

TOWN OF GLENMORA

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**



TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report.....	1-3
Independent Auditors' Report on Compliance and On Internal Control Over Financial Reporting Based On an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	4-5
Required Supplemental Information (Part I) Management's Discussion and Analysis.....	6-9
Government-Wide Financial Statements Statement of Net Position.....	10
Statement of Activities	11-12
Fund Financial Statements Governmental Funds Balance Sheet.....	13
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balance	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	16
Proprietary Funds Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Net Position	18
Statement of Cash Flows	19-20
Notes to Financial Statements	21-34
Required Supplemental Information (Part II) Statement of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual) General Fund	35
Schedule of Net Pension Liability Data.....	36
Schedule of Employer Contributions.....	37
Other Supplemental Information Schedule of Per Diem Paid to Board Members	38
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	39
Schedule of Findings and Responses	40
Management's Corrective Action Plan	41
Summary of Prior Year Findings	42 - 43
Appendix State-Wide Agreed-Upon Procedures.....	A-1 - A-19



**Rozier McKay
& Willis** | CERTIFIED PUBLIC
ACCOUNTANTS

December 16, 2019

Independent Auditors' Report

To the Honorable Mayor and 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, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Unmodified
Major Funds	
General Fund	Qualified
Economic Development	Qualified



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Town of Glenmora

December 16, 2019

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Sewer System	Unmodified
Water System	Unmodified
Natural Gas System	Unmodified
Aggregate Remaining Fund Information	Unmodified

BASIS FOR QUALIFIED OPINIONS

Matters resulting in qualifications applicable to various opinion units are presented as follows.

- General Fund – Certain General Fund bank accounts were not properly reconciled. Due to the absence of a functional reconciliation process, adjustments to the bank account were made that are not supported by documentation. Due to the absence of documentation, sufficient appropriate audit evidence was not available.
- Economic Development Fund - As discussed more fully in Note 15, the origins of transactions related to the economic development fund are unknown due to a lack of documentation. Due to the lack of documentation, we were unable to obtain sufficient appropriate audit evidence regarding the amounts reported by the Economic Development Fund.
- Governmental Activities – Due to the significance of the matters affecting the governmental activities reported by the General Fund and the Economic Development Fund, as described above, we were unable to obtain sufficient appropriate audit evidence regarding Governmental Activities.

QUALIFIED OPINIONS

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, General Fund and Economic Development Fund of the Town of Glenmora, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

UNMODIFIED OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund other than the those subject to qualifications described above, and the aggregate remaining fund information of the Town of Glenmora, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the information listed below to supplement the basic financial statements.

- Management's Discussion and Analysis
- Budgetary Comparison Information
- Schedule of Net Pension Liability Data
- Schedule of Employer Contributions

Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied

Town of Glenmora

December 16, 2019

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Information

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 supplemental information listed below is presented for purposes of additional analysis and are not a required part of the basic financial statements.

- Schedule of Compensation Paid to Board Members
- Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer

The other supplementary information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARD

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, on our consideration of the Town of Glenmora's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Glenmora's internal control over financial reporting and compliance.



Rozier, McKay & Willis
Certified Public Accountants



**Rozier McKay
& Willis** | CERTIFIED PUBLIC
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December 16, 2019

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

To the Honorable Mayor and Board of Aldermen
Town of Glenmora, Louisiana

We have audited, in accordance with the 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, 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, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 16, 2019.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as 2019-3 to be a material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and responses as 2019-1 to be a significant deficiency.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town of Glenmora's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our



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Town of Glenmora

December 16, 2019

audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and as items 2019-2 and 2019-4.

TOWN OF GLENMORA'S RESPONSE TO FINDINGS

The Town of Glenmora's response to the findings identified in our audit is described in the accompanying Management's Corrective Action Plan. The Town of Glenmora's response is not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

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



Rozier, McKay & Willis
Certified Public Accountants

Town of Glenmora

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

This section of the Town of Glenmora's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2019.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government –Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after July 1, 1980) and all of the Town's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including public safety, recreation, sanitation, public works and general administration are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, fines and forfeitures, and intergovernmental sources.
- **Business-Type Activities** – Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business type activities.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Town's utility services. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

A comparative analysis of government-wide financial data is presented as follows:

Town of Glenmora

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

Net Position

A condensed version of the government-wide Statement of Net Position is presented as follows:

	For the Year Ended June 30, 2019			For the
	Govern- mental Activities	Business- Type Activities	Total	Year Ended June 30, 2018
<u>Assets:</u>				
Current and Other Assets	\$ 466,149	\$ 386,449	\$ 852,598	\$ 792,080
Internal Balances	52,352	(52,352)	----	----
Capital Assets	1,534,543	2,924,674	4,459,217	5,066,397
Total Assets	<u>2,053,044</u>	<u>3,258,771</u>	<u>5,311,815</u>	<u>5,858,477</u>
Deferred Outflows	<u>37,681</u>	<u>46,789</u>	<u>84,470</u>	<u>120,186</u>
<u>Liabilities:</u>				
Current and Other Liabilities	141,407	142,856	284,263	248,424
Long-term Liabilities	78,622	2,110,274	2,188,896	2,285,042
Total Liabilities	<u>220,029</u>	<u>2,253,130</u>	<u>2,473,159</u>	<u>2,533,466</u>
Deferred Inflows	<u>11,889</u>	<u>15,731</u>	<u>27,620</u>	<u>4,884</u>
<u>Net Position:</u>				
Invested in Capital Assets (Net)	1,534,543	918,429	2,452,972	3,006,384
Restricted	116,608	150,887	267,495	258,181
Unrestricted	207,656	(32,617)	175,039	175,748
Total Net Position	<u>\$ 1,858,807</u>	<u>\$ 1,036,699</u>	<u>\$ 2,895,506</u>	<u>\$ 3,440,313</u>

As the presentation appearing above demonstrates, the largest portion of the Town's net position (84.7%) are invested in capital assets. Net position invested in capital assets consist of land, buildings, equipment, and infrastructure less any debt used to acquire the assets that remain outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net position (9.2%) represent resources that are subject to restrictions that are imposed by agreements with the Town's bondholders or requirements imposed by various revenue sources.

The remaining resources (6.1%) are unrestricted and may be used at the Town's discretion.

Town of Glenmora

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

Changes in Net Position

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows:

	<u>For the Year Ended June 30, 2019</u>			<u>For the</u>
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>Year Ended June 30, 2018</u>
<u>Revenues:</u>				
Program Revenue:				
Charges for Services	\$ 557,533	\$ 653,402	\$ 1,210,935	\$ 1,211,645
Operating Grants and Contributions	134,546	----	134,546	295,906
Capital Grants and Contributions	25,000	----	25,000	----
General Revenue:				
Property Taxes	19,192	----	19,192	21,101
Sales Taxes	464,656	----	464,656	403,681
Franchise Taxes	62,105	----	62,105	66,133
Licenses and Permits	66,634	----	66,634	63,884
Other	23,905	211	24,116	37,282
Total Revenue	1,353,571	653,613	2,007,184	2,099,632
<u>Program Expenses:</u>				
General Government	343,527	----	343,527	384,069
Public Safety				
Police Department	382,556	----	382,556	378,474
Fire Department	130,908	----	130,908	121,193
Public Works				
Streets & Public Facilities	411,740	----	411,740	298,227
Sanitation	127,952	----	127,952	105,904
Culture and Recreation	5,017	----	5,017	5,417
Utility Service				
Sewer System	----	361,041	361,041	345,151
Water System	----	349,966	349,966	305,974
Natural Gas System	----	129,051	129,051	161,486
Total Expenses	1,401,700	840,058	2,241,758	2,105,895
Increase in Net Position Before				
Transfers and Special Items	(48,129)	(186,445)	(234,574)	(6,263)
Transfers	24,397	(24,397)	----	----
Special Item:				
Loss on Sale of Natural Gas System	----	(310,233)	(310,233)	----
Change in Net Position	(23,732)	(521,075)	(544,807)	(6,263)
Net Position Beginning	1,882,539	1,557,774	3,440,313	3,446,576
Net Position Ending	\$ 1,858,807	\$ 1,036,699	\$ 2,895,506	\$ 3,440,313

Governmental activities reduced the Town's net position by \$23,732. The decrease is attributable to using a portion of the Town's reserves to enhance service.

Town of Glenmora

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

Business-type activities, excluding transfers and special items, decreased the Town's net position by \$186,445. The decrease is attributable to a rate structure that does not provide sufficient income to sustain the Town's utility system.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

An analysis of significant matters affecting the Town's funds is presented as follows:

- The Town's governmental funds reported combined fund balances of \$377,094, which represents an increase of \$36,376. The general fund has an unassigned fund balance of \$260,486.
- Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported in the government-wide presentation.

GENERAL FUND BUDGET HIGHLIGHTS

The general fund original budget was adopted as required. The budget was amended to appropriately reflect current year revenues and expenditures.

CAPITAL ASSET ADMINISTRATION

Addition to the Town's capital assets were limited to constructing a walking trail for recreational purposes.

DEBT ADMINISTRATION

No new debt was issued during the current year. Debt activity was limited to making scheduled payments due under existing debt instruments and repaying the outstanding debt of the natural gas distribution system.

FACTORS EXPECTED TO AFFECT FUTURE OPERATIONS

At the present time, management is not aware of any factors expected to have a significant impact on future operations.

Town of Glenmora

STATEMENT OF NET POSITION **June 30, 2019**

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 350,461	\$ 180,759	\$ 531,220
Receivables (net)	109,151	54,803	163,954
Restricted cash	-	150,887	150,887
Other Assets	6,537	-	6,537
Internal balances	52,352	(52,352)	-
Capital assets			
Non depreciable capital assets	127,795	-	127,795
Depreciable capital assets, net	1,406,748	2,924,674	4,331,422
Total assets	2,053,044	3,258,771	5,311,815
<u>DEFERRED OUTFLOWS</u>			
Pension funding deferrals	37,681	46,789	84,470
<u>LIABILITIES</u>			
Accounts and other payables	141,407	17,159	158,566
Deposits due others	-	125,697	125,697
Long-term liabilities			
Long-Term Debt			
Due within one year	-	56,838	56,838
Due in more than one year	-	1,949,407	1,949,407
Aggregate net pension liability	78,622	104,029	182,651
Total liabilities	220,029	2,253,130	2,473,159
<u>DEFERRED INFLOWS</u>			
Pension funding deferrals	11,889	15,731	27,620
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	1,534,543	918,429	2,452,972
Restricted For:			
Debt service	-	150,887	150,887
Economic Development	24,593	-	24,593
Fire Department	92,015	-	92,015
Unrestricted	207,656	(32,617)	175,039
Total net position (deficit)	\$ 1,858,807	\$ 1,036,699	\$ 2,895,506

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

Town of Glenmora

STATEMENT OF ACTIVITIES **Year Ended June 30, 2019**

	Expenses	Program Revenues			Net (Expenses) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
<u>Governmental Activities:</u>					
General Government	\$ 343,527	\$ 13,978	\$ -	\$ -	\$ (329,549)
Public Safety					
Police Department	382,556	468,987	20,750	-	107,181
Fire Department	130,908	-	9,592	-	(121,316)
Public Works					
Streets and Public Facilities	411,740	-	104,204	-	(307,536)
Sanitation	127,952	74,568	-	-	(53,384)
Culture and Recreation	5,017	-	-	25,000	19,983
Total Governmental Activities	<u>1,401,700</u>	<u>557,533</u>	<u>134,546</u>	<u>25,000</u>	<u>(684,621)</u>
<u>Business-Type Activities:</u>					
Sewer System	361,041	241,054	-	-	(119,987)
Water System	349,966	315,271	-	-	(34,695)
Natural Gas System	129,051	97,077	-	-	(31,974)
Total Business-Type Activities	<u>840,058</u>	<u>653,402</u>	<u>-</u>	<u>-</u>	<u>(186,656)</u>
Total	<u>\$ 2,241,758</u>	<u>\$ 1,210,935</u>	<u>\$ 134,546</u>	<u>\$ 25,000</u>	<u>\$ (871,277)</u>

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

Town of Glenmora

STATEMENT OF ACTIVITIES (Continued) **Year Ended June 30, 2019**

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
Net (Expense) Revenue (Continued From Previous Page)	\$ (684,621)	\$ (186,656)	\$ (871,277)
General Revenues:			
Taxes:			
Ad Valorem	19,192	-	19,192
Sales	464,656	-	464,656
Franchise	62,105	-	62,105
Licenses & Permits	66,634	-	66,634
Other	23,905	211	24,116
Transfers	24,397	(24,397)	-
Special Item:			
Loss on Sale of Natural Gas System	-	(310,233)	(310,233)
Total General Revenues, Special Items and Transfers	<u>660,889</u>	<u>(334,419)</u>	<u>326,470</u>
Change in Net Position	(23,732)	(521,075)	(544,807)
Net Position Beginning	<u>1,882,539</u>	<u>1,557,774</u>	<u>3,440,313</u>
Net Position Ending	<u>\$ 1,858,807</u>	<u>\$ 1,036,699</u>	<u>\$ 2,895,506</u>

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

Town of Glenmora

Balance Sheet

Governmental Funds - June 30, 2019

	<u>General Fund</u>	<u>Economic Development</u>	<u>Non Major</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Cash Equivalents	\$ 216,479	\$ 55,073	\$ 78,909	\$ 350,461
Receivables (net)	96,045	-	13,106	109,151
Interfund Receivables	30,034	22,318	-	52,352
Other Assets	-	6,537	-	6,537
Total assets	\$ 342,558	\$ 83,928	\$ 92,015	\$ 518,501
Liabilities and Fund Balance				
<u>Liabilities</u>				
Accounts and Other Payable	\$ 82,072	\$ 59,335	\$ -	141,407
Total liabilities	82,072	59,335	-	141,407
<u>Fund Balance</u>				
Restricted for				
Economic Development	-	24,593	-	24,593
Fire Department	-	-	92,015	92,015
Unassigned	260,486	-	-	260,486
Total Fund Balances	260,486	24,593	92,015	377,094
Total Liabilities and Fund Balance	\$ 342,558	\$ 83,928	\$ 92,015	\$ 518,501

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

Town of Glenmora

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position

Year Ended June 30, 2019

Total Fund Balances - Governmental Funds	\$ 377,094
Amounts reported for governmental activities in the statement of net position are different because:	
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet	(78,622)
Deferred Inflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	(11,889)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,534,543
Deferred outflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	<u>37,681</u>
Net Position of Governmental Activities	<u>\$ 1,858,807</u>

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

Town of Glenmora

Statement of Revenues, Expenditures and Changes in Fund Balance **Governmental Funds - Year Ended June 30, 2019**

	General Fund	Economic Development	Non Major	Total Governmental Funds
<u>Revenues:</u>				
Taxes:				
Ad Valorem	\$ 19,192	\$ -	\$ -	\$ 19,192
Sales	397,799	-	66,857	464,656
Franchise	62,105	-	-	62,105
Licenses & Permits	66,634	-	-	66,634
Charges for Services	74,568	-	-	74,568
Intergovernmental				
Rapides Parish Police Jury	104,204	-	-	104,204
Other	47,960	-	9,592	57,552
Fines and Forfeitures	468,987	-	-	468,987
Rental Income	13,978	-	-	13,978
Other	20,777	14	904	21,695
Total Revenues	1,276,204	14	77,353	1,353,571
<u>Expenditures:</u>				
Current:				
General Government	314,176	-	-	314,176
Public Safety				
Police Department	367,772	-	-	367,772
Fire Department	114,310	-	-	114,310
Public Works				
Streets and Public Facilities	367,745	-	-	367,745
Sanitation	127,952	-	-	127,952
Culture and Recreation	-	-	-	-
Economic Development	-	-	-	-
Capital Expenditures	49,637	-	-	49,637
Debt Service	-	-	-	-
Total Expenditures	1,341,592	-	-	1,341,592
Excess (Deficiency) of Revenue Over Expenditures	(65,388)	14	77,353	11,979
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In (Out)	115,001	-	(90,604)	24,397
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	49,613	14	(13,251)	36,376
Fund Balance (Deficit) - Beginning of Year	210,873	24,579	105,266	340,718
Fund Balance (Deficit) - End of Year	\$ 260,486	\$ 24,593	\$ 92,015	\$ 377,094

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

Town of Glenmora

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended June 30, 2019

Net change in fund balances of Governmental Funds		\$	36,376
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays in the current period exceeded depreciation.			
	Capital Expenditures	49,637	
	Depreciation	<u>(103,778)</u>	(54,141)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures by governmental funds			
			<u>(5,967)</u>
Change in net position of governmental activities		\$	<u>(23,732)</u>

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

Town of Glenmora

Statement of Net Position

Proprietary Funds - June 30, 2019

	Sewer System	Water System	Natural Gas System	Total Utility System
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 38,000	\$ 142,759	\$ -	\$ 180,759
Receivables (net)	80	54,723	-	54,803
Total current assets	38,080	197,482	-	235,562
Restricted Assets:				
Cash and cash equivalents	-	150,887	-	150,887
Noncurrent Assets:				
Depreciable capital assets, net	1,844,396	1,080,278	-	2,924,674
Total assets	1,882,476	1,428,647	-	3,311,123
DEFERRED OUTFLOWS:				
Employer contributions to pension plan	-	46,789	-	46,789
LIABILITIES:				
Current Liabilities:				
Accounts and other payables	10,937	6,222	-	17,159
Interfund payables	-	52,352	-	52,352
Deposits due others	-	125,697	-	125,697
Current portion of long-term debt	25,131	31,707	-	56,838
Total current liabilities	36,068	215,978	-	252,046
Noncurrent Liabilities:				
Long-term debt	862,925	1,086,482	-	1,949,407
Aggregate net pension liability	-	104,029	-	104,029
Total liabilities	898,993	1,406,489	-	2,305,482
DEFERRED INFLOWS:				
Pension funding deferrals	-	15,731	-	15,731
NET POSITION:				
Invested in capital assets, net of related debt	956,340	(37,911)	-	918,429
Restricted for debt service	-	150,887	-	150,887
Unrestricted	27,143	(59,760)	-	(32,617)
Total net position (deficit)	\$ 983,483	\$ 53,216	\$ -	\$ 1,036,699

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

Town of Glenmora**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds - June 30, 2019**

	<u>Sewer System</u>	<u>Water System</u>	<u>Natural Gas System</u>	<u>Total Utility System</u>
<u>Operating Revenues:</u>				
Service Fees	\$ 240,554	\$ 299,720	\$ 96,327	\$ 636,601
Other	500	15,551	750	16,801
Total Operating Revenues	<u>241,054</u>	<u>315,271</u>	<u>97,077</u>	<u>653,402</u>
<u>Operating Expenses:</u>				
Purchases (Natural Gas)	-	-	23,566	23,566
Salaries and Benefits	19,906	99,778	34,689	154,373
Legal and Professional	8,319	8,419	2,826	19,564
Repairs & Maintenance	47,129	55,969	15,420	118,518
Supplies & Chemicals	12,208	17,245	51	29,504
Utilities	37,151	28,358	531	66,040
Insurance	4,955	14,236	19,351	38,542
Consultants	103,496	5,160	-	108,656
Depreciation	85,766	47,594	25,446	158,806
Other	5,479	25,296	7,171	37,946
Total Operating Expenses	<u>324,409</u>	<u>302,055</u>	<u>129,051</u>	<u>755,515</u>
Operating Income (Loss)	(83,355)	13,216	(31,974)	(102,113)
<u>Nonoperating Revenues (Expenses):</u>				
Interest Revenue	72	139	-	211
Interest Expense	(36,632)	(47,911)	-	(84,543)
Change in Net Position Before				
Capital Contributions, Transfers and				
Special Items				
	(119,915)	(34,556)	(31,974)	(186,445)
Contributions, Transfers and Special Items				
Operating transfers in (out)	50,740	(33,271)	(41,866)	(24,397)
Special Item:				
Loss on Sale of Natural Gas System	-	-	(310,233)	(310,233)
Change in net position	(69,175)	(67,827)	(384,073)	(521,075)
Total net position - beginning	<u>1,052,658</u>	<u>121,043</u>	<u>384,073</u>	<u>1,557,774</u>
Total net position - ending	<u>\$ 983,483</u>	<u>\$ 53,216</u>	<u>\$ -</u>	<u>\$ 1,036,699</u>

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

Town of Glenmora

Statement of Cash Flows

Proprietary Funds - Year Ended June 30, 2019

	Sewer System	Water System	Natural Gas System	Total Utility System
<u>Cash flow from operating activities:</u>				
Cash received from customers	\$ 240,974	\$ 305,323	\$ 97,077	\$ 643,374
Cash payments to suppliers of goods and services	(215,332)	(117,015)	(96,257)	(428,604)
Cash payments to employees for services	(19,906)	(99,778)	(34,689)	(154,373)
Net cash provided (used) by operating activities	<u>5,736</u>	<u>88,530</u>	<u>(33,869)</u>	<u>60,397</u>
<u>Cash flows from non-capital financing activities:</u>				
Change in interfund balances	-	14,539	(24,782)	(10,243)
Transfers in (out)	<u>50,740</u>	<u>(37,685)</u>	<u>(37,452)</u>	<u>(24,397)</u>
Net cash provided (used) by non-capital financing activities	<u>50,740</u>	<u>(23,146)</u>	<u>(62,234)</u>	<u>(34,640)</u>
<u>Cash flows from capital and related financing activities:</u>				
Proceeds from sale of assets	-	-	85,000	85,000
Principle paid on revenue bonds	(23,774)	(29,994)	-	(53,768)
Interest paid on debt instruments	<u>(36,632)</u>	<u>(47,911)</u>	<u>-</u>	<u>(84,543)</u>
Net cash provided (used) by capital and related financing activities	<u>(60,406)</u>	<u>(77,905)</u>	<u>85,000</u>	<u>(53,311)</u>
<u>Cash flows from investing activities:</u>				
Interest and other income	<u>72</u>	<u>139</u>	<u>-</u>	<u>211</u>
Net cash provided (used) by investing activities	<u>72</u>	<u>139</u>	<u>-</u>	<u>211</u>
Net increase (decrease) in cash	(3,858)	(12,382)	(11,103)	(27,343)
Beginning cash balance	<u>41,858</u>	<u>306,028</u>	<u>11,103</u>	<u>358,989</u>
Ending cash balance	38,000	293,646	-	331,646
Restricted cash and cash equivalents	-	<u>150,887</u>	-	<u>150,887</u>
Cash and cash equivalents	<u>\$ 38,000</u>	<u>\$ 142,759</u>	<u>\$ -</u>	<u>\$ 180,759</u>

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

Town of Glenmora

Statement of Cash Flows (Continued) **Proprietary Funds - Year Ended June 30, 2019**

	<u>Sewer System</u>	<u>Water System</u>	<u>Natural Gas System</u>	<u>Total Utility System</u>
<u>Reconciliation of operating income (loss)</u>				
<u>to net cash provided (used) by operating</u>				
<u>activities</u>				
Operating income (loss)	\$ (83,355)	\$ 13,216	\$ (31,974)	\$ (102,113)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	85,766	47,594	24,446	157,806
(Increase) decrease in accounts receivable	(80)	1,002	-	922
(Decrease) increase in accounts and other payables	3,405	3,324	(2,104)	4,625
(Decrease) increase in meter deposits	-	(10,950)	-	(10,950)
(Decrease) increase in net pension liability	-	34,344	(24,237)	10,107
Net cash provided (used) by operating activities	<u>\$ 5,736</u>	<u>\$ 88,530</u>	<u>\$ (33,869)</u>	<u>\$ 60,397</u>

Supplemental disclosures of cash flow information:

During the year ended June 30, 2019, there were no operating, financing, or investing activities that did not result in cash receipts or payments.

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

Town of Glenmora

Notes To Financial Statements

June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Glenmora (the Town) was incorporated under the provisions of the Lawrason Act. The Town is governed by a Mayor and a Board of Alderman consisting of five (5) members. Services provided by the Town include police protection, fire protection, street maintenance, recreation and sanitation. The Town also operates a natural gas distribution system, a water distribution system and a sewer system.

The accompanying policies conform to generally accepted accounting principles for governmental units.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Town is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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.

Governmental Accounting Standards establish criteria for determining which component units should be considered part of the Town of Glenmora for financial reporting purposes. Based on these criteria the Town has no potential component units. The criteria considered are listed as follows:

1. Appointing a voting majority of an organization's governing body, and
 - a) The ability of the Town 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 Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

The government-wide and fund financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Town of Glenmora

Notes To Financial Statements

June 30, 2019

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Town as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

Major Governmental Funds

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

Economic Development – A special revenue fund to account for activity associated with revolving loan operated by the Town of Glenmora.

Major Business-Type Funds

Utility System – Used to account for activities associated with providing water, sewer service, and natural gas to the citizens of Glenmora and customers residing in the surrounding area.

Business-Type funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for natural gas, water and sewer service.

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end or due under a cost reimbursement arrangement. In addition, expenses are generally recorded when a

Town of Glenmora

Notes To Financial Statements

June 30, 2019

liability has been incurred; however, debt service, compensated absences, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are as reported as other financing sources and repayment of long-term debt is reported as an expenditure.

Use of 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 those estimates.

Restricted Assets:

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

Budget Practices:

Budgets including any amendments are prepared in the manner prescribed by Louisiana revised statutes. Town budgets present revenue and expenditures on a basis which is consistent with generally accepted accounting principles. Budgets are adopted annually for the general fund and each special revenue fund. The remaining funds are not required to adopt budgets.

Capital Assets

Capital assets, which include property, equipment and infrastructure, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the Town. Capital assets are depreciated using the straight-line method and estimated useful lives ranging from 4 to 50 years. Useful lives are selected depending on the expected durability of the particular asset.

Cash and Cash Equivalents:

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts and certificates of deposit. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

Internal Activity:

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

Town of Glenmora

Notes To Financial Statements

June 30, 2019

Compensated Absences

Employees have limited ability to accumulate unused leave and do not have a vested interest in unused leave. Accordingly, there are no liabilities associated with compensated absences.

Fund Balance Classification:

Approval of the majority of the Board of Aldermen is required to approve the commitment of fund balances. In situations where it is permissible to spend restricted or committed resources, the Town typically depletes the available restricted or committed resources before consuming unrestricted resources.

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2019, cash and cash equivalents included the following amounts:

	Governmental Activities	Business-Type Activities	Total
Cash Deposited in Banks	\$ 350,221	\$ 331,471	\$ 681,692
Cash on Hand	240	175	415
Total Cash	350,461	331,646	682,107
Restricted Cash	---	150,887	150,887
Cash and Cash Equivalents	<u>\$ 350,461</u>	<u>\$ 180,759</u>	<u>\$ 531,220</u>

Cash deposited in banks is stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2019, the Town has \$689,626 in deposits (collected bank balance). These deposits are protected by FDIC insurance in the amount of \$250,000 and pledged securities with a market value of \$634,729. The pledged securities are held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized, State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable for the year ended June 30, 2019 are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
<u>Accounts Receivable</u>			
Charges for Services	\$ ---	\$ 94,725	\$ 94,725
Franchise Fees	12,351	---	12,351
Other	2,662	78	2,740
Allowance for Doubtful Accounts	---	(40,000)	(40,000)
Total Accounts Receivable	<u>15,013</u>	<u>54,803</u>	<u>69,816</u>

Town of Glenmora

Notes To Financial Statements

June 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Due From Other Governmental Units</u>			
Sales Taxes	86,718	---	86,718
Rapides Parish Police Jury	7,420	---	7,420
Total Due From Other Governments	<u>94,138</u>	<u>---</u>	<u>94,138</u>
 Total Receivables	 <u>\$ 109,151</u>	 <u>\$ 54,803</u>	 <u>\$ 163,954</u>

NOTE 4 – CAPITAL ASSETS

Changes in governmental and business-type capital assets are presented as follows:

	<u>Governmental Activities</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	
<u>Non Depreciable Capital Assets</u>				
Land	\$ 127,795	\$ ---	\$ ---	\$ 127,795
Construction in Process	----	----	----	----
Total Non-Depreciable Assets	<u>127,795</u>	<u>----</u>	<u>----</u>	<u>127,795</u>
 <u>Depreciable Capital Assets</u>				
Equipment	696,188	----	----	696,188
Buildings	1,318,965	49,637	----	1,368,602
Infrastructure	748,750	----	----	748,750
Accumulated Depreciation	(1,303,014)	(103,778)	----	(1,406,792)
Total Depreciable Capital Assets	<u>1,460,889</u>	<u>(54,141)</u>	<u>----</u>	<u>1,406,748</u>
 Total Capital Assets	 <u>\$ 1,588,684</u>	 <u>\$ (54,141)</u>	 <u>\$ ----</u>	 <u>\$ 1,534,543</u>
 <u>Business-Type Activities</u>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Depreciable Capital Assets</u>				
<u>Sewer System</u>				
Equipment	\$ 81,242	\$ ---	\$ ---	\$ 81,242
Buildings	19,294	----	----	19,294
Infrastructure	3,813,320	----	----	3,813,320
Accumulated Depreciation	(1,983,694)	(85,766)	----	(2,069,460)
Total Sewer System	<u>1,930,162</u>	<u>(85,766)</u>	<u>----</u>	<u>1,844,396</u>
 <u>Water System</u>				
Equipment	292,240	26,487	----	318,727
Buildings	8,486	----	----	8,486
Infrastructure	1,899,172	----	----	1,899,172
Accumulated Depreciation	(1,076,440)	(69,667)	----	(1,146,107)
Total Water System	<u>1,123,458</u>	<u>(43,180)</u>	<u>----</u>	<u>1,080,278</u>
 <u>Natural Gas System</u>				

Town of Glenmora

Notes To Financial Statements

June 30, 2019

	Business-Type Activities			Ending Balance
	Beginning Balance	Additions	Disposals	
Equipment	51,787	----	51,787	----
Infrastructure	1,367,559	----	1,367,559	----
Accumulated Depreciation	(995,253)	(24,446)	(1,019,699)	----
Total Natural Gas System	424,093	(24,446)	399,647	----
Total Business-type	<u>\$ 3,477,713</u>	<u>\$ (153,392)</u>	<u>\$ 399,647</u>	<u>\$ 2,924,674</u>

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

	Governmental Activities	Business-Type Activities	Total
Police Department	\$ 14,784	\$ ----	\$ 14,784
Fire Department	16,598	----	16,598
Streets and Public Facilities	41,587	----	41,587
General Government	25,792	----	25,792
Culture and Recreation	5,017	----	5,017
Sewer System	----	85,766	85,766
Water System	----	47,594	47,594
Natural Gas System	----	25,446	25,446
Total Depreciation Expense	<u>\$ 103,778</u>	<u>\$ 158,806</u>	<u>\$ 262,584</u>

NOTE 5 – ACCOUNTS AND OTHER PAYABLE

Amounts reported as accounts and other payables are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
Payments Due Vendors	\$ 56,009	\$ 14,611	\$ 70,620
Accrued Wages	22,293	2,548	24,841
Obligations Related to Furnishing Economic Development Loans	59,335	----	59,335
Other	3,770	----	3,770
Total	<u>\$ 141,407</u>	<u>\$ 17,159</u>	<u>\$ 158,566</u>

NOTE 6 - LONG-TERM LIABILITIES

Long-term liabilities attributable to the acquisition of the Town's utility system and the operation of the utility system are reported as an obligation of the Town's business-type enterprise funds. Any remaining long-term liabilities are reported as governmental activities. The Town's long-term liabilities are summarized as follows:

Town of Glenmora

Notes To Financial Statements

June 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Long-Term Liabilities</u>			
Revenue Bonds	\$ ----	\$ 2,006,245	\$ 2,006,245
Due Within One Year	----	56,838	56,838
Due in More Than One Year	<u>\$ ----</u>	<u>\$ 1,949,407</u>	<u>\$ 1,949,407</u>

Debt Instruments

Long-term liabilities include debt instruments that are summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Revenue Bonds	\$ 2,060,013	\$ ----	\$ 53,768	\$ 2,006,245

A description of the various debt instruments is presented as follows:

Revenue Bonds

\$1,136,000 Sewer Revenue Bond Series 2001, bearing interest at a rate of 4.125%, payable in monthly installments of \$5,147 with the final installment due in 2042. \$ 888,056

\$1,312,000 Water Revenue Bonds Series 2001, bearing interest at a rate of 4.125% payable in monthly installments of \$6,230 with the final installment due in 2042. 1,074,863

\$55,500 Water Revenue Obligations Series 2007, bearing interest at a rate of 4.125% payable in monthly installments of \$256 with the final installment due in 2042. This obligation was incurred to amortize delinquent bond payments over a period of years. 43,326

Total Revenue Bonds \$ 2,006,245

A schedule of maturities of debt instruments excluding capital leases is presented as follows:

<u>Year Ended June 30th</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Business-Type Activities</u>			
2020	\$ 56,838	\$ 82,758	\$ 139,596
2021	59,183	80,413	139,596
2022	61,624	77,972	139,596
2023	64,166	75,430	139,596
2024	66,813	72,783	139,596
2025-2029	377,752	320,228	697,980
2030-2034	462,361	235,619	697,980
2035-2039	565,922	132,058	697,980
2040-2044	291,586	19,315	310,901
Total Business-Type	<u>\$ 2,006,245</u>	<u>\$ 1,096,576</u>	<u>\$ 3,102,821</u>

Town of Glenmora

Notes To Financial Statements

June 30, 2019

NOTE 7 – TAXES:

Ad Valorem Taxes:

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Rapides Parish. Property taxes are limited to an assessment for general alimony as permitted by State Law. Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed by the Town's General Fund.

Sales Taxes:

Sales taxes are collected by the Parish of Rapides and remitted to the Town on a monthly basis. For the year ended June 30, 2019 the Town has levied sales taxes described as follows:

- A 1.0% sales tax available for the general operations of the Town.
- A 0.5% sales tax dedicated to the operations and maintenance of the Town's Fire Department.
- The Town is also entitled to receive a portion of a parish-wide sales tax that is shared with other government agencies. The proceeds of this tax are unrestricted. Accordingly, the tax is deposited in the general fund and expended at the Town's discretion.

NOTE 8- RISK MANAGEMENT

The Town is exposed to various risk of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town insures against these risks by participation in public entity risk pools that operate as common insurance programs and by purchasing commercial insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 9 – RESTRICTIONS AND COMMITMENTS

Details regarding limitations imposed on the use of various resources are summarized as follows:

Debt Service

Bond covenants require the Town to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants. Amounts on deposit in these accounts are reported as restricted cash. In addition, the corresponding amounts of net position are also presented as restricted net position by the applicable funds.

Fire Protection

The Town has collected taxes that are dedicated to providing Fire Protection. Amounts that are subject to this dedication are reported as restricted.

Economic Development

A revolving loan fund established by a grant dedicated to Economic Development is considered restricted.

NOTE 10 – PENSION PLANS

The Town's employees are eligible to be members of a statewide retirement system. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. A summary of amounts reported in connection with participation in this plan is summarized as follows:

Town of Glenmora

Notes To Financial Statements

June 30, 2019

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' Retirement System	\$ 182,651	\$ 84,470	\$ 27,620
Portion Applicable to Business Type Activities	104,029	46,789	15,731
Portion Applicable to Government Type Activities	<u>\$ 78,622</u>	<u>\$ 37,681</u>	<u>\$ 11,889</u>

Municipal Employees' Retirement System of Louisiana:

Plan Description - The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the municipality are members of Plan B. Permanent employees not engaged in law enforcement 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 percent of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issued an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained going to mersla.com.

Funding Policy - Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. 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 are established and may be amended by state statute. As provided by State law, 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 were equal to 9.5% of member earnings.

Financial Summary - The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available standalone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at mersla.com. The plans net pension liability was determined at June 30, 2018 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 245,867,981
Plan Fiduciary Net Pension	161,284,802
Employer's net pension liability	<u>84,583,179</u>
Town's Proportionate Share (Percentage)	0.21594%
Town's Proportionate Share (Amount)	<u>\$ 182,651</u>

Town of Glenmora

Notes To Financial Statements

June 30, 2019

The net pension liability presented above was not affected by any special funding situations. Changes in the Town's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2018 are provided as follows:

Beginning Net Pension Liability		\$	225,029
Employer Contributions			(21,329)
<u>Pension Expense</u>			
Proportionate Share of Plan Pension Expense	38,292		
Changes in Proportion	7,743		
Employee Contributions	(5,422)		40,613
Deferred Outflows of Resources			(38,927)
Deferred Inflows of Resources			(22,735)
Ending Net Pension Liability		\$	<u>182,651</u>

There were no changes between June 30, 2019 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ 490	\$ 8,227	\$ (7,737)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	29,687	----	29,687
Changes of Assumptions	6,835	----	6,835
Changes in Proportion	22,791	----	22,791
Employer Contributions Made After the Measurement Date	24,667	19,393	5,274
Total Deferrals	84,470	27,620	56,850
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	24,667	----	24,667
Deferrals Subject to Amortization	<u>\$ 59,803</u>	<u>\$ 27,620</u>	<u>\$ 32,183</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

<u>For the Year Ending:</u>	
June 30, 2019	\$ 20,865
June 30, 2020	7,704
June 30, 2021	2,692
June 30, 2022	922
Total	<u>\$ 32,183</u>

The actuarial assumptions used in the June 30, 2018 valuation was based on the results of an experience study, for the period July 2009 through June 30, 2014.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Town of Glenmora

Notes To Financial Statements

June 30, 2019

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.275%
Inflation Rate of Return	2.600%
Projected Salary Increases	5.00%
Annuitant and beneficiary mortality	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables (set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA)
Employee mortality	RP-2000 Employees Sex Distinct Table (set back 2 years for males and females)
Disabled lives mortality	RP-2000 Disabled Lives Mortality Tables (set back 5 years for males and 3 years for females)
Expected Remaining Service Lives	3 years

Discount Rate

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

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	50%	2.20%
Public fixed income	35%	1.50%
Alternatives	15%	0.60%
Totals	100%	4.30%
Inflation		2.70%
Expected Arithmetic Nominal Return		7.00%

The discount rate used to measure the total pension liability was 7.275% for the years ended June 30, 2018. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-

Town of Glenmora

Notes To Financial Statements

June 30, 2019

term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2018 is 3 years for Plan B.

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	1% Decrease 6.275% Discount Rate	Current Discount Rate 7.275%	1% Increase 8.275% Discount
Net Pension Liability	\$ 239,708	\$ 182,651	\$ 134,149

NOTE 11 – INTERNAL BALANCES

In some cases resources available in particular funds have been used to supplement the operations of other funds. Internal receivables and payables have arisen as a result of these transactions. These internal balances are summarized as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Net</u>
<u>Governmental Funds</u>			
General Fund	\$ 30,034	\$ ----	\$ 30,034
Economic Development	22,318	----	22,318
Non Major Fund	----	----	----
Total Governmental Funds	<u>52,352</u>	<u>----</u>	<u>52,352</u>
<u>Business Type Funds</u>			
Water System	----	52,352	(52,352)
Total	<u>\$ ----</u>	<u>\$ 52,352</u>	<u>\$ (52,352)</u>

NOTE 12 - TRANSFERS

In the ordinary course of business, the Town routinely transfers resources between its funds to utilize resources where needed. Transfers during the year ended June 30, 2019 are summarized as follows:

Town of Glenmora

Notes To Financial Statements

June 30, 2019

	Operating Transfers In/(Out)
<u>Governmental Funds</u>	
General Fund	\$ 115,001
Non Major	(90,604)
	<u>24,397</u>
<u>Business-Type Funds</u>	
Sewer System	50,740
Water System	(33,271)
Natural Gas System	(41,866)
Total Business-Type	<u>(24,397)</u>
Net Transfers	<u>\$ ----</u>

NOTE 13 – CONTINGENCIES:

Existing conditions that may have financial consequences are referred to as contingencies. Contingencies existing at June 30, 2019 are described as follows:

Litigation

Like most governmental units with extensive and diverse operations, the Town is occasionally named as a defendant in litigation. Based on analysis of pending and threatened matters, exposure to loss is limited to paying deductibles necessary to utilize insurance coverage.

Grant Compliance

The Town receives state and federal assistance through various grant programs. Management is confident that all significant grant conditions have been met; however, grantor agencies routinely review grant activity and could request reimbursement if a dispute occurs regarding compliance with grant conditions.

NOTE 14 – ON BEHALF PAYMENTS

The State of Louisiana provides supplemental pay for public safety employees that meet certain requirements. Amounts reported as revenue and expenditures in connection with State Supplemental Pay are presented as follows:

Police Department	\$ 21,500
-------------------	-----------

NOTE 15 – ECONOMIC DEVELOPMENT FUND

Management believes that decades ago the Town received a Community Development Block Grant that was intended to establish a revolving loan fund for business in the Town of Glenmora. The original documents related to this grant are not available. In addition, the Town has not maintained payment histories to document collections made in connection with these loans. Without access to the loan terms and payment histories it is impossible to obtain sufficient evidence to support the amounts reported as loan balances. Furthermore, the financial statements report a \$17,323 interfund receivable to the water fund and \$4,995 to the general fund. Current management is unaware of the origins of this receivable. Due to the lack of information involving this fund any misstatement in this fund cannot be practically determined.

The amounts reported as loan balances at June 30, 2019 are:

Town of Glenmora

Notes To Financial Statements

June 30, 2019

Notes Receivable	\$ 59,673
Allowance for bad debts	<u>(53,136)</u>
Net	<u>\$ 6,537</u>

NOTE 16 – SPECIAL ITEM (SALE OF NATURAL GAS SYSTEM)

In November of 2018, the citizen's approved selling the Town's Natural Gas Utility System to a regulated natural gas supplier. In February, 2019, the transaction was completed and all of the natural gas infrastructure was transferred to the new owner. A summary of the transaction is permitted as follows:

Proceeds from Sale of Natural Gas Infrastructure	\$ 85,000
Less Book Value of Natural Gas System	<u>395,233</u>
Loss on Sale	<u>\$ (310,233)</u>

In addition, the Town has entered into a franchise agreement permitting the new owner to operate the system and supply natural gas to the Town and its citizens. The franchise will entitle the Town to a portion of the buyer's future natural gas sales proceeds. Future revenue from the franchise arrangement is expected to offset the loss of sale of the infrastructure.

Town of Glenmora

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2019

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Total Revenues	<u>\$ 1,037,100</u>	<u>\$ 1,114,000</u>	<u>\$ 1,276,204</u>	<u>\$ 162,204</u>
<u>Expenditures:</u>				
Current:				
General Government	340,000	347,000	314,176	32,824
Public Safety				
Police Department	320,000	345,000	367,772	(22,772)
Fire Department	101,000	100,000	114,310	(14,310)
Public Works				
Streets and Drainage	257,000	260,672	367,745	(107,073)
Sanitation	110,000	106,000	127,952	(21,952)
Recreation	15,000	25,000	-	25,000
Capital Expenditures	<u>-</u>	<u>-</u>	<u>49,637</u>	<u>(49,637)</u>
Total Expenditures	<u>1,143,000</u>	<u>1,183,672</u>	<u>1,341,592</u>	<u>(157,920)</u>
Excess (Deficiency) of Revenue Over Expenditures	(105,900)	(69,672)	(65,388)	4,284
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In (Out)	<u>96,900</u>	<u>-</u>	<u>115,001</u>	<u>115,001</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(9,000)	(69,672)	49,613	119,285
Fund Balance (Deficit) - Beginning of Year	<u>210,873</u>	<u>210,873</u>	<u>210,873</u>	<u>-</u>
Fund Balance (Deficit) - End of Year	<u>\$ 201,873</u>	<u>\$ 141,201</u>	<u>\$ 260,486</u>	<u>\$ 119,285</u>

Town of Glenmora

Schedule of Net Pension Liability Data Cost Sharing Retirement Systems

Retirement System / Measurement Date	Share of Collective Net Pension Liability		Covered Payroll	Net Pension	Pension Plans
	Percent	Amount		Liability as a	Fiduciary Net
				Percentage of	Position as a
			Covered	Total Pension	
			Payroll	Liability	
Municipal Employees' Retirement System					
June 30, 2014	0.14%	63,445	91,909	69.0%	76.9%
June 30, 2015	0.16%	109,396	149,606	73.1%	68.7%
June 30, 2016	0.20%	166,513	193,049	86.3%	63.3%
June 30, 2017	0.26%	225,029	193,049	116.6%	62.5%
June 30, 2018	0.22%	182,651	159,858	114.3%	65.6%

Notes to Schedule:

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

Town of Glenmora

Schedule of Employer Contributions Cost Sharing Retirement Systems

Retirement System / Fiscal Year Ending	Statutorily Required Employer Contributions	Contributions Recognized By the Pension Plan	Difference Between Required and Recognized Contributions	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
Municipal Employees' Retirement System					
June 30, 2014	8,042	8,042	-	91,909	8.75%
June 30, 2015	10,607	14,212	(3,605)	149,606	9.50%
June 30, 2016	21,235	14,020	7,215	193,049	7.26%
June 30, 2017	21,235	21,294	(59)	193,049	11.03%
June 30, 2018	21,181	21,329	(148)	159,858	13.34%

Notes to Schedule:

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

Town of Glenmora

Schedule of Compensation Paid to Elected Officials For the year ended June 30, 2019

Joseph Mott	\$ 21,600
Thomas Doyle	39,592
Darla Billings	2,100
Joseph Rivers	4,200
Glynn Dixon	4,200
Brian Goree	2,100
Willie Moore	4,200
Clyde Myers	<u>4,200</u>
Total Compensation	<u>\$ 82,192</u>

Town of Glenmora

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer Year Ended June 30, 2019

<u>Agency Head (Mayor)</u>	Joseph Mott
Compensation	\$ 21,600
Benefits	-
Reimbursements	96
	<u>\$ 21,696</u>

TOWN OF GLENMORA

Summary of Findings and Responses

June 30, 2019

PART I - SUMMARY OF AUDITOR'S RESULTS

- The Independent Auditor's Report on the financial statements for the Town of Glenmora as of June 30, 2019 and for the year then ended expressed a qualified opinion.
- Significant internal control deficiencies were reported, see Part II for details.
- Noncompliance material to the financial statements was reported, see Part II for details.

PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

2019-1: Economic Development Loans

The Town has an Economic Development Fund that has been used in the past to provide loans to business enterprises. Records related to the grant proceeds that were used to establish the Economic Development Fund cannot be located. Due to the absence of records documenting the grant terms, management cannot evaluate compliance with the provision of the original grant agreement. Accordingly, we suggest contacting the grantor to request instructions on the disposition of the fund's remaining assets.

2019-2: Non Compliance with Bond Covenants

In exchange for fees, the Town provides residents with utility service including water and sewage disposal. Operation of the utility system has not produced sufficient income to recover the costs of operations and service debt incurred to construct the utility system. In order to provide income necessary to sustain operations and repay creditors, we suggest altering the Town's utility rate structure to provide additional revenue needed to meet the utility system's obligations.

2019-3: Bank Reconciliations

Certain General Fund bank accounts were not properly reconciled. Due to the absence of a functional reconciliation process, management does not have the ability to prevent, or detect and correct, misstatements on a timely basis. This inability to avoid misstatements leads to a lack of sufficient appropriate audit evidence. We suggest making proper reconciliations a priority and devoting whatever attention is necessary to performing complete and timely reconciliations. If necessary, qualified professionals should be engaged to ensure that this critical function is properly performed.

2019-4: Budget Violation

The Town's General Fund expenditures exceeded budgeted appropriations by more than the variances allowed by law. This variance is attributable an absence of reliable financial information resulting from the dysfunctional reconciliation process described in the previous comment. Management should take steps to improve financial reporting permitting an accurate comparison of budget to actual expenditures. This will allow management to closely monitor the Town's expenditures and reduce the risk of purchases that were not properly authorized. We recommend that management review budget to actual expenditures each month and amend the budget as necessary.

TOWN OF GLENMORA

Management's Corrective Action Plan

June 30, 2019

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<u>FINDINGS</u>	<u>RESPONSE</u>
<p><u>2019-1: Economic Development Loans</u> The Town has an Economic Development Fund that has been used in the past to provide loans to business enterprises. Records related to the grant proceeds that were used to establish the Economic Development Fund cannot be located. Due to the absence of records documenting the grant terms, management cannot evaluate compliance with the provision of the original grant agreement.</p> <p><u>2019-2: Non Compliance with Bond Covenants</u> In exchange for fees, the Town provides residents with utility service including water and sewage disposal. Operation of the utility system has not produced sufficient income to recover the costs of operations and service debt incurred to construct the utility system.</p> <p><u>2019-3: Bank Reconciliations</u> Certain General Fund bank accounts were not properly reconciled. Due to the absence of a functional reconciliation process, management does not have the ability to prevent, or detect and correct, misstatements on a timely basis. This inability to avoid misstatements leads to a lack of sufficient appropriate audit evidence.</p> <p><u>2019-4: Budget Violation</u> The Town's General Fund expenditures exceeded budgeted appropriations by more than the variances allowed by law. This variance is attributable an absence of reliable financial information resulting from the dysfunctional reconciliation process described in the previous comment.</p>	<p><u>2019-1: Response</u> Since there is no further need for the Economic Development Loan program, we have attempted to contact the original grantor and request approval for an alternative use of the remaining funds.</p> <p><u>2019-2: Response</u> There has been substantial improvement in our utility revenues. We have cut costs and will continue to review the possibility of a utility rate increase.</p> <p><u>2019-3: Response</u> We are currently engaged in efforts to resolve reconciliation issues and expect the process to be successfully completed in the near future.</p> <p><u>2019-4: Response</u> When the bank reconciliation issue is resolved, we expect better data will be available for monitoring budget variance.</p>

SECTION III MANAGEMENT LETTER	
<u>FINDINGS</u>	<u>RESPONSE</u>
<p>No Findings of this nature were reported.</p>	<p>No response necessary</p>

TOWN OF GLENMORA

Summary of Prior Year Findings

June 30, 2019

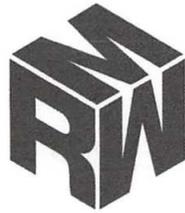
SECTION I	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<u>FINDINGS</u>	<u>RESPONSE</u>
<p><u>2018-1: Economic Development Loans</u> The Town has an Economic Development Fund that has been used in the past to provide loans to business enterprises. Records related to the grant proceeds that were used to establish the Economic Development Fund cannot be located. Due to the absence of records documenting the grant terms, management cannot evaluate compliance with the provision of the original grant agreement.</p>	<p><u>Unresolved:</u> See Finding 2019-1.</p>
<p><u>2018-2: Non Compliance with Bond Covenants</u> In exchange for fees, the Town provides residents with utility service including water and sewage disposal. Operation of the utility system has not produced sufficient income to recover the costs of operations and service debt incurred to construct the utility system.</p>	<p><u>Unresolved:</u> See Finding 2019-2</p>
<p><u>2018-3: Budget Violation</u> The Town's General Fund expenditures exceeded budgeted appropriations by more than the variances allowed by law. This variance occurred due to management failing to properly budget the purchase of capital expenditures, public safety, and streets and drainage expenditures.</p>	<p><u>Unresolved:</u> See Finding 2019-4</p>
<p><u>2018-4: Bank Reconciliations</u> Certain General Fund bank accounts were not properly reconciled. Due to the absence of a functional reconciliation process, numerous adjustments were made in attempts to properly report cash and related transactions. These adjustments are not supported documentation resulting in an absence of sufficient appropriate audit evidence.</p>	<p><u>Unresolved</u> See Findings 2019-3</p>
<p><u>2018-5: Financial Reporting</u> State Law requires audits to be completed within six months of the end of the applicable fiscal year. Due to the significance of the matters described above as 2018-4, it was impossible to complete the audit within the required time period.</p>	<p><u>Resolved</u> The current engagement was completed in within the required period of time.</p>

Town of Glenmora
Summary of Prior Year Findings
June 30, 2019

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
<u>FINDINGS</u>	<u>RESPONSE</u>
<u>No Findings of this nature.</u>	<u>No response necessary</u>

SECTION III MANAGEMENT LETTER	
<u>FINDINGS</u>	<u>RESPONSE</u>
<u>No Findings of this nature.</u>	<u>No response necessary</u>

APPENDIX A
Statewide Agreed-Upon Procedures



**Rozier McKay
& Willis** | CERTIFIED PUBLIC
ACCOUNTANTS

Independent Accountant's Report
On Applying Agreed-Upon Procedures

To the Town of Glenmora and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Glenmora (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are presented in the accompanying Schedule of Procedures, Results and Managements' Response.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Rozier, McKay & Willis
Certified Public Accountants
Alexandria, Louisiana
December 20, 2019



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Alexandria, Louisiana 71315

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Fax: 318.487.2027
Online: CenlaCPAs.com

Glenmora

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Written Policies and Procedures		
Agreed-Upon Procedure	Results	Managements' Response
<p>1 Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories.</p> <ul style="list-style-type: none">• Budgeting• Purchasing• Disbursements• Receipts• Payroll/Personnel• Contracting• Credit Cards• Travel and expense reimbursements• Ethics• Debt	<p>An analysis of written policies and procedures has resulted in the following conclusions:</p> <ul style="list-style-type: none">• Payroll/Personnel is addressed in the detail suggested by agreed-upon procedures.• Travel and expense reimbursements is in the detail suggested by the agreed-upon procedures.• Details related to the following functions were limited and did not specifically address suggested components.<ul style="list-style-type: none">○ Budgeting○ Purchasing○ Disbursements○ Receipts○ Contracting○ Credit Cards○ Ethics○ Debt Service○ Disaster Recovery / Business Continuity	<p>Despite the absence of written details, Glenmora has established policies and procedures that are clearly understood by personnel responsible for execution. In addition, we will consider the need to formally adopt the procedures that are in place and performing as intended.</p>

Glenmora

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
<p>2 Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:</p> <p>a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.</p> <p>b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. <i>Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.</i></p>	<p>The Board meet with a quorum present on a monthly basis.</p> <p>Budget to actual comparisons were not part of the business conducted.</p>	<p><u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i></p> <p>We are considering adding budget to actual comparisons to the information that is distributed to our elected officials on a monthly basis.</p>

Glenmora

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.	No deficits were reported.	<u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i>

Glenmora

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Bank Reconciliations		
Agreed-Upon Procedure	Results	Managements' Response
<p>3 Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:</p> <p>a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);</p> <p>b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and</p> <p>c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.</p>	<p>Reconciliations were not performed within a 2 month period.</p> <p>Bank reconciliation files did not included evidence of review by a member of management or the board.</p> <p>There was no documentation indicating that research has been completed.</p>	<p>We are engaged in an ongoing process to improve our reconciliation process.</p> <p>We are engaged in an ongoing process to improve our reconciliation process.</p> <p>We are engaged in an ongoing process to improve our reconciliation process.</p>

Glenmora

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.</p>	<p>Deposits are monitored by the Clerk who is not responsible for collections.</p>	<p><u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i></p>
<p>c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.</p>	<p>Posting is monitored by the Clerk who is not responsible for collections.</p>	<p><u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i></p>
<p>d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.</p>	<p>Collections are performed by personnel that do not participate in the reconciliation process.</p>	<p><u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i></p>
<p>6 Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.</p>	<p>Copies of the relevant bonds were provided.</p>	<p><u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i></p>
<p>7 Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as</p>		

Glenmora

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Collections		
Agreed-Upon Procedure	Results	Managements' Response
a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and: a. Observe that receipts are sequentially pre-numbered. b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. c. Trace the deposit slip total to the actual deposit per the bank statement. d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100). e. Trace the actual deposit per the bank statement to the general ledger.	Deposits tested were supported by suitable documentation. Collections agree with deposit slips. Deposit slips were consistent with the bank statements. Deposits were not completed timely. Each deposit agreed with the general ledger.	<u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i> <u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i> <u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i> <u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i> <u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i>

Glenmora

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
<p>responsible for processing payments.</p> <p>10 For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:</p> <p>a. Observe that the disbursement matched the related original invoice/billing statement.</p> <p>b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.</p>	<p>Documentation supported each transaction.</p> <p>Each check was signed by two parties independent of other aspects of payment processing.</p>	<p>vendors.</p> <p><u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i></p> <p><u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i></p>

Glenmora

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
<p>11 Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.</p>	<p>Due to an absence of findings resulting from the previous engagement, the procedures appearing in this section were not applicable for the current period.</p>	<p><u>Not Applicable:</u></p>
<p>12 Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:</p> <p>a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.</p> <p>b. Observe that finance charges and late fees were not assessed on the selected statements.</p>	<p>Due to an absence of findings resulting from the previous engagement, the procedures appearing in this section were not applicable for the current period.</p> <p>Due to an absence of findings resulting from the previous engagement, the procedures appearing in this section were not applicable for the current period.</p>	<p><u>Not Applicable:</u></p> <p><u>Not Applicable:</u></p>

Glenmora

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
13 Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).	Due to an absence of findings resulting from the previous engagement, the procedures appearing in this section were not applicable for the current period.	<u>Not Applicable:</u>

Glenmora

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
<p>14 Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:</p> <p>a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).</p> <p>b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.</p> <p>c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).</p> <p>d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.</p>	<p>Due to an absence of findings resulting from the previous engagement, the procedures appearing in this section were not applicable for the current period.</p> <p>Due to an absence of findings resulting from the previous engagement, the procedures appearing in this section were not applicable for the current period.</p> <p>Due to an absence of findings resulting from the previous engagement, the procedures appearing in this section were not applicable for the current period.</p> <p>Due to an absence of findings resulting from the previous engagement, the procedures appearing in this section were not applicable for the current period.</p>	<p><u>Not Applicable:</u></p> <p><u>Not Applicable:</u></p> <p><u>Not Applicable:</u></p> <p><u>Not Applicable:</u></p>

Glenmora

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Contracts		
Agreed-Upon Procedure	Results	Managements' Response
<p>15 Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:</p> <ul style="list-style-type: none">a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.	<p>Due to an absence of findings resulting from the previous engagement, the procedures appearing in this section were not applicable for the current period.</p>	<p><u>Not Applicable:</u></p>

Glenmora

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
<p>16 Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.</p>	<p>The list was provided.</p>	<p><u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i></p>
<p>17 Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:</p> <p>a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).</p> <p>b. Observe that supervisors approved the attendance and leave of the selected employees/officials.</p> <p>c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.</p>	<p>Attendance was documented.</p> <p>Approval by a supervisor was documented for 3 of the 5 transactions selected.</p> <p>None of the transactions selected involved accrued leave.</p>	<p><u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i></p> <p>In the future, additional attention will be devoted to documenting supervisory approval of hours worked.</p> <p><u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i></p>
<p>18 Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials'</p>	<p><u>Not Applicable:</u> Management has represented that employees do not have a vested interest in accrued vacation and no termination payments have been made.</p>	<p><u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i></p>

Glenmora

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
authorized pay rates in the employee/officials' personnel files. 19 Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.	Management has provided the necessary representations.	<u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i>

Glenmora

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Ethics		
Agreed-Upon Procedure	Results	Managements' Response
20 Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and: a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period. b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.	Documentation was available for 3 of the 5 transactions selected. Personnel files did not include any verifications associated with ethics policies.	Documentation was not available because these employees were employed for a brief period and terminated prior to competing ethics training. Despite the absence of written verification, we are satisfied that our employees are aware of the relevant ethical requirements.

Glenmora

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Debt Service		
Agreed-Upon Procedure	Results	Managements' Response
21 Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.	Due to an absence of findings resulting from the previous engagement, the procedures appearing in this section were not applicable for the current period.	<u>Not Applicable:</u>
22 Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.	Due to an absence of findings resulting from the previous engagement, the procedures appearing in this section were not applicable for the current period.	<u>Not Applicable:</u>

Glenmora

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Other		
Agreed-Upon Procedure	Results	Managements' Response
23 Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.	No events were reported	<u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i>
24 Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.	The notice was displayed in the Town's facility.	<u>Not Applicable:</u> <i>The results did not include findings or questioned cost.</i>