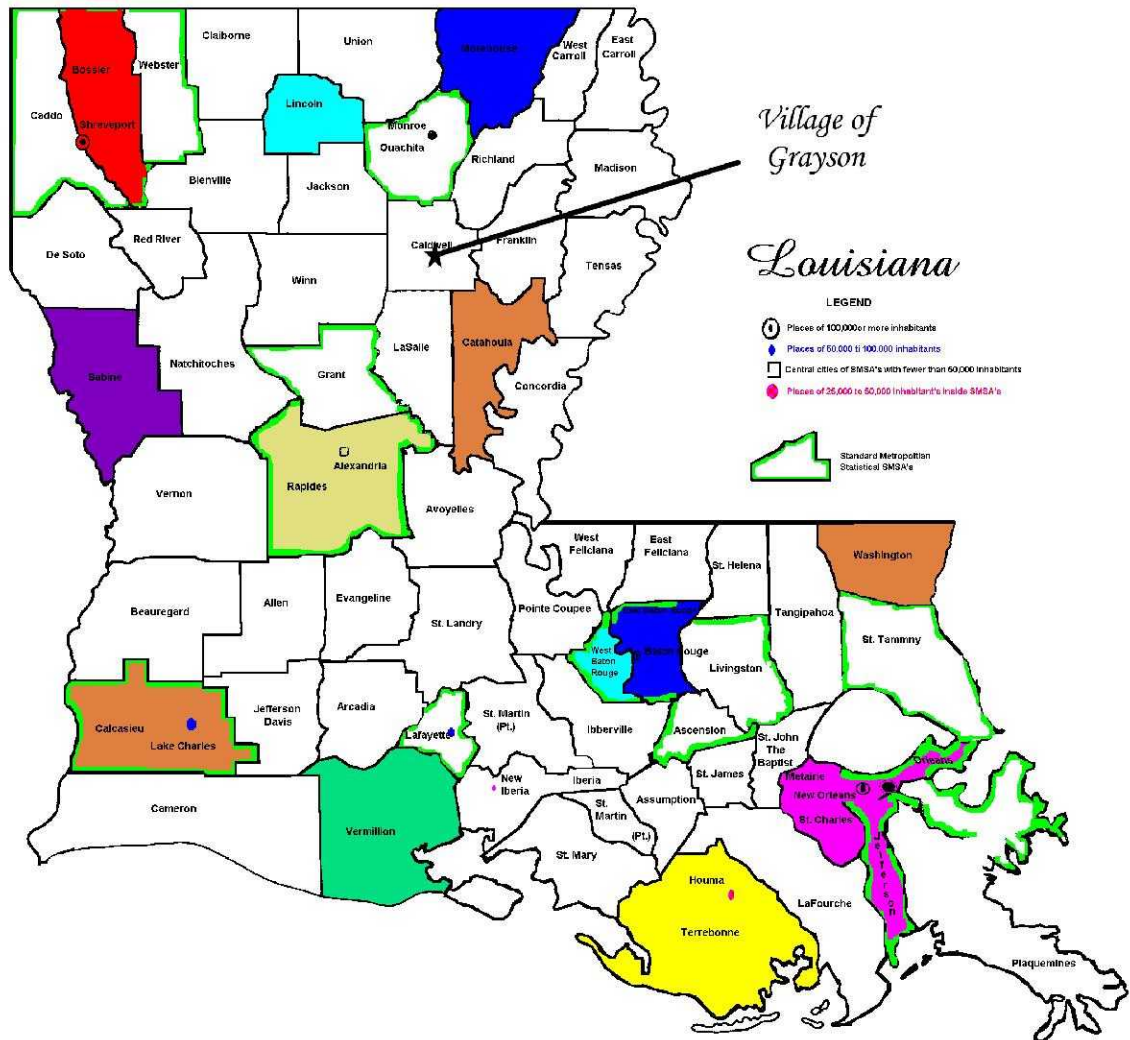


VILLAGE OF GRAYSON, LOUISIANA

Annual Financial Statements

December 31, 2020

VILLAGE OF GRAYSON GRAYSON, LOUISIANA



✓ The Village of Grayson was incorporated under the Lawrason Act and the Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), utilities (water and sewer services) and general administrative functions, including coordination of related services with Parish, State and Federal governing bodies.

VILLAGE OF GRAYSON, LOUISIANA
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Association of
Certified Fraud Examiners

INDEPENDENT AUDITOR'S REPORT

The Honorable Melissa Bratton, Mayor
& Members of the Village Council
Grayson, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the Village of Grayson, Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Village of Grayson, Louisiana, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in the schedules and statements, the total net pension liability for the Village of Grayson's Retirement Plan was \$60,858 as of December 31, 2020. The actuarial valuation was based on various assumptions made by the actuaries. Because actual experience may differ from the assumptions used in the actuarial valuations, there is a risk that the net pension liability at December 31, 2020, could be under or overstated.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Grayson's basic financial statements. The Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer and Justice System Funding Schedule are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation of Benefits and Other Payments to Agency Head or Chief Executive Officer and Justice System Funding Schedule are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer and Justice System Funding Schedule are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2021, on our consideration of the Village of Grayson, State of Louisiana’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Grayson, Louisiana’s internal control over financial reporting and compliance.

The Vercher Group

Jena, Louisiana

June 7, 2021

VILLAGE OF GRAYSON

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Village, we offer readers of the Village of Grayson's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the Village's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$685,309 (*net position*). This is a \$104,286 decrease from last year.
- The Village had total revenue of \$227,608 in which \$82,006 came from fines, \$50,548 came from fees & charges, and \$61,804 came from taxes/licenses. This is a \$47,365 decrease from last year's revenues, mainly due to a decrease in fines in the amount of \$63,108.
- The Village had total expenditures of \$381,986, which is a \$42,696 increase from last year. The main cause for this increase is due to an increase in police expense in the amount of \$48,002.

Enterprise Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$716,241 (*net position*). This is a \$112,887 decrease from last year.
- The Village had total revenue of \$317,756, including operating revenues of \$292,619, non-operating revenues of \$137 and capital contributions in the amount of \$25,000. This is a \$21,502 increase from last year, mainly due to an increase in capital contributions in the amount of \$25,000.
- The Village had total expenses of \$329,850, in which \$321,247 was operating expenses and \$8,603 was non-operating expenses. This is a \$29,098 increase from last year mainly due to an increase in operating expense in the amount of \$33,125.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements consist of two components: 1) fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Village is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, January 1, 2004, the Village adopted Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

USING THIS ANNUAL REPORT

The Village's annual report consists of financial statements that show information about the Village's funds, enterprise funds and governmental funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Reporting the Village's Most Significant Funds

The Village's financial statements provide detailed information about the most significant funds. The Village may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Village's enterprise fund uses the following accounting approach:

All of the Village's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

MD&A

GOVERNMENTAL FUNDS

Comparative Statement of Net Position

Assets	2019	2020	% Change
Cash & Investments	\$ 297,895	\$ 306,415	2.9
Receivables	19,309	14,570	-24.5
Capital Assets, Net of Accumulated Depreciation	617,434	549,255	-11.0
Total Assets	934,638	870,240	-6.9
Deferred Outflows of Resources	6,977	296	-95.8
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	12,005	69,371	477.9
Accrued Interest Payable	518	177	-65.8
Current Bond & Notes Payable	16,899	20,332	20.3
Total Current Liabilities	29,422	89,880	205.5
Non-Current Liabilities			
Bonds & Notes Payable	47,496	29,742	-37.4
Net Pension Liability	55,468	60,858	9.7
Total Non-Current Liabilities	102,964	90,600	-12.0
Total Liabilities	132,386	180,480	36.3
Deferred Inflows of Resources	19,634	4,747	-75.8
Net Position			
Net Investment in Capital Assets	553,039	499,191	-9.7
Unrestricted	236,556	186,118	-21.3
Total Net Position	\$ 789,595	\$ 685,309	-13.2

Comparative Changes in Fund Balances

Revenues	2019	2020	% Change
Fees & Charges	\$ 51,669	\$ 50,548	-2.2
Taxes/Licenses	69,197	61,804	-10.7
Fines	145,114	82,006	-43.5
Interest Income	3,959	3,747	-5.4
Reimbursements	1,000	-0-	-100.0
Capital Grants	1,000	13,893	1,289.3
Other General Revenue	3,034	15,610	414.5
Total Revenues	274,973	227,608	-17.2
Expenditures			
General & Administrative	189,175	169,913	-10.2
Public Safety:			
Police	94,901	142,903	50.6
Fire	37,794	48,268	27.7
Debt Service	17,420	17,002	-2.4
Capital Outlay	-0-	3,900	100.0
Total Expenditures	339,290	381,986	12.6
Excess (Deficiency) of Revenues Over (Under) Expenditures	(64,317)	(154,378)	140.0
Other Financing Sources (Uses):			
Loan Proceeds	25,000	-0-	-100.0
Transfers In/(Out)	88,791	100,793	13.5
Total Other Financing Sources (Uses)	113,791	100,793	-11.4
Net Change in Fund Balance	49,474	(53,585)	-208.3
Prior Period Adjustment	43,504	-0-	-100.0
Fund Balances – Beginning	212,221	305,199	43.8
Fund Balances – Ending	\$ 305,199	\$ 251,614	-17.6

MD&A

ENTERPRISE FUNDS

Comparative Statement of Net Position

	2019	2020	% Change
Assets			
Cash & Investments	\$ 75,860	\$ 49,029	-35.4
Receivables	25,415	28,852	13.5
Restricted Assets	-0-	8,019	100.0
Capital Assets, Net of Accumulated Depreciation	1,009,839	899,585	-10.9
Total Assets	<u>1,111,114</u>	<u>985,485</u>	-11.3
Liabilities and Net Position			
Accounts, Salaries, & Other Payables	8,287	11,742	41.7
Accrued Interest Payable	1,643	1,642	0.0
Current Bonds Payable	16,551	16,551	0.0
Total Current Liabilities	<u>26,481</u>	<u>29,935</u>	13.0
Non-Current Liabilities			
Customer Deposits	40,280	40,635	0.9
Bonds Payable	215,225	198,674	-7.7
Net Pension Liability	-0-	-0-	0.0
Total Non-Current Liabilities	<u>255,505</u>	<u>239,309</u>	-6.3
Total Liabilities	<u>281,986</u>	<u>269,244</u>	-4.5
Net Position			
Net Investment in Capital Assets	776,420	684,360	-11.9
Restricted	-0-	-0-	0.0
Unrestricted	52,708	31,881	-39.5
Total Net Position	<u>\$ 829,128</u>	<u>\$ 716,241</u>	-13.6

Comparative Changes in Net Position

	2019	2020	% Change
Operating Revenues			
Sales of Services	\$ 274,145	\$ 291,928	6.5
Late Charges	8,509	-0-	-100.0
Safe Drinking Fee	6,240	-0-	-100.0
Other Drinking Revenues	6,854	691	-89.9
Total Operating Revenues	<u>295,748</u>	<u>292,619</u>	-1.1
Operating Expenses			
Management Fees	60,090	56,202	-6.5
Operating Expenses	114,117	147,242	29.0
Depreciation	114,496	117,803	2.9
Total Operating Expenses	<u>288,703</u>	<u>321,247</u>	11.3
Operating Income (Loss)	<u>7,045</u>	<u>(28,628)</u>	-506.4
Non-Operating Revenues (Expenses)			
Interest Earnings	506	137	-72.9
Interest Expense	(12,049)	(8,603)	-28.6
Total Non-Operating Revenues (Expenses)	<u>(11,543)</u>	<u>(8,466)</u>	-26.7
Income (Loss) Before Contributions & Transfers	<u>(4,498)</u>	<u>(37,094)</u>	724.7
Transfers In/(Out)	<u>(88,791)</u>	<u>(100,793)</u>	13.5
Capital Contributions	<u>-0-</u>	<u>25,000</u>	100.0
Change in Net Position	<u>(93,289)</u>	<u>(112,887)</u>	21.0
Prior Period Adjustment	21,352	-0-	-100.0
Total Net Position - Beginning	901,065	829,128	-8.0
Total Net Position - Ending	<u>\$ 829,128</u>	<u>\$ 716,241</u>	-13.6

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Fund

At December 31, 2020, the Village had \$549,255 invested in capital assets, including land, buildings, improvement, and equipment. This amount is a \$68,179 decrease from last year.

Capital Assets at Year-End

	2019	2020
General *	\$ 753,888	\$ 753,888
Police	73,740	73,740
Fire	827,943	831,843
Accumulated Depreciation	(1,038,137)	(1,110,216)
Total Capital Assets, Net	\$ 617,434	\$ 549,255

* Land in the amount of \$13,600 is not being depreciated.

Capital Assets – Enterprise Fund

At December 31, 2020, the Village had \$899,585 invested in capital assets, including the buildings, sewer system, machinery, and equipment. This amount is a \$110,253 decrease from last year.

Capital Assets at Year-End

	2019	2020
Sewer System	\$ 1,880,350	\$ 1,880,350
Water System	1,248,087	1,255,637
Accumulated Depreciation	(2,118,599)	(2,236,402)
Total Capital Assets, Net	\$ 1,009,838	\$ 899,585

* Land in the amount of \$10,000 is not being depreciated.

CHANGES IN LONG-TERM DEBT

The following is a summary of bond and installment notes payable transactions of the Village of Grayson for the year ended December 31, 2020.

	Balance 12-31-2019	Additions	Reductions	Balance 12-31-2020
Revenue Bonds (Business-Type Activities)	\$ 231,776	\$ -0-	\$ (16,551)	\$ 215,225
Revenue Bonds (Governmental Activities)	25,000	-0-	(1,785)	23,215
Capital Lease (Governmental Activities)	39,395	-0-	(12,536)	26,859
Total	\$ 296,171	\$ -0-	\$ (30,872)	\$ 265,299

MD&A

Bonds and installment notes payable at December 31, 2020, are comprised of the following individual issues:

Revenue Bonds and Notes Payable (Enterprise Fund)

Government Capital Corp \$264,444 Sewer Certificate of Indebtness of which \$206,776 was used to pay-off USDA Sewer Bonds, \$25,000 was borrowed for sewer system improvements, and \$25,000 for General Fund Street Improvements. Loans dated October 22, 2019 – 2031 due in annual installments of \$25,153.43 (sewer portion); interest at 3.85%. \$ 215,225

Notes and Lease Payable (Governmental Activities)

Government Capital Corp (General Portion) \$264,443.71 of which \$25,000 was borrowed for General Fund Street Improvements. Loans dated 10/22/2019 due in annual installments of \$2,712.77; due in 10/22/2020-2031; interest rate at 3.85%. 23,215

\$73,740 Capital lease with Bank Corp South Equipment Finance dated 06/14/2017 for two Chevrolet Tahoe police vehicles with an interest rate of 5.5%. Starting 06/19/2017 through 06/19/2022 with monthly installments of \$1,408.51. ----- 26,859

Total \$ 265,299

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show that the Village's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Melissa Bratton at the Village Hall, phone number (318) 649-7148.

BASIC FINANCIAL STATEMENTS

VILLAGE OF GRAYSON, LOUISIANA
Statement of Net Position
December 31, 2020

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 113,605	\$ 40,413	\$ 154,018
Investments	192,810	8,616	201,426
Receivables, Net of Allowances	14,570	28,852	43,422
TOTAL CURRENT ASSETS	320,985	77,881	398,866
NON-CURRENT ASSETS			
Restricted Assets	-0-	8,019	8,019
Capital Assets, Net of Accumulated Depreciation	549,255	899,585	1,448,840
TOTAL NON-CURRENT ASSETS	549,255	907,604	1,456,859
TOTAL ASSETS	870,240	985,485	1,855,725
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows – Municipal Employees’ Pension	296	-0-	296
TOTAL DEFERRED OUTFLOWS OF RESOURCES	296	-0-	296
CURRENT LIABILITIES			
Accounts, Salaries, & Other Payables	69,371	11,742	81,113
Accrued Interest Payable	177	1,642	1,819
Current Bonds & Notes Payable	20,332	16,551	36,883
TOTAL CURRENT LIABILITIES	89,880	29,935	119,815
NON-CURRENT LIABILITIES			
Customer Deposits	-0-	40,635	40,635
Bonds & Notes Payable	29,742	198,674	228,416
Net Pension Liabilities	60,858	-0-	60,858
TOTAL NON-CURRENT LIABILITIES	90,600	239,309	329,909
TOTAL LIABILITIES	180,480	269,244	449,724
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows – Municipal Employees’ Pension	4,747	-0-	4,747
TOTAL DEFERRED INFLOWS OF RESOURCES	4,747	-0-	4,747
NET POSITION			
Net Investment in Capital Assets	499,191	684,360	1,183,551
Restricted	-0-	-0-	-0-
Unrestricted	186,118	31,881	217,999
TOTAL NET POSITION	\$ 685,309	\$ 716,241	\$ 1,401,550

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAYSON, LOUISIANA
Statement of Activities
For the Year Ended December 31, 2020

	PROGRAM REVENUES				NET (EXPENSE) REVENUE & CHANGES			
	Expenses	Charges For Services	Capital Grants & Contributions	Operating Grants & Contributions	Net (Expense) Revenue	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES								
General Government	\$ (181,567)	\$ -0-	\$ 13,893	\$ -0-	\$ (167,674)	\$ (167,674)		\$ (167,674)
Police	(170,187)	-0-	-0-	-0-	(170,187)	(170,187)		(170,187)
Fire	(78,252)	50,548	-0-	-0-	(27,704)	(27,704)		(27,704)
Interest on Long-Term Debt	(2,681)	-0-	-0-	-0-	(2,681)	(2,681)		(2,681)
TOTAL GOVERNMENTAL ACTIVITIES	<u>(432,687)</u>	<u>50,548</u>	<u>13,893</u>	<u>-0-</u>	<u>(368,246)</u>	<u>(368,246)</u>		<u>(368,246)</u>
BUSINESS-TYPE ACTIVITIES								
Sewer	(148,367)	129,219	-0-	-0-	(19,148)		\$ (19,148)	(19,148)
Water	(172,880)	162,709	25,000	-0-	14,829		14,829	14,829
Interest on Long-Term Debt	(8,603)	-0-	-0-	-0-	(8,603)		(8,603)	(8,603)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>(329,850)</u>	<u>291,928</u>	<u>25,000</u>	<u>-0-</u>	<u>(12,922)</u>		<u>(12,922)</u>	<u>(12,922)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ (762,537)</u>	<u>\$ 342,476</u>	<u>\$ 38,893</u>	<u>\$ -0-</u>	<u>\$ (381,168)</u>			<u>(381,168)</u>
			GENERAL REVENUES:					
			Taxes:					
						14,214	-0-	14,214
						11,282	-0-	11,282
						10,319	-0-	10,319
						82,006	-0-	82,006
						25,989	-0-	25,989
						3,747	137	3,884
						15,610	691	16,301
						100,793	(100,793)	-0-
						<u>263,960</u>	<u>(99,965)</u>	<u>163,995</u>
						(104,286)	(112,887)	(217,173)
						<u>789,595</u>	<u>829,128</u>	<u>1,618,723</u>
						<u>\$ 685,309</u>	<u>\$ 716,241</u>	<u>\$ 1,401,550</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAYSON, LOUISIANA
Balance Sheet, Governmental Funds
December 31, 2020

	GENERAL FUND
	<u> </u>
ASSETS	
Cash & Cash Equivalents	\$ 113,605
Investments	192,810
Receivables (Net of Allowances for Uncollectible)	<u>14,570</u>
TOTAL ASSETS	<u><u>320,985</u></u>
 LIABILITIES & FUND BALANCE	
LIABILITIES	
Accounts, Salaries, & Other Payables	<u>69,371</u>
TOTAL LIABILITIES	<u><u>69,371</u></u>
 FUND BALANCE	
Unassigned	<u>251,614</u>
TOTAL FUND BALANCE	<u><u>251,614</u></u>
 TOTAL LIABILITIES & FUND BALANCE	<u><u>\$ 320,985</u></u>

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAYSON, LOUISIANA
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
December 31, 2020

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balance, Total Governmental Funds (Statement C)			\$ 251,614
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	Capital Assets	1,659,471	
	Accum. Depr.	<u>(1,110,216)</u>	
			549,255
Deferred outflows and inflows are not financial resources or currently payable.	Outflows	296	
	Inflows	<u>(4,747)</u>	
			(4,451)
Long-term liabilities including bonds payable and accrued interest are not due and payable in the current period and, therefore, are not reported in the governmental funds.	Bonds/Notes Pay.	(50,074)	
	Accrued Interest	<u>(177)</u>	
			(50,251)
Long-term net pension liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		<u>(60,858)</u>	
			<u>(60,858)</u>
Net Position of Governmental Activities (Statement A)			\$ <u>685,309</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAYSON, LOUISIANA
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	GENERAL FUND
REVENUES	
Fees & Charges	\$ 50,548
Taxes:	
Franchise Tax	14,214
Ad Valorem Tax	11,282
2% Fire Tax	10,319
Licenses & Permits	25,989
Fines	82,006
Interest Income	3,747
Reimbursements	-0-
Capital Grants	13,893
Other General Revenue	15,610
TOTAL REVENUES	227,608
 EXPENDITURES	
General & Administrative	169,913
Public Safety:	
Police	142,903
Fire	48,268
Debt Service	17,002
Capital Outlay	3,900
TOTAL EXPENDITURES	381,986
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(154,378)
 OTHER FINANCING SOURCES (USES):	
Transfers In/(Out)	100,793
TOTAL OTHER FINANCING SOURCES (USES)	100,793
 NET CHANGE IN FUND BALANCE	(53,585)
 FUND BALANCES--BEGINNING	305,199
FUND BALANCES--ENDING	\$ 251,614

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAYSON, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2020

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total governmental Funds, Statement E		\$ (53,585)					
<p>Governmental funds report capital outlays as expenditure. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Capital Purchases</td> <td style="width: 20%; text-align: right;">3,900</td> <td style="width: 20%;"></td> </tr> <tr> <td>Depreciation Exp</td> <td style="text-align: right;"><u>(72,079)</u></td> <td style="text-align: right;">(68,179)</td> </tr> </table>	Capital Purchases	3,900		Depreciation Exp	<u>(72,079)</u>	(68,179)
Capital Purchases	3,900						
Depreciation Exp	<u>(72,079)</u>	(68,179)					
<p>The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Loan Proceeds</td> <td style="width: 20%; text-align: right;">-0-</td> <td style="width: 20%;"></td> </tr> <tr> <td>Principal Paid</td> <td style="text-align: right;"><u>14,321</u></td> <td style="text-align: right;">14,321</td> </tr> </table>	Loan Proceeds	-0-		Principal Paid	<u>14,321</u>	14,321
Loan Proceeds	-0-						
Principal Paid	<u>14,321</u>	14,321					
<p>Net pension is reported in governmental funds as expenditure as they are paid; however, in the statement of activities the net pension expense is reported according to estimates required by GASB 68. This the amount that the pension estimate defers from pension expenses paid in the current year.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net Pension Expense</td> <td style="width: 20%; text-align: right;">(1,197)</td> <td style="width: 20%;"></td> </tr> <tr> <td>Pension Revenue</td> <td style="text-align: right;"><u>4,354</u></td> <td style="text-align: right;"><u>3,157</u></td> </tr> </table>	Net Pension Expense	(1,197)		Pension Revenue	<u>4,354</u>	<u>3,157</u>
Net Pension Expense	(1,197)						
Pension Revenue	<u>4,354</u>	<u>3,157</u>					
Changes in Net Position of Governmental Activities, Statement B		\$ <u>(104,286)</u>					

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAYSON, LOUISIANA
Statement of Net Position, Proprietary Fund
December 31, 2020

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUND		
	(MAJOR ENTERPRISE FUND)		
	SEWER	WATER	TOTAL
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 1,803	\$ 38,610	\$ 40,413
Investments	8,616	-0-	8,616
Receivables (Net of Allowances for Uncollectible)	7,796	21,056	28,852
TOTAL CURRENT ASSETS	<u>18,215</u>	<u>59,666</u>	<u>77,881</u>
NON-CURRENT ASSETS			
Restricted Assets	-0-	8,019	8,019
Capital Assets (Net of Accumulated Depreciation)	414,049	485,536	899,585
TOTAL NON-CURRENT ASSETS	<u>414,049</u>	<u>493,555</u>	<u>907,604</u>
TOTAL ASSETS	<u>432,264</u>	<u>553,221</u>	<u>985,485</u>
CURRENT LIABILITIES			
Accounts, Salaries, & Other Payables	2,864	8,878	11,742
Accrued Interest Payable	1,642	-0-	1,642
Revenue Bonds Payable	16,551	-0-	16,551
TOTAL CURRENT LIABILITIES	<u>21,057</u>	<u>8,878</u>	<u>29,935</u>
NON-CURRENT LIABILITIES			
Customer Deposits	-0-	40,635	40,635
Revenue Bonds	198,674	-0-	198,674
TOTAL NON-CURRENT LIABILITIES	<u>198,674</u>	<u>40,635</u>	<u>239,309</u>
TOTAL LIABILITIES	<u>219,731</u>	<u>49,513</u>	<u>269,244</u>
NET POSITION			
Net Investment in Capital Assets	198,824	485,536	684,360
Restricted	-0-	-0-	-0-
Unrestricted	13,709	18,172	31,881
TOTAL NET POSITION	<u>\$ 212,533</u>	<u>\$ 503,708</u>	<u>\$ 716,241</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAYSON, LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
December 31, 2020

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUND		
	(MAJOR ENTERPRISE FUND)		
	SEWER	WATER	TOTAL
OPERATING REVENUES			
Sales of Services	\$ 129,219	\$ 162,709	\$ 291,928
Other Operating Revenues	291	400	691
TOTAL OPERATING REVENUES	<u>129,510</u>	<u>163,109</u>	<u>292,619</u>
OPERATING EXPENSES			
Management Fees	27,496	28,706	56,202
Operating Expenses	51,127	96,115	147,242
Depreciation	69,744	48,059	117,803
TOTAL OPERATING EXPENSES	<u>148,367</u>	<u>172,880</u>	<u>321,247</u>
OPERATING INCOME (LOSS)	<u>(18,857)</u>	<u>(9,771)</u>	<u>(28,628)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Earnings	132	5	137
Interest Expense	(8,603)	-0-	(8,603)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(8,471)</u>	<u>5</u>	<u>(8,466)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	(27,328)	(9,766)	(37,094)
CONTRIBUTIONS & TRANSFERS			
Transfers In/(Out)	(86,049)	(14,744)	(100,793)
Capital Contributions	-0-	25,000	25,000
TOTAL CONTRIBUTIONS & TRANSFERS	<u>(86,049)</u>	<u>10,256</u>	<u>(75,793)</u>
CHANGE IN NET POSITION	(113,377)	490	(112,887)
TOTAL NET POSITION – BEGINNING	325,910	503,218	829,128
TOTAL NET POSITION – ENDING	<u>\$ 212,533</u>	<u>\$ 503,708</u>	<u>\$ 716,241</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAYSON, LOUISIANA
Statement of Cash Flows
Proprietary Fund
December 31, 2020

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUND		
	(MAJOR ENTERPRISE FUND)		
	SEWER	WATER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers & Users	\$ 131,212	\$ 158,325	\$ 289,537
Payments to Suppliers	(78,045)	(121,944)	(199,989)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>53,167</u>	<u>36,381</u>	<u>89,548</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) Other Funds	(86,049)	(14,744)	(100,793)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(86,049)</u>	<u>(14,744)</u>	<u>(100,793)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Receipts from Capital Grants	-0-	25,000	25,000
Interest Paid on Capital Debt	(8,603)	-0-	(8,603)
Principal Paid on Revenue Bonds	(16,551)	-0-	(16,551)
Proceeds from Bonds	-0-	-0-	-0-
Acquisition & Construction of Capital Assets	-0-	(7,550)	(7,550)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(25,154)</u>	<u>17,450</u>	<u>(7,704)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in Investments	19,987	-0-	19,987
Interest & Dividends Received	132	5	137
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>20,119</u>	<u>5</u>	<u>20,124</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(37,917)	39,092	1,175
CASH - BEGINNING OF YEAR	<u>39,720</u>	<u>7,537</u>	<u>47,257</u>
CASH - END OF YEAR	<u>1,803</u>	<u>46,629</u>	<u>48,432</u>
Reconciliation to Balance Sheet			
Cash and Cash Equivalents	1,803	38,610	40,413
Restricted Cash	-0-	8,019	8,019
Total Cash and Cash Equivalents	<u>\$ 1,803</u>	<u>\$ 46,629</u>	<u>\$ 48,432</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAYSON, LOUISIANA
Reconciliation
Proprietary Fund
December 31, 2020

BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUND
(MAJOR ENTERPRISE FUND)

	SEWER	WATER	TOTAL
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
OPERATING INCOME/(LOSS)	\$ (18,857)	\$ (9,771)	\$ (28,628)
Depreciation Expense	69,744	48,059	117,803
(Increase) Decrease in Accounts Receivable	1,702	(5,139)	(3,437)
(Increase) Decrease in Deferred Outflows	-0-	-0-	-0-
Increase (Decrease) in Accounts Payables	578	2,877	3,455
Increase (Decrease) in Customer Deposits	-0-	355	355
Increase (Decrease) in Accrued Interest	-0-	-0-	-0-
Increase (Decrease) in Deferred Inflows	-0-	-0-	-0-
Increase (Decrease) in Pension Liability	-0-	-0-	-0-
TOTAL ADJUSTMENTS	<u>72,024</u>	<u>46,152</u>	<u>118,176</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 53,167</u>	<u>\$ 36,381</u>	<u>\$ 89,548</u>

The accompanying notes are an integral part of this statement.

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Grayson was incorporated under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), utilities (water and sewer services), and general administrative functions, including coordination of related services with parish, state, and federal governing bodies.

The accounting and reporting policies of the Village of Grayson conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

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

The municipality reports the following major proprietary funds:

- Water and Sewer Activities

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services and sales taxes. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position - Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

In the Fund Financial Statements, governmental fund equity is classified as a fund balance. The District has implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance – amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

D. CASH & INVESTMENTS

Deposits

All cash and investments (CD's over 90 days) are reported at cost and are on deposit at federally insured banks.

It is the Village's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Village's deposits are categorized to give an indication of the level of risk assumed by the Village at fiscal year-end. All deposits were secured at the year-end. The categories are described as follows:

- *Category 1* – Insured or collateralized with securities held by the Village or by its agent in the Village's name.
- *Category 2* – Collateralized with securities held by the pledging financial institution's trust department or agent in the Village's name.
- *Category 3* – Uncollateralized.

	Caldwell Bank	Citizen's Bank	Homeland Bank	Total
Bank Balances	\$ 12,564	\$ 158,885	\$ 192,810	\$ 364,259
<i>Secured As Follows</i>				
FDIC (<i>Category 1</i>)	12,564	158,885	192,810	364,259
Securities (<i>Category 2</i>)	-0-	-0-	-0-	-0-
Uncollateralized (<i>Category 3</i>)	-0-	-0-	-0-	-0-
Total	\$ 12,564	\$ 158,885	\$ 192,810	\$ 364,259

Deposits were fully secured as of December 31, 2020.

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Village of Grayson. For the purpose of the proprietary fund Statement of Cash Flows, "Cash and Cash Equivalents" include all demand savings accounts and certificates of deposit under 90 days.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the 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.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity’s name.

E. STATEMENT OF CASH FLOWS

The Village considers all highly liquid investment with a maturity of three months or less at the date of acquisition to be cash equivalents.

F. ACCOUNTS RECEIVABLE & BAD DEBTS – GENERAL FUND & ALLOWANCE FOR BAD DEBTS – ENTERPRISE FUND

At December 31, 2020 the receivables were as follows:

	Enterprise Fund		Governmental Fund
	Sewer Fund	Water Fund	General Fund
Tax & License	\$ -0-	\$ -0-	\$ 12,760
Customer	31,967	85,291	7,453
Grants	-0-	-0-	-0-
Allowance for Bad Debts	(24,171)	(64,235)	(5,643)
Total	\$ 7,796	\$ 21,056	\$ 14,570

G. INVENTORIES

Immaterial amounts of inventory are maintained for general fund and enterprise fund operations and, accordingly, these supplies are expensed as purchased.

H. FIXED ASSETS & LONG-TERM LIABILITIES

For the year ended December 31, 2020, no interest costs were capitalized for construction of fixed assets.

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	Life In Years
Water System	40
Sewer System	40
Buildings	40
Equipment	5-10

The Village has a capitalization policy of \$2,500.

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

I. COMPENSATED ABSENCES

The Village has no compensated absence policy.

J. RESTRICTED NET POSITION

The Village records restricted assets to indicate that a portion of its net position balances are legally restricted for a specific future use. The following is a list of such restrictions and a description of each:

Restricted for System Maintenance

This amount represents monies restricted for repairs and replacement of the water system.

Restricted - Revenue Bonds

This amount represents monies restricted as required by the revenue bond indentures.

Restricted for Debt Service

Certain assets have been restricted in the Debt Service Fund for future payment of long-term liabilities of the governmental funds.

2. AD VALOREM TAXES

The Village levies taxes on real and business personal property located within its boundaries. The Village utilizes the services of the Caldwell Parish Tax Assessor to assess the property values and prepare the Village's property tax roll. The Village bills and collects its own property taxes.

Property Tax Calendar

Assessment Date	January 1
Levy Date	No Later Than June 1
Tax Bills Mailed	On or About October 15
Total Taxes Are Due	December 31
Penalties and Interest are Added	January 1
Lien Date	January 1

For the year ended December 31, 2020, taxes of 5.74 mills were levied against property having a valuation of some \$2,177,503, which produced some \$12,499 in revenue.

Ad Valorem Taxes are broken down as follows:

	<u>Mills</u>
General Alimony	<u>5.74</u>

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

3. RESTRICTED ASSETS - PROPRIETARY FUND TYPES

At December 31, 2020, restricted assets of the Enterprise Funds were invested in either interest bearing checking accounts or time deposits and were restricted for the following purposes:

	<u>Water</u>	<u>Sewer</u>	
Bond Sinking/Reserve	\$ -0-	\$ -0-	
Meter Deposit	8,019	-0-	
Depreciation & Contingencies	-0-	-0-	
Total	<u>\$ 8,019</u>	<u>\$ -0-</u>	

4. FIXED ASSETS

Governmental Fund:

A summary of governmental fund assets at December 31, 2020, is as follows:

	<u>Balance 12-31-2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-2020</u>
General/Administrative *	\$ 753,888	\$ -0-	\$ -0-	\$ 753,888
Police	73,740	-0-	-0-	73,740
Fire	827,943	3,900	-0-	831,843
Total Capital Assets	<u>1,655,571</u>	<u>3,900</u>	<u>-0-</u>	<u>1,659,471</u>
Accumulated Depreciation	(1,038,137)	(72,079)	-0-	(1,110,216)
Total Capital Assets, Net	<u>\$ 617,434</u>	<u>\$ (68,179)</u>	<u>\$ -0-</u>	<u>\$ 549,255</u>

* Land in the amount of \$13,600 is not being depreciated.

Depreciation expense was charged to governmental functions as follows:

General	\$	27,347
Fire		29,984
Police		14,748
Total Depreciation	<u>\$</u>	<u>72,079</u>

Property Enterprise Fund:

A summary of enterprise fund property, plant and equipment at December 31, 2020, is as follows:

	<u>Balance 12-31-2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-2020</u>
Sewer System	\$ 1,880,350	\$ -0-	\$ -0-	\$ 1,880,350
Accumulated Depreciation	(1,396,557)	(69,744)	-0-	(1,466,301)
Total Capital Assets, Net	<u>\$ 483,793</u>	<u>\$ (69,744)</u>	<u>\$ -0-</u>	<u>\$ 414,049</u>

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

	Balance 12-31-2019	Additions	Deletions	Balance 12-31-2020
Water System*	\$ 1,248,087	\$ 7,550	\$ -0-	\$ 1,255,637
Accumulated Depreciation	(722,042)	(48,059)	-0-	(770,101)
Total Capital Assets, Net	\$ 526,045	\$ (40,509)	\$ -0-	\$ 485,536

* Land in the amount of \$10,000 is not being depreciated.

5. CHANGES IN LONG-TERM DEBT

The following is a summary of bond and installment notes payable transactions of the Village of Grayson for the year ended December 31, 2020.

	Balance 12-31-2019	Additions	Reductions	Balance 12-31-2020
Certificate of Indebtness (Business-Type Activities)	\$ 231,776	\$ -0-	\$ (16,551)	\$ 215,225
Certificate of Indebtness (Governmental Activities)	25,000	-0-	(1,785)	23,215
Capital Lease (Governmental Activities)	39,395	-0-	(12,536)	26,859
Total	\$ 296,171	\$ -0-	\$ (30,872)	\$ 265,299

Bonds and installment notes payable at December 31, 2020, are comprised of the following individual issues:

Revenue Bonds and Notes Payable (Enterprise Fund)

Government Capital Corp \$264,444 Sewer Certificate of Indebtness of which \$206,776 was used to pay-off USDA Sewer Bonds, \$25,000 was borrowed for sewer system improvements, and \$25,000 for General Fund Street Improvements. Loans dated October 22, 2019 – 2031 due in annual installments of \$25,153.43 (sewer portion); interest at 3.85%.

\$ 215,225

Notes & Lease Payable (Governmental Activities)

Government Capital Corp (General Portion) \$264,443.71 of which \$25,000 was borrowed for General Fund Street Improvements. Loan dated 10/22/2019 due in annual installments of \$2,712.77; due in 10/22/2020-2031; interest rate at 3.85%.

23,215

\$73,740 Capital lease with Bank Corp South Equipment Finance dated 06/14/2017 for two Chevrolet Tahoe police vehicles with an interest rate of 5.5%. Starting 06/19/2017 through 06/19/2022 with monthly installments of \$1,408.51.

26,859

Total \$ 265,299

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

The annual requirements to amortize all debt outstanding as of December 31, 2020, including interest payments, are as follows:

<u>Year Ending December 31,</u>	<u>\$231,776 Sewer Certificate of Indebtness</u>	<u>\$25,000 General Certificate of Indebtness</u>	<u>\$256,776 Certificate of Indebtness Total</u>	<u>\$73,740 Police Capital Lease</u>
2021	\$ 25,153	\$ 2,713	\$ 27,866	\$ 16,902
2022	25,153	2,713	27,866	16,902
2023	25,153	2,713	27,866	11,268
2024	25,153	2,713	27,866	-0-
2025	25,153	2,713	27,866	-0-
2026-2030	125,765	13,565	139,330	-0-
2031-2035	25,153	2,713	27,866	-0-
	<u>\$ 276,683</u>	<u>\$ 29,843</u>	<u>\$ 306,526</u>	<u>\$ 45,072</u>

6. PENSION PLAN

Substantially all employees of the Village of Grayson are members of the following statewide retirement system: Municipal Employees Retirement System of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by separate boards of trustee. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

The Municipal Employees' Retirement System prepares its employer pension schedules in accordance with the Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. It identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Municipal Employees' Retirement System's employer pension schedules are prepared using the accrual basis of accounting. Employer contributions, for which the employer allocations are based, are recognized in the period in which the employee is compensated for services performed.

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

B. Plan Fiduciary Net Position

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues, and expenses, were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimated and assumptions primarily related to actuarial valuations or unsettled transactions and events as of the date of the financial statements and estimates in the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

C. System Employees

The System is not allocated a proportionate share of the net liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

D. Use of Estimates

The preparation of schedules of employer allocations and pension amounts by employer in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from these estimates.

NOTE 2 – PLAN DESCRIPTION

The System is administered by a Board of Trustees composed of eleven members, three of whom shall be active and contributing members of the System with at least six years credible service and who are elected to office in accordance with the Louisiana Election Code, two of whom shall be active and contributing members of the System with at least six years credible service and who are not elected officials; one of who shall be a retired member of the System; one of whom shall be president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Committee on Retirement; one of whom shall be the Chairman of the House Committee on Retirement appointed by the Speaker of the House; the Commissioner of Administration; and the State Treasurer.

The System is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS).

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

Plan Membership

For the year ended June 30, 2020, there were 88 contributing municipalities in Plan A and 68 in Plan B. At June 30, 2020, statewide retirement membership consists of the following:

	<u>Plan A</u>	<u>Plan B</u>	<u>Total</u>
Inactive plan members or beneficiaries receiving benefit	3,618	1,107	4,725
Inactive plan members entitled to but not yet receiving benefits	3,535	1,732	5,267
Active plan members	<u>4,783</u>	<u>2,037</u>	<u>6,820</u>
Total participants as of the valuation date	<u>11,936</u>	<u>4,876</u>	<u>16,812</u>

Plan eligibility and benefits are as follows:

A. Eligibility Requirements

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Any person eligible for membership whose first employment making him eligible for membership in the System occurred on or after January 1, 2013, shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the System as a condition of employment.

B. Retirement Benefits

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756 - 11:1785. The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Any member of Plan A who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with twenty-five or more years of creditable service.
2. Age sixty with a minimum of ten years of creditable service.
3. Any age with twenty years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarial reduces early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. An additional regular retirement benefit can be received for any city marshal or deputy city marshal.

Any member of Plan A Tier 2 can retire providing he meets one of the following criteria:

1. Age sixty-seven with seven years of creditable service.
2. Age sixty-two with ten years of creditable service.
3. Age fifty-five with thirty years of creditable service.
4. Any age with twenty-five years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

Generally, the monthly amount of retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Any city marshal or deputy city marshal shall receive an additional regular benefit computed on supplemental marshal's earnings. See Plan booklet for further details.

Any member of Plan B who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with thirty years of creditable service.
2. Age sixty with minimum of ten or more years of creditable service.

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following criteria:

1. Age sixty-seven with seven years of creditable service.
2. Age sixty-two with ten years of creditable service.
3. Age fifty-five with thirty years of creditable service.
4. Any age with twenty-five years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

C. Survivor Benefits

Upon death of any member of Plan A with five or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Upon death of any member of Plan B with five or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

D. Drop Benefits

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or Plan B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during the participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

E. Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of (1) an amount equal to three percent of his final compensation multiplied by his years of creditable service, but not less than forty-five percent of his final average compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continues service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of (1) an amount equal to two percent of his final compensation multiplied by his years of creditable service, but not less than thirty percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

F. Cost of Living Increases

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

G. Deferred Benefits

Both Plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

NOTE 3 – CONTRIBUTIONS

Contributions for all members are established by statute. Member contributions are at 9.50% of earnable compensation for Plan A and 5.00% of earnable compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating municipality.

According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2020, the employer contribution rate was 27.75% of member's earnings for Plan A. For the year ended June 30, 2020, the employer contribution rate was 14.00% of member's earnings for Plan B.

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

According to state statute, the System also receives one-fourth of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the Municipal Employee's Retirement System and the Employee's Retirement System of the City of Baton Rouge and Parish of East Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contribution entities.

Administrative costs of the System are financed through employer contributions.

NOTE 4 – SCHEDULE OF EMPLOYER ALLOCATIONS

The schedule of employer allocations reports the employer contributions in addition to the employer allocation percentage. The employer contributions are used to determine the proportionate relationship of each employer to all employers of the System. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the employer's contribution effort to the plan for the current fiscal year as compared to the total of all employers' contribution effort to the plan for the current fiscal year. The employers' contribution effort was based on actual employer contributions made to the System for the fiscal year ended June 30, 2020.

NOTE 5 – SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

The schedule of pension amounts by employer displays each employer's allocation of the net pension liability, the various categories of deferred outflows of resources, the various categories of deferred inflows of resources, and the various categories of pension expense. The schedule of pension amounts by employer was prepared using the allocations included in the schedule of employer allocations.

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 6 – DISAGGREGATED PENSION AMOUNTS

<u>Changes in Deferred Inflows and Outflows</u>	<u>Amounts from the 2020 Employer Pension Report</u>	<u>2020 Employer Specific Amounts</u>	<u>2020 Total Pension Amounts</u>
Net Pension Liability	\$ 60,858	\$ -	\$ 60,858
Deferred Outflows	188,470	2,147	190,617
Deferred Inflows	104,236	-	104,236
Benefit Pension Expense	(1,451)	15,040	13,589
Revenue	\$ 1,868	\$ -	\$ 1,868

NOTE 7 – ACTUARIAL METHODS AND ASSUMPTIONS

Net Pension Liability

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the System's employers for Plan A as of June 30, 2020 are as follows:

	Plan A June 30, 2020
Total pension liability	\$ 1,218,616,969
Plan fiduciary net position	786,276,078
Employer's net pension liability	\$ 432,340,891
Plan fiduciary net position as a % of the total pension liability	64.52%

The components of the net pension liability of the System's employers for Plan B as of June 30, 2020 are as follows:

	Plan B June 30, 2020
Total pension liability	\$ 268,596,718
Plan fiduciary net position	177,974,097
Employer's net pension liability	\$ 90,622,621
Plan fiduciary net position as a % of the total pension liability	66.26%

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future.

The actuarial assumptions used in the June 30, 2020 valuation was based on the results of an experience study for the period from July 1, 2013 through June 30, 2018.

Information on the actuarial valuation and assumptions is as follows:

	<u>June 30, 2020</u>
Valuation Date	June 30, 2020
Actuarial cost method	Entry age normal cost
Expected remaining service lives	3 years
Investment rate of return	6.95%, net of pension plan investment expense, including inflation
Inflation rate	2.5%
Salary increases, including inflation and merit increases:	
-1 to 4 years of service	6.4%-Plan A and 7.4%-Plan B
-More than 4 years of service	4.5%-Plan A and 4.9%-Plan B
Annuitant and beneficiary mortality	PubG-2010(B) Heathy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(b) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

Discount Rate

The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation and an adjustment for the effect of rebalancing/diversification.

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	53%	2.33%
Public fixed income	38%	1.67%
Alternatives	9%	0.40%
Totals	<u>100%</u>	<u>4.40%</u>
Inflation		2.60%
Expected Arithmetic Nominal Return		7.00%

The discount rate used to measure the total pension liability was 6.95% for the years ended June 30, 2020. The projection of cash flows used to determine the discount assumed that contributions from plan members will be at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems’ Actuarial Committee. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 – SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following presents the net pension liability of the System calculated using the discount rate of 6.95%, as well as what the System’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.95%) or one percentage point higher (7.95%) than the current discount rate (assuming all other assumptions remain unchanged):

Changes in discount for years ending June 30, 2020 for Plan A are as follows:

	<u>Plan A</u>		
	<u>1% Decrease (5.95%)</u>	<u>Current Discount Rate (6.95%)</u>	<u>1% Increase (7.95%)</u>
Net pension liability	\$ 562,428,117	\$ 432,340,891	\$ 322,346,642

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Changes in discount for years ending June 30, 2209 for Plan B are as follows:

	Plan B		
	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
Net pension liability	\$ <u>120,635,610</u>	\$ <u>90,622,621</u>	\$ <u>65,227,497</u>

NOTE 9 – CHANGE IN NET PENSION LIABILITY

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period.

The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

The changes in the net pension liability for the year ended June 30, 2020 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience

The differences between expected and actual experience for Plan A and Plan B resulted in deferred inflows of resources and pension expense (benefit) as of June 30, 2020 are as follows:

	Plan A			June 30, 2020	
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2020	\$ 300,705	\$ -0-	\$ 100,235	\$ 200,470	\$ -0-
2019	-0-	4,901,737	(2,450,867)	-0-	2,450,870
2018	-0-	5,293,790	(5,293,790)	-0-	-0-
				\$ <u>200,470</u>	\$ <u>2,450,870</u>

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Plan B					
			June 30, 2020		
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2020	\$ -0-	\$ 805,689	\$ (268,565)	\$ -0-	\$ 537,124
2019	-0-	1,975,365	(987,694)	-0-	987,671
2018	-0-	1,430,879	(1,430,879)	-0-	-0-
2017	-0-	473,923	(473,923)	-0-	-0-
				\$ -0-	\$ 1,524,795

The difference between projected and actual investment earnings results in net deferred outflows for Plan A and Plan B as of June 30, 2020 as follows:

Plan A					
			June 30, 2020		
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2020	\$ 31,619,883	\$ -0-	\$ 6,323,976	\$ 25,295,907	\$ -0-
2019	13,916,210	-0-	3,479,052	10,437,158	-0-
2018	5,440,291	-0-	1,813,430	3,626,861	-0-
2017	7,566,364	-0-	3,783,181	3,783,183	-0-
2016	14,520,480	-0-	14,520,480	-0-	-0-
				\$ 43,143,109	\$ -0-

Plan B					
			June 30, 2020		
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2020	\$ 7,205,168	\$ -0-	\$ 1,441,034	\$ 5,764,134	\$ -0-
2019	3,201,690	-0-	800,423	2,401,267	-0-
2018	1,279,407	-0-	426,473	852,934	-0-
2017	1,640,152	-0-	820,076	820,076	-0-
2016	3,092,687	-0-	3,092,687	-0-	-0-
				\$ 9,838,411	\$ -0-

Changes in Assumptions or Other Inputs

The changes in assumptions for Plan A and Plan B resulted in deferred outflows of resources and pension expense as of June 30, 2020 as follows:

Plan A					
			June 30, 2020		
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2020	\$ 6,352,896	\$ -0-	\$ 2,117,632	\$ 4,235,264	\$ -0-
2019	6,076,307	-0-	3,038,161	3,038,146	-0-
2018	4,483,601	-0-	4,483,601	-0-	-0-
				\$ 7,273,410	\$ -0-

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Plan B						
					June 30, 2020	
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows	
2020	\$ 1,400,098	\$ -0-	\$ 466,699	\$ 933,399	\$ -0-	
2019	3,750,239	-0-	1,875,120	1,875,119	-0-	
2018	1,001,120	-0-	1,001,120	-0-	-0-	
2017	581,475	-0-	581,475	-0-	-0-	
				\$ 2,808,518	\$ -0-	

Changes in Proportion

Changes in the employer’s proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer’s pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The unamortized amounts arising from changes in the employers’ proportionate shares are presented in the schedule of pension amounts by employer as deferred outflows or deferred inflows as of June 30, 2020.

NOTE 10 – CONTRIBUTIONS – PROPORTIONATE SHARE

Differences between contributions remitted to the System and the employer’s proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of pension amounts by employer due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

NOTE 11 – RETIREMENT FUND AUDIT REPORT

The Municipal Employees’ Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2020. Access to the report can be found on the Louisiana Legislative Auditor’s website, www.la.gov.

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 – SUBSEQUENT EVENTS

The System evaluated all subsequent events through January 19, 2021, the date the employer schedules were available to be issued. In the spring of 2020, there was a global outbreak of a new strain of coronavirus, COVID-19. The public health crisis has caused volatile economic conditions, impacting financial markers and disrupting general business activities worldwide. The extent of the impact to the financial performance of the System will depend on future developments, including (i) the duration and spread of the outbreak, (ii) the restrictions and advisories, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, which are highly uncertain and cannot be predicted.

NOTE 13 – ESTIMATES

The process of preparing the schedule of employer allocations and schedule of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumption regarding certain types of assets, liabilities, revenues and expenses. According, actual results may differ from estimated amounts.

7. INTERFUND TRANSFERS

Interfund transfers were made during the year for operational purposes.

8. 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 those estimates.

9. ENCUMBRANCES

The Village does not utilize encumbrance accounting.

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

10. ELECTED OFFICIALS SALARIES

<u>Name</u>	<u>Title</u>	<u>Term</u>	<u>Annual Salary</u>
Melissa Bratton	Mayor	2019-2022	\$ 19,200
Kimberly Bandy	Council Member	2019-2022	1,500
Rocky Cain	Council Member	2019-2022	1,500
Danny Finley	Council Member	2019-2022	1,500
Mitchell Bratton	Police Chief	2019-2022	\$ 27,600

*Council is paid \$25 for special meetings.

11. RATES

The Village of Grayson Enterprise Fund has the following rates. The deposit amounts are listed below:

Renter	\$175 - \$25 Nonrefundable
Owner	\$100 - \$25 Nonrefundable

Rate Schedule:

Water	ICL - \$16.00 for the 1 st 1,000 gal., \$2.50 per 1,000 thereafter OCL - \$19.00 for the 1 st 1,000 gal., \$3.00 per 1,000 thereafter
Holum Water System	\$2.00 per 1,000 gal., no minimum
Sewer	Residential \$32.50 flat fee
Fire	Residential - \$4.50 in city limits

12. TRANSFERS BETWEEN FUNDS

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Transfers In (Out)	\$ 100,793	\$ (100,793)

Transfers were made for operational purposes.

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

13. EXCESS EXPENDITURES OVER APPROPRIATION

The Village over spent it's budget by \$38,386 or 11.2% because expenditures for street improvements were not budgeted.

14. CONTINGENCIES

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public place and businesses. The coronavirus and actions taken to mitigate it have had and are expected to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Village operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Village anticipates this could negatively affect its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

15. SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the Statement of Net Position date through, June 7, 2021, of the independent auditor's report for potential recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF GRAYSON, LOUISIANA
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
General Fund
For the Year Ended December 31, 2020

	BUDGET AMOUNTS		Actual Amounts	VARIANCES FAVORABLE (UNFAVORABLE)
	Original	Final	Budgetary Basis	
REVENUES				
Fees & Charges	\$ 44,260	\$ 44,260	\$ 50,548	\$ 6,288
Taxes/Licenses	31,820	31,820	61,804	29,984
Fines	84,780	84,780	82,006	(2,774)
Grants	38,900	38,900	13,893	(25,007)
Interest Income	1,240	1,240	3,747	2,507
Other General Revenues	17,700	17,700	15,610	(2,090)
TOTAL REVENUES	218,700	218,700	227,608	8,908
EXPENDITURES				
General & Administrative	325,400	325,400	169,913	155,487
Public Safety:				
Police	17,700	17,700	142,903	(125,203)
Fire	500	500	48,268	(47,768)
Debt Service	-0-	-0-	17,002	(17,002)
Capital Outlay	-0-	-0-	3,900	(3,900)
TOTAL EXPENDITURES	343,600	343,600	381,986	(38,386)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(124,900)	(124,900)	(154,378)	(29,478)
OTHER FINANCING SOURCES (USES)				
Insurance Proceeds	20,810	20,810	-0-	(20,810)
Transfers In/(Out)	104,090	104,090	100,793	(3,297)
TOTAL OTHER FINANCING SOURCES (USES)	124,900	124,900	100,793	(24,107)
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	(53,585)	\$ (53,585)
FUND BALANCE - BEGINNING			305,199	
FUND BALANCE - ENDING			\$ 251,614	

See independent auditor's report and notes to financial statements.

VILLAGE OF GRAYSON, LOUISIANA
Schedule of the Village's Proportionate Share of the Net Pension Liability
Louisiana Municipal Employees' Retirement System

Year	Village's Proportion of the NPL (Percentage)	Village's Proportionate Share of the NPL (Amount)	Village's Covered- Employee Payroll	Village's Proportionate Share of the NPL as a Percentage of Its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.063%	\$55,468	\$51,681	107.3%	51.2%
2020	0.067%	\$60,858	\$54,037	112.7%	51.0%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See independent auditor's report.

VILLAGE OF GRAYSON, LOUISIANA
Schedule of the Village's Contributions
Louisiana Municipal Employees' Retirement System

<u>Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contribution as a Percentage of Covered Employee Payroll</u>
2019	\$6,786	(\$6,549)	\$129	\$51,681	12.9%
2020	\$7,286	(\$5,950)	\$1,336	\$54,037	13.5%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See independent auditor's report.

SUPPLEMENTAL INFORMATION

Village of Grayson, Louisiana
Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended December 31, 2020

Honorable Melissa Bratton, Mayor

Purpose	Amount
Salary	\$ 19,200
Benefits-Insurance	-0-
Benefits-Retirement	-0-
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	550
Travel	-0-
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

*An example of an un-vouchered expense would be a travel advance.

See independent auditor's report.

Village of Grayson, Louisiana
Justice System Funding Schedule – Collecting/Disbursing Entity
For the Year Ended December 31, 2020

	<u>First Six Months Ended 6/30/2020</u>	<u>Second Six Months Ended 12/31/2020</u>
Beginning Balance of Amounts Collected	\$ -0-	\$ 8,256
Add: Collections		
Criminal Fines – Other	40,835	42,656
Restitution	-0-	-0-
Probation/Parole/Supervision Fees	-0-	-0-
Subtotal Collections	<u>40,835</u>	<u>42,656</u>
Less: Disbursements to Governments & Nonprofits		
Court Costs	-0-	-0-
Less: Amounts Retained by Collecting Agency		
Criminal Fines – Other	32,579	35,101
Restitution	-0-	-0-
Probation/Parole/Supervision Fees	-0-	-0-
Less: Disbursements to Individuals/3rd Party Collection or Processing Agency		
Restitution Payments to Individuals	-0-	-0-
Subtotal Disbursements/Retainage	<u>32,579</u>	<u>35,101</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	<u>8,256</u>	<u>15,811</u>
Ending Balance of “Partial Payments” Collected but not Disbursed	-0-	-0-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected	-0-	-0-
Total Waivers During the Fiscal Period	\$ -0-	\$ -0-

See independent auditor’s report.

OTHER REPORTS

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MEMBERS

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Certified Public Accountants

Association of
Certified Fraud Examiners

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

The Honorable Melissa Bratton, Mayor
and Members of the Village Council
Grayson, Louisiana

We have audited, in accordance with the auditing standards general accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village of Grayson, Louisiana's basic financial statements, and have issued our report thereon dated June 7, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: **2020-2 Utility Cut-Off Policy**.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Grayson, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items: **2020-1 Restricted Cash and Customer Deposits Liability, 2020-3 Budget Variance, and 2020-4 Unremitted Traffic Ticket Fines**.

The Village of Grayson's Response to Findings

The Village of Grayson's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Cost. The Village of Grayson's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

The Vercher Group

Jena, Louisiana
June 7, 2021

VILLAGE OF GRAYSON, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended December 31, 2020

We have audited the basic financial statements of the Village of Grayson, Louisiana, as of and for the year ended December 31, 2020, and have issued our report thereon June 7, 2021. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Section I Summary of Auditor's Results

Our audit of the financial statements as of December 31, 2020, resulted in an unmodified opinion.

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses [] Yes Significant Deficiencies [X] Yes

Compliance

Compliance Material to Financial Statements [X] Yes

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses [] Yes [] No Other Conditions [] Yes [] No

Type of Opinion on Compliance Unmodified [] Qualified []
For Major Programs Disclaimer [] Adverse []

Are the findings required to be reported in accordance with Uniform Guidance?

[] Yes [] No

c. Identification of Major Programs:

Table with 2 columns: CFDA Number (s) and Name Of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance? [] Yes [] No

VILLAGE OF GRAYSON, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended December 31, 2020

Section II Financial Statement Findings

2020-1 Restricted Cash and Customer Deposits Liability (Compliance)

Condition: The Village currently has a customer liability of \$40,635 and only \$8,019 cash set aside, or restricted, for the liability.

Criteria: The Village should have enough restricted cash in an amount equal to the customer liability.

Cause of Condition: Not restricting cash to cover customer deposits.

Effect of Condition: Not having sufficient restricted cash to cover customer deposit liability.

Recommendation: The Village should start setting aside restricted cash from future operations of the water fund to cover and meet the customer deposit liability.

Client Response: The Village will begin setting aside restricted cash from future operations of the water fund to cover and meet the customer deposit liability.

2020-2 Utility Cut-Off Policy (Internal Control)

Condition: The Village had one employee/official over 90 days past due on utility services.

Criteria: The utility cut-off policy requires the Village to terminate services to customers who are delinquent.

Cause of Condition: Not following cut-off policy for employees/officials.

Effect of Condition: Potential special treatment of employees/officials.

Recommendation: We recommend that the Village comply with its utility cut-off policy in the future and cut off utility services to employees/officials who do not pay within the time limit stated in the policy.

Client Response: Management will comply with its utility cut-of policy in the future and cut off utility services to employees/officials who do not pay within the time limit stated in the policy. The finding was carried over from previous audit. All employees/officials are current with utility services as of June 2021.

VILLAGE OF GRAYSON, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended December 31, 2020

Section II Financial Statement Findings

2020-3 Budget Variance (Compliance)

Condition: The Village had an unfavorable expenditure variance of \$38,386 or 11.2% in its general fund budget for the year ended December 31, 2020.

Criteria: The Budget Act requires that budgets be amended when the variance exceeds 5%.

Cause of Condition: Under budgeting expenditures.

Effect of Condition: Violating the Budget Act.

Recommendation: The Village should amend its budget when there is an unfavorable variance in revenue or expenditures of more than 5%.

Client Response: The Village will amend its budget when there is an unfavorable revenue or expenditure variance of more than 5%.

2020-4 Unremitted Traffic Ticket Fees (Compliance)

Condition: The Village has not remitted certain fees collected for traffic tickets on behalf of different state agencies for several months.

Criteria: The Louisiana Legislature imposes additional fees on traffic violations which are collected by municipalities and then remitted to the appropriate State agencies.

Cause of Condition: Nonpayment of fees collected on behalf of various State agencies.

Effect of Condition: Before adjusting entries were made, fines and forfeitures were overstated and accounts payable was understated.

Recommendation: We recommend that the Village report and remit traffic fees in a timely manner.

Client Response: Management will work on this for fiscal year 2021.

Section III Federal Awards Findings and Questioned Costs

Not Applicable.

VILLAGE OF GRAYSON, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS

FINDINGS:

2020-1 Restricted Cash and Customer Deposits Liability

Finding: The Village currently has a customer liability of \$40,635 and only \$8,019 cash set aside, or restricted, for the liability. The Village should have enough restricted cash in an amount equal to the customer liability.

Corrective Action: The Village will begin setting aside restricted cash from future operations of the water fund to cover and meet the customer deposit liability.

Contact Person: Melissa Bratton, Mayor

Anticipated Completion Date: December 31, 2021

2020-2 Utility Cut-Off Policy

Finding: The Village had one employee/official over 90 days past due on utility services. The utility cut-off policy requires the Village to terminate services to customers who are delinquent.

Corrective Action: Management will comply with its utility cut-of policy in the future and cut off utility services to employees/officials who do not pay within the time limit stated in the policy. The finding was carried over from previous audit. All employees/officials are current with utility services as of June 2021.

Contact Person: Melissa Bratton, Mayor

Anticipated Completion Date: December 31, 2021

2020-3 Budget Variance

Finding: The Village had an unfavorable expenditure variance of \$38,386 or 11.2% in its general fund budget for the year ended December 31, 2020.

Corrective Action: The Village will amend its budget when there is an unfavorable revenue or expenditure variance of more than 5%.

Contact Person: Melissa Bratton, Mayor

Anticipated Completion Date: December 31, 2021

VILLAGE OF GRAYSON, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS

FINDINGS:

2020-4 Unremitted Traffic Ticket Fees

Finding: The Village has not remitted certain fees collected for traffic tickets on behalf of different state agencies for several months. The Louisiana Legislature imposes additional fees on traffic violations which are collected by municipalities and then remitted to the appropriate State agencies.

Corrective Action: We recommend that the Village report and remit traffic fees in a timely manner. Management will work on this for fiscal year 2021.

Contact Person: Melissa Bratton, Mayor

Anticipated Completion Date: December 31, 2021

VILLAGE OF GRAYSON, LOUISIANA

MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are situations that may be improved (if any) and recommendations for improvements.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

There are no current year management letter comments.

VILLAGE OF GRAYSON, LOUISIANA

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Village of Grayson, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended December 31, 2019.

PRIOR YEAR FINDINGS

2019-1 Small Size of Entity (Resolved)

Condition: Because of the small size of the Village and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Village's cash.

Criteria: Important elements of good internal controls often require that the same employees do not handle the functions of accounting, collections, billing, receiving, and check writing.

Cause of Condition: Small size of entity and lack of employees.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Client Response: Management will continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

2019-2 Restricted Cash and Customer Deposits Liability (Unresolved)

Condition: The Village currently has a customer liability of \$40,280 and no cash set aside, or restricted, for the liability.

Criteria: The Village should have enough restricted cash in an amount equal to the customer liability.

Cause of Condition: Not restricting cash to cover customer deposits.

VILLAGE OF GRAYSON, LOUISIANA

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

Effect of Condition: Not having sufficient restricted cash to cover customer deposit liability.

Recommendation: The Village should start setting aside restricted cash from future operations of the water fund to cover and meet the customer deposit liability.

Client Response: The Village will begin setting aside restricted cash from future operations of the water fund to cover and meet the customer deposit liability.

2019-3 Payroll Advances (Resolved)

Condition: The Village paid two advances on payroll totaling \$3,450.

Criteria: The Village should not have advanced wages or salaries to employees in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG Opinion 79-729.

Cause of Condition: Oversight by Village.

Effect of Condition: Compliance violation.

Recommendation: The Village should not advance any salaries to employees.

Client Response: The Village was unaware of the requirements and has discontinued advancements of wages and salaries and all advances has been paid back to the Village.

2019-4 Utility Cut-Off Policy (Unresolved)

Condition: The Village had one employee/official over 90 days past due on utility services.

Criteria: The utility cut-off policy requires the Village to terminate services to customers who are delinquent.

Cause of Condition: Not following cut-off policy for employees/officials.

Effect of Condition: Potential special treatment of employees/officials.

Recommendation: We recommend that the Village comply with its utility cut-off policy in the future and cut off utility services to employees/officials who do not pay within the time limit stated in the policy.

Client Response: Management will comply with its utility cut-of policy in the future and cut off utility services to employees/officials who do not pay within the time limit stated in the policy.