

TOWN OF GLENMORA, LOUISIANA

Financial Report

Year Ended June 30, 2008

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.

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INDEPENDENT AUDITORS' REPORT

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, 2008, 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, 2008, 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, 2008, 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 considered in assessing the results of our audit.

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, 2008

BASIC FINANCIAL STATEMENTS

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

TOWN OF GLENMORA, LOUISIANA

Statement of Net Assets

June 30, 2008

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 445,898	\$ 219,749	\$ 665,647
Receivables, net	65,181	101,718	166,899
Due from other governmental units	4,745	-	4,745
Total current assets	<u>515,824</u>	<u>321,467</u>	<u>837,291</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	131,153	131,153
Capital assets, net	<u>1,551,088</u>	<u>4,771,950</u>	<u>6,323,038</u>
Total noncurrent assets	<u>1,551,088</u>	<u>4,903,103</u>	<u>6,454,191</u>
Total assets	<u>2,066,912</u>	<u>5,224,570</u>	<u>7,291,482</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	11,701	56,526	68,227
Internal balances	63,225	(63,225)	-
Bonds and certificates payable	24,000	110,596	134,596
Accrued interest	<u>4,083</u>	<u>9,650</u>	<u>13,733</u>
Total current liabilities	<u>103,009</u>	<u>113,547</u>	<u>216,556</u>
Noncurrent liabilities:			
Customers deposits payable	-	68,903	68,903
Bonds and certificates payable	<u>168,000</u>	<u>2,984,188</u>	<u>3,152,188</u>
Total noncurrent liabilities	<u>168,000</u>	<u>3,053,091</u>	<u>3,221,091</u>
Total liabilities	<u>271,009</u>	<u>3,166,638</u>	<u>3,437,647</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,551,088	1,677,166	3,228,254
Restricted for debt service	-	-	-
Unrestricted	<u>244,815</u>	<u>380,766</u>	<u>625,581</u>
Total net assets	<u>\$1,795,903</u>	<u>\$2,057,932</u>	<u>\$ 3,853,835</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, 2008

Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Business-Type Activities	
					Governmental Activities	Total
Governmental activities:						
General government	\$ 136,273	\$ 52,767	\$ 75,000	\$ -	\$ (8,506)	\$ (8,506)
Public safety:						
Police	165,812	53,591	7,411	-	(104,810)	(104,810)
Fire	64,513	-	-	-	(64,513)	(64,513)
Streets	142,098	-	46,657	-	(95,441)	(95,441)
Sanitation	74,895	-	-	-	(74,895)	(74,895)
Culture and recreation	47,448	-	-	-	(47,448)	(47,448)
Interest on long-term debt	12,641	-	-	-	(12,641)	(12,641)
Total governmental activities	643,680	106,358	129,068	-	(408,254)	(408,254)
Business-type activities:						
Water & sewer	531,239	602,140	-	113,281	-	184,182
Gas	215,299	230,473	-	-	-	15,174
Total business-type activities	746,538	832,613	-	113,281	-	199,356
Total	\$ 1,390,218	\$ 938,971	\$ 129,068	\$ 113,281	(408,254)	(208,898)
General revenues:						
Taxes -						
Ad valorem taxes, levied for general purposes					16,609	16,609
Sales and use taxes, levied for general purposes					392,831	392,831
Sales and use taxes, levied for fire department					56,987	56,987
Franchise taxes					67,519	67,519
Beer taxes					2,357	2,357
Tobacco tax					2,341	2,341
Interest and investment earnings					3,235	3,883
Miscellaneous					132,385	132,385
Transfers					23,949	-
Total general revenues and transfers					698,213	674,912
Change in net assets					289,959	466,014
Net assets - July 1, 2007					1,505,944	3,387,821
Net assets - June 30, 2008					\$ 1,795,903	\$ 3,853,835

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, 2008

	General	Fire Department	Other Governmental Funds	Total
ASSETS				
Cash	\$ 402,284	\$ 27,734	\$ 15,879	\$ 445,897
Receivables, net of allowances for uncollectible amounts:				
Taxes	15,800	-	-	15,800
Notes	-	-	49,381	49,381
Due from other governmental units	595	4,150	-	4,745
Due from other funds	84,123	2,082	9,980	96,185
Total assets	<u>\$ 502,802</u>	<u>\$ 33,966</u>	<u>\$ 75,240</u>	<u>\$ 612,008</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 11,103	\$ 598	\$ -	\$ 11,701
Due to other funds	142,732	9,140	7,537	159,409
Total liabilities	<u>153,835</u>	<u>9,738</u>	<u>7,537</u>	<u>171,110</u>
Fund balances -				
Unreserved, undesignated	348,967	24,228	67,703	440,898
Total fund balances	<u>348,967</u>	<u>24,228</u>	<u>67,703</u>	<u>440,898</u>
Total liabilities and fund balances	<u>\$ 502,802</u>	<u>\$ 33,966</u>	<u>\$ 75,240</u>	<u>\$ 612,008</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, 2008

Total fund balances for governmental funds at June 30, 2008 \$ 440,898

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 \$163,042 accumulated depreciation	1,037,788	
Infrastructure, net of \$76,800 accumulated depreciation	382,459	
Equipment, furniture, and fixtures, net of \$229,306 accumulated depreciation	46,823	
Vehicles, net of \$442,180 accumulated depreciation	<u>16,043</u>	1,551,088

Long-term liabilities at June 30, 2008:

Certificates of indebtedness payable	(172,000)	
Bonds payable	(20,000)	
Accrued interest payable	<u>(4,083)</u>	<u>(196,083)</u>

Total net assets of governmental activities at June 30, 2008 \$1,795,903

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, 2008

	General	Fire Department	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 476,959	\$ 56,987	\$ -	\$ 533,946
Licenses and permits	52,767	-	-	52,767
Intergovernmental	133,766	-	-	133,766
Fines and forfeits	53,591	-	-	53,591
Miscellaneous	115,804	8,612	11,204	135,620
Total revenues	<u>832,887</u>	<u>65,599</u>	<u>11,204</u>	<u>909,690</u>
Expenditures:				
Current -				
General government:				
Administrative	131,823	-	-	131,823
Public safety:				
Police	155,919	-	-	155,919
Fire	-	64,513	-	64,513
Highways and streets	121,698	-	-	121,698
Sanitation	74,895	-	-	74,895
Culture and recreation	19,040	-	-	19,040
Capital outlay	61,398	-	-	61,398
Debt service -				
Principal retirement	4,000	19,000	-	23,000
Interest and fiscal charges	1,200	11,937	-	13,137
Total expenditures	<u>569,973</u>	<u>95,450</u>	<u>-</u>	<u>665,423</u>
Excess (deficiency) of revenues over expenditures	<u>262,914</u>	<u>(29,851)</u>	<u>11,204</u>	<u>244,267</u>
Other financing sources (uses):				
Transfers in	23,950	20,017	4,880	48,847
Transfers out	(24,898)	-	-	(24,898)
Total other financing sources (uses)	<u>(948)</u>	<u>20,017</u>	<u>4,880</u>	<u>23,949</u>
Net changes in fund balances	261,966	(9,834)	16,084	268,216
Fund balances, beginning	<u>87,001</u>	<u>34,062</u>	<u>51,619</u>	<u>172,682</u>
Fund balances, ending	<u>\$ 348,967</u>	<u>\$ 24,228</u>	<u>\$ 67,703</u>	<u>\$ 440,898</u>

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, 2008

Total net changes in fund balances at June 30, 2008 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 268,216
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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	\$ 61,398	
Depreciation expense for the year ended June 30, 2008	<u>(63,151)</u>	(1,753)

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 state- ment of net assets	23,000
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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>496</u>
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Total changes in net assets at June 30, 2008 per Statement of Activities	<u>\$ 289,959</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, 2008

	<u>Water & Sewer</u>	<u>Gas</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash	\$ 198,133	\$ 21,616	\$ 219,749
Receivables, net of allowances for uncollectible amounts:			
Accounts	52,752	19,526	72,278
Unbilled utility receivables	24,192	5,248	29,440
Due from other funds	160,156	72,870	233,026
Total current assets	<u>435,233</u>	<u>119,260</u>	<u>554,493</u>
Noncurrent assets:			
Restricted assets -			
Cash	-	-	-
Interest-bearing deposits	89,165	41,988	131,153
Capital assets, net of accumulated depreciation	<u>4,110,813</u>	<u>661,137</u>	<u>4,771,950</u>
Total noncurrent assets	<u>4,199,978</u>	<u>703,125</u>	<u>4,903,103</u>
Total assets	<u>4,635,211</u>	<u>822,385</u>	<u>5,457,596</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	51,321	5,205	56,526
Due to other funds	74,591	95,210	169,801
Payable from restricted assets -			
Revenue bonds	82,995	27,601	110,596
Accrued interest payable	<u>8,546</u>	<u>1,104</u>	<u>9,650</u>
Total current liabilities	<u>217,453</u>	<u>129,120</u>	<u>346,573</u>
Noncurrent liabilities:			
Customers' deposits	34,178	34,725	68,903
Revenue bonds payable	<u>2,636,100</u>	<u>348,088</u>	<u>2,984,188</u>
Total noncurrent liabilities	<u>2,670,278</u>	<u>382,813</u>	<u>3,053,091</u>
Total liabilities	<u>2,887,731</u>	<u>511,933</u>	<u>3,399,664</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,391,718	285,448	1,677,166
Restricted for debt service	-	-	-
Unrestricted	<u>355,762</u>	<u>25,004</u>	<u>380,766</u>
Total net assets	<u>\$ 1,747,480</u>	<u>\$ 310,452</u>	<u>\$ 2,057,932</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, 2008

	<u>Water & Sewer</u>	<u>Gas</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 546,012	\$ 229,457	\$ 775,469
Permits, reconnections and penalties	20,738	425	21,163
Miscellaneous	35,390	591	35,981
Total operating revenues	<u>602,140</u>	<u>230,473</u>	<u>832,613</u>
Operating expenses:			
Salaries and benefits	82,022	36,376	118,398
Gas purchases	-	81,047	81,047
Legal and professional	27,628	22,092	49,720
Lab fees	4,095	-	4,095
Repairs and maintenance	45,117	1,800	46,917
Insurance	31,839	22,618	54,457
Plant and water well power	61,121	-	61,121
Truck expense	11,834	-	11,834
Garbage pickup expense	8,663	-	8,663
Training and certification	760	701	1,461
Telephone and utilities	3,207	3,076	6,283
Bad debt expense	4,919	895	5,814
Supplies	10,894	-	10,894
Office expense	1,421	369	1,790
Miscellaneous	7,304	4,357	11,661
Depreciation expense	<u>128,838</u>	<u>27,818</u>	<u>156,656</u>
Total operating expenses	<u>429,662</u>	<u>201,149</u>	<u>630,811</u>
Operating income	<u>172,478</u>	<u>29,324</u>	<u>201,802</u>
Nonoperating revenues (expenses):			
Interest income	538	110	648
Interest expense	<u>(101,577)</u>	<u>(14,150)</u>	<u>(115,727)</u>
Total nonoperating revenues (expenses)	<u>(101,039)</u>	<u>(14,040)</u>	<u>(115,079)</u>
Income before contributions and transfers	<u>71,439</u>	<u>15,284</u>	<u>86,723</u>
Capital contributions	<u>113,281</u>	<u>-</u>	<u>113,281</u>
Transfers in (out):			
Transfers in	19,845	-	19,845
Transfers out	<u>-</u>	<u>(43,794)</u>	<u>(43,794)</u>
Total transfers in (out)	<u>19,845</u>	<u>(43,794)</u>	<u>(23,949)</u>
Change in net assets	204,565	(28,510)	176,055
Net assets, beginning	<u>1,542,915</u>	<u>338,962</u>	<u>1,881,877</u>
Net assets, ending	<u>\$ 1,747,480</u>	<u>\$ 310,452</u>	<u>\$ 2,057,932</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, 2008

	<u>Water & Sewer</u>	<u>Gas</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 566,751	\$ 229,882	\$ 796,633
Payments to suppliers	(134,106)	(117,863)	(251,969)
Payments to employees	<u>(82,022)</u>	<u>(36,377)</u>	<u>(118,399)</u>
Net cash provided by operating activities	<u>350,623</u>	<u>75,642</u>	<u>426,265</u>
Cash flows from noncapital financing activities:			
Transfers from (to) other funds	<u>19,845</u>	<u>(43,794)</u>	<u>(23,949)</u>
Cash flows from capital and related financing activities:			
Principal paid on revenue bonds payable	(78,321)	(28,101)	(106,422)
Interest and fiscal charges paid on revenue bonds	(109,646)	(14,867)	(124,513)
Net increase in customer meter deposits	(712)	12,706	11,994
Capital contributions received	113,281	-	113,281
Net acquisition of property, plant and equipment	(165,224)	-	(165,224)
Disposition of property, plant and equipment	<u>1,533</u>	<u>-</u>	<u>1,533</u>
Net cash used by capital and related financing activities	<u>(239,089)</u>	<u>(30,262)</u>	<u>(269,351)</u>
Cash flows from investing activities:			
Interest earned	<u>538</u>	<u>110</u>	<u>648</u>
Net increase in cash and cash equivalents	131,917	1,696	133,613
Cash and cash equivalents, beginning of period	<u>147,453</u>	<u>61,908</u>	<u>209,361</u>
Cash and cash equivalents, end of period	<u>\$ 279,370</u>	<u>\$ 63,604</u>	<u>\$ 342,974</u>

(continued)

TOWN OF GLENMORA, LOUISIANA

Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended June 30, 2008

	<u>Water & Sewer</u>	<u>Gas</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 172,478	\$ 29,324	\$ 201,802
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	128,838	27,818	156,656
Changes in current assets and liabilities:			
Increase in accounts receivable	(2,833)	(8,458)	(11,291)
Increase in provision for uncollectible accounts	3,829	895	4,724
Increase (decrease) in due from other funds	(5,457)	3,115	(2,342)
Increase in due to other funds	72,731	24,824	97,555
Decrease in accounts payable	<u>(18,963)</u>	<u>(1,876)</u>	<u>(20,839)</u>
Net cash provided by operating activities	<u>\$ 350,623</u>	<u>\$ 75,642</u>	<u>\$ 426,265</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:			
Cash and cash equivalents, beginning 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	<u>(7,791)</u>	<u>-</u>	<u>(7,791)</u>
Total cash and cash equivalents	<u>147,453</u>	<u>61,908</u>	<u>209,361</u>
Cash and cash equivalents, end of period -			
Cash - unrestricted	198,133	21,616	219,749
Cash - restricted	-	-	-
Interest-bearing deposits - restricted	89,165	41,988	131,153
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(7,928)</u>	<u>-</u>	<u>(7,928)</u>
Total cash and cash equivalents	<u>279,370</u>	<u>63,604</u>	<u>342,974</u>
Net increase	<u>\$ 131,917</u>	<u>\$ 1,696</u>	<u>\$ 133,613</u>

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, 2008, the allowance for ad valorem taxes was \$1,956. The allowance for customers' utility receivables was \$24,036 at June 30, 2008. 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, 2008 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 June 10, 2007, and is reflected in the budget comparison statement. The amended budget was adopted on April 1, 2008, 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, 2008, 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, 2008, taxes of 5.20 mills were levied on property with assessed valuations totaling \$3,298,224 and were dedicated as follows:

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

Total taxes levied were \$17,151. Ad valorem taxes receivable were \$1,956 offset by an allowance for uncollectible taxes of \$1,956, resulting in a net balance of \$-0- at June 30, 2008.

(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 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, 2008, the Town had cash and interest-bearing deposits (book balances) totaling \$796,800 as follows:

Cash on hand	\$ 275
Demand deposits	731,922
Time deposits	7,928
Money market accounts	<u>56,675</u>
Total	<u>\$ 796,800</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, 2008 were secured as follows:

Bank balances	<u>\$ 816,798</u>
Federal deposit insurance	\$ 187,088
Pledged securities (Category 3)	<u>629,710</u>
Total FDIC insurance and pledged securities	<u>\$ 816,798</u>

As of June 30, 2008, 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, 2008 of \$166,899 consist of the following:

	Governmental Activities	Business-type Activities	Total
Accounts(net of allowance for bad debts of \$24,036)	\$ -	\$ 72,278	\$ 72,278
Unbilled utility	-	29,440	29,440
Notes (see Note 7)	49,381	-	49,381
Taxes	15,800	-	15,800
Other	-	-	-
Totals	<u>\$ 65,181</u>	<u>\$ 101,718</u>	<u>\$ 166,899</u>

(6) Due from Other Governmental Units

Amounts due from other governmental units of \$4,745 at June 30, 2008 consisted of the following:

General Fund:

Amount due from the State of Louisiana for beer tax revenues receivable \$ 595

Fire Department Fund:

Amount due from the Rapides Parish Police Jury for sales tax collections. 4,150

\$ 4,745

(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 February 28, 2008, the terms of these delinquent loans were renegotiated. 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%	\$ 49,381
Glenmora Tailor Shop-\$62,241, 228 payments of \$449 per month including interest at 5.75%	<u>53,135</u>
	102,516
Less allowance for doubtful accounts	<u>(53,135)</u>
Total	<u>\$ 49,381</u>

(8) Restricted Assets

Restricted assets in the water & sewer and gas utility funds consisted of the following at June 30, 2008:

	<u>Water & Sewer</u>	<u>Gas</u>	<u>Total</u>
Customer meter deposits	\$ 54,337	\$ 33,400	\$ 87,737
Bond and interest sinking fund	19,819	3,577	23,396
Bond reserve fund	8,528	2,505	11,033
Depreciation and contingency fund	<u>6,481</u>	<u>2,506</u>	<u>8,987</u>
Total enterprise utility fund restricted assets	<u>\$ 89,165</u>	<u>\$ 41,988</u>	<u>\$ 131,153</u>

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance 07/01/07	Additions	Deletions	Balance 06/30/08
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 67,975	\$ -	\$ -	\$ 67,975
Other capital assets:				
Buildings	1,200,830	-	-	1,200,830
Infrastructure	424,842	34,417	-	459,259
Equipment, furniture and fixtures	263,648	12,481	-	276,129
Vehicles	443,723	14,500	-	458,223
Totals	<u>2,401,018</u>	<u>61,398</u>	<u>-</u>	<u>2,462,416</u>
Less accumulated depreciation				
Buildings	131,448	31,594	-	163,042
Infrastructure	63,666	13,134	-	76,800
Equipment, furniture and fixtures	214,695	14,611	-	229,306
Vehicles	438,368	3,812	-	442,180
Total accumulated depreciation	<u>848,177</u>	<u>63,151</u>	<u>-</u>	<u>911,328</u>
Governmental activities, capital assets, net	<u>\$ 1,552,841</u>	<u>\$ (1,753)</u>	<u>\$ -</u>	<u>\$ 1,551,088</u>
Business-type activities:				
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	24,292	-	-	24,292
Totals	<u>1,370,069</u>	<u>-</u>	<u>-</u>	<u>1,370,069</u>
Less accumulated depreciation				
Distribution system	534,990	21,058	-	556,048
Gas lines	108,536	2,454	-	110,990
Meters and regulators	3,932	50	-	3,982
Utility relocation	14,267	2,594	-	16,861
Equipment	19,389	1,662	-	21,051
Total accumulated depreciation	<u>681,114</u>	<u>27,818</u>	<u>-</u>	<u>708,932</u>
Gas utility, net	<u>\$ 688,955</u>	<u>\$ (27,818)</u>	<u>\$ -</u>	<u>\$ 661,137</u>

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Balance 07/01/07	Additions	Deletions	Balance 06/30/08
Water and sewer utility -				
Distribution system	\$ 1,517,057	\$ -	\$ -	\$ 1,517,057
Water tank and wells	342,887	6,718	-	349,605
Sewer system	3,281,101	-	-	3,281,101
Utility relocation	462,712	113,281	-	575,993
Equipment	156,389	45,225	1,533	200,081
Totals	<u>5,760,146</u>	<u>165,224</u>	<u>1,533</u>	<u>5,923,837</u>
Less accumulated depreciation				
Distribution system	248,544	30,341	-	278,885
Water tank and wells	200,816	7,986	-	208,802
Sewer system	1,063,197	65,365	-	1,128,562
Utility relocation	37,049	9,254	-	46,303
Equipment	134,771	15,892	191	150,472
Total accumulated depreciation	<u>1,684,377</u>	<u>128,838</u>	<u>191</u>	<u>1,813,024</u>
Water and sewer utility, net	<u>\$ 4,075,769</u>	<u>\$ 36,386</u>	<u>\$ 1,342</u>	<u>\$ 4,110,813</u>
Business-type activities, capital assets, net	<u>\$ 4,764,724</u>	<u>\$ 8,568</u>	<u>\$ 1,342</u>	<u>\$ 4,771,950</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 4,450
Public safety - police and fire	9,893
Streets	20,400
Culture and recreation	<u>28,408</u>
Total depreciation expense	<u>\$ 63,151</u>

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

Gas utility	\$ 27,818
Water and sewer utility	<u>128,838</u>
Total depreciation expense	<u>\$ 156,656</u>

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, 2008:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 9,601	\$ 14,411	\$ 24,012
Insurance	1,900	42,115	44,015
Payroll taxes	<u>200</u>	<u>-</u>	<u>200</u>
Totals	<u>\$ 11,701</u>	<u>\$ 56,526</u>	<u>\$ 68,227</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, 2008:

	Governmental Activities		Business-type Activities		
	General Obligation	Certificates of Indebtedness	Revenue	Notes	Total
Long-term debt, July 1, 2007	\$ 24,000	\$ 191,000	\$ 3,193,553	\$ 9,832	\$ 3,418,385
Additions	-	-	-	-	-
Retirements	<u>(4,000)</u>	<u>(19,000)</u>	<u>(106,423)</u>	<u>(2,178)</u>	<u>(131,601)</u>
Long-term debt, June 30, 2008	<u>\$ 20,000</u>	<u>\$ 172,000</u>	<u>\$ 3,087,130</u>	<u>\$ 7,654</u>	<u>\$ 3,286,784</u>

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt payable at June 30, 2008 is comprised of the following individual issues:

Long-term debt –

	Balance 6/30/08	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.	\$ 20,000	\$ 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.	172,000	20,000
\$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.	262,515	39,648
\$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.	1,107,919	16,607
\$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.	1,341,007	24,491
\$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.	375,689	27,600
\$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%.	7,654	2,250
	<u>\$3,286,784</u>	<u>\$134,596</u>

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

Annual debt service requirements to maturity are as follows:

Year ending June 30,	Governmental Activities		Business-type Activities	
	Principal payments	Interest payments	Principal payments	Interest payments
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	30,000	5,388	129,000	102,895
2014-2018	57,000	5,375	470,403	447,472
2019-2023	-	-	387,254	354,618
2024-2028	-	-	423,077	274,903
2029-2033	-	-	519,804	178,176
2034-2038	-	-	447,149	68,466
2039-2042	-	-	246,866	7,267
Total	<u>\$ 192,000</u>	<u>\$ 48,626</u>	<u>\$ 3,094,784</u>	<u>\$ 1,939,941</u>

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 asset 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 retroactively to 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, 2008 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, 2008 amounted to \$21,598.

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.

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,

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

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, 2008, 2007 and 2006 were \$7,583, \$12,249 and \$12,997, respectively, equal to the required contributions for each year.

C) Municipal Police Employees' Retirement System of Louisiana (System)

Eligible employees of the Town participate in the Municipal Police Employees' Retirement System, which is a cost-sharing, multiple-employer defined benefit public employee retirement system. The plan is controlled and administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan description – All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard, Room 270, Baton Rouge, Louisiana 70809-7017.

Funding Policy - Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 13.75% of annual covered payroll. The contribution requirements of plan members and the Town 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 contributions to the System for the years ending June 30, 2008, 2007, and 2006, were \$5,269, \$-0-, and \$-0-, respectively, equal to the required contributions for each year. As of June 30, 2008, there were no employees participating in this plan.

(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.

(15) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2008 follows:

Joseph L. Rivers, Mayor	\$ 14,400
Aldermen:	
Clyde Myers	3,000
Malcolm English	3,000
Willie Moore	3,000
Mark Snyder	3,000
David Walker	<u>3,000</u>
Total	<u>\$ 29,400</u>

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

(16) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at June 30, 2008 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental fund:		
General Fund	\$ 84,122	\$ 142,732
Fire Department Fund	2,082	9,140
Other governmental funds	9,980	7,537
Proprietary funds:		
Water and sewer fund	160,156	74,591
Gas fund	72,870	95,210
Total	<u>\$ 329,210</u>	<u>\$ 329,210</u>

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

B. Transfers consisted of the following at June 30, 2008:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 23,950	\$ 24,898
Fire Department Fund	20,017	-
Other governmental funds	4,880	-
Total governmental funds	<u>48,847</u>	<u>24,898</u>
Proprietary funds:		
Water and sewer fund	19,845	-
Gas system fund	-	43,794
Total proprietary funds	<u>19,845</u>	<u>43,794</u>
Total	<u>\$ 68,692</u>	<u>\$ 68,692</u>

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.

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

(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 would seek bids for garbage disposal services. The monthly fees under the temporary contract were \$14 per customer for approximately 630 customers. Beginning October 1, 2007, the Town entered a new contract with monthly fees of \$11.50 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.

(19) Litigation and Claims

At June 30, 2008, 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 1/8th. Amounts received under this lease agreement are reported as revenues in the general fund. The amount received for the year ending June 30, 2008 was \$1,321.

(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.

TOWN OF GLENMORA, LOUISIANA

Notes to Basic Financial Statements (Continued)

(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 were outlined in the Consent Judgment which gave the fiscal administrator the authority to direct all fiscal matters.

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

The fiscal administrator reviewed the operating plan monthly and made amendments as considered necessary to fulfill his duties. On December 31, 2007, the Ninth Judicial District Court lifted the Consent Judgment because the Town demonstrated fiscal responsibility in making debt service payments and properly managing the business affairs of the Town. The Town was no longer under the authority of the fiscal administrator at June 30, 2008.

(23) Deficit Fund Balances

The Sewer Sinking Debt Service Fund has a deficit fund balances of \$44, as of June 30, 2008. 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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes -				
Sales	\$ 345,000	\$ 345,000	\$ 392,831	\$ 47,831
Ad valorem	16,000	16,000	16,609	609
Franchise	63,200	63,200	67,519	4,319
Licenses and permits	20,250	20,250	52,767	32,517
Intergovernmental -				
Federal grants	-	-	7,411	7,411
State grants	-	135,411	75,000	(60,411)
Beer tax	2,500	2,500	2,357	(143)
Tobacco tax	-	-	2,341	2,341
Parish reimbursement for road tax	18,000	107,000	46,657	(60,343)
Fines and forfeits	65,000	65,000	53,591	(11,409)
Miscellaneous	67,400	103,900	115,804	11,904
Total revenues	<u>597,350</u>	<u>858,261</u>	<u>832,887</u>	<u>(25,374)</u>
Expenditures:				
Current:				
General government:				
Administrative	111,118	126,525	131,823	(5,298)
Public safety:				
Police	145,860	166,866	155,919	10,947
Highways and streets	133,989	270,782	121,698	149,084
Sanitation	66,150	88,450	74,895	13,555
Culture and recreation	17,067	23,300	19,040	4,260
Capital outlay	-	-	61,398	(61,398)
Debt service	5,400	5,200	5,200	-
Total expenditures	<u>479,584</u>	<u>681,123</u>	<u>569,973</u>	<u>111,150</u>
Excess of revenues over expenditures	<u>117,766</u>	<u>177,138</u>	<u>262,914</u>	<u>85,776</u>
Other financing sources (uses):				
Transfers in	-	-	23,950	23,950
Transfers out	(60,955)	(62,000)	(24,898)	37,102
Total other financing sources (uses)	<u>(60,955)</u>	<u>(62,000)</u>	<u>(948)</u>	<u>61,052</u>
Excess of revenues over expenditures and other uses	56,811	115,138	261,966	146,828
Fund balance, beginning	<u>87,001</u>	<u>87,001</u>	<u>87,001</u>	<u>-</u>
Fund balance, ending	<u>\$ 143,812</u>	<u>\$ 202,139</u>	<u>\$ 348,967</u>	<u>\$ 146,828</u>

TOWN OF GLENMORA, LOUISIANA
Fire Department Special Revenue Fund

Budgetary Comparison Schedule
Year Ended June 30, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 55,000	\$ 56,000	\$ 56,987	\$ 987
Miscellaneous -				
Interest	300	1,100	394	(706)
Other	7,500	7,703	8,218	515
Total revenues	<u>62,800</u>	<u>64,803</u>	<u>65,599</u>	<u>796</u>
Expenditures:				
Current:				
Public safety	66,570	61,951	64,513	(2,562)
Debt service:				
Principal	19,000	18,000	19,000	(1,000)
Interest	<u>11,938</u>	<u>20,797</u>	<u>11,937</u>	<u>8,860</u>
Total expenditures	<u>97,508</u>	<u>100,748</u>	<u>95,450</u>	<u>5,298</u>
Deficiency of revenues over expenditures	(34,708)	(35,945)	(29,851)	6,094
Other financing uses:				
Transfers in	<u>35,000</u>	<u>39,000</u>	<u>20,017</u>	<u>(18,983)</u>
Excess of revenues and other sources over expenditures	292	3,055	(9,834)	(12,889)
Fund balances, beginning	<u>34,062</u>	<u>34,062</u>	<u>34,062</u>	<u>-</u>
Fund balances, ending	<u>\$ 34,354</u>	<u>\$ 37,117</u>	<u>\$ 24,228</u>	<u>\$(12,889)</u>

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

TOWN OF GLENMORA, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
June 30, 2008

	<u>Special Revenue</u>	<u>Debt Service</u>			
		<u>Fire Sinking</u>	<u>Gas Sinking</u>	<u>Sewer Sinking</u>	<u>Total</u>
ASSETS					
Cash	\$ 10,641	\$ -	\$ 2,619	\$ 2,619	\$ 15,879
Receivables, net of allowance for uncollectible amounts	49,381	-	-	-	49,381
Due from other funds	<u>7,093</u>	<u>-</u>	<u>950</u>	<u>1,937</u>	<u>9,980</u>
Total assets	<u>\$ 67,115</u>	<u>\$ -</u>	<u>\$ 3,569</u>	<u>\$ 4,556</u>	<u>\$ 75,240</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,937</u>	<u>\$ 4,600</u>	<u>\$ 7,537</u>
Fund balances (deficit):					
Unreserved, undesignated	<u>66,115</u>	<u>-</u>	<u>1,632</u>	<u>(44)</u>	<u>67,703</u>
Total fund balances (deficit)	<u>66,115</u>	<u>-</u>	<u>1,632</u>	<u>(44)</u>	<u>67,703</u>
Total liabilities and fund balances	<u>\$ 67,115</u>	<u>\$ -</u>	<u>\$ 3,569</u>	<u>\$ 4,556</u>	<u>\$ 75,240</u>

TOWN OF GLENMORA, LOUISIANA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2008

	Special Revenue	Debt Service Fire Sinking	Gas Sinking	Sewer Sinking	Total
Revenues:					
Miscellaneous -					
Interest	\$ 2,801	\$ -	\$ 20	\$ 20	\$ 2,841
Other	8,363	-	-	-	8,363
Total revenues	<u>11,164</u>	<u>-</u>	<u>20</u>	<u>20</u>	<u>11,204</u>
Expenditures:					
Current -					
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>11,164</u>	<u>-</u>	<u>20</u>	<u>20</u>	<u>11,204</u>
Other financing sources (uses):					
Transfers in	-	-	2,481	2,399	4,880
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,481</u>	<u>2,399</u>	<u>4,880</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	11,164	-	2,501	2,419	16,084
Fund balances (deficit), beginning	<u>54,951</u>	<u>-</u>	<u>(869)</u>	<u>(2,463)</u>	<u>51,619</u>
Fund balances (deficit), ending	<u>\$ 66,115</u>	<u>\$ -</u>	<u>\$ 1,632</u>	<u>\$ (44)</u>	<u>\$ 67,703</u>

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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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

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, 2008, which collectively comprise the Town's basic financial statements and have issued our report dated December 5, 2008. 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 08-1(IC), 08-2(IC) and 08-3(IC) to be significant deficiencies in internal control over financial reporting.

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 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying summary schedule of current and prior year audit findings as items 08-4(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, 2008

TOWN OF GLENMORA, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
For the Year Ended June 30, 2008

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>CURRENT YEAR (06/30/08) -</u>						
<u>Internal Control:</u>						
08-1(IC)	Unknown	Due to the small number of employees, the Town did not have adequate segregation of duties within the accounting system.		Management 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.	Mayor and Town Clerk	Ongoing
08-2(IC)	6/30/2008	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.		Written procedures for maintaining, issuing and accounting for traffic tickets will be prepared and implemented. The supply of unused ticket books will be safeguarded in a locked cabinet by an employee separate from the police department and a record of ticket books issued will be maintained. Accounting for the final disposition of tickets issued will be done through the use of a ticket log ledger book. Police fine revenue will be deposited daily.	Mayor and Town Clerk	6/30/2009
08-3(IC)	6/30/2008	The Town does not have complete and accurate records for customer deposits. A system of controls should be developed to ensure that an accurate listing is maintained. Also, controls should be developed to ensure that the deposits of terminated customers are applied to any outstanding receivable balances.		Efforts will be made to maintain a complete and accurate listing and to apply customer deposits to closed accounts on a timely basis.	Mayor and Town Clerk	6/30/2009
<u>Compliance:</u>						
08-4(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, 2008. 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, 2009, 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	6/30/2009

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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, 2008

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>Internal Control</u>						
07-1(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 08-1(IC).		
07-2(IC)	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.	Yes			
<u>Compliance:</u>						
07-3(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, 2007. It is recommended that a complete physical inventory of the Town's assets be made annually.	No	See current year finding 08-4 (C).		
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, as gas utility revenue bond issues.	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, 2008

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 (06/30/07) --						
<u>Compliance:</u> (Continued)						
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.	Yes			
07-6(C)	Unknown	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.	Yes			