

# Town of Glenmora, Louisiana

## Annual Financial Report

June 30, 2005

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

Release Date 1/25/06



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Coan I. Knight, Jr., CPA  
K. Martin Masden, CPA  
John E. Theriot II, CPA

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Fredericka A. James, CPA

October 16, 2005

**Independent Auditors' Report**

The Honorable Tyrone L. Doyle, Mayor  
and Members of the Board of Aldermen  
Town of Glenmora, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Glenmora, Louisiana as of June 30, 2005 and for the year then ended, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Glenmora's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Glenmora, Louisiana as of June 30, 2005, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

5615 J Jackson Street  
Alexandria, Louisiana 71303  
PH: 318-445-9334  
FAX: 318-445-0996  
[www.knightmasden.com](http://www.knightmasden.com)

The Honorable Tyrone L. Doyle, Mayor  
and Members of the Board of Aldermen  
Town of Glenmora, Louisiana  
October 16, 2005

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2005, on our consideration of the Town of Glenmora, Louisiana's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on that internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 32, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Glenmora, Louisiana's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements of the Town of Glenmora, Louisiana. The schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements have been prepared assuming the Town of Glenmora, Louisiana will continue as a going concern. As discussed in Note 16, the Town water and sewer fund as well as the natural gas system has had losses for 2004 and 2005. Cash flow problems from operations have caused the funds to deplete their reserves and are in default on their debt obligations. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 19. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.



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**Required Supplementary Information – Part I**  
**Management's Discussion and Analysis**

# TOWN OF GLENMORA, LA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the Year Ended June 30, 2005

As management of the Town of Glenmora, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Glenmora for the fiscal year ended June 30, 2005.

#### Financial Highlights

The assets of the Town of Glenmora exceeded its liabilities by \$3,066,397 in fiscal year ended June 30, 2005 up from \$2,457,180 in fiscal year ended June 30, 2004 (net assets). Even though net assets increased by \$609,217, operations in the general fund incurred a loss. A federal grant received to build the community center contributed primarily to the increase.

The Town's general fund reports an undesignated fund deficit of \$277,021 an increase to the deficit of \$139,269. This increase is a result of escalating costs of services.

The Town's proprietary funds report unrestricted net assets of \$1,805,061 a decrease of \$144,760 from last year. This is a result of rates not being sufficient to cover costs and debt service.

The Town of Glenmora did not incur additional debt the most recent fiscal year.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Glenmora's basic financial statements. The Town of Glenmora's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Glenmora's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Town of Glenmora's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Glenmora is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event occurs giving rise to the change *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Glenmora that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Glenmora include general government, public safety, recreation, public works, unclassified (employee benefits), interest on debt, assessments and capital outlay. The business-type activities of the Town of Glenmora include a water, sewer and gas department and a waste water treatment operation.

The government-wide financial statements can be found on pages 10 and 11 of this report.

#### 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 Town of Glenmora, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Glenmora can be divided into two categories: governmental funds and proprietary funds.

*Governmental Funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The Town of Glenmora maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in the report.

**TOWN OF GLENMORA, LA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2005

The Town of Glenmora adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-13 of this report.

**Proprietary funds.** The Town of Glenmora maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Glenmora uses enterprise funds to account for its Water, Sewer and Gas Department Operations.

Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The proprietary fund financial statements provide separate information on the individual enterprise funds.

The basic proprietary fund financial statements can be found on pages 14-17 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-29 of this report.

**Required Supplementary Schedules.** The required supplementary statements can be found immediately following the notes to the financial statements and consists of a Budgetary Comparison - General Fund.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Glenmora, governmental activity assets exceeded liabilities by \$1,261,336. Business-type activity assets exceeded liabilities by \$1,805,061 for a Town wide total of net assets of \$3,066,397 at the close of fiscal year ended June 30, 2005 as compared to \$2,457,179 at the close of fiscal year ended June 30, 2004. The Statement of Net Assets can be found on page 10 of this report.

The largest portion of the Town of Glenmora's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town of Glenmora uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Town of Glenmora's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Glenmora is able to report positive balances in total net assets, both for the government as a whole as well as for its separate governmental and business-type activities.

	Governmental Activities		Proprietary Activities	
	2005	2004	2005	2004
<b><u>ASSETS</u></b>				
Other Assets	\$ 138,005	\$ 136,853	\$ 263,572	\$ 260,102
Capital Assets	<u>1,514,355</u>	<u>823,517</u>	<u>4,966,348</u>	<u>5,112,187</u>
Total Assets	<u>\$1,652,360</u>	<u>\$ 960,370</u>	<u>\$5,229,920</u>	<u>\$5,372,289</u>
<b><u>LIABILITIES</u></b>				
Long-term Liabilities	\$ 238,000	\$ 263,576	\$ 1,906	\$ 14,058
Other Liabilities	153,024	189,435	3,422,953	3,408,410
Total Liabilities	<u>\$ 391,024</u>	<u>\$ 453,011</u>	<u>\$3,424,859</u>	<u>\$3,422,468</u>
<b><u>NET ASSETS</u></b>				
Invested in Fixed Assets	\$1,496,812	\$ 805,979	\$1,742,338	\$1,852,167
Restricted	41,545	32,963	421,667	146,713
Unrestricted	<u>(277,021)</u>	<u>(331,583)</u>	<u>(358,944)</u>	<u>(49,059)</u>
Total Net Assets	<u>\$1,261,336</u>	<u>\$ 507,359</u>	<u>\$1,805,061</u>	<u>\$1,949,821</u>

**TOWN OF GLENMORA, LA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2005

**TOWN OF GLENMORA CHANGES IN NET ASSETS**

	Governmental Activities		Business-type Activities		Totals	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenue:						
Program Revenues						
Charges for Services:	\$142,087	\$150,195	\$689,903	\$694,697	\$831,990	\$844,892
Operating Grants & Contributions	88,775	27,114	-	-	88,775	27,114
Capital Grants & Contributions	683,512	-	-	-	683,512	-
General Revenues:						
Sales Taxes	355,143	342,019	-	-	355,143	342,019
Ad Valorem Taxes	15,271	14,981	-	-	15,271	14,981
Alcohol Taxes	2,110	3,027	-	-	2,110	3,027
Licenses and Permits	52,839	47,404	-	-	52,839	47,404
Interest Earnings	457	213	101	685	558	898
Sale of Land	70,467	-	-	-	70,467	-
Miscellaneous	93,750	100,873	46	33,622	93,796	134,495
Transfers	45,000	40,000	(45,000)	(40,000)	-	-
<b>TOTAL REVENUES</b>	<b>1,549,411</b>	<b>725,826</b>	<b>645,050</b>	<b>689,004</b>	<b>2,194,461</b>	<b>1,414,830</b>
Expenditures:						
General Government	270,177	189,655	-	-	270,177	189,655
Public Safety	305,279	331,906	-	-	305,279	331,906
Streets	140,392	158,007	-	-	140,392	158,007
Sanitation	66,773	64,260	-	-	66,773	64,260
Parks and Recreation	12,813	24,158	-	-	12,813	24,158
Water and Sewer	-	-	499,081	501,776	499,081	501,776
Natural Gas System	-	-	290,731	288,624	290,731	288,624
<b>TOTAL EXPENDITURES</b>	<b>795,434</b>	<b>767,986</b>	<b>789,812</b>	<b>790,400</b>	<b>1,585,246</b>	<b>1,558,386</b>
Changes in Net Assets	753,977	(42,160)	(144,762)	(101,396)	609,215	(143,556)
Net Assets - Beginning	507,359	549,519	1,949,823	2,051,217	2,457,182	2,600,736
<b>Net Assets - Ending</b>	<b>\$1,261,336</b>	<b>\$ 507,359</b>	<b>\$1,805,061</b>	<b>\$1,949,821</b>	<b>\$3,066,397</b>	<b>\$2,457,180</b>



**TOWN OF GLENMORA, LA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2005

**Financial Analysis of the Government's Funds**

As noted earlier, the Town of Glenmora uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Town of Glenmora's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Glenmora governmental funds reported a combined ending balance of \$8,149. Of this total amount, there is a deficit of \$33,400 that is unreserved and undesignated fund balance. The other portion of the fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed to account for debt service.

The general fund is the central operating fund of the Town of Glenmora. At the end of the current fiscal year, the unreserved fund balance of the general fund was a deficit of \$271,441, while total fund balance reached \$8,149. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The fund balances that should be used for comparison are both negative, which gives a clear indication that the town has experienced losses in its general fund and there is no excess revenues to carryover to future years.

The fund balance of the Town of Glenmora's general fund increased by \$27,766 during the current fiscal year. The factors in this increase is the sale of industrial park land. The general revenues and expenditures remained about the same as in the prior fiscal year.

**Proprietary funds.** The Town of Glenmora's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Town's Utility fund amounted to \$1,488,320, a decrease of \$80,851 due mostly to depreciation of capital assets. The Town's Gas fund net assets amounted to \$380,652 a decrease of \$63,911 from the previous year which can be attributed mostly to increasing gas costs.

Due to the losses incurred in the proprietary funds, the town has been unable to make required sinking, reserve, and depreciation and contingency fund deposits. The Town is also past due in making bond payments. The Town has been in discussion with the USDA, the bond holder, about repayment terms.

**General Fund Budgetary Highlights**

The Town of Glenmora had a \$763,421 difference between the original and amended FY 2005 budget. Key factors of the changes are:

The following is a summary of the major changes.

Fines and Forfeitures Revenues	\$63,000
Grants and Entitlements Revenues	(\$695,597)
Interest Revenues	(\$9,000)
Other Revenues	(\$124,399)
General Government Expense	\$154,775

The town had a large increase in the amount of fines being issued and collected during this fiscal year which created a need to amend the budget. The Town received a grant from Housing and Urban Development which was not included in the original budget. Also, the expenditures associated with the general operations were increased at the time the budget was amended, but the expenditures for the grant were omitted. There were other immaterial changes up and down in all of the various accounts, but the above items represent the major changes.

These budget amendments were authorized by the Town's Board of Aldermen; The Town of Glenmora has a strong purchase policy to prevent unnecessary departmental over expenditures. All expenditures are approved by the Town Clerk or Mayor and over expenditures are normally held to over-time and other unavoidable or unanticipated situations.

**TOWN OF GLENMORA, LA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2005

**Capital Assets and Debt Administration**

**Capital Assets.** The Town of Glenmora's capital assets for its governmental type activities as of June 30, 2005 amounts to \$1,514,350, an increase of \$690,833 over fiscal year ended June 30, 2004. The proprietary capital assets as of June 30, 2005 amount to \$4,966,348 a decrease of \$145,839. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and infrastructure. The town has elected as a phase III GASB No. 34 government not to retroactively capture infrastructure assets.

The following are major governmental capital asset events for FY 2005:

- Beginning of the Community Center
- Removal of wrecked vehicles purchase

The following are major proprietary capital asset events for FY 2005:

- Small Equipment Purchases
- Depreciation

**Debt Administration.** At the end of the current fiscal year, the Town of Glenmora had total long-term debt of \$3,513,535. Of this amount, \$291,429 is on several notes payable and general obligation bonds for the general operation of the government and \$3,222,106 is for business-type activities. All debt is backed by the full faith and credit of the Town.

The Town issued no new long-term debt during the current fiscal year.

State statutes limit the amount of general obligation debt a municipality may issue to 10% of its total state assessed valuation. The current general obligation debt limitation for the Town of Glenmora is \$303,272 which exceeds the Town's outstanding general obligation debt of \$36,000.

**Economic Factors and Next Year's Budgets and Rates**

When creating the budget, the primary objective was to provide Town services while at the same time attempting to keep the tax rate low.

Our economic base is dependent on the nursery and timber industries. The Town is not dependent on a particular business to maintain its tax base. It has been able to maintain its tax base and to experience a stable economy from business development. However, there is a fine line between the services demanded and the services the Town taxpayers can afford.

The Town is making upgrades to its downtown area with improved drainage, streets and sidewalks in an effort to attract new businesses. The four-laning of Highway 165 and the continued landscaping improvements have made the Town more attractive to passing traffic.

The Town has experienced rising costs in several areas over the past year. Insurance costs continue to rise at a rapid rate. Natural gas costs continue to fluctuate and fuel surcharges will be necessary to compensate for the additional costs. Debt service for the utility funds continue to cause deficits and decrease the funding available to support the general fund. Cost cutting efforts have been made to reduce the deficit; however rate increases will be necessary to comply with the bond covenants.

At year end, the Town had nearly completed its community center which will add to our sense of community.

**Requests for Information**

This financial report is designed to provide a general overview of the Town of Glenmora's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Mayor, Town of Glenmora, P. O. Box 265, Glenmora, LA 71433.

## Basic Financial Statements

**TOWN OF GLENMORA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2005**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 49,920	\$ 47,791	\$ 97,711
Receivables, net of allowances for uncollectable amounts			
Accounts receivable	-	71,411	71,411
Taxes receivable	28,392	-	28,392
Interest receivable	-	588	588
Current portion of notes receivable	6,439	-	6,439
Notes receivable	52,298	-	52,298
Due from other funds	950	107,626	108,576
Restricted cash	-	36,156	36,156
Fixed assets, net	1,514,355	4,966,348	6,480,703
Total Assets	<u>1,652,354</u>	<u>5,229,920</u>	<u>6,882,274</u>
<b>LIABILITIES</b>			
Accounts payable	13,330	8,709	22,039
Deposits payable	-	45,953	45,953
Accrued interest payable	810	145,237	146,047
Due to other funds	107,626	950	108,576
Deferred revenue	8,090	-	8,090
Current portion of long-term debt			
Revenue bonds payable	-	3,222,104	3,222,104
Notes payable	23,168	-	23,168
Long-term debt			
Notes payable	238,000	1,906	239,906
Total Liabilities	<u>391,024</u>	<u>3,424,859</u>	<u>3,815,883</u>
<b>NET ASSETS</b>			
Investment in fixed assets, net of related debt	1,496,812	1,742,338	3,239,150
Restricted for:			
Loan repayment	41,545	421,667	463,212
Unrestricted	(277,021)	(358,944)	(635,965)
Total Net Assets	<u>\$ 1,261,336</u>	<u>\$ 1,805,061</u>	<u>\$ 3,066,397</u>

**TOWN OF GLENMORA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

Function / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 270,177	\$ -	\$ -	\$ 683,512	\$ 413,335	\$ -	\$ 413,335
Public safety	305,279	142,087	-	-	(163,192)	-	(163,192)
Streets	140,392	-	88,775	-	(51,617)	-	(51,617)
Sanitation	66,773	-	-	-	(66,773)	-	(66,773)
Parks and recreation	12,813	-	-	-	(12,813)	-	(12,813)
Total governmental activities	795,434	142,087	88,775	683,512	118,940	-	118,940
Business-type activities:							
Water and sewer	499,081	442,895	-	-	-	(56,186)	(56,186)
Natural gas system	290,731	247,008	-	-	-	(43,723)	(43,723)
Total business-type activities	789,812	689,903	-	-	-	(99,909)	(99,909)
Total primary government	\$ 1,585,246	\$ 831,990	\$ 88,775	\$ 683,512	118,940	(99,909)	19,031
Component units:							
Total component units	-	-	-	-	-	-	-
General revenues:							
Sales tax					355,143	-	355,143
Ad valorem tax					15,271	-	15,271
Alcohol tax					2,110	-	2,110
Licenses and permits					52,839	-	52,839
Interest earnings					457	101	558
Sale of land					70,467	-	70,467
Miscellaneous					93,750	46	93,796
Transfers					45,000	(45,000)	-
Total general revenues, special items, and transfers					635,037	(44,853)	590,184
Change in net assets					753,977	(144,762)	609,215
Net assets - beginning					507,359	1,949,823	2,457,182
Net assets - ending					\$ 1,261,336	\$ 1,805,061	\$ 3,066,397

The accompanying notes are an integral part of the financial statements.



**TOWN OF GLENMORA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 32,627	\$ 17,299	\$ 49,926
Receivables, net of allowances for uncollectable amounts			
Taxes receivable	28,392	-	28,392
Current portion of notes receivable	-	6,439	6,439
Notes receivable	-	52,298	52,298
Due from other funds	-	176,509	176,509
Total Assets	<u>\$ 61,019</u>	<u>\$ 252,545</u>	<u>\$ 313,564</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 13,330	\$ -	\$ 13,330
Accrued interest payable	-	810	810
Due to other funds	277,585	5,600	283,185
Deferred revenue	-	8,090	8,090
Total Liabilities	<u>290,915</u>	<u>14,500</u>	<u>305,415</u>
<b>Fund Balances</b>			
Reserved for:			
Loan repayment	41,545	-	41,545
Unreserved, reported in:			
General fund	(271,441)	-	(271,441)
Special revenue funds	-	229,015	229,015
Debt service funds	-	9,030	9,030
Total Fund Balances	<u>(229,896)</u>	<u>238,045</u>	<u>8,149</u>
Total Liabilities and Fund Balances	<u>\$ 61,019</u>	<u>\$ 252,545</u>	

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

Capital assests used in governmental activities are not financial resources and therefore are not reported in the funds.

1,496,812

Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

(243,625)

Net assets of governmental activities

\$ 1,261,336



**TOWN OF GLENMORA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Sales tax	\$ 355,143	\$ -	\$ 355,143
Ad valorem tax	15,271	-	15,271
Alcohol tax	2,110	-	2,110
Licenses and permits	52,839	-	52,839
Fines and forfeitures	142,087	-	142,087
Franchise fees	54,216	-	54,216
Mineral lease	3,892	-	3,892
Grants and entitlements	772,287	-	772,287
Interest earnings	207	250	457
Sale of land	-	150,467	150,467
Other revenue	20,701	14,941	35,642
<b>Total Revenues</b>	<u>1,418,753</u>	<u>165,658</u>	<u>1,584,411</u>
<b>EXPENDITURES</b>			
Current			
General government	184,128	10,449	194,577
Public safety	305,279	-	305,279
Streets	140,392	-	140,392
Sanitation	66,773	-	66,773
Parks and recreation	12,813	-	12,813
Debt service			
Principal	12,356	20,678	33,034
Interest	3,977	12,120	16,097
Capital improvements	830,339	-	830,339
<b>Total Expenditures</b>	<u>1,556,057</u>	<u>43,247</u>	<u>1,599,304</u>
Excess (deficiency) of Revenues Over Expenditures	<u>(137,304)</u>	<u>122,411</u>	<u>(14,893)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	45,000	28,199	73,199
Transfers out	(28,199)	-	(28,199)
<b>Total Other Financing Sources and Uses</b>	<u>16,801</u>	<u>28,199</u>	<u>45,000</u>
<b>Net Change in Fund Balance</b>	<u>(120,503)</u>	<u>150,610</u>	<u>30,107</u>
Fund Balances - Beginning	(109,393)	87,435	(21,958)
Fund Balances - Ending	<u>\$ (229,896)</u>	<u>\$ 238,045</u>	<u>\$ 8,149</u>

**TOWN OF GLENMORA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2005**

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Sewer	Natural Gas System	Totals	
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 40,855	\$ 6,936	\$ 47,791	\$ 9,055
Receivables, net of allowances for uncollectable amounts				
Accounts receivable	57,718	13,693	71,411	-
Interest receivable	438	150	588	-
Due from other funds	90,515	73,457	163,972	-
Total Current Assets	<u>189,526</u>	<u>94,236</u>	<u>283,762</u>	<u>9,055</u>
Noncurrent Assets				
Restricted cash	26,108	10,048	36,156	-
Fixed assets, net	4,226,948	739,400	4,966,348	-
Total Noncurrent Assets	<u>4,253,056</u>	<u>749,448</u>	<u>5,002,504</u>	<u>-</u>
Total Assets	<u>4,442,582</u>	<u>843,684</u>	<u>5,286,266</u>	<u>9,055</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	6,922	1,787	8,709	9,055
Deposits payable	26,535	19,418	45,953	-
Accrued interest payable	130,241	14,996	145,237	-
Due to other funds	950	56,346	57,296	-
Revenue bonds payable	2,787,708	434,396	3,222,104	-
Total Current Liabilities	<u>2,952,356</u>	<u>526,943</u>	<u>3,479,299</u>	<u>9,055</u>
Noncurrent Liabilities				
Note payable	1,906	-	1,906	-
Total Noncurrent Liabilities	<u>1,906</u>	<u>-</u>	<u>1,906</u>	<u>-</u>
Total Liabilities	<u>2,954,262</u>	<u>526,943</u>	<u>3,481,205</u>	<u>9,055</u>
<b>NET ASSETS</b>				
Restricted for:				
Loan repayment	347,153	74,514	421,667	-
Unrestricted	1,141,167	242,227	1,383,394	-
Total Net Assets	<u>\$ 1,488,320</u>	<u>\$ 316,741</u>	<u>\$ 1,805,061</u>	<u>\$ -</u>



**TOWN OF GLENMORA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	Business-type Activities- Enterprise Funds			Governmental Activities-
	Water and Sewer	Natural Gas System	Total	Internal Service Funds
<b>Operating Revenues</b>				
Charges for services	\$ 442,895	\$ 247,008	\$ 689,903	\$ -
Other revenue	25	21	46	-
Total Operating Revenues	<u>442,920</u>	<u>247,029</u>	<u>689,949</u>	<u>-</u>
<b>Operating Expenses</b>				
Salaries and benefits	52,281	58,064	110,345	-
Gas purchases	-	104,172	104,172	-
Legal and professional	16,147	25,410	41,557	-
Repairs and maintenance	84,282	3,773	88,055	-
Insurance	41,086	35,423	76,509	-
Water well power	9,480	-	9,480	-
Telephone	4,187	2,845	7,032	-
Bad debts	2,273	2,207	4,480	-
Supplies	26,893	842	27,735	-
Office expense	4,125	6,225	10,350	-
Miscellaneous	6,006	3,780	9,786	-
Depreciation	129,367	28,686	158,053	-
Total Operating Expenses	<u>376,127</u>	<u>271,427</u>	<u>647,554</u>	<u>-</u>
<b>Operating Income (Loss)</b>	<u>66,793</u>	<u>(24,398)</u>	<u>42,395</u>	<u>-</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest earnings	310	(209)	101	-
Interest expense	(122,954)	(19,304)	(142,258)	-
Total Non-Operating Revenues (Expenses)	<u>(122,644)</u>	<u>(19,513)</u>	<u>(142,157)</u>	<u>-</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>(55,851)</u>	<u>(43,911)</u>	<u>(99,762)</u>	<u>-</u>
Transfers in	-	-	-	(392,961)
Transfers out	(25,000)	(20,000)	45,000	392,961
	<u>(25,000)</u>	<u>(20,000)</u>	<u>(45,000)</u>	<u>-</u>
<b>Change in Net Assets</b>	<u>(80,851)</u>	<u>(63,911)</u>	<u>(144,762)</u>	<u>-</u>
<b>Net Assets - Beginning</b>	<u>1,569,171</u>	<u>380,652</u>	<u>1,949,823</u>	<u>-</u>
<b>Net Assets - Ending</b>	<u>\$ 1,488,320</u>	<u>\$ 316,741</u>	<u>\$ 1,805,061</u>	<u>\$ -</u>



**TOWN OF GLENMORA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005**

	Business Type Activities-		
	Enterprise Funds		Total
	Water and Sewer	Natural Gas System	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 450,445	\$ 244,036	\$ 694,481
Payments to suppliers	(205,624)	(186,334)	(391,958)
Payments to employees	(52,281)	(58,064)	(110,345)
Net Cash Provided (Used) by Operating Activities	192,540	(362)	192,178
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Loans (to)/from other funds	(29,529)	33,465	3,936
Transfers (out)	(25,000)	(20,000)	(45,000)
Change in restricted cash	8,910	19,929	28,839
Net Cash Flows Provided (Used) by Noncapital Financing Activities	(45,619)	33,394	(12,225)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on bonds, loans, and leases	(35,212)	(796)	(36,008)
Interest paid on bonds, loans, and leases	(78,044)	(19,304)	(97,348)
Purchases of capital assets	(11,403)	(811)	(12,214)
Net Cash (Used) by Capital and Related Financing Activities	(124,659)	(20,911)	(145,570)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest	310	(209)	101
Net Cash Provided by Investing Activities	310	(209)	101
Net Increase (Decrease) in Cash and Cash Equivalents	22,572	11,912	34,484
Cash and Cash Equivalents - Beginning of Year	18,283	(4,976)	13,307
Cash and Cash Equivalents - End of Year	\$ 40,855	\$ 6,936	\$ 47,791

The accompanying notes are an integral part of the financial statements.

**TOWN OF GLENMORA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005**

**Reconciliation of Operating Income (Loss) to Net Cash Provided  
(Used) by Operating Activities**

Operating income (loss)	\$ 66,793	\$ (24,398)	\$ 42,395
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation expense	129,367	28,686	158,053
Change in assets and liabilities			
(Increase) Decrease in accounts receivable, net	(3,010)	4,563	1,553
Increase (Decrease) in customer deposits	10,535	(7,556)	2,979
Decrease in accounts payable	<u>(11,145)</u>	<u>(1,657)</u>	<u>(12,802)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ 192,540</u></b>	<b><u>\$ (362)</u></b>	<b><u>\$ 192,178</u></b>

The accompanying notes are an integral part of the financial statements.



**Town of Glenmora, LA**  
**Notes to the Financial Statements**  
**June 30, 2005**

**Note 1 - Summary of Significant Accounting Policies**

The Town of Glenmora (the "Town") was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

**A. Basis of Presentation**

The financial statements of the Town of Glenmora, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements - and Managements Discussion and Arianlysis - for State and Local Governments*, issued in June 1999. The more significant of the government's accounting policies are described below.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

**B. Financial Reporting Entity**

The financial statements of the Town consist only of the funds of the Town. The Town has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing body.

**C. Funds**

The Town uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The Town uses three categories of funds to account for financial transactions: governmental funds, proprietary funds, and internal service funds.

The Town 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 General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to town policies.

The Town reports the following major proprietary funds:

The Water and Sewer Fund and the Natural Gas System Fund account for operations that are financed and operated in a manner similar to private business enterprise where the intent of the Town is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through fees.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for services provided to other departments of the Town on a cost reimbursement basis. The Special Revenue Fund accounts for monies loaned to enhance local economic development. The Debt Service Funds account for debt payments made on general obligation debt and a certificate of indebtedness.

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The basic financial statements of the Town are comprised of the following:

- Government-wide financial statements,
- Fund financial statements and
- Notes to the financial statements

**Town of Glenmora, LA**  
**Notes to the Financial Statements**  
**June 30, 2005**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

The government wide financial statements report the operations of the Town as a whole; whereas the fund financial statements report the Town's major funds. Both the government-wide and fund financial statements categorize primary activities as either government or business type.

**Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. The effect of inter-fund activity has been removed from these statements except for between governmental and business-type activities. 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.

The statement of net assets, both the governmental and business-type activities are presented on a consolidated basis by column. Net Assets, the difference between the Town's assets and liabilities, is displayed in three components consisting of "Invested in capital assets, net of related debt," "Restricted Net Assets" and "Unrestricted Net Assets."

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town does not allocate any indirect expenses. 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.

The government-wide financial statements are reported using the economic resources measurement focus and the 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 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**Fund Financial Statements**

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

In governmental fund financial statements, 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 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The proprietary fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred. Operating revenues are those that are associated with the sale and servicing of either water and sewer or natural gas. Non-operating revenues would be any other monies collected that are not associated with the sale of a product or service such as interest revenue.

**Other Financing Sources**

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishment, long-term debt proceeds) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

**Deferred Revenues**

The Town reports deferred revenue, if any, on the Fund Financial Statements balance sheet. Deferred revenues arise when resources are received by the Town before it has a legal claim to them. In subsequent periods, when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the Fund Financial Statement balance sheet, and expenses are recognized at the time liabilities are incurred.



**Town of Glenmora, LA**  
**Notes to the Financial Statements**  
**June 30, 2005**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**E. Budgets and Budgetary Accounting**

The Mayor and Board of Aldermen follow these procedures in establishing the budgetary data reflected in the financial statements.

1. The Town Clerk prepares a proposed budget and submits it to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, the date of a public hearing is published.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen through an amended budget submitted by the Town Clerk. Monthly, the Board of Aldermen compares actual year-to-date revenues and expenditures to the current year budget, and they make necessary amendments to the budget. The Town Clerk is responsible for advising the Board of Aldermen when total revenues and/or expenditures are projected to have a variance in excess of what is allowed by Louisiana Revised Statutes.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General Fund, Special Revenue Fund and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Mayor and Board of Aldermen. Such amendments were not material in relation to the original appropriations.
8. Special Revenue Fund budgets for federal funds projects lasting more than one year are established at the time grant applications are submitted.

**F. Cash and Cash Equivalents**

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**G. Investments**

Investments are limited by Louisiana RS 33:2955. If the original maturities of investment exceed ninety days, they are classified as investments; however, if the original maturities are ninety days or less, they are classified as cash equivalents. As of June 30, 2005 the Town did not maintain any investments.

**H. Inter-fund Transactions**

Inter-fund transactions are reflected either as loans, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are referred to as due to/from other funds. They are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost. All other inter-fund transactions are recorded as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

**Town of Glenmora, LA**  
**Notes to the Financial Statements**  
**June 30, 2005**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**I. Fixed Assets**

Capital outlays are recorded as expenditures of the General and Special Revenue funds and as assets in the government-wide financial statements to the extent the Town's capitalization threshold are met. It is the policy of the Town to capitalize asset acquisitions (including Enterprise Fund capital assets) with an initial cost in excess of \$500. All fixed assets are valued at historical cost or estimated historical cost if actual is not available. Donated fixed assets are valued at their estimated fair market value on the date donated. As a Phase III government under GASB Statement No. 34, The Town has elected not to retroactively report infrastructure assets prior to July 1, 2003. The Town adds to the cost of the asset interest incurred during construction. Depreciation is recorded on general fixed assets on a government-wide basis. Capital outlays of the Enterprise Fund are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the funds basis and the government-wide basis. All capital assets, other than land, are depreciated using the straight-line basis over the following useful lives:

Buildings and Improvements.....	20-40 years
Utility Production and Distribution Systems .....	25-50 years
Machinery and Equipment.....	10 years
Vehicles .....	3-5 years

Maintenance, repairs and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

**J. Compensated Absences**

An employee may earn up to 10 days vacation depending on type and length of service. Employees paid on an hourly basis may earn up to five days of sick leave per year. All other employees take sick leave on an as needed basis, however, they do not accrue any sick leave. All vacation and sick leave accrues on a calendar year basis with all unused sick leave being paid to the hourly basis employees in December. The Town's liability for accumulated-unpaid vacation and sick leave, all fund types, was considered to be immaterial and, therefore, excluded from the financial statements.

**K. Bad Debts**

Uncollectible amounts due for ad valorem taxes, customers' utility receivables and economic development loans receivable are recognized as bad debts through the establishment of an allowance account based on historical information which would indicate the uncollectibility of a portion of the particular receivable.

**L. Fund Equity**

**Government-wide statements**

Equity is classified as net assets and displayed in three components:

1. **Invested in Capital Assets - Net of Related Debt.** This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, or indebtedness attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net asset calculation as unspent proceeds.
2. **Restricted Net Assets.** This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraint imposed by law through constitutional provisions or enabling legislation.
3. **Unrestricted Net Assets.** This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**Town of Glenmora, LA**  
**Notes to the Financial Statements**  
**June 30, 2005**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Fund statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved or unreserved, with unreserved further split between designated and undesignated. The only reservation the Town has is for debt service. Proprietary fund equity is classified the same as in the government-wide financial statements.

**M. Capitalized Interest**

The Town capitalizes any interest occurred during construction.

**N. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**O. Restricted/Unrestricted Resources**

The Town uses restricted resources to pay obligations related to debt service and customer deposits before using unrestricted resources to pay for these items.

**Note 2 - Cash and Cash Equivalents**

These deposits are stated at cost, which approximates market. Under state law, federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure these deposits (or the resulting bank balances). 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. The securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank. Cash and cash equivalents (bank balances) at June 30, 2005, are secured as follows:

Bank balances	<u>\$ 179,205</u>
Federal deposit insurance	\$ 179,205
Pledged securities (uncollateralized)	<u>-</u>
Total	<u>\$ 179,205</u>

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, 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 Town that the fiscal agent has failed to pay deposited funds upon demand.

**Note 3 - Ad Valorem Taxes**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Taxes are due December 31 and become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

For the year ended June 30, 2005, taxes of 5.20 mills were levied on properties with assessed valuations totaling \$3,109,409 and were dedicated to general corporate purposes.

Ad valorem tax receivable at June 30, 2005 was \$1,962.



**Town of Glenmora, LA**  
**Notes to the Financial Statements**  
**June 30, 2005**

**Note 4 - Accounts Receivable - Utility Systems**

Accounts receivable are composed of the following:

	Natural Gas	Water and Sewer System	Total
Billed Services	\$ 12,320	\$ 49,029	\$ 61,349
Unbilled Services	<u>4,265</u>	<u>20,797</u>	<u>25,062</u>
	16,585	69,826	86,411
Less allowance for doubtful accounts	<u>(3,041)</u>	<u>(11,959)</u>	<u>(15,000)</u>
	<u>\$ 13,544</u>	<u>\$ 57,867</u>	<u>\$ 71,411</u>

**Note 5 - Due to/from Other Funds**

<u>Receivables Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Natural Gas System	General Fund	\$ 72,457
Water and Sewer Fund	General Fund	29,569
Natural Gas System	Special Revenue Fund	1,000
Water and Sewer Fund	Natural Gas System	56,346
Debt Service Funds	Water and Sewer Fund	950
Water and Sewer Fund	Debt Service Funds	4,600
Special Revenue Fund	General Fund	<u>175,559</u>
		<u>\$ 340,481</u>

Balances between funds fluctuate from year to year and are not expected to be repaid within one year.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 6 - Notes Receivable**

Funds previously received from the Louisiana Department of Urban and Community Affairs under the Community Development Block Grant Program are being used by a Special Revenue Fund (Economic Development). Loans are made to businesses to enhance economic development in the Town. As the loans are repaid, the monies are deposited into the Special Revenue Fund (Economic Development) with future use being restricted to economic development.

On October 1, 2003 the terms of these loans were renegotiated and the accrued interest was added back to the loan amount. The new terms allow for foreclosure if the loans become sixty days past due.

Notes Receivable is as follows:

Reggie's Restaurant	
\$56,800, 240 payments of \$410 per month including interest at 6%	\$ 50,181
Accrued interest refinanced	3,700
Glenmora Tailor Shop	
\$73,000, 180 payments of \$657 per month including interest at 7%	54,163
Accrued interest refinanced	<u>4,822</u>
	112,866
Less allowance for doubtful accounts	<u>(54,129)</u>
	<u>\$ 58,737</u>

Glenmora Tailor Shop loan was sixty days past due on June 30, 2005. According to the refinance agreement the Town should foreclose on any note that is sixty days past due. The Town has not foreclosed according to the terms of the note.

Excluding the effects of allowance for doubtful accounts, the amount not expected to be collected within one year is \$108,661.

**Town of Glenmora, LA**  
**Notes to the Financial Statements**  
**June 30, 2005**

**Note 7 - Restricted Cash**

Certain enterprise fund resources are classified as restricted assets on the balance sheet because their use is restricted by applicable bond covenants. The "Utilities Revenue Bond and Interest Sinking Fund" account and the "Gas Utility Revenue Bond Fund" account are used to accumulate monies to be used for debt service payments within the next twelve months. The "Debt Service Reserve" account and the "Gas Utility Revenue Bond Reserve Fund" account are used to accumulate monies to make up potential future deficiencies in the sinking fund accounts identified above. The "Depreciation and Contingency Fund" accounts are used for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, replacements and extensions for the Water and Sewer System and the Natural Gas System, respectively. In the presentation of restricted assets, the Town's account titles vary slightly from the legal account titles described above.

	2005	
	Water and Sewer	Natural Gas System
Revenue bond sinking fund account	\$ 144	\$ 386
Revenue bond reserve fund account	10,176	371
Depreciation and contingency fund	8,188	9,291
Customers' deposits	<u>7,600</u>	<u>-</u>
	<u>\$ 26,108</u>	<u>\$ 10,048</u>

Out of the total revenue bonds payable at June 30, 2005, \$44,575 is classified as liabilities payable from restricted assets in the natural gas system fund and \$100,959 from the water and sewer fund. Also payable from restricted assets are customer deposits of \$26,974 from the natural gas system fund and \$16,000 from the water and sewer fund.

**Note 8 - Fixed Assets**

**Governmental Activity Fixed Assets**

A summary of changes in governmental activity fixed assets is as follows:

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<b>Fixed Assets Not Depreciated:</b>				
Land	\$ 147,975	\$ -	\$ (80,000)	\$ 67,975
<b>Total Fixed Assets Not Depreciated</b>	<u>147,975</u>	<u>-</u>	<u>(80,000)</u>	<u>67,975</u>
<b>Other Fixed Assets</b>				
Buildings	339,113	-	-	339,113
Equipment	212,227	4,347	-	216,574
Automobiles, trucks and tractors	487,442	-	(38,719)	448,723
Drainage improvements	336,067	88,775	-	424,842
Work in Process	-	<u>737,217</u>	-	<u>737,217</u>
<b>Total Other Fixed Assets</b>	1,374,849	830,339	(38,719)	2,166,469
<b>Less Accumulated Depreciation</b>	<u>(699,307)</u>	<u>38,719</u>	<u>(59,501)</u>	<u>(720,089)</u>
<b>Total Other Fixed Assets, Net of Depreciation</b>	<u>675,542</u>	<u>869,068</u>	<u>(98,220)</u>	<u>1,446,370</u>
<b>Total Fixed Assets, Net of Depreciation</b>	<u>\$ 823,517</u>	<u>\$ 869,068</u>	<u>\$ (178,220)</u>	<u>\$ 1,514,355</u>

The work in process is the construction of the community center which will be completed within the next fiscal year. All funding is being supplied through a capital grant.

**Town of Glenmora, LA**  
**Notes to the Financial Statements**  
**June 30, 2005**

**Note 8 - Fixed Assets (Continued)**

**Proprietary Fund Type - Enterprise**

The utility relocation project was completed during fiscal year 2005. The cost was split evenly between the two funds.

A summary of proprietary fund type plant and equipment at June 30, 2005, is as follows:

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<b>Gas Utility</b>				
Distribution system	\$1,052,916	\$ -	\$ -	\$1,052,916
Gas lines	158,438	-	-	158,438
Meters and regulators	4,717	-	-	4,717
Utility Relocation	129,706	-	-	129,706
Equipment	24,271	808	-	25,079
<b>Total Gas Utility</b>	<b>1,370,048</b>	<b>808</b>	<b>-</b>	<b>1,370,856</b>
Less: Accumulated depreciation	(602,770)	-	(28,686)	(631,456)
<b>Net Gas Utility</b>	<b>767,278</b>	<b>808</b>	<b>(28,686)</b>	<b>739,400</b>
<b>Water Utility</b>				
Distribution system	260,861	-	-	260,861
Water wells	188,189	-	-	188,189
System expansion	1,256,196	-	-	1,256,196
Water tank	154,698	-	-	154,698
Fire hydrants	5,449	-	-	5,449
Meters	3,805	-	-	3,805
Utility Relocation	179,015	-	-	179,015
Work in process	-	-	-	-
<b>Total Water Utility</b>	<b>2,048,213</b>	<b>-</b>	<b>-</b>	<b>2,048,213</b>
<b>Sewer System</b>				
Sewer	1,732,476	-	-	1,732,476
Sewer expansion	1,544,215	-	-	1,544,215
Oxidation pond	4,410	-	-	4,410
Equipment	139,643	11,401	-	151,044
Utility Relocation	179,014	-	-	179,014
Work in process	-	-	-	-
<b>Total Sewer System</b>	<b>3,599,758</b>	<b>-</b>	<b>-</b>	<b>3,611,164</b>
<b>Total Water and Sewer Systems</b>	<b>5,647,971</b>	<b>-</b>	<b>-</b>	<b>5,659,377</b>
Less: Accumulated depreciation	(1,303,062)	-	(129,367)	(1,432,429)
<b>Net Water and Sewer Systems</b>	<b>4,344,909</b>	<b>11,401</b>	<b>(129,367)</b>	<b>4,266,948</b>
<b>Total Proprietary Fund Type</b>	<b>\$ 5,112,187</b>	<b>\$ 12,209</b>	<b>\$ (158,053)</b>	<b>\$ 4,966,348</b>

Depreciation expense for the current year for the natural gas system fund is \$28,686 and \$158,053 for the water and sewer fund.

**Town of Glenmora, LA**  
**Notes to the Financial Statements**  
**June 30, 2005**

**Note 9 - Pension Plans**

The Town contributes to the Municipal Employees Retirement System (the system), a cost sharing multiple-employer, public retirement system (PERS), controlled and administered by a separate board of trustees. The system is composed of two distinct plans (Plan A and Plan B). Town employees are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System also provides retirement, death and disability benefits to plan members and beneficiaries. Benefits are established by state statute. The Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Municipal Employees Retirement System, 7937 Office Park Blvd., Baton Rouge, LA 70809 or by calling (225) 925-4810.

**Funding Policy.** Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.50% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Glenmora are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Glenmora contributions to the System under Plan B for the years ending June 30, 2005, 2004 and 2003 were \$15,164, \$12,385 and \$9,691 respectively, equal to the required contributions for each year.

**Note 10 - Changes in Long-Term Debt**

The following is a summary of debt transactions of the Town for the year ended June 30, 2005:

	Long-Term Liabilities June 30, 2004	Additions	Reductions	Long-Term Liabilities June 30, 2005	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 36,000	\$ -	\$ 4,000	\$ 32,000	\$ 4,000
Notes Payable	17,539	-	15,371	2,168	2,168
Certificate of Indebtedness	243,000	-	16,000	227,000	17,000
<b>Total Governmental Long-Term Liabilities</b>	<b>\$ 296,539</b>	<b>\$ -</b>	<b>\$ 35,371</b>	<b>\$ 261,168</b>	<b>\$ 23,168</b>
<b>Business Type Activities:</b>					
Revenue Bonds Payable	\$3,244,199	\$ -	\$ 33,974	\$3,210,225	\$ 241,538
Notes Payable	15,821	-	2,036	13,785	11,881
<b>Total Business Type Long-Term Liabilities</b>	<b>\$ 3,260,020</b>	<b>\$ -</b>	<b>\$ 36,010</b>	<b>\$3,224,010</b>	<b>\$ 253,419</b>

The column "due within one year" is based on current maturities including past due amounts. As discussed in the following paragraphs, the presentation on the face of the financial statements is different.

**Town of Glenmora, LA**  
**Notes to the Financial Statements**  
**June 30, 2005**

**Note 10 - Changes in Long-Term Debt, Continued**

Debt as of June 30, 2005, is comprised of the following individual items:

**General Obligation Bonds:**

\$112,000 issued January 1, 1973, Public Improvement Bonds due in annual installments of \$4,000 from 1999 through 2013, plus interest at 5%.  
(This issue secured by levy and collection of ad valorem taxes.) \$ 32,000

**Revenue Bonds:**

\$850,000, issued May 2, 1973, Water and Sewer Bonds - Due in various installments, including interest at 5%. (This issue is secured by revenues from the system.) \$ 365,430

\$1,136,000, issued October 10, 2001, Sewer Expansion Bonds - Due in various installments, including interest at 4 1/2%. (This issue is secured by revenues from the system.) 1,118,041

\$1,312,000, issued July 19, 2001, Water Expansion Bonds - Due in various installments, including interest at 4 1/2%. (This issue is secured by revenues from the system.) 1,292,358

\$1,110,000 issued October 6, 1980, Gas System Bonds - due in annual installments of \$74,514 through 2010, including interest at 5%. (This issue is secured by revenues from the system.) 434,396

\$ 3,210,225

**Note Payable:**

\$23,994 issued September 2003 - Due in monthly installments of \$729.95 including interest at 8.69% (Secured by a police car) \$ 2,168

\$38,512 dated April 12, 1985, rescheduled delinquent interest and principal payments to FHA on Water & Sewer Bonds, due in annual installments of \$2,630, including interest at 5% 13,785

\$ 15,953

**Certificates of Indebtedness:**

\$300,000 issued March 21, 2000 - Due in various installments, including interest at 6.25%. (This issue is secured by 1/2% sales tax.) \$ 227,000

**Interest Expense:**

The interest expense is reported in direct cost by function for 2005 as follows:

**Governmental Funds:**

General Government	\$ 16,097
Public Safety	-
Streets	-
Sanitation	-
Parks and Recreation	-
Total	<u>\$ 16,097</u>

**Proprietary Funds:**

Natural Gas System	\$ 122,954
Water and Sewer	<u>19,304</u>
Total	<u><u>\$ 42,258</u></u>

**Town of Glenmora, LA**  
**Notes to the Financial Statements**  
**June 30, 2005**

**Note 10 - Changes in Long-Term Debt, Continued**

The annual requirements to amortize all debt outstanding as of June 30, 2005, including approximate interest payments of \$2,614,404 are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>General</u> <u>Obligation</u>	<u>Revenue</u> <u>Bonds</u>	<u>Note</u> <u>Payable</u>	<u>Certificates of</u> <u>Indebtedness</u>	<u>Total</u>
2006	\$ 5,600	\$ 421,667	\$ 4,820	\$ 31,125	\$ 463,212
2007	5,400	259,755	2,630	31,063	298,848
2008	5,200	260,120	2,630	30,938	298,888
2009	5,000	260,280	2,630	30,750	298,660
2010	4,800	260,440	2,630	31,500	299,370
2011-2015	13,200	906,502	2,966	155,375	1,078,043
2016-2020	-	684,845	-	-	684,845
2021-2025	-	679,430	-	-	679,430
2026-2030	-	679,430	-	-	679,430
2031-2035	-	679,430	-	-	679,430
2036-2040	-	679,430	-	-	679,430
<u>2041-2042</u>	<u>-</u>	<u>111,508</u>	<u>-</u>	<u>-</u>	<u>111,508</u>
<b>TOTALS</b>	<b><u>\$ 39,200</u></b>	<b><u>\$5,882,837</u></b>	<b><u>\$18,306</u></b>	<b><u>\$310,751</u></b>	<b><u>\$6,251,094</u></b>

There are a number of limitations and restrictions contained in the various bond indentures. Due to nonpayment the Town is in default on its revenue bonds, and have not complied with significant limitations and restrictions as follows:

1. The Town is required to maintain casualty insurance covering the Natural Gas System and Water and Sewer Systems. The Town does not maintain this coverage for the utility systems.
2. The Town is required to make payments into various restricted asset accounts as described in Note 8. During the year ended June 30, 2005 the Town failed to make all required payments in the Utility depreciation and contingency, sinking and reserve accounts and in the Gas depreciation and contingency, sinking and reserve accounts.
3. The Town is past due on the following revenue bonds: (1) 2001 Water Expansion Bond, (2) 2001 Sewer Expansion Bond, (3) 1973 Water and Sewer Bonds and (4) Gas Revenue Bond. The amount of both principal and interest that was past due at June 30, 2005 is \$11,270, \$12,443, 38,633 and \$52,158 respectively. The principal amount that is past due as well as the principal amount due next year is shown in the current portion of long-term debt.

The Town received approval from the State Bonding Commission for a \$232,000 refunding bond and a \$250,000 excess revenue certificate of indebtedness. As of the date of the report, neither bond had been purchased. This approval was received in order to help with the restructuring of the bonds, but as of June 30, 2005 no new debt had been acquired.

**Note 11 - Flow of funds; restrictions on use - water and sewer and natural gas system revenues**

Under the terms of the bond indentures on outstanding Utilities System revenue bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utilities System are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds: Each month, there will be set aside into a fund called the "Revenue Bond Sinking Fund" an amount constituting 1/12 of the next maturing principal payment and 1/6 of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments. There shall also be set aside into a "Revenue Bond Reserve Fund" an amount equal to the highest combined principal and interest requirements on the bonds for any succeeding fiscal year. Such amount may be used only for the payment of maturing bonds and interest for which sufficient funds are not on deposit in the Revenue Bond Sinking Fund and as to which there would otherwise be default. See Note 10 for those items in which make the Town in default. Funds totaling \$60,000 will also be set aside into a "Contingencies Fund." These funds may be used for the making of extensions, additions, improvements, renewals and replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. However, a balance of \$5,000 must be maintained for the making of emergency repairs or replacements. All revenue received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

**Town of Glenmora, LA**  
**Notes to the Financial Statements**  
**June 30, 2005**

**Note 12 - Dedication of Proceeds and flow of funds – sales and use taxes**

The Town collects sales taxes under four sales tax levies as follows:

The first levy is a 7.3% of a 1 % sales tax administered by Rapides Parish is allocated to the Town. This tax is available for the General Fund's use for any lawful general purpose. The tax was approved for an indefinite period. Second is a city sales tax of 1% to also be used for any public purpose authorized by state law. The third sales tax levy is a ½% for the purpose of construction, improvement, and maintenance and repairs of roads and bridges. The fourth and final levy is a ½% for the purpose of operating the fire department and debt service associated with the fire department. The four sales tax levies are collected by the Rapides Parish Sales and Use Tax Department and is remitted to each participating municipality on a monthly basis

**Note 13 - Garbage Disposal Contract**

On July 15, 2004, the Town contracted for garbage disposal for a period of three years with monthly payments of \$5,513.

**Note 14 - Concentrations of Credit Risk**

The accounts receivable from utility customers and the economic development loans receivable are due from businesses and residents of the Town of Glenmora. The collectibility of these financial instruments is dependent upon the general economic conditions in the Town of Glenmora geographical area.

**Note 15 - Pending Litigation**

The Town of Glenmora is a defendant in various lawsuits. The Town's legal counsel is of the opinion the amount, if any, of damages for which the Town of Glenmora is responsible would be less than the policy limits of insurance carried by the Town of Glenmora.

**Note 16 - Risk Management**

The Town of Glenmora is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Town to purchase commercial insurance for the risks of losses to which it is exposed. The Town does not maintain casualty coverage for the natural gas, and water and sewer systems. The financial impact, if any, resulting from inadequate insurance cannot be reasonably estimated.

**Note 17 - Mineral Lease**

On October 8, 1996, Chesapeake Operating, Inc. entered into a lease agreement with the Town for mineral rights on approximately 107.37 acres of land for a period of three years. The payments on the rights has been satisfied, and royalties are now being paid in the amount of 25% of all oil, gas, and other liquid or gaseous liquids produced, saved, or utilized, but not less than 1/8<sup>th</sup>. Amounts received under this lease agreement are reported as revenues in the general fund. The amount received in 2005 was \$3,891.

**Note 18 - Economic Dependency**

The Town's Natural Gas System Fund is dependent on the prices set by the Louisiana Municipal Gas Authority for the purchase of natural gas.

**Note 19 - Going Concern**

The Town's water and sewer fund experienced losses during 2003, 2004 and 2005, and the natural gas system fund experienced a loss in 2004 and 2005. Continued losses have caused the water and sewer and natural gas system funds to deplete their reserves and the Town is in default on its debt obligations. The losses have also had an adverse effect on the general fund, since the water and sewer and natural gas system funds transfer income to the general fund each year. The expansion of the water and sewer lines have contributed to this problem, because a large number of customers that had committed to using the service have not joined the system. The Town's attorney is currently seeking legal remedy to enforce the commitment made by these customers.

**Note 20 - Subsequent Events**

In September, 2005 a suit was filed by the attorney general due to non-payment of bonds. The suit would allow the legislative auditor to assign a representative to manage the town. This action was postponed for six months in order to give the Town the opportunity to take some corrective actions to increase revenues and decrease expenses so that the Town can make the required payments set up in the bond covenants.

**Town of Glenmora, LA**  
**Notes to the Financial Statements**  
**June 30, 2005**

**Note 21 – Management's Corrective Plan**

The Town has raised gas rates and plans to raise water and sewer rates in January, 2006. This will help to increase revenues and generate cash flow that can be used to make payments on the bonds. The Town has paid \$41,324 on the bonds from the end of the fiscal year through the date of this report.



## Required Supplementary Information – Part II



**KnightMadden**

A Professional Accounting Corporation

**TOWN OF GLENMORA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over / (Under)
	Original	Final		
<b>REVENUES</b>				
Sales tax revenue	\$ 349,000	\$ 406,000	\$ 355,143	\$ (50,857)
Ad valorem tax revenue	20,000	16,000	15,271	(729)
Alcohol tax revenue	4,000	3,200	2,110	(1,090)
Licenses and permits	45,000	35,000	52,839	17,839
Fines and forfeitures	72,000	135,000	142,087	7,087
Franchise fees	48,000	54,300	54,216	(84)
Mineral lease	10,000	7,500	3,892	(3,608)
Grants and entitlements	55,000	750,597	772,287	21,690
Sale of Land	55,000	-	-	-
Interest earnings	10,000	1,000	207	(793)
Other revenue	52,900	176,399	20,701	(155,698)
Total Revenues	<u>720,900</u>	<u>1,584,996</u>	<u>1,418,753</u>	<u>(166,243)</u>
<b>EXPENDITURES</b>				
Current				
General government	188,650	265,425	184,128	(81,297)
Public safety	273,400	295,400	305,279	9,879
Streets	171,699	143,199	140,392	(2,807)
Sanitation	61,500	66,100	66,773	673
Parks and recreation	-	2,000	12,813	10,813
Debt service				
Principal	8,700	42,000	12,356	(29,644)
Interest	700	200	3,977	3,777
Capital improvements	10,000	78,000	830,339	752,339
Total Expenditures	<u>714,649</u>	<u>892,324</u>	<u>1,556,057</u>	<u>663,733</u>
Excess (deficiency) of Revenues Over Expenditures	<u>6,251</u>	<u>692,672</u>	<u>(137,304)</u>	<u>(829,976)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	35,000	81,000	45,000	(36,000)
Transfers out	<u>(31,000)</u>	<u>-</u>	<u>(28,199)</u>	<u>(28,199)</u>
Total Other Financing Sources (Uses)	<u>4,000</u>	<u>81,000</u>	<u>16,801</u>	<u>(64,199)</u>
Net Change in Fund Balance	10,251	773,672	(120,503)	(894,175)
Fund Balances - Beginning	435,587	435,587	(109,393)	(544,980)
Fund Balances - Ending	\$ 445,838	\$ 1,209,259	\$ (229,896)	\$ (1,439,155)

## Other Supplementary Schedules



**KnightMadden**

A Professional Accounting Corporation

**TOWN OF GLENMORA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

<u>Federal Grantor/Pass-through Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Community Development Block Grant / State of Louisiana	14.228	0561576	<u>683,512</u>
			<u>\$ 683,512</u>

The accompanying notes are an integral part of the financial statements



**Town of Glenmora, Louisiana**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2005**

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Glenmora, Louisiana and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

## Other Reports



**KnightMasden**

A Professional Accounting Corporation



**KnightMasden**

A Professional Accounting Corporation

Coan I. Knight, Jr., CPA  
K. Martin Masden, CPA  
John E. Theriot II, CPA

Fredericka A. James, CPA

October 16, 2005

**Report on Compliance and on Internal Control  
Over Financial Reporting Based on an Audit of Basic Financial  
Statements Performed in Accordance With  
Government Auditing Standards**

The Honorable Tyrone L. Doyle, Mayor  
and Members of the Board of Alderman  
Town of Glenmora, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Glenmora, Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the Town of Glenmora, Louisiana's basic financial statements and have issued our report thereon dated October 16, 2005. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Town of Glenmora, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial 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 that is required to be reported under *Government Auditing Standards* and are listed in the Schedule of Findings as C2005-1, C2005-2, C2005-3, C2005-4 and C2005-5.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of Glenmora, Louisiana's, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town of Glenmora, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

Reportable conditions are described in the accompanying Schedule of findings as R2005-1, R2005-2, R2005-3, R2005-4, R2005-5, R2005-6, R2005-7, R2005-8, R2005-9 and R2005-10.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, of the reportable conditions described above, we consider R2005-1, R2005-5 and R2005-6 to be material weaknesses.

This report is intended for the information of the Mayor and Aldermen. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*KnightMasden*

KnightMasden

5615 J Jackson Street  
Alexandria, Louisiana 71303  
PH: 318-445-9334  
FAX: 318-445-0996  
www.knightmasden.com

**Report on Compliance and on Internal Control  
Over Financial Reporting Based on an Audit of Basic Financial  
Statements Performed in Accordance With  
Government Auditing Standards, continued**

**Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Town of Glenmora.
2. Eight reportable conditions disclosed during the audit of the financial statements and three instances of noncompliance material to the financial statements are reported in the **Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards**. Four of the conditions are reported as a material weakness.

**Findings – Financial Statement Audit**

**Compliance**

**C2005-1 Compliance with Asset Management Laws**

According to LSA-RS 39:321-332 a complete physical inventory of the property of the agency is required annually. An inventory of assets was not taken in fiscal year ended June 30, 2005.

**Town's Reply** – We are in the process of implementing procedures so this is completed by year end.

**C2005-2 Bond Covenants**

- A. The Town is required to maintain casualty insurance covering the Natural Gas System and Water and Sewer Systems. The Town does not maintain this coverage for the utility systems.

**Town's Reply** – Due to the high cost of insurance premiums, the Town does not maintain this coverage for the utility systems.

- B. The Town is required to make payments into various restricted asset accounts as described in note 8. During the year ended June 30, 2005 the Town failed to make all required payments in the Utility depreciation and contingency, sinking and reserve accounts and in the Gas depreciation and contingency, sinking and reserve accounts.

**Town's Reply** – We are working on improving collections to allow us to make the payments as scheduled.

- C. The Town is currently behind in making payments on four of their revenue bonds. As of June 30, 2005 payments were past due on the 2001 Water Expansion Bond, the 2001 Sewer Expansion Bond, the 1973 Water and Sewer Bond, and the Gas Revenue Bond in the total amount of 114,504.

**Town's Reply** – Revenues and collections have increased, however a rate increase will be necessary to fund the required payments and reserve account deposits.

- D. The town is required by the bond agreement for the Gas Revenue Bond to have net income of 120% of the largest principal and interest payment. The gas fund currently shows a loss which is not in compliance with this agreement.

**Town's Reply** – Rates have been raised and expenses cut to increase revenue.

**C2005-3 Deficit Budget**

According to LSA-RS 39:1305, the total of proposed expenditures shall not differ from actual expenditures by more than 5%. Due to several items being left out of the budget, the difference in budgeted expenditures and actual differed by well over 5%.

**Town's Reply** – The Town clerk should watch closely to try to include all expenditures when preparing the budget.

**C2005-4 Reporting of Fringe Benefits**

- A. The mayor receives an expense allowance of \$300 a month for expense incurred doing business for the Town. Receipts are not turned in for these expenses, and because there are no receipts, this amount should be added to the Mayor's Form W-2 according to the Internal Revenue Code. This was not done for calendar year ended December 31, 2004.

**Town's Reply** – The allowance will be added to the Form W-2 for calendar year ended December 31, 2005.



**Report on Compliance and on Internal Control  
Over Financial Reporting Based on an Audit of Basic Financial  
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Government Auditing Standards, continued**

- B. The personal use of the Town's vehicles is not being added to the employee's Form W-2 as required by the fringe benefit rules in the Internal Revenue Code.

Town's Reply -- Currently mileage is not being tracked. A practical way to track mileage so that the fringe benefit rules can be followed is being discussed.

C2005-5 Issuing Forms 1099

The Town uses a few police officers as contract laborers when they are needed. After reviewing the Forms 1099 issued this year, it was discovered that these officers were not issued a Form 1099. According to the Internal Revenue Code, all non corporate entities and individuals who are paid \$600 or greater in a calendar year for services should be issued a Form 1099.

Town's Reply -- A greater effort will be made to recognize all entities or individuals who should be issued a Form 1099.

**Reportable Conditions**

R2005-1 Reconciling Between Billing System and Accounting System

The billing system which is maintained by the assistant clerk and the general ledger which is maintained by the clerk are not reconciled on a regular basis. In the current fiscal year ending June 30, 2005 this resulted in January's billings being posted twice in the general ledger.

We recommend the Town reconcile the receivable balance monthly between the billing system and the accounting system.

Town's reply -- We will implement procedures to ensure that this is done on a monthly basis.

R2005-2 Documentation for Credit Card Use

In five out of eight credit card invoices reviewed, there was no documentation of the charges on the statement.

We recommend that the Town verify receipts for every item charged on the statement before issuing payment. The Town should also establish a credit card use policy that addresses the topic of lost receipts.

Town's reply -- We will discuss the establishment of a credit card policy.

R2005-3 Coding of Cash Disbursements

In two out of one hundred ninety items sampled there was improper coding.

Cash disbursements should be coded properly in order for financial statements to be correct and the coding of items should be reviewed by management.

Town's reply -- The clerk is working on developing procedures.

R2005-4 Documentation for Cash Disbursements

Policy for cash disbursements is that all disbursements should have supporting documentation showing authorization. In 9 out of 190 cash disbursements examined, there was no supporting authorization. These transactions were internal transactions such as transferring from the utility fund to the general fund. Even though these are internal items, there should be some documentation and authorization.

We recommend following the cash disbursements procedures which states that all cash disbursements should have supporting documentation.

Town's reply -- This procedure has already been put into place.

R2005-5 Voiding Checks

Currently voided checks are being kept in a file without any indication on the check that it is void.

We recommend developing a procedure that makes a voided check ineligible for use. This may be to write "void" across the face of the check using ink that cannot be erased or to cut out and shred the signature lines on the check.

Town's reply -- The checks will be marked "VOID" on the face, and the signature area removed and destroyed.

**Report on Compliance and on Internal Control  
Over Financial Reporting Based on an Audit of Basic Financial  
Statements Performed in Accordance With  
Government Auditing Standards, continued**

R2005-6 Timeliness of Bank Reconciliations

At the time of fieldwork, the bank reconciliations for the utility fund were not complete

We recommend that all bank reconciliations be done monthly to ensure that all cash transactions have been accounted for.

Town's reply – A better effort will be put into preparing bank reconciliations in a timely manner.

R2005-7 Employees with Past Due Accounts

Three of the town's employees were more than two months behind on their utility bills. Town policy is that past due accounts will be disconnected. At the time of audit testing, these past due accounts had not been collected, nor had their service been disconnected.

We recommend that aggressive collection attempts be made to collect these past due amounts, and that if accounts are not brought current that they cut off their service.

Town's reply – The Mayor is working on getting these up to date.

R2005-8 Past Due Account Cut Off Policies

The Town's policy is that past due accounts will be cut-off until account is brought current. The town is not doing this on a consistent basis. During audit testing we noted one instance where a customer was allowed to accumulate over \$1,000 in charges.

We recommend following the current procedure and disconnecting those with past due balances.

Town's reply – The Town is reviewing its policies for dealing with past due accounts and working on implementing stricter rules.

R2005-9 Traffic Ticket Dismissals and Modifications

Policy for dismissing or modifying traffic tickets states that the Judge sign off on dismissals and modifications requested by the mayor or if dismissed or modified by the Judge that this action take place while court is in session. Seven out of seventy-two tickets sampled were dismissed and one out of seventy-two tickets was modified without the Judge's approval and there was no record in the court minutes that the Judge had approved this action.

We recommend that the policy for ticket dismissals and modifications be followed.

Town's Reply – Efforts are being made to follow the proper procedures for all ticket dismissals.

R2005-10 Traffic Ticket Maintenance

The Town's police officers issue tickets to persons violating traffic laws within the Town's limits. The Town does not maintain an organized, well-documented system for tracking the disposition of these traffic tickets. While testing these transactions, we noted three out of seventy-two tickets sampled that could not be located.

We recommend setting up and enforcing policies in which every ticket can be accounted for.

Town's Reply – Efforts have been made to improve in this area and there are still a few items that need to be worked out.

**Prior Year Findings:**

C2004-1 Compliance with Asset Management Laws

According to LSA-RS 39:321-332 a complete physical inventory of the property of the agency is required annually. An inventory of assets was not taken in fiscal year ended June 30, 2004.

This item has not been corrected and is included in the current year findings as C2005-1

C2004-2 Bond Covenants

- A. The Town is required to maintain casualty insurance covering the Natural Gas System and Water and Sewer Systems. The Town does not maintain this coverage for the utility systems.

This item has not been corrected and is included in the current year findings as C2005-2 A.



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**Report on Compliance and on Internal Control  
Over Financial Reporting Based on an Audit of Basic Financial  
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Government Auditing Standards, continued**

- B. The Town is required to make payments into various restricted asset accounts as described in note 8. During the year ended June 30, 2004 the Town failed to make all required payments in the Utility depreciation and contingency, sinking and reserve accounts and in the Gas depreciation and contingency, sinking and reserve accounts.

This item has not been corrected and is included in the current year findings as C2005-2 B.

- C. The Town is currently behind in making payments on three of their revenue bonds. As of June 30, 2004 payments had not been made on the 2001 Water Expansion Bond, the 2001 Sewer Expansion Bond, and the 1973 Water and Sewer Bond since January, 2004.

This item has not been corrected and is included in the current year findings as C2005-2 C.

**C2004-3 Deficit Budget**

According to LSA-RS 39:1305, the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year. The Town's original budget showed a deficit of \$104,506, and the final budget had a deficit of \$155,022.

This item has not been corrected and is included in the current year findings as C2005-3.

**Reportable Conditions**

**R2004-1 Reconciling Between Billing System and Accounting System**

The billing system which is maintained by the assistant clerk and the general ledger which is maintained by the clerk are not reconciled on a regular basis. In the current fiscal year ending June 30, 2004 this resulted in January's billings being posted for both January and February in the general ledger.

We recommend the Town reconcile the receivable balance monthly between the billing system and the accounting system.

This item has not been corrected and is included in the current year findings as R2005-2.

**R2004-2 Timeliness of Voiding Checks**

The Town had 10 checks recorded twice on the books. By not voiding the checks that were never issued this caused cash to be understated by \$13,585.

We recommend that the Town review the bank reconciliation each month to see if there are outstanding items that should be removed.

The town is now looking for checks to void on a quarterly basis.

**R2004-3 Maintaining Payroll Records**

The Town has no formal policy for maintaining time sheets or records of attendance and hours worked for its employees. There is no way to track if an employee has been paid the proper amount.

We recommend implementing a time card system in which the employees use time cards and their supervisors approve them. The supervisor's time card should be approved by the mayor.

There is now a time card system in place with supervisor approval.

**R2004-4 Documentation for Cash Disbursements**

Policy for cash disbursements is that all disbursements should have supporting documentation. In 62 out of 180 cash disbursements examined, there was no supporting documentation. These transactions were internal transactions such as reimbursing the payroll account for payroll. Even though these are internal items, there should be some documentation such as a report from the payroll system showing the amount due from other funds.

We recommend following the cash disbursements procedures which states that all cash disbursements should have supporting documentation.

This item has not been corrected and is included in the current year findings as R2005-4

**Report on Compliance and on Internal Control  
Over Financial Reporting Based on an Audit of Basic Financial  
Statements Performed in Accordance With  
Government Auditing Standards, continued**

R2004-5 Voiding Checks

Currently voided checks are being kept in a file without any indication on the check that it is void.

We recommend developing a procedure that makes a voided check ineligible for use. This may be to write "void" across the face of the check using ink that cannot be erased or to cut out and shred the signature lines on the check.

This item has not been corrected and is included in the current year findings as R2005-5

R2004-6 Maintaining Records for Billings

In our tests of the billing system, we were unable to recreate the calculation of the amounts being billed to customers. This was due to meter readings not being reconciled between gallons read and gallons billed.

We recommend that the Town develop a procedure for checking the meter readings to the actual gallons billed.

In current year tests all items were able to be recreated.

R2004-7 Employees with Past Due Accounts

Three of the town's employees were more than two months behind on their utility bills. Town policy is that past due accounts will be disconnected. At the time of audit testing, these past due accounts had not been collected, nor had their service been disconnected.

We recommend that aggressive collection attempts be made to collect these past due amounts, and that if accounts are not brought current that they cut off their service.

This item has not been corrected and is included in the current year findings as R2005-7.

R2004-8 Check Signatures

All checks issued by the town are required to have two signatures. Of the one hundred eighty checks pulled for review sixty-two had only one signature on them. The one signature on the checks was the town clerk's signature who also writes all checks and prepares the bank reconciliation's.

We recommend following the current procedure and have two signatures on all checks.

Lack of signatures was not found in testing.

R2004-9 Segregation of Duties

Segregation of conflicting duties within accounting functions is a basic internal control. Due to the Town's small accounting staff, the cost of further segregation of all conflicting duties may not be cost beneficial.

We recommend procedures be put into place for management to monitor the daily financial statement processing.

Certain segregations have been implemented and supervision has been increased.



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Coan I. Knight, Jr., CPA  
K. Martin Masden, CPA  
John E. Theriot II, CPA

Fredericka A. James, CPA

October 16, 2005

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Tyrone L. Doyle, Mayor  
and Members of the Board of Alderman  
Town of Glenmora, Louisiana

### Compliance

We have audited the compliance of the Town of Glenmora, Louisiana with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The Town of Glenmora, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Glenmora, Louisiana's management. Our responsibility is to express an opinion on the Town of Glenmora, Louisiana's compliance based on our audit.

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

In our opinion, except for the noncompliance described in the preceding paragraph, the Town of Glenmora, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

As described in items SA05-01, SA 05-02, SA05-03 SA05-04, SA05-05 and SAS05-06 in the accompanying schedule of findings and questioned costs, the Town of Glenmora, Louisiana did not comply with requirements regarding Davis-Bacon Act. Compliance with such requirements is necessary, in our opinion, for the Town of Glenmora, Louisiana to comply with requirements applicable to that program.

### Internal Control Over Compliance

The management of the Town of Glenmora, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Glenmora, Louisiana's internal control over compliance with requirements that could have direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Town of Glenmora, Louisiana's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items SA05-01, SA 05-02, SA05-03 SA05-04, SAS05-05 and SA05-06

5615 J Jackson Street  
Alexandria, Louisiana 71303  
PH: 318-445-9334  
FAX: 318-445-0996  
www.knightmasden.com

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

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

*Knight Masden*  
KnightMasden



**KnightMasden**

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Town of Glenmora, LA  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2005

**Summary of Auditor's Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Town of Glenmora, Louisiana
2. Ten reportable conditions disclosed during the audit of the financial statements are reported in this schedule.
3. No instances of noncompliance material to the financial statements of the Town of Glenmora, Louisiana, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Five reportable conditions on internal control over major federal award programs were disclosed during the audit and are reported in the report. The conditions are not reported as a material weakness.
5. The auditor's report on compliance for the major federal award programs for the Town of Glenmora, Louisiana expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The program tested as major programs included: U. S. Department Housing and Urban Development, Block Grant CFDA No. 14.228.
8. The Town of Glenmora, Louisiana had only one federal award program which qualified as a Type A program. Type A programs are those that are \$300,000 or larger. Type B programs are \$300,000 or less. The Town of Glenmora, Louisiana had no Type B programs.
9. The Town of Glenmora, Louisiana did not qualify as a low-risk auditee.

**Findings – Financial Statement Audit**

**Reportable Conditions**

**R2005-1 Reconciling Between Billing System and Accounting System**

The billing system which is maintained by the assistant clerk and the general ledger which is maintained by the clerk are not reconciled on a regular basis. In the current fiscal year ending June 30, 2005 this resulted in January's billings being posted twice in the general ledger.

We recommend the Town reconcile the receivable balance monthly between the billing system and the accounting system.

**R2005-2 Documentation for Credit Card Use**

In five out of eight credit card invoices reviewed, there was no documentation of the charges on the statement.

We recommend that the Town verify receipts for every item charged on the statement before issuing payment. The Town should also establish a credit card use policy that addresses the topic of lost receipts.

**R2005-3 Coding of Cash Disbursements**

In two out of one hundred ninety items sampled there was improper coding.

Cash disbursements should be coded properly in order for financial statements to be correct and the coding of items should be reviewed by management.

**R2005-4 Documentation for Cash Disbursements**

Policy for cash disbursements is that all disbursements should have supporting documentation. In 9 out of 190 cash disbursements examined, there was no supporting documentation. These transactions were internal transactions such as reimbursing the payroll account for payroll. Even though these are internal items, there should be some documentation such as a report from the payroll system showing the amount due from other funds.

We recommend following the cash disbursements procedures which states that all cash disbursements should have supporting documentation.

**R2005-5 Voiding Checks**

Currently voided checks are being kept in a file without any indication on the check that it is void.

We recommend developing a procedure that makes a voided check ineligible for use. This may be to write "void" across the face of the check using ink that cannot be erased or to cut out and shred the signature lines on the check.



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Town of Glenmora, LA  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2005

R2005-6 Timeliness of Bank Reconciliations

At the time of fieldwork, the bank reconciliations for the utility fund were not complete

We recommend that all bank reconciliations be done monthly to ensure that all cash transactions have been accounted for.

R2005-7 Employees with Past Due Accounts

Three of the town's employees were more than two months behind on their utility bills. Town policy is that past due accounts will be disconnected. At the time of audit testing, these past due accounts had not been collected, nor had their service been disconnected.

We recommend that aggressive collection attempts be made to collect these past due amounts, and that if accounts are not brought current that they cut off their service.

R2005-8 Past Due Account Cut Off Policies

The Town's policy is that past due accounts will be cut-off until bill is brought current. The town is not doing this on a consistent basis. During audit testing we noted one instance where a customer was allowed to accumulate over \$1,000 in charges.

We recommend following the current procedure and disconnecting those with past due balances.

R2005-9 Traffic Ticket Dismissals and Modifications

Policy for dismissing or modifying traffic tickets states that the Judge sign off on dismissals and modifications requested by the mayor or if dismissed or modified by the Judge that this action take place while court is in session. Seven out of seventy-two tickets sampled were dismissed and one out of seventy-two tickets was modified without the Judge's approval and there was no record in the court minutes that the Judge had approved this action.

We recommend that the policy for ticket dismissals and modifications be followed.

R2005-10 Traffic Ticket Maintenance

The Town's police officers issue tickets to persons violating traffic laws within the Town's limits. The Town does not maintain an organized, well-documented system for tracking the disposition of these traffic tickets. While testing these transactions, we noted three out of seventy-two tickets sampled that could not be located.

We recommend setting up and enforcing policies in which every ticket can be accounted for.

**Findings and questioned costs – Major Federal Award Program Audit**

**Questioned  
Cost**

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Community Development Block Grant - CFDA No. 14.228

**Findings:**

SA05-01 – Condition - The Town has not completed a Summary of Actions Taken to Achieve Compliance with Section 504.

Criteria – As noted in the FY 2005 LCDBG Grantee Handbook, Task A-14 in Chapter A, a Summary of Actions Taken to Achieve Compliance with Section 504 must be completed.

Effect – The Town is not in compliance with LCDBG requirements.

Cause - The Town could not find the "Summary of Actions Taken to Achieve Compliance with Section 504.

Recommendation – The Town must complete a Section 504 Summary of Action Taken and submit it to the pass-through entity.





Town of Glenmora, LA  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2005

Corrective Action Taken - The Summary of Action Taken to achieve compliance with Section 504 has been prepared and submitted.

- SA05-02 - Condition - The prime contractor's payroll deduction forms were reviewed, and they did not agree with the actual payroll reports for deductions. The deduction forms did not specify rate of reoccurrence, type of deduction, or the amounts.

Criteria - Payroll deduction forms filled out by the employees should match the payroll deductions being taken from their check for reoccurrence, type of deduction and amounts. These amounts should be verified by the Town.

Effect - The Town is not in compliance with the Davis - Bacon Act.

Cause - The Town had trouble getting information from the primary contractor concerning payroll and these items were not verified.

Recommendation - The Town should have the contractor have the employees revise the deduction forms to include all necessary information included as specified in the Davis-Bacon Act.

Corrective Action Taken - The payroll deduction forms have been revised to comply with the Davis-Bacon Act.

- SA05-03 - Condition - After reviewing the certified payroll reports from a subcontractor we noted one instance on March 11, 2005 in which a classification of an employee had been scratched through and changed to a classification that would require a lower rate of pay. The Town did not receive the Statement of Compliance required with this change.

Criteria - According to the Davis-Bacon Act, each change to a payroll should be reviewed and a Statement of Compliance should be obtained with that change.

Effect - The Town is not in compliance with the Davis - Bacon Act

Cause - The Town received Statement of Compliance with original payroll, but was unaware of the need to obtain a new one for the change.

Recommendation - The Town must obtain a signed Statement of Compliance for the revised payroll report.

Corrective Action Taken - A signed Statement of Compliance for the revised payroll report has been obtained.

- SA05-04 - Condition - The payroll reports of a subcontractor were reviewed alongside the employee interview forms to determine if the workers were classified and compensated correctly. There were three instances in which the interview forms and the work classifications differed.

Criteria - The Davis-Bacon Act requires that employees be compensated according to certain rates based on their classifications.

Effect - When employees are paid at a lower rate than their classification allows for, then they are not in compliance with the Davis - Bacon Act.

Cause - The Town had trouble obtaining information and did not review the interview sheets.

Town of Glenmora, LA  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2005

Recommendation - The Town must correct this discrepancy by reviewing the interview sheets and payroll reports to determine if the employees were classified correctly. If they were classified correctly, then a written explanation of the discrepancy must be submitted. If they were not classified correctly, then the employees must be paid restitution and a certified correction payroll with the employees signatures must be prepared and submitted.

Corrective Action Taken - A review indicated that they should have been compensated at a higher level and these employees have received additional wages and the proper reports have been submitted.

SA05-05 - Condition - The review of the classifications of employees and wages associated with those classifications indicated two subcontractors had not complied with wages associated with classifications on six employees. Also the classification of "Helper" had been used and this is not a proper classification for LCDBG.

Criteria - Davis - Bacon Act requires a prevailing wage be paid to employees based on the class of work they are performing.

Effect - Improper classifications and improper wages results in noncompliance with the Davis - Bacon Act.

Cause - The Town viewed records for the primary contractor and some subcontractors, but not all subcontractors were reviewed.

Recommendation - The Town should make sure that the employees classified as "Helper's" be reclassified and paid at the level that his proper for their classification. For those six employees who were not paid at the proper rate, they should be issued checks for to bring them to the proper level of compensation and a "certified correction payroll" and the signed Statement of Compliance should be obtained and submitted.

Corrective Action Taken - The six employees who should have been paid at a higher level have been issued checks, and the new certifications have been obtained. The classifications of employees have been changed and restitution made for the difference in wages.

SA05-06 Condition - The payroll reports and Statements of Compliance from five subcontractors were not available on a weekly basis to the Town. For these five contractors, they were not obtained until well after the work had been completed.

Criteria - The Davis-Bacon Act requires that Statements of Compliance be obtained from the primary contractor and subcontractors on a weekly basis.

Effect - The Town is not in compliance with the Davis - Bacon Act.

Cause - The Town had difficulty obtaining the statements even though they were requested.

Recommendation - The Town should obtain weekly the payroll reports of all contractors and subcontractors. The Town should make efforts to ensure that these reports are received and reviewed in a timely manner.

Corrective Action Taken - The payroll reports for the five subcontractors have been obtained and reviewed. Also efforts have been made to obtain this information within the proper timeframes.

**Questioned Costs:**

There were no questioned costs associated with the major program.



Town of Glenmora, LA  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2005

**Prior Year Audit Findings:**

There are not prior year audit findings to report on the major federal award program U. S. Department Housing and Urban Development, Block Grant CFDA No. 14.228



**KnightMasden**

A Professional Accounting Corporation