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**TOWN OF GLENMORA, LOUISIANA**

**Financial Report**

**Year Ended June 30, 2007**

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 1/30/08

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## INDEPENDENT AUDITORS' REPORT

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The Honorable Joseph L. Rivers, 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 and for the year ended June 30, 2007, 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's management. Our responsibility is to express opinions on these basic 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Glenmora, Louisiana, as of June 30, 2007, and the respective changes in financial position, and, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated December 5, 2007, on our consideration of the Town of Glenmora's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 read in conjunction with this report in considering the results of our audit.

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Member of:  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

The required supplementary information on pages 43 through 44 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Town of Glenmora has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Glenmora's basic financial statements. The other supplementary information on pages 47 through 48 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town of Glenmora. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
December 5, 2007

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

TOWN OF GLENMORA, LOUISIANA

Statement of Net Assets  
June 30, 2007

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and interest-bearing deposits	\$ 224,401	\$ 93,396	\$ 317,797
Receivables, net	72,696	95,151	167,847
Due from other governmental units	<u>56,901</u>	<u>-</u>	<u>56,901</u>
Total current assets	<u>353,998</u>	<u>188,547</u>	<u>542,545</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	123,756	123,756
Capital assets, net	<u>1,552,841</u>	<u>4,764,724</u>	<u>6,317,565</u>
Total noncurrent assets	<u>1,552,841</u>	<u>4,888,480</u>	<u>6,441,321</u>
Total assets	<u>1,906,839</u>	<u>5,077,027</u>	<u>6,983,866</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	22,878	77,365	100,243
Internal balances	158,438	(158,438)	-
Bonds and certificates payable	23,000	111,604	134,604
Accrued interest	<u>4,579</u>	<u>15,929</u>	<u>20,508</u>
Total current liabilities	<u>208,895</u>	<u>46,460</u>	<u>255,355</u>
Noncurrent liabilities:			
Customers deposits payable	-	56,909	56,909
Bonds and certificates payable	<u>192,000</u>	<u>2,991,781</u>	<u>3,183,781</u>
Total noncurrent liabilities	<u>192,000</u>	<u>3,048,690</u>	<u>3,240,690</u>
Total liabilities	<u>400,895</u>	<u>3,095,150</u>	<u>3,496,045</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,552,841	1,712,257	3,265,098
Restricted for debt service	-	-	-
Unrestricted	<u>(46,897)</u>	<u>269,620</u>	<u>222,723</u>
Total net assets	<u>\$ 1,505,944</u>	<u>\$ 1,981,877</u>	<u>\$ 3,487,821</u>

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

TOWN OF GLENMORA, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2007

Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		Total
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Governmental activities:</b>						
General government	\$ 151,892	\$ 56,076	\$ -	\$ -	\$ (95,816)	\$ (95,816)
Public safety:						
Police	181,940	71,239	-	-	(110,701)	(110,701)
Fire	58,875	-	-	-	(58,875)	(58,875)
Streets	124,237	-	59,748	-	(64,489)	(64,489)
Sanitation	60,638	-	-	-	(60,638)	(60,638)
Culture and recreation	40,695	-	-	-	(40,695)	(40,695)
Interest on long-term debt	13,987	-	-	-	(13,987)	(13,987)
<b>Total governmental activities</b>	<b>632,264</b>	<b>127,315</b>	<b>59,748</b>	<b>-</b>	<b>(445,201)</b>	<b>(445,201)</b>
<b>Business-type activities:</b>						
Water & sewer	442,292	553,794	-	104,683	-	216,185
Gas	240,564	242,113	-	-	-	1,549
<b>Total business-type activities</b>	<b>682,856</b>	<b>795,907</b>	<b>-</b>	<b>104,683</b>	<b>-</b>	<b>217,734</b>
<b>Total</b>	<b>\$ 1,315,120</b>	<b>\$ 923,222</b>	<b>\$ 59,748</b>	<b>\$ 104,683</b>	<b>(445,201)</b>	<b>(227,467)</b>
<b>General revenues:</b>						
Taxes -						
Ad valorem taxes, levied for general purposes					15,599	15,599
Sales and use taxes, levied for general purposes					390,892	390,892
Sales and use taxes, levied for fire department					66,869	66,869
Franchise taxes					80,412	80,412
Beer taxes					3,216	3,216
Interest and investment earnings					2,965	586
Miscellaneous					46,045	46,045
Transfers					(20,327)	20,327
<b>Total general revenues and transfers</b>					<b>585,671</b>	<b>606,584</b>
Change in net assets					140,470	379,117
Net assets - July 1, 2006					1,365,474	3,108,704
Net assets - June 30, 2007					\$ 1,505,944	\$ 3,487,821

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **MAJOR FUND DESCRIPTIONS**

### **General Fund**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

### **Special Revenue Fund**

#### **Fire Department Fund -**

To account for the receipt and use of proceeds of a 1/2% sales and use tax. These taxes are dedicated and used for the purpose of operating the fire department and debt service associated with the fire department.

### **Enterprise Funds**

#### **Water and Sewer Fund -**

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

#### **Gas Fund -**

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

TOWN OF GLENMORA, LOUISIANA

Balance Sheet  
Governmental Funds  
June 30, 2007

	General	Fire Department	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash	\$ 207,721	\$ 14,689	\$ 1,991	\$ 224,401
Receivables, net of allowances for uncollectible amounts:				
Taxes	15,575	-	-	15,575
Notes	-	-	51,563	51,563
Other	5,558	-	-	5,558
Due from other governmental units	52,773	4,128	-	56,901
Due from other funds	-	15,887	5,602	21,489
Total assets	<u>\$ 281,627</u>	<u>\$ 34,704</u>	<u>\$ 59,156</u>	<u>\$ 375,487</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts and other payables	\$ 22,726	\$ 152	\$ -	\$ 22,878
Due to other funds	171,900	490	7,537	179,927
Total liabilities	<u>194,626</u>	<u>642</u>	<u>7,537</u>	<u>202,805</u>
Fund balances -				
Unreserved, undesignated	87,001	34,062	51,619	172,682
Total fund balances	<u>87,001</u>	<u>34,062</u>	<u>51,619</u>	<u>172,682</u>
Total liabilities and fund balances	<u>\$ 281,627</u>	<u>\$ 34,704</u>	<u>\$ 59,156</u>	<u>\$ 375,487</u>

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

TOWN OF GLENMORA, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2007

Total fund balances for governmental funds at June 30, 2007		\$ 172,682
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 67,975	
Buildings and improvements, net of \$131,448 accumulated depreciation	1,069,382	
Infrastructure, net of \$63,666 accumulated depreciation	361,176	
Equipment, furniture, and fixtures, net of \$214,695 accumulated depreciation	48,953	
Vehicles, net of \$438,368 accumulated depreciation	<u>5,355</u>	1,552,841
Long-term liabilities at June 30, 2007:		
Certificates of indebtedness payable	(191,000)	
Bonds payable	(24,000)	
Accrued interest payable	<u>(4,579)</u>	<u>(219,579)</u>
Total net assets of governmental activities at June 30, 2007		<u>\$1,505,944</u>

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

**TOWN OF GLENMORA, LOUISIANA**

**Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds**

**For the Year Ended June 30, 2007**

	General	Fire Department	Other Governmental Funds	Total
<b>Revenues:</b>				
Taxes	\$ 486,903	\$ 66,869	\$ -	\$ 553,772
Licenses and permits	56,076	-	-	56,076
Intergovernmental	62,964	-	-	62,964
Fines and forfeits	71,239	-	-	71,239
Miscellaneous	35,342	8,927	4,741	49,010
Total revenues	712,524	75,796	4,741	793,061
<b>Expenditures:</b>				
<b>Current -</b>				
General government:				
Administrative	139,416	-	8,357	147,773
Public safety:				
Police	168,030	-	-	168,030
Fire	-	58,875	-	58,875
Highways and streets	106,216	-	-	106,216
Sanitation	60,638	-	-	60,638
Culture and recreation	12,277	-	-	12,277
Capital outlay	9,071	3,068	-	12,139
Debt service -				
Principal retirement	4,000	18,000	-	22,000
Interest and fiscal charges	1,400	13,062	-	14,462
Total expenditures	501,048	93,005	8,357	602,410
Excess (deficiency) of revenues over expenditures	211,476	(17,209)	(3,616)	190,651
<b>Other financing sources (uses):</b>				
Transfers in	-	51,271	-	51,271
Transfers out	(50,651)	-	(20,947)	(71,598)
Total other financing sources (uses)	(50,651)	51,271	(20,947)	(20,327)
Net changes in fund balances	160,825	34,062	(24,563)	170,324
Fund balances (deficit), beginning	(73,824)	-	76,182	2,358
Fund balances, ending	\$ 87,001	\$ 34,062	\$ 51,619	\$ 172,682

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

TOWN OF GLENMORA, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2007

Total net changes in fund balances at June 30, 2007 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 170,324
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 12,139	
Depreciation expense for the year ended June 30, 2007	<u>(64,468)</u>	(52,329)

Governmental funds report bonded debt repayments as expenditures. However, this expenditure does not appear in the statement of activities since the payment is applied against the bond payable balance on the statement of net assets	22,000
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Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis	<u>475</u>
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Total changes in net assets at June 30, 2007 per Statement of Activities	<u>\$ 140,470</u>
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF GLENMORA, LOUISIANA

Statement of Net Assets  
 Proprietary Funds  
 June 30, 2007

	<u>Water &amp; Sewer</u>	<u>Gas</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 73,460	\$ 19,936	\$ 93,396
Receivables, net of allowances for uncollectible amounts:			
Accounts	53,748	11,963	65,711
Unbilled utility receivables	24,192	5,248	29,440
Due from other funds	<u>154,699</u>	<u>75,985</u>	<u>230,684</u>
Total current assets	<u>306,099</u>	<u>113,132</u>	<u>419,231</u>
Noncurrent assets:			
Restricted assets -			
Cash	13,398	-	13,398
Interest-bearing deposits	68,386	41,972	110,358
Capital assets, net of accumulated depreciation	<u>4,075,769</u>	<u>688,955</u>	<u>4,764,724</u>
Total noncurrent assets	<u>4,157,553</u>	<u>730,927</u>	<u>4,888,480</u>
Total assets	<u>4,463,652</u>	<u>844,059</u>	<u>5,307,711</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	70,284	7,081	77,365
Due to other funds	1,860	70,386	72,246
Payable from restricted assets -			
Revenue bonds	83,960	27,644	111,604
Accrued interest payable	<u>14,108</u>	<u>1,821</u>	<u>15,929</u>
Total current liabilities	<u>170,212</u>	<u>106,932</u>	<u>277,144</u>
Noncurrent liabilities:			
Customers' deposits	34,890	22,019	56,909
Revenue bonds payable	<u>2,615,635</u>	<u>376,146</u>	<u>2,991,781</u>
Total noncurrent liabilities	<u>2,650,525</u>	<u>398,165</u>	<u>3,048,690</u>
Total liabilities	<u>2,820,737</u>	<u>505,097</u>	<u>3,325,834</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,408,960	303,297	1,712,257
Restricted for debt service	-	-	-
Unrestricted	<u>233,955</u>	<u>35,665</u>	<u>269,620</u>
Total net assets	<u>\$ 1,642,915</u>	<u>\$ 338,962</u>	<u>\$ 1,981,877</u>

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

TOWN OF GLENMORA, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 Proprietary Funds  
 For the Year Ended June 30, 2007

	<u>Water &amp; Sewer</u>	<u>Gas</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for services	\$ 541,964	\$ 236,312	\$ 778,276
Permits, reconnections and penalties	9,524	5,801	15,325
Miscellaneous	2,306	-	2,306
<b>Total operating revenues</b>	<u>553,794</u>	<u>242,113</u>	<u>795,907</u>
<b>Operating expenses:</b>			
Salaries and benefits	92,543	42,621	135,164
Gas purchases	-	92,228	92,228
Legal and professional	17,325	23,628	40,953
Lab fees	3,485	-	3,485
Repairs and maintenance	26,336	2,180	28,516
Insurance	32,576	21,237	53,813
Plant and water well power	39,576	-	39,576
Truck expense	10,176	953	11,129
Training and certification	627	-	627
Telephone and utilities	2,257	2,395	4,652
Supplies	9,112	-	9,112
Office expense	2,737	3,097	5,834
Miscellaneous	6,792	1,755	8,547
Depreciation expense	128,672	27,973	156,645
<b>Total operating expenses</b>	<u>372,214</u>	<u>218,067</u>	<u>590,281</u>
<b>Operating income</b>	<u>181,580</u>	<u>24,046</u>	<u>205,626</u>
<b>Nonoperating revenues (expenses):</b>			
Interest income	391	195	586
Interest expense	(70,078)	(22,497)	(92,575)
<b>Total nonoperating revenues (expenses)</b>	<u>(69,687)</u>	<u>(22,302)</u>	<u>(91,989)</u>
<b>Income before contributions and transfers</b>	<u>111,893</u>	<u>1,744</u>	<u>113,637</u>
Capital contributions	104,683	-	104,683
<b>Transfers in (out):</b>			
Transfers in	-	20,860	20,860
Transfers out	(533)	-	(533)
<b>Total transfers in (out)</b>	<u>(533)</u>	<u>20,860</u>	<u>20,327</u>
<b>Change in net assets</b>	<u>216,043</u>	<u>22,604</u>	<u>238,647</u>
Net assets, beginning	1,426,872	316,358	1,743,230
Net assets, ending	<u>\$1,642,915</u>	<u>\$ 338,962</u>	<u>\$1,981,877</u>

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

TOWN OF GLENMORA, LOUISIANA

Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended June 30, 2007

	<u>Water &amp; Sewer</u>	<u>Gas</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 566,741	\$ 254,917	\$ 821,658
Payments to suppliers	(178,192)	(148,681)	(326,873)
Payments to employees	<u>(92,543)</u>	<u>(42,621)</u>	<u>(135,164)</u>
Net cash provided by operating activities	<u>296,006</u>	<u>63,615</u>	<u>359,621</u>
Cash flows from noncapital financing activities:			
Transfers from (to) other funds	<u>(533)</u>	<u>20,860</u>	<u>20,327</u>
Cash flows from capital and related financing activities:			
Principal paid on revenue bonds payable	(48,763)	(30,606)	(79,369)
Interest and fiscal charges paid on revenue bonds	(170,683)	(59,011)	(229,694)
Net increase in customer meter deposits	5,688	1,175	6,863
Capital contributions received	104,683	-	104,683
Net acquisition of property, plant and equipment	<u>(106,575)</u>	<u>(4,909)</u>	<u>(111,484)</u>
Net cash used by capital and related financing activities	<u>(215,650)</u>	<u>(93,351)</u>	<u>(309,001)</u>
Cash flows from investing activities:			
Net maturities of interest-bearing deposits with maturity in excess of ninety days	(115)	-	(115)
Interest earned	<u>433</u>	<u>195</u>	<u>628</u>
Net cash provided by investing activities	<u>318</u>	<u>195</u>	<u>513</u>
Net increase (decrease) in cash and cash equivalents	80,141	(8,681)	71,460
Cash and cash equivalents, beginning of period	<u>67,312</u>	<u>70,589</u>	<u>137,901</u>
Cash and cash equivalents, end of period	<u>\$ 147,453</u>	<u>\$ 61,908</u>	<u>\$ 209,361</u>

(continued)

TOWN OF GLENMORA, LOUISIANA

Statement of Cash Flows  
Proprietary Funds (continued)  
For the Year Ended June 30, 2007

	Water & Sewer	Gas	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 181,580	\$ 24,046	\$ 205,626
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	128,782	27,973	156,755
Changes in current assets and liabilities:			
Decrease in accounts receivable	12,117	13,168	25,285
Increase (decrease) in provision for uncollectible accounts	689	(689)	-
Decrease in unbilled utility receivables	141	325	466
Increase in due from other funds	(61,184)	(2,528)	(63,712)
Increase in due to other funds	910	11,039	11,949
Increase (decrease) in accounts payable	32,971	(9,719)	23,252
Net cash provided by operating activities	\$ 296,006	\$ 63,615	\$ 359,621
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:			
Cash and cash equivalents, beginning of period -			
Cash - unrestricted	\$ 40,911	\$ 53,618	\$ 94,529
Cash - restricted	6,489	-	6,489
Interest-bearing deposits - restricted	27,588	16,971	44,559
Less: Interest-bearing deposits with maturity in excess of 90 days	(7,676)	-	(7,676)
Total cash and cash equivalents	67,312	70,589	137,901
Cash and cash equivalents, end of period -			
Cash - unrestricted	73,460	19,936	93,396
Cash - restricted	13,398	-	13,398
Interest-bearing deposits - restricted	68,386	41,972	110,358
Less: Interest-bearing deposits with maturity in excess of 90 days	(7,791)	-	(7,791)
Total cash and cash equivalents	147,453	61,908	209,361
Net increase	\$ 80,141	\$ (8,681)	\$ 71,460

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

## TOWN OF GLENMORA, LOUISIANA

### Notes to Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Glenmora (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

##### A. Financial Reporting Entity

The Town of Glenmora was incorporated in 1914 under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

As the municipal governing authority, for reporting purposes, the Town of Glenmora is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, and (d) organizations that are closely related to, or financially integrated with the primary government.

Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by Statement No. 39 established criteria for determining which component units should be considered part of the Town of Glenmora for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the municipality to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.

## TOWN OF GLENMORA, LOUISIANA

### Notes to Basic Financial Statements (Continued)

3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship if all of the following conditions exist:
  - a. The economic resources received or held by the organization are entirely or almost entirely for the direct benefit for the primary government, its component units, or its constituents.
  - b. The primary government (or its component units) is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
  - c. The economic resources received or held by an individual organization that the specific primary government (or its component units) is entitled to, or has the ability to otherwise access, are significant to that primary government.
4. Organizations that are closely related to, or financially integrated with the primary government.

Based upon the aforementioned criteria, the Town of Glenmora has no component units.

#### B. Basis of Presentation

##### Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

## TOWN OF GLENMORA, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Town are described below:

#### Governmental Funds -

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

The Fire Department Fund is a special revenue fund that receives a ½% sales and use tax. These taxes are dedicated and used for the purpose of operating the fire department and debt service associated with the fire department.

Additionally, the Town reports the following fund types:

#### Proprietary Funds -

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon the determination of net income, financial position, and cash flows. The following is the Town's proprietary fund types:

## TOWN OF GLENMORA, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Enterprise funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town applies all applicable FASB pronouncements issued after November 30, 1989 in accounting and reporting for its enterprise funds. The Town's enterprise funds are the Water & Sewer Utility and the Gas Utility Fund.

#### C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

#### Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

## TOWN OF GLENMORA, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

The proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

#### D. Assets, Liabilities and Equity

##### Cash and interest-bearing deposits

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town.

Under state law, the Town may invest in United States bonds, treasury notes, or certificates. Investments are stated at amortized cost.

For the purpose of the proprietary funds statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

## TOWN OF GLENMORA, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes and economic development notes receivable. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible ad valorem taxes, notes, or utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2007, the allowance for ad valorem taxes was \$5,296. The allowance for customers' utility receivables was \$19,312 at June 30, 2007. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

#### Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

#### Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary funds that are legally restricted as to their use. The restricted assets in the water and sewer utility fund and the gas utility fund are related to the utility meter deposits and revenue bond accounts.

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20-40 years
Machinery and equipment	10 years
Vehicles	3-5 years
Utility system and improvements	25-50 years
Infrastructure	20 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-term debt

The accounting treatment of long-term debt depends upon whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of water and sewer revenue bonds payable, public improvement bonds payable, certificates of indebtedness payable, gas revenue bonds payable, and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund financial statements as it is in the government-wide statements

## TOWN OF GLENMORA, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Compensated Absences

Employees of the Town may earn up to ten days of vacation time depending upon type and length of service. Hourly employees 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 employees in December. For fund financial statements, vested or accumulated leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a current fund liability of the governmental fund that will pay it. In the government-wide statements, amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are recorded as long-term debt. The Town's liability for unused compensated absences was considered to be immaterial at June 30, 2007 and is therefore excluded from these financial statements.

#### Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

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

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental Funds - By Character
- Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 3
Gas, Water and Sewer revenue	Debt service and utility operations

The Town uses unrestricted resources only when restricted resources are fully depleted.

## TOWN OF GLENMORA, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### G. Budget and Budgetary Accounting

The Town follows 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 the public hearing is published.
3. 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.
4. All budgetary appropriations lapse at the end of the fiscal year.
5. Budgets for all 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 Board of Aldermen. Such amendments were not material in relation to the original appropriations. Budgetary control is exercised at the fund level.

The original budget was adopted on December 12, 2006, and is reflected in the budget comparison statement. The amended budget was adopted on June 12, 2007, and is reflected in the budget comparison statement.

#### H. Capitalization of Interest Expense

It is the policy of the Town of Glenmora to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets in the Proprietary Funds. At June 30, 2007, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

I. Use of Estimates

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

(2) 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 taxpayers in November. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Rapides Parish. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended June 30, 2007, taxes of 5.20 mills were levied on property with assessed valuations totaling \$3,222,015 and were dedicated as follows:

General corporate purposes	5.20 mills
----------------------------	------------

Total taxes levied were \$16,754. Ad valorem taxes receivable were \$5,296 offset by an allowance for uncollectible taxes of \$5,296, resulting in a net balance of \$-0- at June 30, 2007.

(3) Sales and Use Tax

The Town collects sales tax under four sales tax levies as follows. The first levy is a 7.3% allocation of a 1% sales tax administered by the Rapides Parish. This tax is available for the Town's use for any lawful corporate purpose. The tax was approved for an indefinite period. Second is a city tax of 1% to be used for any public purpose authorized by state law. The third sales tax levy is a ½% tax for the purpose of construction, improvement, and maintenance and repairs of road and bridges. The fourth levy is a ½% tax for the purpose of operating the fire department and debt service associated with the fire department. All four sales tax levies are collected by the Rapides Parish Sales and Use Tax Department and are remitted on a monthly basis.

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

(4) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2006, the Town had cash and interest-bearing deposits (book balances) totaling \$441,553 as follows:

Cash on hand	\$ 275
Demand deposits	374,844
Time deposits	7,791
Money market accounts	<u>58,643</u>
Total	<u>\$441,553</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or the Town will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2007 were secured as follows:

Bank balances	<u>\$ 534,249</u>
Federal deposit insurance	\$ 163,857
Pledged securities (Category 3)	<u>370,392</u>
Total FDIC insurance and pledged securities	<u>\$ 534,249</u>

As of June 30, 2007, the Town's total bank balances were fully insured and collateralized with securities held in the name of the Town by the pledging financial institution's agent and, therefore, not exposed to custodial credit risk.

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Receivables

Receivables at June 30, 2007 of \$166,417 consist of the following:

	Governmental Activities	Business-type Activities	Total
Accounts(net of allowance for bad debts of \$19,312)	\$ -	\$ 65,711	\$ 65,711
Unbilled utility	-	29,440	29,440
Notes (see Note 7)	51,563	-	51,563
Taxes	15,575	-	15,575
Other	5,558	-	5,558
Totals	\$ 72,696	\$ 95,151	\$ 167,847

(6) Due from Other Governmental Units

Amounts due from other governmental units of \$56,901 at June 30, 2007 consisted of the following:

General Fund:

Amount due from the Rapides Parish Police Jury for sales tax collections.	\$ 30,444
Amount due from the Rapides Parish Police Jury for road district property taxes.	21,669
Amount due from the State of Louisiana for beer tax revenues receivable	660

Fire Department Fund:

Amount due from the Rapides Parish Police Jury for sales tax collections.	4,128
	\$ 56,901

(7) Notes Receivable

Funds 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.

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

On October 1, 2003, the terms of these delinquent 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.

Reggie's Restaurant-\$56,715, 240 payments of \$407 per month including interest at 6%	\$ 51,563
Glenmora Tailor Shop-\$62,241, 228 payments of \$449 per month including interest at 5.75%	<u>58,248</u>
	109,811
Less allowance for doubtful accounts	<u>(58,248)</u>
Total	<u>\$ 51,563</u>

Glenmora Tailor Shop loan was approximately 638 days past due at June 30, 2007. Reggie's Restaurant loan was approximately 212 days past due at June 30, 2007. According to the refinance agreements, the town should foreclose on any note that is sixty days past due. The town has not foreclosed according to the terms of the notes.

Including the effects of the allowance for doubtful accounts, the amount not expected to be collected within one year is \$48,597.

(8) Restricted Assets

Restricted assets in the water & sewer and gas utility funds consisted of the following at June 30, 2007:

	<u>Water &amp; Sewer</u>	<u>Gas</u>	<u>Total</u>
Customer meter deposits	\$ 45,795	\$ 21,079	\$ 66,874
Bond and interest sinking fund	6,451	6,717	13,168
Bond reserve fund	15,868	2,572	18,440
Depreciation and contingency fund	<u>13,670</u>	<u>11,604</u>	<u>25,274</u>
Total enterprise utility fund restricted assets	<u>\$ 81,784</u>	<u>\$ 41,972</u>	<u>\$ 123,756</u>

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance 07/01/06	Additions	Deletions	Balance 06/30/07
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 67,975	\$ -	\$ -	\$ 67,975
Other capital assets:				
Buildings	1,200,830	-	-	1,200,830
Infrastructure	424,842	-	-	424,842
Equipment, furniture and fixtures	251,509	12,139	-	263,648
Vehicles	443,723	-	-	443,723
Totals	<u>2,388,879</u>	<u>12,139</u>	<u>-</u>	<u>2,401,018</u>
Less accumulated depreciation				
Buildings	99,855	31,593	-	131,448
Infrastructure	52,910	10,756	-	63,666
Equipment, furniture and fixtures	200,945	13,750	-	214,695
Vehicles	429,999	8,369	-	438,368
Total accumulated depreciation	<u>783,709</u>	<u>64,468</u>	<u>-</u>	<u>848,177</u>
Governmental activities, capital assets, net	<u>\$ 1,605,170</u>	<u>\$ (52,329)</u>	<u>\$ -</u>	<u>\$ 1,552,841</u>
<b>Business-type activities:</b>				
Gas system utility -				
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	19,383	4,909	-	24,292
Totals	<u>1,365,160</u>	<u>4,909</u>	<u>-</u>	<u>1,370,069</u>
Less accumulated depreciation				
Distribution system	513,932	21,058	-	534,990
Gas lines	106,028	2,508	-	108,536
Meters and regulators	3,867	65	-	3,932
Utility relocation	11,673	2,594	-	14,267
Equipment	17,641	1,748	-	19,389
Total accumulated depreciation	<u>653,141</u>	<u>27,973</u>	<u>-</u>	<u>681,114</u>
Gas utility, net	<u>\$ 712,019</u>	<u>\$ (23,064)</u>	<u>\$ -</u>	<u>\$ 688,955</u>

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Balance 07/01/06	Additions	Deletions	Balance 06/30/07
Water and sewer utility -				
Distribution system	\$ 1,517,057	\$ -	\$ -	\$ 1,517,057
Water tank and wells	342,887	-	-	342,887
Sewer system	3,281,101	-	-	3,281,101
Utility relocation	358,029	104,683	-	462,712
Equipment	154,497	3,192	1,300	156,389
Totals	5,653,571	107,875	1,300	5,760,146
Less accumulated depreciation				
Distribution system	218,203	30,341	-	248,544
Water tank and wells	192,831	7,985	-	200,816
Sewer system	997,592	65,605	-	1,063,197
Utility relocation	29,888	7,161	-	37,049
Equipment	117,191	17,580	-	134,771
Total accumulated depreciation	1,555,705	128,672	-	1,684,377
Water and sewer utility, net	\$ 4,097,866	\$ (20,797)	\$ 1,300	\$ 4,075,769
Business-type activities, capital assets, net	\$ 4,809,885	\$ (43,861)	\$ 1,300	\$ 4,764,724

Depreciation expense was charged to governmental activities as follows:

General government	\$ 4,119
Public safety - police and fire	13,910
Streets	18,021
Culture and recreation	28,418
Total depreciation expense	\$ 64,468

Depreciation expense was charged to business-type activities as follows:

Gas utility	\$ 27,973
Water and sewer utility	128,672
Total depreciation expense	\$ 156,645

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

(10) Accounts and Other Payables

The accounts and other payables consisted of the following at June 30, 2007:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts	\$ 22,600	\$ 19,604	\$ 42,204
Insurance	-	57,761	57,761
Payroll taxes	<u>278</u>	<u>-</u>	<u>278</u>
Totals	<u>\$ 22,878</u>	<u>\$ 77,365</u>	<u>\$ 100,243</u>

(11) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2007:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>General Obligation</u>	<u>Certificates of Indebtedness</u>	<u>Revenue</u>	<u>Notes</u>	
Long-term debt, July 1, 2006	\$ 28,000	\$ 209,000	\$ 3,170,893	\$ 11,861	\$ 3,419,754
Additions	-	-	68,340	-	68,340
Retirements	<u>(4,000)</u>	<u>(18,000)</u>	<u>(145,680)</u>	<u>(2,029)</u>	<u>(169,709)</u>
Long-term debt, June 30, 2007	<u>\$ 24,000</u>	<u>\$ 191,000</u>	<u>\$ 3,093,553</u>	<u>\$ 9,832</u>	<u>\$ 3,318,385</u>

**TOWN OF GLENMORA, LOUISIANA**

**Notes to Basic Financial Statements (Continued)**

Long-term debt payable at June 30, 2007 is comprised of the following individual issues:

Long-term debt -

	Balance 6/30/07	Due Within One Year
\$112,000 Public Improvement Bonds, Series 1973, due in annual installments of \$4,000 through January 1, 2013; interest at 5.00 percent; payable from ad valorem tax revenues.	\$ 24,000	\$ 4,000
\$300,000 Certificates of Indebtedness, Series 2000 due in annual installments of \$13,000 - \$29,000 through March 1, 2015; interest at 6.25 percent; secured by sales tax revenues.	191,000	19,000
\$816,000 Water and Sewer Revenue Bonds Payable, issued May 2, 1973, due in annual installments of \$51,722 and \$9,570; interest at 5% - 4.125; secured by water and sewer utility revenues.	312,126	35,670
\$1,136,000 Sewer Expansion Bonds Payable, issued October 10, 2001, due in annual installments of \$61,764 and \$20,588; interest at 4.125%; secured by sewer utility revenues.	1,121,214	19,148
\$1,312,000 Water Expansion Bonds Payable, issued December 19, 2001, due in annual installments of \$74,760 and \$24,920; interest at 4.125%; secured by water utility revenues.	1,256,423	27,101
\$1,110,000 Gas Utility Revenue Bonds Payable, issued October 6, 1980, due in annual installments of \$42,600 through 2020; interest at 4.125%; secured by gas utility revenues.	403,790	27,644
\$38,512 Notes Payable dated April 12, 1985, rescheduled delinquent interest and principal payments to USDA on Water and Sewer Bonds, due in annual installments of \$2,630; interest at 5%.	9,832	2,041
	<b>\$3,318,385</b>	<b>\$ 134,604</b>

**TOWN OF GLENMORA, LOUISIANA**

**Notes to Basic Financial Statements (Continued)**

Annual debt service requirements to maturity are as follows:

Year ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal payments</u>	<u>Interest payments</u>	<u>Principal payments</u>	<u>Interest payments</u>
2008	\$ 23,000	\$ 13,138	\$ 111,604	\$ 120,740
2009	24,000	11,750	110,597	124,109
2010	26,000	10,300	115,734	119,133
2011	27,000	8,725	120,898	113,923
2012	28,000	7,088	124,002	148,979
2013-2017	87,000	10,763	497,456	468,794
2018-2022	-	-	414,546	371,250
2023-2027	-	-	406,009	291,971
2028-2032	-	-	498,833	199,147
2032-2037	-	-	502,226	88,149
2038-2042	-	-	201,480	14,486
<b>Total</b>	<b><u>\$ 215,000</u></b>	<b><u>\$ 61,764</u></b>	<b><u>\$ 3,103,385</u></b>	<b><u>\$ 2,060,681</u></b>

There are a number of limitations and restrictions contained in the various bond indentures. During the fiscal year, prior to restructuring the debt due to nonpayment, the Town was in default on its revenue bonds and had not complied with significant limitations and restrictions as follows:

1. The Town is required to make payments into various restricted assets accounts as described in Note 8. During the year ended June 30, 2007, the Town failed to make all required payments into the Water and Sewer Utility depreciation and contingency, sinking and reserve accounts and into the Gas depreciation and contingency, sinking and reserve accounts.
2. The Town was past due on the following revenue bonds prior to restructuring: (1) 2001 Water Expansion Bond, (2) 2001 Sewer Expansion Bond, (3) 1973 Water and Sewer Bonds, and (4) Gas Revenue Bond.

In May 2007, the Town received approval from the State Bond Commission to restructure the delinquent portion of the outstanding revenue Bond dated January 1, 1972, to restructure the outstanding principal balance of the outstanding Gas Utility Revenue Bond dated October 6, 1980, to restructure the outstanding principal balance of the outstanding Sewer Revenue Bond, Series 2001, and to restructure the outstanding principal balance of the outstanding Water Revenue Bonds, Series 2002. This restructuring was complete in August 2007 to be effective April 5, 2007. In October 2007, the required balances in the Sinking, Reserve, and Depreciation and Contingency Funds associated with the aforementioned bond issues were funded in accordance with the terms of the restructured bonds.

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Flow of Funds; Restrictions on Use – Water and Sewer and 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 Systems 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 "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 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 11 for those items which made the Town in default at June 30, 2007 prior to the restructuring. Funds will also be set aside into a "Depreciation and Contingency Fund." These funds may be used for the making of extensions, additions, improvements, renewals and replacement to the systems which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operating 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 for all bond issues shall be regarded as surplus and may be used for any lawful corporate purpose.

(13) Employee Retirement

A. Social Security System

Employees of the Town of Glenmora who are not eligible to participate in any other retirement system are members of the Social Security System. The Town and its employees contribute a percentage of each employee's salary to the System (7.65 percent contributed by the Town; 7.65 percent contributed by the employee). The Town's contributions during the year ending June 30, 2007 amounted to \$22,825.

B. Municipal Employees Retirement System of Louisiana (System)

Plan Description. The Town contributes to the Municipal Employees Retirement 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.

## TOWN OF GLENMORA, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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 retirements 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 contribution 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, 7037 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 9.75% 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 collected 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's contributions to the system under Plan B for the years ended June 30, 2007, 2006 and 2005 were \$12,249, \$12,997 and \$15,164, respectively, equal to the required contributions for each year. Additionally, during the year ended June 30, 2006 the Town contributed \$16,442 for prior service credit for one employee.

#### (14) Risk Management

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the other insurance coverages during the year.

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

(15) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2007 follows:

Joseph L. Rivers, Mayor	\$ 7,200
Tyrone L. Doyle, Mayor	11,400
 Aldermen:	
Clyde Myers	1,500
Malcolm English	1,500
Willie Moore	1,500
Mark Snyder	1,500
David Walker	<u>3,000</u>
 Total	 <u>\$ 27,600</u>

(16) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at June 30, 2007 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental fund:		
General Fund	\$ -	\$ 171,900
Fire Department Fund	15,887	490
Other governmental funds	5,602	7,537
Proprietary funds:		
Water and sewer fund	154,699	1,860
Gas fund	<u>75,985</u>	<u>70,386</u>
 Total	 <u>\$ 252,173</u>	 <u>\$ 252,173</u>

The amounts due from the General Fund to various other funds are for short-term loans.

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Transfers consisted of the following at June 30, 2007:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ -	\$ 50,651
Fire Department Fund	51,271	-
Other governmental funds	-	20,947
Total governmental funds	51,271	71,598
Proprietary funds:		
Water and sewer fund	-	533
Gas system fund	20,860	-
Total proprietary funds	20,860	533
Total	\$ 72,131	\$ 72,131

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(17) Contract Agreements

On July 15, 2004, the Town contracted for garbage disposal for a period of three years with monthly minimum payments of \$5,513 or \$8.75 per resident if this amount exceeds the minimum monthly payment. This contract expired in July 2007. Beginning in August 2007, the Town contracted with a different company for temporary garbage disposal services for a period of up to six months during which time the Town will seek bids for garbage disposal services. The monthly fees under the temporary contract are \$14 per customer for approximately 630 customers.

(18) 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's geographical area.

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

(19) Litigation and Claims

At June 30, 2006, the Town is involved in several lawsuits claiming damages. In the opinion of the Town's legal counsel, the only exposure to the Town would be any costs in defense of the lawsuits with no liability to the Town in excess of insurance coverage.

(20) 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 for the year ending June 30, 2007 was \$2,232.

(21) Economic Dependency

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

(22) Fiscal Administrator

The Ninth Judicial District Court issued a Consent Judgment on June 30, 2006, that a representative of the Louisiana Legislative Auditor's office serve as the fiscal administrator for the Town of Glenmora. The authority for this ruling lies in Louisiana Revised Statutes 39:1351-1354, and the specifics of this ruling are outlined in the Consent Judgment which give the fiscal administrator the authority to direct all fiscal matters.

To comply with the Consent Judgment, the fiscal administrator must approve all expenditures of Town funds, make timely debt service payments, and prepare an operating plan (budget) for the Town. The fiscal administrator has the authority to employ and terminate Town employees in order to prevent or curtail a deficit.

On October 4, 2006, the fiscal administrator submitted a Report to the Court that included proposed budgets for the Town for the period July 1, 2006 to June 30, 2007. Also on April 18, 2007, the fiscal administrator submitted a Supplemental Report to the Court that included amended budgets for the Town for the period July 1, 2006 to June 30, 2007. The fiscal administrator will review the operating plan monthly and make amendments as considered necessary to fulfill his duties. The fiscal administrator will continue until the Town can demonstrate fiscal responsibility in making debt service payments and properly managing the business affairs of the Town.

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

(23) Deficit Fund Balances

The Gas and Sewer Sinking Debt Service Funds have deficit fund balances of \$869 and \$2,463, respectively, as of June 30, 2007. The deficit will be eliminated by transferring monies from other funds.

(24) Contingent Liability

Prior to October 1, 2007, police department personnel were not enrolled in the Municipal Police Employees Retirement System (MPERS). The Town is currently in negotiations over the purchase of prior service credit for these employees. At report date, the total amount that would be owed by the Town has not been determined.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

TOWN OF GLENMORA, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2007

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
<b>Taxes -</b>				
Sales	\$ 346,948	\$ 341,000	\$ 390,892	\$ 49,892
Ad valorem	18,000	16,000	15,599	(401)
Franchise	66,040	65,200	80,412	15,212
Licenses and permits	59,470	59,420	56,076	(3,344)
<b>Intergovernmental -</b>				
Beer tax	3,500	2,500	3,216	716
Parish reimbursement for road tax	33,252	26,000	59,748	33,748
Fines and forfeits	75,000	60,000	71,239	11,239
Miscellaneous	33,630	32,005	35,342	3,337
Total revenues	<u>635,840</u>	<u>602,125</u>	<u>712,524</u>	<u>110,399</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Administrative	105,132	125,168	139,416	(14,248)
<b>Public safety:</b>				
Police	177,476	169,589	168,030	1,559
Highways and streets	125,128	139,821	106,216	33,605
Sanitation	71,563	71,565	60,638	10,927
Culture and recreation	25,140	12,987	12,277	710
Capital outlay	-	14,453	9,071	5,382
Debt service	5,600	5,400	5,400	-
Total expenditures	<u>510,039</u>	<u>538,983</u>	<u>501,048</u>	<u>37,935</u>
Excess of revenues over expenditures	<u>125,801</u>	<u>63,142</u>	<u>211,476</u>	<u>148,334</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(46,300)</u>	<u>(60,955)</u>	<u>(50,651)</u>	<u>10,304</u>
Excess of revenues over expenditures and other uses	79,501	2,187	160,825	158,638
Fund balance (deficit), beginning	<u>(73,824)</u>	<u>(73,824)</u>	<u>(73,824)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 5,677</u>	<u>\$ (71,637)</u>	<u>\$ 87,001</u>	<u>\$ 158,638</u>

TOWN OF GLENMORA, LOUISIANA  
Fire Department Special Revenue Fund

Budgetary Comparison Schedule  
Year Ended June 30, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 51,270	\$ 56,000	\$ 66,869	\$ 10,869
Miscellaneous -				
Interest	400	1,100	1,224	124
Other	<u>7,500</u>	<u>7,703</u>	<u>7,703</u>	<u>-</u>
Total revenues	<u>59,170</u>	<u>64,803</u>	<u>75,796</u>	<u>10,993</u>
<b>Expenditures:</b>				
Current:				
Public safety	62,715	57,451	58,875	(1,424)
Capital outlay	6,000	4,500	3,068	1,432
Debt service:				
Principal	18,000	18,000	18,000	-
Interest	<u>13,063</u>	<u>20,797</u>	<u>13,062</u>	<u>7,735</u>
Total expenditures	<u>99,778</u>	<u>100,748</u>	<u>93,005</u>	<u>7,743</u>
Excess of revenues over expenditures	(40,608)	(35,945)	(17,209)	18,736
<b>Other financing uses:</b>				
Transfers in	<u>51,754</u>	<u>41,747</u>	<u>51,271</u>	<u>9,524</u>
Excess of revenues and other sources over expenditures	11,146	5,802	34,062	28,260
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ 11,146</u>	<u>\$ 5,802</u>	<u>\$ 34,062</u>	<u>\$ 28,260</u>

**OTHER SUPPLEMENTARY INFORMATION**

**OTHER FINANCIAL INFORMATION**

**TOWN OF GLENMORA, LOUISIANA**  
**Nonmajor Governmental Funds**

**Combining Balance Sheet**  
**June 30, 2007**

	<u>Special Revenue</u>	<u>Debt Service</u>			
		<u>Fire Sinking</u>	<u>Gas Sinking</u>	<u>Sewer Sinking</u>	<u>Total</u>
<b>ASSETS</b>					
Cash	\$ 1,673	\$ -	\$ 118	\$ 200	\$ 1,991
Receivables, net of allowance for uncollectible amounts	51,563	-	-	-	51,563
Due from other funds	<u>2,715</u>	<u>-</u>	<u>950</u>	<u>1,937</u>	<u>5,602</u>
Total assets	<u>\$ 55,951</u>	<u>\$ -</u>	<u>\$ 1,068</u>	<u>\$ 2,137</u>	<u>\$ 59,156</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Due to other funds	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,937</u>	<u>\$ 4,600</u>	<u>\$ 7,537</u>
<b>Fund balances (deficit):</b>					
Unreserved, undesignated	<u>54,951</u>	<u>-</u>	<u>(869)</u>	<u>(2,463)</u>	<u>51,619</u>
Total fund balances (deficit)	<u>54,951</u>	<u>-</u>	<u>(869)</u>	<u>(2,463)</u>	<u>51,619</u>
Total liabilities and fund balances	<u>\$ 55,951</u>	<u>\$ -</u>	<u>\$ 1,068</u>	<u>\$ 2,137</u>	<u>\$ 59,156</u>

TOWN OF GLENMORA, LOUISIANA  
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2007

	Special Revenue	Debt Service			Total
		Fire Sinking	Gas Sinking	Sewer Sinking	
<b>Revenues:</b>					
Miscellaneous -					
Interest	\$ 1,738	\$ -	\$ 1	\$ 2	\$ 1,741
Other	3,000	-	-	-	3,000
Total revenues	<u>4,738</u>	<u>-</u>	<u>1</u>	<u>2</u>	<u>4,741</u>
<b>Expenditures:</b>					
Current -					
General government	8,357	-	-	-	8,357
Excess (deficiency) of revenues over expenditures	<u>(3,619)</u>	<u>-</u>	<u>1</u>	<u>2</u>	<u>(3,616)</u>
<b>Other financing sources (uses):</b>					
Transfers out	-	(20,947)	-	-	(20,947)
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(3,619)</u>	<u>(20,947)</u>	<u>1</u>	<u>2</u>	<u>(24,563)</u>
Fund balances (deficit), beginning	<u>58,570</u>	<u>20,947</u>	<u>(870)</u>	<u>(2,465)</u>	<u>76,182</u>
Fund balances (deficit), ending	<u>\$ 54,951</u>	<u>\$ -</u>	<u>\$ (869)</u>	<u>\$ (2,463)</u>	<u>\$ 51,619</u>

**INTERNAL CONTROL, COMPLIANCE**

**AND**

**OTHER MATTERS**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Retired:  
Conrad O. Chapman, CPA\* 2006  
Harry J. Clostio, CPA 2007

WEB SITE:  
[WWW.KCSRCPAS.COM](http://WWW.KCSRCPAS.COM)

\* A Professional Accounting Corporation

The Honorable Joseph L. Rivers, Mayor  
and Members of the Board of Aldermen  
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 (Town), as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements and have issued our report dated December 5, 2007. 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.

### Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings as items 07-1(IC) and 07-2(IC) to be significant deficiencies in internal control over financial reporting.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying summary schedule of current and prior year audit findings as items 07-3(C), 07-4(C), 07-5(C), and 07-6(C).

The Town's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings. We do not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Town's management 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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
December 5, 2007

TOWN OF GLENMORA, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
For the Year Ended June 30, 2007

Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>CURRENT YEAR (06/30/07) --</u>					
<u>Internal Control:</u>					
07-1(1C) Unknown	Due to the small number of employees, the Town did not have adequate segregation of duties within the accounting system.		The town clerk will continue to make efforts to segregate duties within the accounting system where possible. Also, the town will continue using the contract accountant to perform certain monthly bookkeeping duties, including reconciling the bank accounts and performing the payroll function.	Mayor and Town Clerk	Ongoing
07-2(1C) Unknown	Two of the Town's officials including the former Mayor were at least thirty days delinquent on their utility bills at June 30, 2007. Town policy is that past due accounts will be disconnected. It is recommended that aggressive collection attempts be made to collect these past due amounts, and that if accounts are not brought current that service be cut off.		The town is now strictly enforcing the utility cut-off policy and services are disconnected on past due accounts regardless of whether the customer is an employee or official of the town.	Mayor and Town Clerk	Dec-07
<u>Compliance:</u>					
07-3(C) Unknown	LSA-RS 39:324 require that a complete physical inventory of the property of the agency be made annually. A complete inventory of assets was not taken in the fiscal year ended June 30, 2007. It is recommended that a complete physical inventory of the Town's assets be made annually.		The mayor and town clerk will ensure that a complete physical inventory of all assets of the town will be completed by June 30, 2008, and that sufficient inventory records are maintained. Each year thereafter, an annual physical inventory will be conducted and the records will be maintained for review by auditors.	Mayor and Town Clerk	Jun-08
07-4(C) Unknown	The Town did not comply with the transfer procedures for the water, sewer and gas utility Revenue bond issues. The bond issues require that amounts be transferred monthly to the Sinking, Reserve, and Contingency Accounts. The required transfers were not made into these accounts for the fiscal year ended June 30, 2007. It is recommended that the Town fully comply with the transfer procedures as required by the water, sewer, and gas utility revenue bond issues.		The town is electronically transferring payments to the reserve and contingency bank accounts, on a monthly basis, in accordance with the new requirements of the USDA bond restructurings and will continue to do so.	Town Clerk	Oct-07

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TOWN OF GLENMORA, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
For the Year Ended June 30, 2007

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<u>CURRENT YEAR (06/30/07) --</u>						
<u>Compliance:(Continued)</u>						
07-5(C)	Unknown	The Town was delinquent on four of their revenue bonds during the fiscal year. As of June 30, 2007 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; and, the Town was in negotiations with USDA to restructure the debt. Although the bonds were restructured after fiscal year end retroactive to April 5, 2007, the Town was not in compliance with the bond covenants as of June 30, 2007.		In October 2007, the USDA revenue bonds were restructured retroactive to April 2007, which effectively eliminated their delinquent status. The debts are current and the town is making all principal and interest payments in accordance with the new requirements of the bond restructurings and will continue to do so over the terms of the bonds.	Mayor and Town Clerk	Oct-07
07-6(C)	2007	During the fiscal year, the Compliance Division of the Louisiana Legislative Auditor's office and the Ninth Judicial District Attorney conducted an investigation of unauthorized withdrawals and other transactions made by a former Town Clerk who was employed by the Town from July 26, 2006 through November 13, 2006. As a result of this investigation, a warrant was issued and restitution was made to the Town in October 2007.		To help mitigate the risk of unauthorized transactions in the future, the contract accountant is performing certain monthly bookkeeping functions, including reconciling the bank accounts and performing the payroll function.	Town Clerk	Feb-07
<u>PRIOR YEAR (06/30/06) --</u>						
<u>Internal Control:</u>						
06-1(IC)	Unknown	Due to the small number of employees, the Town did not have adequate segregation of duties within the accounting system.	No	See current year finding 07-1(IC)		

TOWN OF GLENMORA, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
For the Year Ended June 30, 2007

Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<b>PRIOR YEAR (06/30/06) --</b>					
<b>Internal Control: (Continued)</b>					
06-2(IC) Unknown	The policy for cash disbursements is that all disbursements should have supporting documentation showing authorization. The Town was unable to provide copies of various invoices requested during the audit testing. It is recommended that management abide by the cash disbursement policy in place and maintain invoices or other supporting documentation showing approval for all transactions.	Yes			
06-3(IC) Unknown	Six of the Town's employees and one council member were at least thirty days delinquent on their utility bills at June 30, 2006. Town policy is that past due accounts will be disconnected. It is recommended that aggressive collection attempts be made to collect these past due amounts, and that if accounts are not brought current that service be cut off.	No	See current year finding 07-2(IC)		
06-4(IC) Unknown	The Town's policy is that past due accounts will be cut off within 45 days of delinquent status until the account is brought current. The Town is not following this policy on a consistent basis. It is recommended that procedures in place for disconnecting delinquent accounts be followed.	Yes			

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TOWN OF GLENMORA, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
For the Year Ended June 30, 2007

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>PRIOR YEAR (06/30/06) --</u>						
<u>Internal Control (Continued)</u>						
06-5(IC)	Unknown	The 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. Audit testing revealed some instances in which fines were incorrectly priced and instances in which tickets were dismissed with no record of the Judge's approval. Also the court minutes could not be located. It is recommended that the policy for ticket dismissals and modifications be followed and that minutes of court processing be maintained.	Yes			
06-6(IC)	Unknown	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. It is recommended that policies and procedures be implemented so that every ticket can be accounted for.	Yes			
06-7(IC)	Unknown	The Town has not consistently maintained supporting documentation for monies received and deposited into the Town's bank accounts. It is recommended that all remittance advices for monies received be maintained along with any other supporting documentation available. Also deposit slips prepared should have a description of the revenue being deposited.	Yes			

Compliance:

TOWN OF GLENMORA, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
For the Year Ended June 30, 2007

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
PRIOR YEAR (06/30/06) --						
<u>Compliance: (Continued)</u>						
06-8(C)	Unknown	The Town's current policy is that utility services be disconnected if a customer's account becomes 45 days delinquent. This policy is not in compliance with the utility bond covenants which state that accounts should be disconnected once they become 25 days delinquent. It is recommended that the current disconnect policy be modified to ensure compliance with the bond covenants.	Yes			
06-9(C)	Unknown	LSA-RS 39:324 requires that a complete physical inventory of the property of the agency be made annually. An inventory of assets was not taken in the fiscal year ended June 30, 2006. It is recommended that a complete physical inventory of the Town's assets be made annually.	No	See current year finding 07-3(C)		
06-10(C)	Unknown	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 on the Natural Gas or Water Systems as required in the bond covenants.	Yes			
06-11(C)	Unknown	The Town did not comply with the transfer procedures for the water, sewer and gas utility Revenue bond issues. The bond issues require that amounts be transferred monthly to the Sinking, Reserve, and Contingency Accounts. The required transfers were not made into these accounts for the fiscal year ended June 30, 2006. It is recommended that the Town fully comply with the transfer procedures as required by the water, sewer, as gas utility revenue bond issues.	No	See current year finding 07-4(C)		

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TOWN OF GLENMORA, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
For the Year Ended June 30, 2007

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<b>PRIOR YEAR (06/30/06) --</b>						
<u>Compliance (continued):</u>						
06-12(C)	Unknown	The Town is currently delinquent on four of their revenue bonds. As of June 30, 2006 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 \$204,990.	No	See current year finding 07-5(C)		
06-13(C)	Unknown	The Town is required by the bond covenant for the Gas Revenue Bond to have net income each year of at least 120% of the largest combined principal and interest payment. Although the Gas System Fund had operating income for the fiscal year ended June 30, 2006, this net income amount was less than the required 120% required to be in compliance with the bond covenant.	Yes			
06-14(C)	Unknown	The Town did not amend the general fund budget in accordance with LSA-RS 39:131(A)(1) that states when total revenue plus projected revenue and other sources for the remainder of the year are failing to meet total budgeted revenues by five percent or more the budget must be amended. Total revenues failed to meet budgeted revenues by 23% or \$240,453.	Yes			
06-15(C)	Unknown	The Town did not prepare annual financial statements within the prescribed time as required by LSA-RS 24:514 and 33:463. The Town also did not have an audit of the annual financial statements in a timely manner as required by LSA-RS 24:513.	Yes			