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Town of Glenmora, Louisiana

Annual Financial Report

June 30, 2003

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Release Date 1-21-04

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October 24, 2003

Independent Auditors' Report

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

We have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the Town of Glenmora, Louisiana as of June 30, 2003 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Town of Glenmora's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summary comparative information has been derived from the Town's 2002 financial statements and, in our report dated November 11, 2002, we expressed an unqualified opinion on the general purpose financial statements and the combining and individual fund and account group financial statements.

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

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town of Glenmora, Louisiana as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining and individual fund and account group financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of each of the individual funds and account groups of the Town of Glenmora, Louisiana as of June 30, 2003 and the results of operations of such funds and cash flows of individual proprietary funds for the year then ended in conformity with accounting standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2003, on our consideration of the Town of Glenmora, Louisiana's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants.

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

Town of Glenmora, Louisiana

October 24, 2003

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining, individual fund and account group financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Glenmora, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining and individual fund and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

As discussed in Note 18, the Town of Glenmora water and sewer fund has had losses for 2002 and 2003 cash flow problems from operations could cause the fund to deplete its reserves and have difficulty meeting its debt obligations. The general purpose financial statements do not include any adjustment relating to the amounts and classification of liabilities that might be necessary if the Town of Glenmora is not able to meet its debts as they come due or if such debts are adjusted under the provisions of chapter 9 of the Federal Bankruptcy Code.

Knight - Masden

KNIGHT ◊ MASDEN

**General Purpose Financial Statements
(Combined Statements - Overview)**

Town of Glenmora, Louisiana
Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2003
With Comparative Totals for the Year Ended June 30, 2002

	Governmental Fund Types				Fiduciary Fund Type	Account Groups			Totals	
	Proprietary Fund Type		Enterprise			Agency	General		(Memorandum Only)	
	Special Revenue	Debt Service	Enterprise	Agency			General	Long-Term Debt	2003	2002
Liabilities, Equity and Other Credits										
Liabilities										
Accounts payable	\$ 15,043	\$ -	\$ 58,259	\$ -	\$ 9,343	\$ -	\$ -	\$ -	\$ 73,302	\$ 36,199
Other accrued expenses	-	-	-	-	-	-	-	-	9,343	15,650
Liabilities payable from restricted assets	-	-	189,041	-	-	-	-	-	189,041	181,267
Due to other funds	109,752	1,000	37,095	-	-	-	-	-	154,384	114,459
Bonds payable	-	-	3,597,438	-	-	-	299,000	-	3,896,438	3,232,569
Notes payable	-	-	16,438	-	-	-	11,100	-	27,538	33,631
Total Liabilities	124,795	1,000	3,898,271	9,343	9,343	-	310,100	-	4,350,046	3,613,775
Fund Equity and Other Credits										
Contributed Capital	-	-	2,465,974	-	-	-	-	-	2,465,974	2,465,974
Investment in general fixed assets	-	-	-	-	-	1,487,497	-	-	1,487,497	1,421,187
Retained Earnings (Deficit)	-	-	-	-	-	-	-	-	-	-
Reserved for debt service	-	-	155,651	-	-	-	-	-	155,651	150,713
Unreserved	-	-	(570,406)	-	-	-	-	-	(570,406)	(501,856)
Fund Balances	-	-	-	-	-	-	-	-	86,280	122,586
Reserved for economic development	-	86,280	-	-	-	-	-	-	9,665	13,428
Reserved for debt service	-	-	-	-	-	-	-	-	(59,758)	62,322
Unreserved-undesignated	-	-	-	-	-	-	-	-	-	-
Total Equity and Other Credits	(59,758)	86,280	2,051,219	9,665	9,665	1,487,497	-	-	3,574,903	3,734,354
Total Liabilities, Equity and Other Credits	\$ 65,037	\$ 87,280	\$ 5,949,490	\$ 9,343	\$ 9,343	\$ 1,487,497	\$ 310,100	\$ -	\$ 7,924,949	\$ 7,348,129

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

Town of Glenmora, Louisiana
Combined Statement of Revenues, Expenditures and Changes
in Fund Balances - All Governmental Fund Types
Year Ended June 30, 2003
With Comparative Totals for the Year Ended June 30, 2002

	Governmental Fund Types			Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	2003	2002
Revenues					
Taxes	\$387,068	\$ -	\$ -	\$ 387,068	\$ 418,868
Licenses and permits	18,428	-	-	18,428	27,026
Intergovernmental	30,534	40,666	-	71,200	356,067
Fines	86,535	-	-	86,535	67,751
Franchise fees	47,504	-	-	47,504	46,174
Mineral lease	3,870	-	-	3,870	5,147
Sale of Assets	500	-	-	500	5,278
State Grant	28,264	-	-	28,264	20,591
Miscellaneous	38,825	9,264	393	48,482	50,838
Total Revenues	<u>641,528</u>	<u>49,930</u>	<u>393</u>	<u>691,851</u>	<u>997,740</u>
Expenditures					
Current					
General Government	231,249	54,825	88	286,162	209,191
Public Safety	270,279	-	-	270,279	245,714
Streets	197,114	4,510	-	201,624	200,125
Sanitation	58,020	-	-	58,020	52,313
LCDBG	-	26,900	-	26,900	324,957
Debt Service					
Principal	40,058	-	18,000	58,058	53,811
Interest	888	-	19,263	20,151	20,099
Total Expenditures	<u>797,608</u>	<u>86,235</u>	<u>37,351</u>	<u>921,194</u>	<u>1,106,210</u>
Deficiency of Revenues Under Expenditures	(156,080)	(36,305)	(36,958)	(229,343)	(108,470)
Other Financing Sources					
Operating transfers in	34,000	-	33,195	67,195	95,979
Total other financing sources	<u>34,000</u>	<u>-</u>	<u>33,195</u>	<u>67,195</u>	<u>95,979</u>
Deficiency of Revenues and other financing sources Under Expenditures	(122,080)	(36,305)	(3,763)	(162,148)	(12,491)
Fund balances, beginning of year	<u>62,322</u>	<u>122,585</u>	<u>13,428</u>	<u>198,335</u>	<u>210,826</u>
Fund balances, end of year	<u>\$ (59,758)</u>	<u>\$ 86,280</u>	<u>\$ 9,665</u>	<u>\$ 36,187</u>	<u>\$ 198,335</u>

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

Town of Glenmora, Louisiana
Combined Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget (GAAP Basis) and Actual -
General Fund
For the Year Ended June 30, 2003

	General Fund		Variance - Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$ 367,500	\$ 387,068	\$ 19,568
Licenses and permits	44,300	18,428	(25,872)
Intergovernmental	26,000	30,534	4,534
Fines	70,000	86,535	16,535
Franchise fees	46,400	47,504	1,104
Mineral lease	16,000	3,870	(12,130)
Sales of Assets	-	500	500
State Grant Money	26,000	28,264	2,264
Miscellaneous	27,900	38,825	10,925
Total Revenues	<u>624,100</u>	<u>641,528</u>	<u>17,428</u>
Expenditures			
Current			
General Government	230,106	231,249	(1,143)
Public Safety	267,550	270,279	(2,729)
Streets	170,799	197,114	(26,315)
Sanitation	61,500	58,020	3,480
Debt Service			
Principal	31,000	40,058	(9,058)
Interest	-	888	(888)
Total Expenditures	<u>760,955</u>	<u>797,608</u>	<u>(36,653)</u>
Deficiency of Revenues Under Expenditures	(136,855)	(156,080)	(19,225)
Other Financing Sources			
Operating transfers in	34,000	34,000	-
Total Other Financing Sources	<u>34,000</u>	<u>34,000</u>	<u>-</u>
Deficiency of Revenues and Other Financing Sources Under Expenditures	<u>\$ (102,855)</u>	(122,080)	<u>\$ (19,225)</u>
Fund balances, beginning of year		62,322	
Fund balances, end of year		<u>\$ (59,758)</u>	

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

Town of Glenmora
Enterprise Funds
Comparative Statement of Revenues, Expenses, and
Changes in Retained Earnings (Deficit) - Proprietary Fund Type
Years Ended June 30, 2003 and 2002

	Totals	
	2003	2002
Operating Revenues		
Charges for services		
Gas charges	\$ 328,318	\$ 326,951
Water charges	196,506	169,806
Sewer charges	107,731	58,845
Other charges	10,025	20,880
State Grant	37,301	-
Miscellaneous	6,982	15,528
Total Operating Revenues	686,863	592,010
Operating Expenses		
Salaries and benefits	113,509	98,694
Payroll taxes	8,341	7,328
Gas purchases	81,488	84,690
Legal and professional	36,098	13,444
Repairs and maintenance	50,374	45,009
Insurance	75,754	67,964
Truck expense	6,999	7,959
Depreciation	93,281	84,103
Water well power	9,117	8,383
Telephone	5,072	4,076
Bad debts	13,157	5,782
Supplies	11,272	6,557
Office Expense	9,709	8,672
Miscellaneous	6,834	15,218
Total Operating Expenses	521,005	457,879
Operating Income	165,858	134,131
Nonoperating Revenues (Expenses)		
Interest income	2,249	6,423
Interest expense	(197,719)	(60,907)
Total Nonoperating Revenues (Expenses)	(195,470)	(54,484)
Income Before Operating Transfer	(29,612)	79,647
Operating Transfers Out	(34,000)	(65,000)
Net Income (Loss)	(63,612)	14,647
Retained Earnings (Deficit), Beginning of Year	(351,143)	(365,790)
Retained Earnings (Deficit), End of Year	\$ (414,755)	\$ (351,143)

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

Town of Glenmora
Enterprise Funds
Comparative Statement of Cash Flows - Proprietary Fund Type
Years Ended June 30, 2003 and 2002

	2003	2002
Cash Flows from Operating Activities:		
Operating Income	\$ 165,858	\$ 134,131
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	93,281	84,103
Decrease (Increase) in accounts receivable	10,808	(10,150)
Increase in due from other funds	(55,884)	(16,700)
Increase (Decrease) in accounts payable	44,132	(30,250)
Decrease in due from others	(18,670)	-
Increase in due to other funds	(13,793)	(41,035)
Increase in customer deposits	6,774	9,694
Net cash provided by operating activities	232,506	129,793
Cash flow from noncapital financing activities:		
Transfers from restricted assets	48,986	85,332
Operating transfers out	(34,000)	(65,000)
Net Cash Provided by Non-capital Financing Activities	14,986	20,332
Cash flow from capital and related financing activities:		
Contributions	-	425,080
Capital Grants	-	514,800
Acquisition of capital assets	(808,915)	(2,181,425)
New Bond Issue	777,780	1,294,210
Principal paid on revenue bonds and note	(96,590)	(74,602)
Interest paid on revenue bonds and note	(197,719)	(60,907)
Net cash used by capital and related financing activities	(325,444)	(82,844)
Cash flow from investing activities:		
Interest on investments	2,249	6,423
Net (decrease) increase in cash and equivalents	(75,703)	73,704
Cash and equivalents, beginning of year	79,017	5,313
Cash and equivalents, end of year	\$ 3,314	\$ 79,017

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

Town of Glenmora, Louisiana
Notes to the Financial Statements
June 30, 2003

Note 1 - Summary of Significant Accounting Policies

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

The financial statements of the Town of Glenmora, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

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

B. Fund Accounting

The Town uses funds and account groups to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The Town provides goods or services from such activities to outside parties (enterprise funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government.

C. Basis of Accounting

All governmental funds and the agency fund are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Property taxes are recorded as revenue when levied. Penalties, fines and bonds, sales taxes, franchise taxes and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Intergovernmental revenue and interest income is accrued when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

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

Town of Glenmora, Louisiana
Notes to the Financial Statements
June 30, 2003

Note 1 - Summary of Significant Accounting Policies, Continued

D. Budgets and Budgetary Accounting

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

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

E. Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

F. Due To/From Other Funds

Amounts in each fund listed as due to/from are offset by corresponding entries in other funds. Funds shown as such are considered available for expenditure unless specifically restricted within the statements.

Town of Glenmora, Louisiana
Notes to the Financial Statements
June 30, 2003

Note 1 - Summary of Significant Accounting Policies, Continued

G. Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and they are recorded as expenditures in the governmental funds when purchased. The Town has elected not to capitalize public domain ("infrastructures") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets. Fixed assets are valued at historical cost, unless they were donated in which case they are valued at fair market value at the date of donation. Donated fixed assets represent 3.7% of total general fixed assets.

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

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Fixed assets used in the proprietary fund type operations are included on the balance sheet of the fund at historical costs. Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on the proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Utility Production and Distribution Systems	25-50 years
Equipment	5-10 years
Vehicles	3-5 years

H. Compensated Absences

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

I. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other transfers are reported as operating transfers.

Town of Glenmora, Louisiana
Notes to the Financial Statements
June 30, 2003

Note 1 - Summary of Significant Accounting Policies, Continued

J. Total Columns on Combined Statements - Overview

Total columns on the combined statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

K. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

L. Bad Debts

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

M. Retained Earnings Reserved for Debt Service

Retained earnings reserved for debt service represents a legally segregated trust account required by the bond indenture that is equal to the annual principal and interest due for the next year.

N. Fund Balances Reserved for Economic Development

Fund balances reserved for economic development represents amounts restricted for low to moderate-income development in the Town of Glenmora area.

O. Encumbrances

The Town does not use encumbrance accounting or reporting.

P. Capitalized Interest

The Town does not use capitalized interest accounting or reporting.

Q. Estimates

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

Note 2 - Deficit Retained Earnings

The Water and Sewer Fund (an enterprise fund) has a deficit retained earnings balance of \$570,406. However, contributions by the municipality and federal grants have created a total fund equity balance of \$1,660,392.

Town of Glenmora, Louisiana
Notes to the Financial Statements
June 30, 2003

Note 3 - Cash and Cash Equivalents

These deposits are stated at cost, which approximates market. Under state law, federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure these deposits (or the resulting bank balances). The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank. Cash and cash equivalents (bank balances) at June 30, 2003, are secured as follows:

Bank balances	<u>\$ 180,518</u>
Federal deposit insurance	\$ 180,518
Pledged securities (uncollateralized)	<u>0</u>
 Total	 <u>\$ 180,518</u>

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

Note 4 - Ad Valorem Taxes

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

For the year ended June 30, 2003, taxes of 5.21 mills were levied on properties with assessed valuations totaling \$2,941,394 and were dedicated to general corporate purposes.

Ad valorem tax receivable at June 30, 2003 was \$2,106.

Note 5 - Accounts Receivable - Utility Systems

Accounts receivable are composed of the following:

	<u>Natural Gas</u>	<u>Water and Sewer System</u>	<u>Total</u>
Billed Services	\$ 17,207	\$ 42,228	\$ 59,435
Unbilled Services	<u>5,309</u>	<u>14,723</u>	<u>20,032</u>
	22,516	56,951	79,467
Less allowance for doubtful accounts	<u>(10,576)</u>	<u>(4,424)</u>	<u>(15,000)</u>
	<u>\$ 11,940</u>	<u>\$ 52,527</u>	<u>\$ 64,467</u>

Town of Glenmora, Louisiana
Notes to the Financial Statements
June 30, 2003

Note 6 - Due to/from Other Funds

<u>Receivables Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Gas Fund	General Fund	\$ 80,541
General Fund	Water and Sewer Fund	5,082
Gas Fund	Economic Development Fund	1,000
Gas Fund	Water and Sewer Fund	31,063
Town of Glenmora (Debt Service)	Water and Sewer Fund	950
Water & Sewer Fund	Sewerage District No. 1	4,600
Economic Development Fund	General Fund	29,211
Sewerage District No. 1	Town of Glenmora (Debt Service)	<u>1,937</u>
		<u>\$ 154,384</u>

Note 7 - Notes Receivable

Funds previously received from the Louisiana Department of Urban & 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.

Notes Receivable is as follows:

Reggie's Restaurant	
Original Amount \$56,800, 240 payments of \$410 per month including interest at 6%	\$ 53,113
 Glenmora Tailor Shop	
Original amount \$73,000, 180 payments of \$657 per month including interest at 7%	<u>57,355</u>
	110,468
Less allowance for doubtful accounts	<u>(57,000)</u>
	<u>\$ 53,468</u>

Both of these loans are delinquent in repayment terms at June 30, 2003. Beginning October 1, 2003 the terms of these loans were renegotiated. It is still believed that the Glenmora Tailor Shop will not make payments and that this loan will go into foreclosure. The amount of the allowance for doubtful accounts represents the amount of the loan to the Glenmora Tailor Shop.

Note 8 - Restricted Assets

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

Town of Glenmora, Louisiana
Notes to the Financial Statements
June 30, 2003

Note 8 - Restricted Assets, continued

	2002		2003	
	Natural Gas System	Water And Sewer	Natural Gas System	Water and Sewer
Revenue bond sinking fund account	\$ 62,147	\$ 13,459	\$ 25,457	\$ 8,628
Revenue bond reserve fund account	42,859	23,589	45,439	9,987
Depreciation and contingency fund account	11,297	5,640	12,969	7,416
Customers' deposits	-	7,741	-	7,850
	<u>\$116,303</u>	<u>\$ 50,429</u>	<u>\$ 83,865</u>	<u>\$ 33,881</u>

Note 9 - Fixed Assets

General Fixed Assets

A summary of changes in general fixed assets is as follows:

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
Land	\$ 147,975	\$ -	\$ -	\$ 147,975
Buildings	335,113	4,000	-	339,113
Equipment	189,854	4,896	-	194,750
Automobiles, trucks and tractors	445,598	23,994	-	469,592
Drainage improvements	302,647	33,420	-	336,067
	<u>\$1,421,187</u>	<u>\$ 66,310</u>	<u>\$ -</u>	<u>\$1,487,497</u>

Proprietary Fund Type - Enterprise

The utility relocation project was completed during fiscal year 2003. It was not possible to determine how much of the project was for Gas and how much was for Water and Sewer. An estimate of two-thirds for Water and Sewer and one-third Gas was used.

A summary of proprietary fund type plant and equipment at June 30, 2003, is as follows:

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
Gas 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	18,885	4,599	-	23,484
Total Gas Utility	1,364,662	-	-	1,369,261
Less: Accumulated depreciation	(544,092)	-	(29,468)	(573,560)
Net Gas Utility	<u>820,570</u>	<u>4,599</u>	<u>(29,468)</u>	<u>795,701</u>

Town of Glenmora, Louisiana
Notes to the Financial Statements
June 30, 2003

**Note 9 - Fixed Assets -
Continued**

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
Water Utility				
Distribution system	260,861	-	-	260,861
Water wells	188,189	-	-	188,189
Water tank	154,698	-	-	154,698
Fire hydrants	5,449	-	-	5,449
Meters	3,805	-	-	3,805
Utility Relocation	144,255	22,268	-	166,523
Work in process	902,568	342,841	-	1,245,409
Total Water Utility	<u>1,659,825</u>	<u>365,109</u>	<u>-</u>	<u>2,024,934</u>
Sewer System				
Sewer	1,730,079	2,397	-	1,732,476
Oxidation pond	4,410	-	-	4,410
Equipment	70,548	67,892	17,728	120,712
Utility Relocation	144,255	22,267	-	166,522
Work in process	1,621,997	364,378	-	1,986,375
Total Sewer System	<u>3,571,289</u>	<u>456,934</u>	<u>17,728</u>	<u>4,010,495</u>
Total Water and Sewer Systems	<u>5,231,114</u>	<u>822,043</u>	<u>(17,728)</u>	<u>6,035,429</u>
Less: Accumulated depreciation	<u>(1,139,816)</u>	<u>-</u>	<u>(63,813)</u>	<u>(1,203,629)</u>
Net Water and Sewer Systems	<u>4,091,298</u>	<u>822,043</u>	<u>(81,541)</u>	<u>4,831,800</u>
Total Proprietary Fund Type	<u>\$ 4,911,868</u>	<u>\$ 826,642</u>	<u>\$ (111,009)</u>	<u>\$ 5,627,501</u>

Depreciation expense for the current year for Gas is \$29,468 and Water and Sewer Funds is \$63,813.

Note 10 - Pension Plans

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

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

Town of Glenmora, Louisiana
Notes to the Financial Statements
June 30, 2003

Note 10 – Pension Plans (Continued)

Covered employees are required by state statute to contribute 5 percent of their salary to the plan. The Town is required by the same statute to contribute 2.75 percent. In addition, contributions to the System include 1/4 of one percent of the taxes shown to be collected by the sheriff of each respective parish, except Orleans Parish. The Town's contributions to the system for the years ended June 30, 2003, 2002, and 2001 were \$9,691, \$6,651, and \$6,951 respectively, equal to the required contributions for each year.

Note 11 - Changes in Long-Term Debt

The following is a summary of debt transactions of the Town for the year ended June 30, 2003:

	General Obligation Bonds	Revenue Bonds	Notes Payable	Certificates Of Indebtedness
Debt payable, beginning of year	\$ 44,000	\$ 2,990,923	\$ 34,631	\$ 273,000
New debt issued	-	777,780	23,994	-
Debt retired	(4,000)	(94,911)	(11,694)	(14,000)
Debt payable, end of year	<u>\$ 40,000</u>	<u>\$ 3,673,792</u>	<u>\$ 46,931</u>	<u>\$ 259,000</u>

Out of the total revenue bonds payable at June 30, 2003, \$154,768 is classified as liabilities payable from restricted assets in the combined balance sheet.

Debt as of June 30, 2003, is comprised of the following individual items:

General Obligation Bonds:

\$112,000 issued January 1, 1973, Public Improvement Bonds due in annual installments of \$4,000 from 1999 through 2013, plus interest at 5%. (This issue secured by levy and collection of ad valorem taxes.) \$ 40,000

Revenue Bonds:

\$850,000, issued May 2, 1973, Water and Sewer Bonds - Due in various installments, including interest at 5%. (This issue is secured by revenues from the system.) \$ 389,100

\$1,136,000, issued October 10, 2001, Sewer Bonds - Due in various installments, including interest at 4 1/2%. (This issue is secured by revenues from the system.) 1,520,017

\$1,312,000, issued July 19, 2001, Sewer Bonds - Due in various installments, including interest at 4 1/2%. (This issue is secured by revenues from the system.) 1,279,051

\$1,110,000 issued October 6, 1980, Gas System Bonds - due in annual installments of \$74,514 through 2010, including interest at 5%. (This issue is secured by revenues from the system.) 485,624

\$3,673,792

Town of Glenmora, Louisiana
Notes to the Financial Statements
June 30, 2003

Note 11 - Changes in Long-Term Debt, Continued

Note Payable:

\$23,994 issued September 2002 – Due in monthly installments of \$729.95 including interest at 8.69% (Secured by a police car)	\$ 18,393
\$38,512 dated April 12, 1985, rescheduled delinquent interest and principal payments to FHA on Water & Sewer Bonds, due in annual installments of \$2,630, including interest at 5%	\$ 17,438
\$40,030 issued June 1996 - Due in semi-annual installments of \$2,580, including interest at 5.1% (Secured by 94.98 acres of land)	\$ <u>11,100</u>
	\$ <u>46,931</u>

Certificates of Indebtedness:

\$300,000 issued March 21, 2000 – Due in various installments, including interest at 6.25%. (This issue is secured by ½% sales tax.)	\$ <u>259,000</u>
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The annual requirements to amortize all debt outstanding as of June 30, 2003, including approximate interest payments of \$3,115,131 are as follows:

Year Ending June 30	General Obligation	Revenue Bonds	Note Payable	Certificates of Indebtedness	Total
2004	\$ 6,000	\$ 260,454	\$ 16,549	\$ 31,125	\$ 314,128
2005	5,800	260,025	16,549	30,125	312,499
2006	5,600	260,440	8,702	31,125	305,867
2007	5,400	259,755	2,630	31,063	298,848
2008	5,200	260,120	2,630	30,938	298,888
2009-2013	23,000	1,152,605	8,226	155,250	1,339,081
2014-2018	-	679,430	-	62,375	741,805
2019-2023	-	679,430	-	-	679,430
2024-2028	-	679,430	-	-	679,430
2029-2033	-	679,430	-	-	679,430
2034-2038	-	679,430	-	-	679,430
2039-2042	-	438,778	-	-	438,778
TOTALS	\$ 51,000	\$6,289,327	\$55,286	\$372,001	\$6,767,614

There are a number of limitations and restrictions contained in the various bond indentures. The Town is in compliance with all significant limitations and restrictions except as follows:

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

The Town is required to make payments into various restricted asset accounts as described in note 8. During the year ended June 30, 2003 the Town failed to make all required payments in the Utility depreciation and contingency, sinking and reserve accounts and in the Gas depreciation and contingency, sinking and reserve accounts.

Town of Glenmora, Louisiana
Notes to the Financial Statements
June 30, 2003

Note 12 - Segment Information for Enterprise Fund

	Natural Gas System	Water and Sewer	Total
Operating Revenues	\$ 334,127	\$ 352,736	\$ 686,863
Depreciation	29,468	63,813	93,281
Operating income	56,939	108,919	165,858
Non-operating revenues and (expenses)			
Interest income	1,482	767	2,249
Interest expense	(26,483)	(171,236)	(197,719)
Operating transfers out	27,000	7,000	34,000
Net income (loss)	4,938	(68,550)	(63,612)
Accounts receivable (net of allowance)	11,940	52,527	64,467
Allowance for doubtful accounts	10,576	4,424	15,000
Decrease in cash and cash equivalents	(18,110)	(57,593)	(75,703)
Net Working Capital	64,137	44,752	108,889
Total assets	975,923	4,973,567	5,949,490
Bonds and other long-term liabilities payable from operating revenues	439,870	3,174,006	3,613,876
Total equity	\$ 390,827	\$ 1,660,392	\$ 2,051,219

Note 13 - Garbage Disposal Contract

On July 13, 2001, the Town contracted for garbage disposal for a period of two years with monthly payments of \$3,715.

Note 14 - Concentrations of Credit Risk

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

Town of Glenmora, Louisiana
Notes to the Financial Statements
June 30, 2003

Note 15 – Pending Litigation

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

Note 16 – Risk Management

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

Note 17 – Mineral Lease

On October 8, 1996, Chesapeake Operating, Inc. entered into a lease agreement with the Town for mineral rights on approximately 107.37 acres of land for a period of three years. The payment for these rights was \$120,254.40 for the first year of the lease and annual rental of not less than ½ of the total cash payment or \$60,127.20 whichever is greater. Royalties will be 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 in 2003 was \$3,871.

Note 18 – Going Concern

The Town's water and sewer fund experienced losses during 2002 and 2003. Continued losses could cause the gas fund to deplete its reserves and have difficulty paying debt obligations. The losses would also have an adverse effect on the general fund, since the water and sewer fund transfers income to the general fund each year. The expansion of the water and sewer lines have contributed to this problem and discussions are underway to find a remedy.

**Financial Statements of
Individual Funds and Account Groups**

GENERAL FUND

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

Town of Glenmora, Louisiana
 General Fund
 Comparative Balance Sheets
 June 30, 2003 and 2002

Assets	<u>2003</u>	<u>2002</u>
Cash and cash equivalents	\$ 20,489	\$ 23,873
Receivables (Net of allowance for doubtful accounts)		
Taxes	39,466	87,964
Due from other funds	<u>5,082</u>	<u>22,428</u>
Total Assets	<u>\$ 65,037</u>	<u>\$ 134,265</u>
Liabilities and Equity		
Liabilities		
Accounts payable	\$ 15,043	\$ 22,072
Due to other funds	<u>109,752</u>	<u>49,871</u>
Total Liabilities	<u>124,795</u>	<u>71,943</u>
Fund Equity-Fund Balances		
Unreserved-undesignated	<u>(59,758)</u>	<u>62,322</u>
Total Liabilities and Equity	<u>\$ 65,037</u>	<u>\$ 134,265</u>

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

Town of Glenmora, Louisiana
 Comparative Statements of Revenues, Expenditures and Changes
 in Fund Balances - Budget (GAAP Basis) and Actual - General Fund
 For the Year Ended June 30, 2003
 With Comparative Actual Amounts for the Year Ended June 30, 2002

	2003		Variance - Favorable (Unfavorable)	2002
	Budget	Actual		Actual
Revenues				
Taxes	\$ 367,500	\$ 387,068	\$ 19,568	\$ 418,868
Licenses and permits	44,300	18,428	(25,872)	27,026
Intergovernmental	26,000	30,534	4,534	26,175
Fines	70,000	86,535	16,535	67,751
Franchise fees	46,400	47,504	1,104	46,174
Mineral lease	16,000	3,870	(12,130)	5,147
Sale of Assets	-	500	500	5,278
State Grant Money	26,000	28,264	2,264	20,591
Miscellaneous	27,900	38,825	10,925	41,420
Total Revenues	<u>624,100</u>	<u>641,528</u>	<u>17,428</u>	<u>658,430</u>
Expenditures				
Current				
General Government	230,106	231,249	(1,143)	182,580
Public Safety	267,550	270,279	(2,729)	245,714
Streets	170,799	197,114	(26,315)	200,125
Sanitation	61,500	58,020	3,480	52,313
Debt Service				
Principal	31,000	40,058	(9,058)	35,811
Interest	-	888	(888)	761
Total Expenditures	<u>760,955</u>	<u>797,608</u>	<u>(36,653)</u>	<u>717,304</u>
Deficiency of Revenues Under Expenditures	(136,855)	(156,080)	(19,225)	(58,874)
Other Financing Sources				
Operating transfers in	34,000	34,000	-	65,000
	<u>34,000</u>	<u>34,000</u>	<u>-</u>	<u>65,000</u>
Deficiency of Revenues and other financing sources Under Expenditures	<u>\$ (102,855)</u>	(122,080)	<u>\$ (19,225)</u>	6,126
Fund balances, beginning of year		62,322		56,196
Fund balances, end of year		<u>\$ (59,758)</u>		<u>\$ 62,322</u>

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

SPECIAL REVENUE FUNDS

Economic Development - To account for monies loaned to enhance local economic development.

Town of Glenmora, Louisiana
Special Revenue Fund
Comparative Balance Sheets
June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Assets		
Cash and cash equivalents	\$ 4,171	\$ 3,032
Receivables (Net of allowance for doubtful accounts)		
Accrued interest	430	432
Due from other funds	29,211	28,211
Notes	<u>53,468</u>	<u>91,911</u>
Total Assets	<u><u>\$ 87,280</u></u>	<u><u>\$ 123,586</u></u>
Liabilities and Equity		
Liabilities		
Due to other funds	<u>\$ 1,000</u>	<u>\$ 1,000</u>
Total Liabilities	<u>1,000</u>	<u>1,000</u>
Fund Equity-Fund Balances		
Reserved for economic development	<u>86,280</u>	<u>122,586</u>
Total Liabilities and Fund Equity	<u><u>\$ 87,280</u></u>	<u><u>\$ 123,586</u></u>

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

Town of Glenmora, Louisiana
Special Revenue Fund - Economic Development
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances
For the Years Ended June 30, 2003 and 2002

	<u>Economic Development</u>	<u>LCBDG</u>	<u>2003</u>	<u>2002</u>
Revenues				
Grant	-	40,666	\$ 40,666	\$ 329,892
Miscellaneous	9,264	-	9,264	8,528
Total Revenues	<u>9,264</u>	<u>40,666</u>	<u>49,930</u>	<u>338,420</u>
Expenditures				
General Government	45,569	9,256	54,825	26,536
Consulting	-	-	-	6,563
Rel Pmts & Grants	-	4,510	4,510	203,119
Housing Rehab	-	-	-	114,225
Pre Agreement Costs	-	26,900	26,900	1,050
Total Expenditures	<u>45,569</u>	<u>40,666</u>	<u>86,235</u>	<u>351,493</u>
Deficiency of Revenues Under Expenditures	(36,305)	-	(36,305)	(13,073)
Fund balances, beginning of year	<u>122,585</u>	-	<u>122,585</u>	<u>135,658</u>
Fund balances, end of year	<u>\$ 86,280</u>	<u>-</u>	<u>\$ 86,280</u>	<u>\$ 122,585</u>

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

DEBT SERVICE FUNDS

To accumulate monies for payment of the
Public Improvement General Obligation
Bonds, which are due in annual installments
of \$4,000 from 1999 through 2013, plus
interest at 5%.

Town of Glenmora, Louisiana
Debt Service Funds
Combining Balance Sheets
June 30, 2003
With Comparative Totals for the Year Ended June 30, 2002

	<u>Town of Glenmora</u>	<u>Series 2000 Bond Issue</u>	<u>Sewerage District No 1</u>	<u>Totals</u>	
				<u>2003</u>	<u>2002</u>
Assets					
Cash and cash equivalents	\$ 114	\$ 12,972	\$ 193	\$ 13,279	\$ 23,591
Receivables					
Accrued interest	18	-	18	36	37
Due from other funds	950	-	1,937	2,887	2,500
Total Assets	<u>\$ 1,082</u>	<u>\$ 12,972</u>	<u>\$ 2,148</u>	<u>\$ 16,202</u>	<u>\$ 26,128</u>
Liabilities and Fund Equity					
Liabilities					
Due to other funds	\$ 1,937	\$ -	\$ 4,600	\$ 6,537	\$ 12,700
Total Liabilities	1,937	-	4,600	6,537	12,700
Fund Equity					
Fund Equity (Deficit)-Fund Balances					
Reserved for debt service	(855)	12,972	(2,452)	9,665	13,428
Total Liabilities and Fund Equity	<u>\$ 1,082</u>	<u>\$ 12,972</u>	<u>\$ 2,148</u>	<u>\$ 16,202</u>	<u>\$ 26,128</u>

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

Town of Glenmora, Louisiana
Debt Service Funds
Combining Statements of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2003
With Comparative Totals for the Year Ended June 30, 2002

	Town of Glenmora	Series 2000 Bond Issue	Sewerage District No 1	Totals	
				2003	2002
Revenues					
Miscellaneous	\$ 197	\$ 170	\$ 26	\$ 393	\$ 890
Expenditures					
Principal retirement	2,000	14,000	2,000	18,000	18,000
Interest	1,100	17,063	1,100	19,263	19,338
Miscellaneous	-	88	-	88	75
Total Expenditures	<u>3,100</u>	<u>31,151</u>	<u>3,100</u>	<u>37,351</u>	<u>37,413</u>
Deficiency of Revenues Under Expenditures	(2,903)	(30,981)	(3,074)	(36,958)	(36,523)
Other Financing Sources Operating Transfers in	-	33,195	-	33,195	30,979
Deficiency of Revenues Over (Under) Expenditures	(2,903)	2,214	(3,074)	(3,763)	(5,544)
Fund balances, beginning of year	<u>2,048</u>	<u>10,758</u>	<u>622</u>	<u>13,428</u>	<u>18,972</u>
Fund balances (deficit), end of year	<u>\$ (855)</u>	<u>\$ 12,972</u>	<u>\$ (2,452)</u>	<u>\$ 9,665</u>	<u>\$ 13,428</u>

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

ENTERPRISE FUNDS

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

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

Town of Glenmora, Louisiana
 Enterprise Funds
 Combining Balance Sheets
 June 30, 2003
 With Comparative Totals for the Year Ended June 30, 2002

Assets	Natural Gas System	Water and Sewer	Totals	
			2003	2002
Current Assets				
Cash and cash equivalents	\$ 2,726	\$ 588	\$ 3,314	\$ 79,017
Receivables (Net of allowance for doubtful accounts)				
Accounts	11,940	52,527	64,467	75,275
Accrued interest	150	438	588	588
Due from others	-	18,670	18,670	-
Due from other funds	81,541	35,663	117,204	61,320
Total Current Assets	<u>96,357</u>	<u>107,886</u>	<u>204,243</u>	<u>216,200</u>
Restricted Assets				
Cash and cash equivalents				
Contingency, Reserve & Sinking Funds	83,865	26,031	109,896	158,989
Customers' deposits	-	7,850	7,850	7,743
Total Restricted Assets	<u>83,865</u>	<u>33,881</u>	<u>117,746</u>	<u>166,732</u>
Plant and Equipment				
Water and sewer fixed assets, at cost, net of accumulated depreciation	-	4,831,800	4,831,800	4,091,298
Natural gas system fixed assets, at cost, net of accumulated depreciation	795,701	-	795,701	820,569
Total Plant and Equipment	<u>795,701</u>	<u>4,831,800</u>	<u>5,627,501</u>	<u>4,911,867</u>
 Total Assets	 <u>\$ 975,923</u>	 <u>\$ 4,973,567</u>	 <u>\$ 5,949,490</u>	 <u>\$ 5,294,799</u>

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

Town of Glenmora, Louisiana
Enterprise Funds
Combining Balance Sheets
June 30, 2003
With Comparative Totals for the Year Ended June 30, 2002

Liabilities and Fund Equity	Natural Gas System	Water and Sewer	Totals	
			2003	2002
Current Liabilities				
Accounts payable	\$ 274	\$ 57,985	\$ 58,259	\$ 14,127
Due to other funds	31,063	6,032	37,095	50,888
Total Current Liabilities	<u>31,337</u>	<u>64,017</u>	<u>95,354</u>	<u>65,015</u>
Liabilities Payable from Restricted Assets				
Customers' deposits payable	28,755	32,879	61,634	54,860
Revenue bonds payable	45,755	30,600	76,355	75,355
Accrued interest	39,379	11,673	51,052	51,052
Total Liabilities Payable from Restricted Assets	<u>113,889</u>	<u>75,152</u>	<u>189,041</u>	<u>181,267</u>
Long-Term Liabilities				
Revenue bonds payable	439,870	3,157,568	3,597,438	2,915,569
Note payable	-	16,438	16,438	18,117
Total Long-Term Liabilities	<u>439,870</u>	<u>3,174,006</u>	<u>3,613,876</u>	<u>2,933,686</u>
Total Liabilities	<u>585,096</u>	<u>3,313,175</u>	<u>3,898,271</u>	<u>3,179,968</u>
Fund Equity				
Contributions				
Municipality	4,323	112,000	116,323	116,323
Federal grants	230,853	2,118,798	2,349,651	2,349,651
Total Contributions	<u>235,176</u>	<u>2,230,798</u>	<u>2,465,974</u>	<u>2,465,974</u>
Retained Earnings (Deficit)				
Reserved for debt service	155,651	-	155,651	150,713
Unreserved	-	(570,406)	(570,406)	(501,856)
Total Retained Earnings (Deficit)	<u>155,651</u>	<u>(570,406)</u>	<u>(414,755)</u>	<u>(351,143)</u>
Total Fund Equity	<u>390,827</u>	<u>1,660,392</u>	<u>2,051,219</u>	<u>2,114,831</u>
Total Liabilities and Fund Equity	<u>\$ 975,923</u>	<u>\$ 4,973,567</u>	<u>\$ 5,949,490</u>	<u>\$ 5,294,799</u>

Town of Glenmora
Enterprise Funds
Combining Statements of Revenues, Expenses, and
Changes in Retained Earnings (Deficit)
Year Ended June 30, 2003
With Comparative Totals for Year Ended June 30, 2002

	Natural Gas System	Water and Sewer	Totals	
			2003	2002
Operating Revenues				
Charges for services				
Gas charges	\$ 328,318	\$ -	\$ 328,318	\$ 326,951
Water charges	-	196,506	196,506	169,806
Sewer charges	-	107,731	107,731	58,845
Other charges	3,307	6,718	10,025	20,880
State and Federal Grants				
Utility Relocation	-	37,301	37,301	-
Miscellaneous	2,502	4,480	6,982	15,528
Total Operating Revenues	<u>334,127</u>	<u>352,736</u>	<u>686,863</u>	<u>592,010</u>
Operating Expenses				
Salaries and benefits	55,639	57,870	113,509	98,694
Payroll taxes	4,062	4,279	8,341	7,328
Gas purchases	81,488	-	81,488	84,690
Legal and professional	29,743	6,355	36,098	13,444
Repairs and maintenance	7,332	43,042	50,374	45,009
Insurance	40,635	35,119	75,754	67,964
Truck expense	-	6,999	6,999	7,959
Depreciation	29,468	63,813	93,281	84,103
Water well power	-	9,117	9,117	8,383
Telephone	2,589	2,483	5,072	4,076
Bad debts	12,418	739	13,157	5,782
Supplies	1,691	9,581	11,272	6,557
Office Expense	5,915	3,794	9,709	8,672
Miscellaneous	6,208	626	6,834	15,218
Total Operating Expenses	<u>277,188</u>	<u>243,817</u>	<u>521,005</u>	<u>457,879</u>
Operating Income	<u>56,939</u>	<u>108,919</u>	<u>165,858</u>	<u>134,131</u>
Nonoperating Revenues (Expenses)				
Interest income	1,482	767	2,249	6,423
Interest expense	(26,483)	(171,236)	(197,719)	(60,907)
Total Nonoperating Revenues (Expenses)	<u>(25,001)</u>	<u>(170,469)</u>	<u>(195,470)</u>	<u>(54,484)</u>
Income Before Operating Transfer	<u>31,938</u>	<u>(61,550)</u>	<u>(29,612)</u>	<u>79,647</u>
Operating Transfers Out	<u>(27,000)</u>	<u>(7,000)</u>	<u>(34,000)</u>	<u>(65,000)</u>
Net Income (Loss)	<u>4,938</u>	<u>(68,550)</u>	<u>(63,612)</u>	<u>14,647</u>
Retained Earnings (Deficit), Beginning of Year	<u>150,713</u>	<u>(501,856)</u>	<u>(351,143)</u>	<u>(365,790)</u>
Retained Earnings (Deficit), End of Year	<u>\$ 155,651</u>	<u>\$ (570,406)</u>	<u>\$ (414,755)</u>	<u>\$ (351,143)</u>

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

Town of Glenmora
Enterprise Funds
Combining Statements of Cash Flows
Year Ended June 30, 2003
With Comparative Totals for Year Ended June 30, 2002

	Natural Gas System	Water and Sewer	Totals	
			2003	2002
Cash Flows from Operating Activities				
Operating income	\$ 56,939	\$ 108,919	\$ 165,858	\$ 134,131
Adjustments to reconcile net operating income to net cash provided by operating activities				
Depreciation	29,468	63,813	93,281	84,103
(Increase) decrease in accounts receivable	24,538	(13,730)	10,808	(10,150)
(Increase) decrease in due from other funds	(58,881)	2,997	(55,884)	(16,700)
Increase (decrease) in accounts payable	(323)	44,455	44,132	(30,250)
Increase (decrease) in due from others	-	(18,670)	(18,670)	-
Increase (decrease) in due to other funds	2,603	(16,396)	(13,793)	(41,035)
Increase (decrease) in customers' deposits payable	(258)	7,032	6,774	9,694
Net Cash Provided by Operating Activities	<u>54,086</u>	<u>178,420</u>	<u>232,506</u>	<u>129,793</u>
Cash Flows from Non-capital Financing Activities				
Transfers from restricted assets	32,436	16,550	48,986	85,332
Operating transfers in (out)	(27,000)	(7,000)	(34,000)	(65,000)
Net Cash Provided by Non-capital Financing Activities	<u>5,436</u>	<u>9,550</u>	<u>14,986</u>	<u>20,332</u>
Cash Flows from Capital and Related Financing Activities				
Contributions	-	-	-	425,080
Capital grants	-	-	-	514,800
Acquisition of capital assets	(4,600)	(804,315)	(808,915)	(2,181,425)
New Bond Issue	-	777,780	777,780	1,294,210
Principal paid on revenue bonds and notes payable	(48,031)	(48,559)	(96,590)	(74,602)
Interest paid on revenue bonds and notes payable	(26,483)	(171,236)	(197,719)	(60,907)
Net Cash Used by Capital and Related Financing Activities	<u>(79,114)</u>	<u>(246,330)</u>	<u>(325,444)</u>	<u>(82,844)</u>
Cash Flows from Investing Activities				
Interest on investments	1,482	767	2,249	6,423
Net increase (decrease) in cash and cash equivalents	(18,110)	(57,593)	(75,703)	73,704
Cash and cash equivalents, beginning of year	<u>20,836</u>	<u>58,181</u>	<u>79,017</u>	<u>5,313</u>
Cash and cash equivalents, end of year	<u>\$ 2,726</u>	<u>\$ 588</u>	<u>\$ 3,314</u>	<u>\$ 79,017</u>

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

Town of Glenmora

Enterprise Funds

Schedule of Cash Receipts and Disbursements -
Restricted Assets Required by Revenue Bond Ordinances
Year Ended June 30, 2003

	Revenue Bond Sinking Fund			Revenue Bond Reserve Fund			Depreciation and Contingencies Fund			Total		
	Natural Gas System	Water and Sewer		Natural Gas System	Water and Sewer		Natural Gas System	Water and Sewer		Natural Gas System	Water and Sewer	
Cash and Cash Equivalents Beginning of Year	\$ 62,145	\$ 13,459	\$ 42,859	\$ 23,589	\$ 11,297	\$ 5,640	\$ 116,301	\$ 42,688				
Cash Receipts												
Transfers from other funds	-	7,150	-	-	-	-	-	7,150				
Transfers from operating account	37,257	36,898	1,863	2,148	1,476	1,724	40,596	40,770				
Interest earned on investments	569	271	717	292	196	98	1,482	661				
Total Cash Receipts	37,826	44,319	2,580	2,440	1,672	1,822	42,078	48,581				
Cash Disbursements												
Transfers to other funds	-	-	-	16,000	-	-	-	16,000				
Principal payments	48,031	29,000	-	-	-	-	48,031	29,000				
Interest payments and other	26,483	20,150	-	42	-	46	26,483	20,238				
Total Cash Disbursements	74,514	49,150	-	16,042	-	46	74,514	65,238				
Cash and Cash equivalents, End of Year	\$ 25,457	\$ 8,628	\$ 45,439	\$ 9,987	\$ 12,969	\$ 7,416	\$ 83,865	\$ 26,031				

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

AGENCY FUND

Payroll Fund - To account for disbursement of the Town's payroll. The general, economic development and enterprise funds transfer a pro rata amount of the payroll to this fund.

Town of Glenmora, Louisiana
Agency Fund - Payroll Fund
Comparative Balance Sheets
June 30, 2003 and 2002

	2003	2002
Assets		
Cash	\$ 9,343	\$ 15,650
Total Assets	\$ 9,343	\$ 15,650
Liabilities		
Accrued and withheld payroll taxes and retirement	\$ 9,343	\$ 15,650
Total Liabilities	\$ 9,343	\$ 15,650

Statements of Changes in Assets and Liabilities
Year Ended June 30, 2003

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
Assets				
Cash	\$ 15,650	\$ 406,908	\$ 413,215	\$ 9,343
Total Assets	\$ 15,650	\$ 406,908	\$ 413,215	\$ 9,343
Liabilities				
Accrued and withheld payroll taxes, retirement and insurance	\$ 15,650	\$ 119,028	\$ 125,335	\$ 9,343
Total Liabilities	\$ 15,650	\$ 119,028	\$ 125,335	\$ 9,343

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

GENERAL FIXED ASSETS
ACCOUNT GROUP

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

Town of Glenmora, Louisiana
Comparative Schedules of General Fixed Assets - By Sources
June 30, 2003 and 2002

	2003	2002
General Fixed Assets		
Land	\$ 147,975	\$ 147,975
Buildings	339,113	335,113
Equipment	194,750	189,854
Automobiles, trucks and tractors	469,592	445,598
Drainage improvements	336,067	302,647
Total General Fixed Assets	\$1,487,497	\$1,421,187
Investment in General Fixed Assets From		
Property acquired prior to 7/01/77*	\$ 58,254	\$ 58,254
Property acquired after 7/01/77		
General fund revenues	804,053	737,743
Economic development fund revenue	155,599	155,599
Federal Revenue Sharing revenues	219,273	219,273
Bond Issue-Fire	210,493	210,493
Intergovernmental	39,825	39,825
Total Investment in General Fixed Assets	\$1,487,497	\$1,421,187

* Records reflecting source from which assets were acquired were not maintained prior to 7/01/77.

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

**GENERAL LONG-TERM
DEBT ACCOUNT GROUP**

To account for unmatured principal amounts on general long-term debt expected to be financed from governmental type funds. Payments of maturing obligations, including interest, are accounted for in Debt Service Funds.

Town of Glenmora, Louisiana
Combining Statements of General Long-Term Debt
Year Ended June 30, 2003
With Comparative Totals for Year Ended June 30, 2002

	<u>Economic Development</u>	<u>Town of Glenmora</u>	<u>Series 2000 Bond Issue</u>	<u>Sewerage District No 1</u>	<u>Totals</u>	
					<u>2003</u>	<u>2002</u>
Amount Available and to be Provided for the Retirement of General Long-Term Debt						
Amount available in debt service fund for debt retirement	\$ -	\$ 114	\$ 12,972	\$ 193	\$ 13,279	\$ 23,591
Amount to be provided						
General fund revenues	-	-	-	-	-	-
Ad valorem taxes	-	19,886	-	19,807	39,693	31,167
Sales tax	-	-	246,028	-	246,028	262,242
Economic Development fund revenues	<u>11,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,100</u>	<u>15,514</u>
Total Available and to be Provided	<u>\$11,100</u>	<u>\$20,000</u>	<u>\$259,000</u>	<u>\$20,000</u>	<u>\$310,100</u>	<u>\$332,514</u>
General Long-Term Debt Payable						
Bank note	\$11,100	\$ -	\$ -	\$ -	\$ 11,100	\$ 15,514
Bonds payable	-	20,000	-	20,000	40,000	44,000
Certificates of Indebtedness	-	-	259,000	-	259,000	273,000
Total Payable	<u>\$11,100</u>	<u>\$20,000</u>	<u>\$259,000</u>	<u>\$20,000</u>	<u>\$310,100</u>	<u>\$332,514</u>

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

Supplementary Information

Town of Glenmora, Louisiana
 Schedule of Compensation - Mayor and Alderman
 June 30, 2003

<u>Name</u>	<u>Title</u>	<u>Compensation</u>	<u>Expense Allowance</u>
Tyrone L. Doyle	Mayor	\$ 9,600	\$ 3,900
C.J. Meyers	Alderman	1,500	-
Gregory Odom	Alderman	1,500	-
Reginald Burnaman	Alderman	1,500	-
Willie Moore	Alderman	1,500	-
Jimmie Jarrell	Alderman	3,000	-
Charline Babb	Alderman	3,000	-
Benard McCreery	Alderman	3,000	-
		<u>\$ 24,600</u>	<u>\$ 3,900</u>

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

October 23, 2003

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

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

We have audited the general purpose financial statements and the combining, individual fund and account group financial statements of the Town of Glenmora, Louisiana, as of and for the year ended June 30, 2003, and have issued our report thereon dated October 23, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Glenmora, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that is required to be reported under *Government Auditing Standards* and are listed in the Schedule of Findings as C2003-1, C2003-2, C2003-3 and C2003-4.

Internal Control Over Financial Reporting

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

Reportable conditions are described in the accompanying Schedule of findings as R2003-1, R2003-2, R2003-3, R2003-4, R2003-5, R2003-6, R2003-7 and R2003-8.

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, of the reportable conditions described above, we consider "R2003-1 Traffic Ticket Maintenance," "R2003-4 Traffic Ticket Modification," "R2003-5 Changing of Orders by the Judge Without Approval," "R2003-6 No Receipts For Fines Collected," and "R2003-8 Check Signatures" to be material weaknesses.

This report is intended for the information of the Mayor and Aldermen. However, this report is a matter of public record and its distribution is not limited.

Knight - Masden

KNIGHT ◊ MASDEN

Town of Glenmora, Louisiana
Schedule of Findings
June 30, 2003

Summary of Audit Results

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

Findings – Financial Statement Audit

Compliance

C2003-1 Compliance with Asset Management Laws

According to LSA-RS 39:321-332 a complete physical inventory of the property of the agency is required annually. An inventory of assets was not taken in fiscal year ended June 30, 2003.

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

C2003-2 Bond Covenants

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

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

- B. The Town is required to make payments into various restricted asset accounts as described in note 8. During the year ended June 30, 2003 the Town failed to make all required payments in the Utility depreciation and contingency, sinking and reserve accounts and in the Gas depreciation and contingency, sinking and reserve accounts.

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

C2003-3 Bid Law

LSA-RS 38:2212 requires public bids for purchases greater than \$15,000. A backhoe costing \$44,000 was purchased without being put up for public bid.

Town's Reply – Quotes were obtained by phone and fax and the lowest quote was used to order the equipment. When it was realized this was in violation of bid law, the equipment was publicly bid and the same vendor was low bidder. This did not occur until after year end.

Town of Glenmora, Louisiana
Schedule of Findings
June 30, 2003

C2003-4 Debt Restriction

According to LSA-RS 39:1410.60 no municipality shall have the authority to incur debt without the consent and approval of the State Bond Commission. A police car was purchased by obtaining a loan without the approval of the town's council or the State Bond Commission.

Town's Reply – We purchased this under a bid obtained by the City of Alexandria

Reportable Conditions

R2003-1 Traffic Ticket Maintenance

The Town's police officers issue tickets to persons violating traffic laws within the Town's limits. The Town does not maintain an organized, well-documented system for tracking the disposition of these traffic tickets. While testing these transactions, it took an excessive amount of time and effort to locate tickets and determine its final outcome. Eight of the sixty tickets requested were never located

We recommend the Town develop and maintain an organized, orderly process for tracking traffic tickets.

Town's reply – We have implemented a system on the computer to track tickets to their final disposition. The system is being refined to make sure all tickets are accounted for properly and was placed under the direct supervision of the Assistant Chief in February, 2003.

R2003-2 Traffic Ticket Fines

The Town's police officers issue tickets to persons violating traffic laws within the Town's limits. Three out of the sixty tickets reviewed were charged the wrong fine amount based on the violation listed on the ticket.

We recommend that the Town adhere to the fines approved by the council when issuing tickets.

Town's reply – Since February, 2003 no tickets have been changed unless approved by the Mayor or Chief of Police.

R2003-3 Traffic Ticket Dismissals

Policy for dismissing traffic tickets states that the Judge sign off on dismissals requested by the mayor or if dismissed by the Judge that they will be dismissed while court is in session. Four out of the sixty tickets reviewed were dismissed without the Judges approval or nothing found in court minutes showing where the Judge approved the dismissal.

We recommend following the procedures that have been set for dismissing traffic tickets.

Town's reply – As of February 1, 2003 this is being done every month court and the Judge signs each dismissed ticket.

Town of Glenmora, Louisiana
Schedule of Findings
June 30, 2003

R2003-4 Traffic Ticket Modification

Policy for modifying traffic tickets states that the modification must be done by the Chief of Police or the Mayor by placing their initials next to the modified amount. Five out of the sixty tickets reviewed were modified and one was dismissed by persons other than the Chief of Police or the Mayor.

We recommend following the procedures that have been set for modifying and dismissing traffic tickets

Town's reply – As of February 1, 2003 this is being done every month court and the Judge signs each dismissed ticket.

R2003-5 Changing of Judge's Orders Without Approval

According to ticket procedures, the Judge has the final authority on the tickets as to whether they are reduced, dismissed or should be paid in full. One of the tickets reviewed was reduced to a lesser fine after the Judge ordered the individual to pay the full amount. There is no supporting evidence that the Judge changed the fine after court proceedings ended.

We recommend following the procedures that have been set concerning traffic tickets.

Town's reply – This was done in error and tickets are now being monitored by the Assistant Chief to make sure it doesn't happen in the future.

R2003-6 No Receipts For Fines Collected

Upon collection of fines, ticket procedures state that a receipt should be issued to the individual paying the fine. For fifteen of the sixty traffic tickets reviewed, the tickets had been marked paid, but no receipt could be found.

We recommend that the procedures for traffic tickets be followed and there is reconciliation between receipts written and cash deposited every time a deposit is made.

Town's reply – As of February 1, 2003 this was also taken over by the Assistant Chief and receipts are issued for all tickets.

R2003-7 Employees with Past Due Accounts

In relation to the sewer and utility expansion project individuals could hook into the town's system and not use the town's system. However, if they signed up to connect to the system, they were agreeing that they would at least pay the minimum monthly bill for that location. Two of the town's employees signed up for the expansion, but have not been making the minimum monthly payments that were agreed to when they signed up. These two employees are now ten months behind on making payments.

We recommend that aggressive collection attempts be made to collect these past due amounts.

Town's reply – We are currently collecting the amounts due from these employees.

Town of Glenmora, Louisiana
Schedule of Findings
June 30, 2003

R2003-8 Check Signatures

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

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

Town's reply – The clerk was allowed to use a signature stamp. This practice will be discontinued and two different people will sign checks.

Town of Glenmora, Louisiana
Summary of Prior Year Findings
June 30, 2003

Compliance with Asset Management Laws

According to LSA-RS39: 324 a complete physical inventory of the property of the agency is required annually. An inventory of assets was not taken in fiscal year ended June 30, 2002.

This item has not been corrected and is included in the current year findings as C2003-1.

Bond Covenants

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

This item has not been corrected and is included in the current year findings as C2003-2 A.

The Town is required to make payments into various restricted asset accounts as described in note 8. During the year ended June 30, 2002 the Town failed to make all required payments in the Utility depreciation and contingency, sinking and reserve accounts and in the Gas depreciation and contingency, sinking and reserve accounts.

This item has not been corrected and is included in the current year findings as C2003-2 B.

2002-1 Traffic Tickets

We found no evidence of approval for tickets that were reduced, not charged, noll prossed or voided. The disposition of all tickets should be clear and traceable to the source documents.

We recommend that all copies of tickets maintained by the Town be clearly marked with the final disposition.

This has not been corrected and is included in current year findings as R2003-3.

2002-2 Customer Deposit Refunds Handled Improperly

Customer deposit refunds were being done through petty cash and many times not making it on the books. We recommend issuing checks for customer deposit refunds.

This item has been corrected.

2002-3 Untimely Bank Reconciliation's

Bank reconciliation's and journal entries related to the reconciliation's are not being done in a timely manner. Most were not completed until after year end.

We recommend bank reconciliation's be completed and entries made within ten days of receiving the bank statement.

Bank reconciliation's were done in a timely manner.

Town of Glenmora, Louisiana
Summary of Prior Year Findings
June 30, 2003

2002-4 Utility Deposits

The Town collects a deposit for connecting utilities. Currently the records for customer deposits are maintained on a manual card system and journal entries are made manually in the general ledger. The total of the cards should match the liability account in the general ledger, however, we observed that the card system was not maintained adequately and kept up to date.

We recommend reconciling the cards and general ledger monthly to sufficiently identify customer deposit balances.

This item has been corrected.

2002-5 Traffic Ticket Maintenance

The Town's police officers issue tickets to persons violating traffic laws within the Town's limits. The Town does not maintain an organized, well-documented system for tracking the disposition of these traffic tickets. While testing these transactions, it took an excessive amount of time and effort to locate tickets and determine its final outcome. Some of the tickets requested were never located

We recommend the Town develop and maintain an organized, orderly process for tracking traffic tickets.

This item has not been corrected and is included in current year findings as R2003-1.

2002-6 Billings Not Posted

The Town maintains a separate utility billing system to bill and receipt customers for utility services. While reconciling the two systems we discovered that September, 2001 billings were not recorded in the general ledger

We recommend balancing the billing system and general ledger on at least a monthly basis, and more often if a large number of transactions warrant.

All billings were recorded in the general ledger.