

**TOWN OF GLENMORA, LOUISIANA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2012**

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

Release Date JUN 26 2013

# TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report.....	1
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> .....	2 - 3
Required Supplemental Information (Part I) Management's Discussion And Analysis .....	4 - 7
Government-Wide Financial Statements	
Statement Of Net Assets .....	8
Statement Of Activities .....	9 - 10
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	11
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets.....	12
Statement of Revenues, Expenditures and Changes in Fund Balance .....	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	14
Proprietary Funds	
Statement of Net Assets .....	15
Statement of Revenues, Expenditures and Changes in Fund Net Assets .....	16
Statement of Cash Flows .....	17 - 18
Notes to Financial Statements .....	19 - 29
Required Supplemental Information (Part II)	
Statement of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual)	
General Fund .....	30
Fire Department Fund.....	31
Other Supplemental Information	
Schedule of Per Diem Paid to Board Members .....	32
Schedule of Findings And Questioned Cost.....	33 - 35
Management's Corrective Action Plan .....	36 - 38
Summary of Prior Year Findings And Questioned Cost.....	39 - 41

# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

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**RETIRED - 2005**

February 6, 2013

### Independent Auditors' Report

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

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Glenmora, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Glenmora's management.

Due to inadequate financial records, we were unable to obtain satisfactory audit evidence about certain amounts reported in the financial statements.

Because of the significance of the matter discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on the financial statements referred to in the first paragraph.

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. However, we did not audit the information and express no opinion on it.

The other supplemental information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 6, 2013, on our consideration of the Town of Glenmora's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of audit we were engaged to perform and should be read in conjunction with this report in considering the results of our audit.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 6, 2013, on our consideration of the Town of Glenmora's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

  
ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

**-Members-**

American Institute of Certified Public Accountants • Society of Louisiana, CPAs

# ROZIER, HARRINGTON & MCKAY

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February 6, 2013

### 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 were engaged to audit the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Glenmora, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 6, 2013. We did not express an opinion on basic financial statements because inadequate financial records did not provide satisfactory audit evidence about certain amounts reported in the financial statements. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as **2012-1** in the accompanying schedule of findings and questioned costs to be a material weakness.

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 deficiencies described as **2012-2, and 2012-3** in the accompanying schedule of findings and questioned costs to be significant deficiencies.

**-Members-**


American Institute of Certified Public Accountants • Society of Louisiana, CPAs

**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the Town of Glenmora's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported *under Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items **2012-4, 2012-5, and 2012-6.**

The Town of Glenmora's response to the findings identified in our audit is described in the accompanying Management's Corrective Action Plan. We did not audit management's response and, accordingly, we express no opinion on it.

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

  
ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

# **Town of Glenmora**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2012**

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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, 2012.

### **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:

#### **Net Assets**

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

# **Town of Glenmora**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2012**

	<b>For the Year Ended June 30, 2012</b>			<b>For the Year Ended June 30, 2011</b>
	<b>Govern- mental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>	
<b><u>Assets:</u></b>				
Current and Other Assets	\$ 172,086	\$ 264,475	\$ 436,561	\$ 591,810
Internal Balances	317,495	(317,495)	---	---
Capital Assets	1,578,691	4,394,419	5,973,110	6,017,379
Total Assets	<u>2,068,272</u>	<u>4,341,399</u>	<u>6,409,671</u>	<u>6,609,189</u>
<b><u>Liabilities:</u></b>				
Current and Other Liabilities	78,064	139,851	217,915	199,649
Long-term Liabilities	112,251	2,636,012	2,748,263	2,896,030
Total Liabilities	<u>190,315</u>	<u>2,775,863</u>	<u>2,966,178</u>	<u>3,095,679</u>
<b><u>Net Assets:</u></b>				
Invested in Capital Assets (Net)	1,466,440	1,758,407	3,224,847	3,087,171
Restricted	83,719	81,479	165,198	62,433
Unrestricted	327,798	(274,350)	53,448	363,906
Total Net Assets	<u>\$ 1,877,957</u>	<u>\$ 1,565,536</u>	<u>\$ 3,443,493</u>	<u>\$ 3,513,510</u>

As the presentation appearing above demonstrates, the largest portion of the Town's net assets (93.7%) are invested in capital assets. Net assets 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 assets (4.8%) 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 (1.5%) are unrestricted and may be used at the Town's discretion.

### **Changes in Net Assets**

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

# **Town of Glenmora**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2012**

	For the Year Ended June 30, 2012			For the Year Ended June 30, 2011
	Govern- mental Activities	Business- Type Activities	Total	
<b>Revenues:</b>				
<b>Program Revenue:</b>				
Charges for Services	\$ 260,193	\$ 717,725	\$ 977,918	\$ 1,013,974
Operating Grants and Contributions	27,389	---	27,389	97,951
Capital Grants and Contributions	158,043	---	158,043	---
<b>General Revenue:</b>				
Property Taxes	15,752	---	15,752	16,432
Sales Taxes	380,309	---	380,309	415,421
Franchise Taxes	59,650	---	59,650	125,407
Licenses and Permits	47,132	---	47,132	59,284
Other	8,345	540	8,885	68,451
<b>Total Revenue</b>	<b>956,813</b>	<b>718,265</b>	<b>1,675,078</b>	<b>1,796,920</b>
<b>Program Expenses:</b>				
General Government	250,386	---	250,386	232,375
<b>Public Safety</b>				
Police Department	251,304	---	251,304	212,998
Fire Department	119,187	---	119,187	94,580
<b>Public Works</b>				
Streets & Public Facilities	124,786	---	124,786	155,868
Sanitation	92,959	---	92,959	95,175
Culture and Recreation	9,095	---	9,095	20,124
Interest on Long-Term Debt	2,084	---	2,084	8,810
Utility Service	---	895,294	895,294	892,585
<b>Total Expenses</b>	<b>849,801</b>	<b>895,294</b>	<b>1,745,095</b>	<b>1,712,515</b>
Change in Net Assets	107,012	(177,029)	(70,017)	84,405
Net Assets Beginning	1,770,945	1,742,565	3,513,510	3,429,104
<b>Net Assets Ending</b>	<b>\$ 1,877,957</b>	<b>\$ 1,565,536</b>	<b>\$ 3,443,493</b>	<b>\$ 3,513,509</b>

Governmental activities increased the Town's net assets by \$107,012. The increase is attributable to grant revenues that were restricted for the acquisition of capital assets.

Business-type activities, excluding transfers, decreased the Town's net assets by \$177,029. The decrease is attributable to an inadequate 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:



# **Town of Glenmora**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2012**

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- The Town's governmental funds reported combined fund balances of \$411,517, which represents a decrease of \$1,722.. A portion of the general fund balance totaling \$291,170 has been advanced to other funds leaving an unassigned balance of \$36,628.
- 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**

Budgets were amended in order to utilize resources that were not anticipated when the original budget was adopted.

### **CAPITAL ASSET ADMINISTRATION**

Highlights of the Town's capital asset administration are provided as follows:

- Grant funds were used to acquire additional equipment for the Town's Fire Department.
- Acquisitions by the Utility System were limited to some miscellaneous purchases of equipment.

### **DEBT ADMINISTRATION**

No new debt was issued. Activity was limited to making scheduled payments due under existing debt instruments.

### **FACTORS EXPECTED TO AFFECT FUTURE OPERATIONS**

Factors expected to have a significant impact on future operations are not anticipated at the present time.

# **Town of Glenmora**

## **STATEMENT OF NET ASSETS**

**June 30, 2012**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 56,176	\$ 128,666	\$ 184,842
Receivables (net)	84,743	54,330	139,073
Restricted cash	-	81,479	81,479
Other assets	31,167	-	31,167
Internal balances	317,495	(317,495)	-
Capital assets			
Non depreciable capital assets	67,975	-	67,975
Depreciable capital assets, net	<u>1,510,716</u>	<u>4,394,419</u>	<u>5,905,135</u>
<b>Total assets</b>	<u>2,068,272</u>	<u>4,341,399</u>	<u>6,409,671</u>
<b><u>LIABILITIES</u></b>			
Accounts and other payables	72,587	61,274	133,861
Other liabilities	5,477	-	5,477
Deposits due others	-	78,577	78,577
Long-term liabilities			
Long-Term Debt			
Due within one year	40,437	100,389	140,826
Due in more than one year	<u>71,814</u>	<u>2,535,623</u>	<u>2,607,437</u>
<b>Total liabilities</b>	<u>190,315</u>	<u>2,775,863</u>	<u>2,966,178</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	1,466,440	1,758,407	3,224,847
Restricted For			
Debt service	-	81,479	81,479
Fire protection	1,616	-	1,616
Economic development	82,103	-	82,103
Unrestricted	<u>327,798</u>	<u>(274,350)</u>	<u>53,448</u>
<b>Total net assets (deficit)</b>	<u>\$ 1,877,957</u>	<u>\$ 1,565,536</u>	<u>\$ 3,443,493</u>

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

# **Town of Glenmora**

## **STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2012**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants &amp; Contributions</u>	
<b><u>Governmental Activities:</u></b>					
General Government	\$ 250,386	\$ 24,153	\$ -	\$ -	\$ (226,233)
Public Safety					
Police Department	251,304	229,176	7,189	-	(14,939)
Fire Department	119,187	-	20,200	158,043	59,056
Public Works					
Streets and Public Facilities	124,786	-	-	-	(124,786)
Sanitation	92,959	6,864	-	-	(86,095)
Culture and Recreation	9,095	-	-	-	(9,095)
Interest on Long-Term Debt	2,084	-	-	-	(2,084)
Total Governmental Activities	<u>849,801</u>	<u>260,193</u>	<u>27,389</u>	<u>158,043</u>	<u>(404,176)</u>
<b><u>Business-Type Activities:</u></b>					
Utility System	895,294	717,725	-	-	(177,569)
Total Business-Type Activities	<u>895,294</u>	<u>717,725</u>	<u>-</u>	<u>-</u>	<u>(177,569)</u>
Total	<u>\$ 1,745,095</u>	<u>\$ 977,918</u>	<u>\$ 27,389</u>	<u>\$ 158,043</u>	<u>\$ (581,745)</u>

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

# **Town of Glenmora**

## **STATEMENT OF ACTIVITIES (Continued)**

**Year Ended June 30, 2012**

	Governmental Activities	Business- Type Activities	Total
Net (Expense) Revenue (Continued From Previous Page)	\$ (404,176)	\$ (177,569)	\$ (581,745)
<b><u>General Revenues</u></b>			
Taxes			
Ad Valorem	15,752	-	15,752
Sales	380,309	-	380,309
Franchise	59,650	-	59,650
Licenses & Permits	47,132	-	47,132
Other	8,345	540	8,885
Total General Revenues, Special Items and Transfers	<u>511,188</u>	<u>540</u>	<u>511,728</u>
Change in Net Assets	107,012	(177,029)	(70,017)
Net Assc'ts Beginning	<u>1,770,945</u>	<u>1,742,565</u>	<u>3,513,510</u>
Net Assc'ts Ending	<u>\$ 1,877,957</u>	<u>\$ 1,565,536</u>	<u>\$ 3,443,493</u>

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

# **Town of Glenmora**

## **Balance Sheet**

**Governmental Funds - June 30, 2012**

	General Fund	Fire Department	Economic Development	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$ 13,917	\$ 14,333	\$ 27,926	\$ -	\$ 56,176
Receivables (net)	76,889	7,855	-	-	84,744
Interfund Receivables	291,170	2,319	29,323	-	322,812
Other Assets	4,643	-	26,523	-	31,166
<b>Total assets</b>	<b>\$ 386,619</b>	<b>\$ 24,507</b>	<b>\$ 83,772</b>	<b>\$ -</b>	<b>\$ 494,898</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 53,884	\$ 18,703	\$ -	\$ -	72,587
Other Liabilities	4,937	540	-	-	5,477
Interfund Payables	-	3,648	1,669	-	5,317
<b>Total liabilities</b>	<b>58,821</b>	<b>22,891</b>	<b>1,669</b>	<b>-</b>	<b>83,381</b>
<b>Fund Balance</b>					
<b>Nonspendable</b>					
Long Term Advances to Other Funds	291,170	-	29,323	-	320,493
<b>Restricted For:</b>					
Fire Protection	-	1,616	-	-	1,616
Economic Development	-	-	52,780	-	52,780
Unassigned	36,628	-	-	-	36,628
<b>Total Fund Balances</b>	<b>327,798</b>	<b>1,616</b>	<b>82,103</b>	<b>-</b>	<b>411,517</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 386,619</b>	<b>\$ 24,507</b>	<b>\$ 83,772</b>	<b>\$ -</b>	<b>\$ 494,898</b>

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 Assets of Governmental Activities on the Statement of Net Assets**

**Year Ended June 30, 2012**

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Total Fund Balances - Governmental Funds	\$ 411,517
Amounts reported for governmental activities in the statement of net assets are different because	
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet	(112,251)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>1,578,691</u>
Net Assets of Governmental Activities	<u>\$ 1,877,957</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, 2012**

	General Fund	Fire Department	Economic Development	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes					
Ad Valorem	\$ 15,752	\$ -	\$ -	\$ -	\$ 15,752
Sales	337,551	42,758	-	-	380,309
Franchise	59,650	-	-	-	59,650
Licenses & Permits	47,132	-	-	-	47,132
Charges for Services	6,864	-	-	-	6,864
Intergovernmental	7,514	178,243	-	-	185,757
Fines and Forfeitures	225,701	-	-	-	225,701
Other	32,133	1,207	2,308	-	35,648
<b>Total Revenues</b>	<b>732,297</b>	<b>222,208</b>	<b>2,308</b>	<b>-</b>	<b>956,813</b>
<b>Expenditures:</b>					
Current					
General Government	214,238	-	-	2,651	216,889
Public Safety					
Police Department	241,421	-	-	-	241,421
Fire Department	-	106,437	-	-	106,437
Public Works					
Streets and Public Facilities	103,117	-	-	-	103,117
Sanitation	92,959	-	-	-	92,959
Culture and Recreation	8,715	-	-	-	8,715
Capital Expenditures	-	158,043	-	-	158,043
Debt Service	-	30,954	-	-	30,954
<b>Total Expenditures</b>	<b>660,450</b>	<b>295,434</b>	<b>-</b>	<b>2,651</b>	<b>958,535</b>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>71,847</b>	<b>(73,226)</b>	<b>2,308</b>	<b>(2,651)</b>	<b>(1,722)</b>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In	-	71,209	-	-	71,209
Operating Transfers Out	(71,209)	-	-	-	(71,209)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>638</b>	<b>(2,017)</b>	<b>2,308</b>	<b>(2,651)</b>	<b>(1,722)</b>
<b>Fund Balance (Deficit) - Beginning of Year</b>	<b>327,160</b>	<b>3,633</b>	<b>79,795</b>	<b>2,651</b>	<b>413,239</b>
<b>Fund Balance (Deficit) - End of Year</b>	<b>\$ 327,798</b>	<b>\$ 1,616</b>	<b>\$ 82,103</b>	<b>\$ -</b>	<b>\$ 411,517</b>

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, 2012**

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Net change in fund balances of Governmental Funds	\$ (1,722)
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	70,039
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 until payment is made	2,870
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	<u>35,825</u>
Change in net assets of governmental activities	<u>\$ 107,012</u>

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



# **Town of Glenmora**

## **Statement of Net Assets**

**Proprietary Funds - June 30, 2012**

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	<b><u>Utility System</u></b>
<b><u>ASSETS:</u></b>	
Current Assets	
Cash and cash equivalents	\$ 128,666
Receivables (net)	54,330
Interfund receivables	<u>44,337</u>
Total current assets	227,333
Restricted Assets	
Cash and cash equivalents	81,479
Noncurrent Assets	
Depreciable capital assets, net	<u>4,394,419</u>
Total assets	<u>4,703,231</u>
<b><u>LIABILITIES:</u></b>	
Current Liabilities.	
Accounts and other payables	61,274
Interfund payables	361,832
Deposits due others	78,577
Current portion of long-term debt	<u>100,389</u>
Total current liabilities	602,072
Noncurrent Liabilities	
Long-term debt	<u>2,535,623</u>
Total liabilities	<u>3,137,695</u>
<b><u>NET ASSETS:</u></b>	
Invested in capital assets, net of related debt	1,758,407
Restricted for debt service	81,479
Unrestricted	<u>(274,350)</u>
Total net assets (deficit)	<u>\$ 1,565,536</u>

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

# **Town of Glenmora**

## **Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds - June 30, 2012**

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	<u>Utility System</u>
<b><u>Operating Revenues:</u></b>	
Service Fees	
Waters Sales	\$ 280,604
Sewer Service	248,651
Natural Gas Sales	154,294
Other	<u>34,176</u>
<b>Total Operating Revenues</b>	<u>717,725</u>
<b><u>Operating Expenses:</u></b>	
Purchases (Natural Gas)	32,580
Salaries and Benefits	226,510
Legal and Professional	26,045
Repairs & Maintenance	57,498
Supplies & Chemicals	27,004
Utilities	61,941
Permits and Testing	2,053
Insurance	27,468
Consultants	105,784
Bad Debts	47,795
Depreciation	161,567
Other	<u>8,658</u>
<b>Total Operating Expenses</b>	<u>784,903</u>
<b>Operating Income (Loss)</b>	(67,178)
<b><u>Nonoperating Revenues (Expenses):</u></b>	
Interest Revenue	540
Interest Expense	<u>(110,391)</u>
<b>Change in net assets</b>	(177,029)
<b>Total net assets - beginning</b>	<u>1,742,565</u>
<b>Total net assets - ending</b>	<u>\$ 1,565,536</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, 2012**

---

	<u>Utility System</u>
<b><u>Cash flow from operating activities:</u></b>	
Cash received from customers	\$ 723,105
Cash payments to suppliers of goods and services	(365,719)
Cash payments to employees for services	<u>(226,510)</u>
Net cash provided (used) by operating activities	<u>130,876</u>
<b><u>Cash flows from non-capital financing activities:</u></b>	
Change in interfund balances	<u>173,817</u>
Net cash provided (used) by non-capital financing activities	<u>173,817</u>
<b><u>Cash flows from capital and related financing activities:</u></b>	
Capital expenditures	(47,259)
Principle paid on revenue bonds	(111,942)
Interest paid on debt instruments	<u>(110,391)</u>
Net cash provided (used) by capital and related financing activities	<u>(269,592)</u>
<b><u>Cash flows from investing activities:</u></b>	
Interest and other income	<u>540</u>
Net cash provided (used) by investing activities	<u>540</u>
Net increase (decrease) in cash	35,641
Beginning cash balance	<u>174,504</u>
Ending cash balance	210,145
Restricted cash and cash equivalents	<u>81,479</u>
Cash and cash equivalents	<u>\$ 128,666</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, 2012**

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	<u>Utility System</u>
<b><u>Reconciliation of operating income (loss)</u></b>	
<b><u>to net cash provided (used) by operating activities</u></b>	
Operating income (loss)	\$ (67,178)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	161,567
(Increase) decrease in accounts receivable	7,433
(Decrease) increase in accounts and other payables	28,894
(Decrease) increase in meter deposits	(2,053)
(Decrease) increase in other assets	<u>2,213</u>
Net cash provided (used) by operating activities	<u>\$ 130,876</u>

**Supplemental disclosures of cash flow information:**

During the year ended June 30, 2012, 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, 2012**

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### **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, 2012**

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### **Government-Wide Financial Statements**

The Statement of Net Assets 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.

**Fire Department** – A special revenue fund used to account for tax revenue dedicated to fire protection.

**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:

<b><u>Financial Statement Presentation</u></b>	<b><u>Basis of Accounting</u></b>	<b><u>Measurement Focus</u></b>
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 measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year

# **Town of Glenmora**

## **Notes To Financial Statements**

**June 30, 2012**

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end or due under a cost reimbursement arrangement. In addition, expenses are generally recorded when a 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 measure 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 an other financing source and repayment of long-term debt is reported as an expenditure.

### **Use of Estimates**

The preparation of financial statement 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, certificates of deposit and highly liquid investments. 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, 2012**

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### **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.

### **Use of Estimates:**

The preparation of financial statement 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.

### **NOTE 2 - CASH AND CASH EQUIVALENTS**

At June 30, 2012, cash and cash equivalents included the following amounts:

	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
Cash Deposited in Banks	\$ 55,935	\$ 209,895	\$ 265,830
Cash on Hand	241	250	491
Total Cash	56,176	210,145	266,321
Restricted Cash	---	81,479	81,479
Cash and Cash Equivalents	<b><u>\$ 56,176</u></b>	<b><u>\$ 128,666</u></b>	<b><u>\$ 184,842</u></b>

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, 2012, the Town has \$265,830 in deposits (\$301,160 collected bank balance). These deposits are secured from risk by \$253,821 of federal deposit insurance and \$488,362 of pledged securities 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, 2012 are summarized as follows:



# ***Town of Glenmora***

## ***Notes To Financial Statements***

***June 30, 2012***

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Accounts Receivable</u></b>			
Charges for Services	\$ —	\$ 54,330	\$ 54,330
Franchise Fees	11,159	—	11,159
Other	68	—	68
Total Accounts Receivable	<u>11,227</u>	<u>54,330</u>	<u>65,557</u>
<b><u>Due From Other Governmental Units</u></b>			
Sales Taxes	63,992	—	63,992
License Fees	9,524	—	9,524
Total Due From Other Governments	<u>73,516</u>	<u>—</u>	<u>73,516</u>
Total Receivables	<u>\$ 84,743</u>	<u>\$ 54,330</u>	<u>\$ 139,073</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>Ending Balance</u>
<b><u>Non Depreciable Capital Assets</u></b>				
Land	\$ 67,975	\$ —	\$ —	\$ 67,975
<b><u>Depreciable Capital Assets</u></b>				
Equipment	480,844	158,043	—	638,887
Buildings	1,205,344	—	—	1,205,344
Infrastructure	453,391	—	—	453,391
Accumulated Depreciation	(698,902)	(88,004)	—	(786,906)
Total Depreciable Capital Assets	<u>1,440,677</u>	<u>70,039</u>	<u>—</u>	<u>1,510,716</u>
Total Capital Assets	<u>\$ 1,508,652</u>	<u>\$ 70,039</u>	<u>\$ —</u>	<u>\$ 1,578,691</u>
<b><u>Business-Type Activities</u></b>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b><u>Depreciable Capital Assets</u></b>				
Equipment	345,239	43,913	—	389,152
Buildings	27,779	—	—	27,779
Utility Infrastructure				
Sewer System	3,834,654	—	—	3,834,654
Water System	1,884,834	—	—	1,884,834
Natural Gas Distribution System	1,367,729	3,346	1,449	1,369,626
Accumulated Depreciation	(2,951,508)	(161,567)	(1,449)	(3,111,626)
Total Capital Assets	<u>\$ 4,508,727</u>	<u>\$ (114,308)</u>	<u>\$ —</u>	<u>\$ 4,394,419</u>

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

# **Town of Glenmora**

## **Notes To Financial Statements**

**June 30, 2012**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Police Department	\$ 19,708	\$ ---	\$ 19,708
Fire Department	12,750	---	12,750
Streets and Public Facilities	21,669	---	21,669
General Government	33,497	---	33,497
Culture and Recreation	380	---	380
Natural Gas System	----	27,825	27,825
Water System	----	54,172	54,172
Sewer System	----	79,570	79,570
	<hr/>	<hr/>	<hr/>
Total Depreciation Expense	<b>\$ 88,004</b>	<b>\$ 161,567</b>	<b>\$ 249,571</b>

### **NOTE 5 – ACCOUNTS AND OTHER PAYABLE**

Amounts reported as accounts and other payables consist of amounts payable to vendors that supply the Town with goods and services.

### **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. Remaining long-term liabilities are reported as governmental activities. The Town's long-term liabilities are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Long-Term Liabilities</u></b>			
Capital Lease Obligations	\$ 27,251	\$ ---	\$ 27,251
Debt Instruments			
General Obligation Bonds	2,000	---	2,000
Certificates of Indebtedness	83,000	---	83,000
Revenue Bonds	----	2,636,012	2,636,012
Total Long-term Debt	112,251	2,636,012	2,748,263
Due Within One Year	40,437	100,389	140,826
Due in More Than One Year	<b>\$ 71,814</b>	<b>\$ 2,535,623</b>	<b>\$ 2,607,437</b>

### **Capital Lease Obligations**

The Town leases police vehicles with an original cost of \$46,770 under non-cancelable leases which meet the criteria for capitalization. These capital leases are paid from General Fund resources.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital Lease Obligations	\$ 37,076	\$ ---	\$ 9,825	\$ 27,251

Future minimum lease payments due under these leasing arrangements are summarized as follows.

# **Town of Glenmora**

## **Notes To Financial Statements**

**June 30, 2012**

<b><u>For the Year Ending June 30<sup>th</sup>:</u></b>	
2013	\$ 12,437
2014	12,437
2015	<u>4,146</u>
Total Future Minimum Lease Payments	29,020
Amounts Representing Interest	<u>1,769</u>
Present Value of Minimum Lease Payments	<u>\$ 27,251</u>

### **Debt Instruments**

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

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Ending Balance</u></b>
<b><u>Governmental Activities</u></b>				
General Obligation Bonds	4,000	---	2,000	2,000
Certificates of Indebtedness	107,000	---	24,000	83,000
<b><u>Business-Type Activities</u></b>				
Revenue Bonds	2,747,954	---	111,942	2,636,012

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

#### **General Obligation Bonds**

\$112,000 Public Improvement Bonds, Series 1973, bearing interest at a rate of 5% payable from ad valorem taxes, with the final payment due January 1, 2013. \$ 2,000

#### **Certificates of Indebtedness**

\$300,000 Certificates of Indebtedness, Series 2000 issued to finance fire equipment. The certificates are due in annual installments of \$13,000 through \$29,000, plus interest at a rate of 6.25%, with the final installment due March 1, 2015. \$ 83,000

#### **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. \$ 1,038,203

\$816,000 Water Revenue Bonds Series 1973, bearing interest at a rate of 5.000% payable in monthly installments of \$4,025 with the final installment due in 2013. 24,602

\$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. 1,256,617

\$23,000 Water Revenue Bonds Series 1991, bearing interest at a rate of 5.000% payable in annual installments with the final installment due in 2019. 7,542

# **Town of Glenmora**

## **Notes To Financial Statements**

**June 30, 2012**

\$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.	51,001
\$1,110,000 Natural Gas Revenue Bonds Series 1980, bearing interest at a rate of 5.000% payable in annual installments of \$3,550 with the final installment due in 2020.	258,047
<b>Total Revenue Bonds</b>	<b><u>\$ 2,636,012</u></b>

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

<u>Year Ended June 30<sup>th</sup></u>	<u>Principal</u>			<u>Interest</u>	<u>Total</u>
	<u>General Obligations</u>	<u>Certificates of Indebtedness</u>	<u>Revenue Bonds</u>		
<b><u>Governmental Activities</u></b>					
2013	\$ 2,000	\$ 26,000	\$ 28,000	\$ 5,287	\$ 33,287
2014	---	28,000	28,000	3,562	31,562
2015	---	29,000	29,000	1,812	30,812
<b>Total Governmental</b>	<b><u>\$ 2,000</u></b>	<b><u>83,000</u></b>	<b><u>85,000</u></b>	<b><u>\$ 10,661</u></b>	<b><u>\$ 95,661</u></b>
<b><u>Business-Type Activities</u></b>					
2013	\$ ---	\$ ---	\$ 100,389	\$ 108,159	\$ 208,548
2014	---	---	78,971	104,652	183,623
2015	---	---	82,184	101,384	183,568
2016	---	---	85,628	97,985	183,613
2017	---	---	89,111	94,442	183,553
2018 – 2022	---	---	371,130	419,024	790,154
2023 – 2027	---	---	348,415	349,565	697,980
2028 – 2032	---	---	426,453	271,527	697,980
2033 – 2037	---	---	521,971	176,009	697,980
2038 – 2042	---	---	531,760	59,151	590,911
<b>Total Business-Type</b>	<b><u>\$ ---</u></b>	<b><u>\$ ---</u></b>	<b><u>\$ 2,636,012</u></b>	<b><u>\$ 1,781,898</u></b>	<b><u>\$ 4,417,910</u></b>

### **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, 2012 the Town has levied sales taxes described as follows:

# **Town of Glenmora**

## **Notes To Financial Statements**

**June 30, 2012**

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- 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.
- In addition, the Town receives an allocation of sales taxes collected by the Parish for Road District Number 3. The proceeds of this tax are deposited in the general fund and used exclusive for the Town's Street Department.

### **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 assets are also presented as restricted net assets 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**

With the exception of law enforcement personnel, the Town's employees are members of the Municipal Employees' Retirement System of Louisiana. Participation in the plan is summarized as follows:

**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

# **Town of Glenmora**

## **Notes To Financial Statements**

**June 30, 2012**

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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 by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

**Funding Policy** - Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the City 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 City 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 City's contributions to the system were equal to the required contributions for the year.

### **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:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>	<b>Net</b>
<b><u>Governmental Funds</u></b>			
General Fund	\$ 291,170	\$ ---	\$ 291,170
Fire Department Fund	2,319	3,648	(1,329)
Economic Development	29,323	1,669	27,654
Total Governmental Funds	<u>322,812</u>	<u>5,317</u>	<u>317,495</u>
<b><u>Business Type Funds</u></b>			
Utility System	44,337	361,832	(317,495)
Total	<u>\$ 367,149</u>	<u>\$ 367,149</u>	<u>\$ ---</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, 2012 are summarized as follows:

	<b>Operating Transfers In</b>	<b>Operating Transfers Out</b>	<b>Net</b>
<b><u>Governmental Funds</u></b>			
General Fund	\$ ---	\$ 71,209	\$ (71,209)
Fire Department Fund	71,209	---	71,209
Total Governmental Funds	<u>\$ 71,209</u>	<u>\$ 71,209</u>	<u>\$ ---</u>

# **Town of Glenmora**

## **Notes To Financial Statements**

**June 30, 2012**

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### **NOTE 13 – CONTINGENCIES:**

Existing conditions that may have financial consequences are referred to as contingencies. Contingencies existing at June 30, 2012 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 consultation with the Town Attorney, sufficient information is not available to predict the potential outcome of pending and threatened litigation.

#### **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	\$ 6,467
Fire Department	<u>6,250</u>
Total	<u>\$ 12,710</u>

# **Town of Glenmora**

## **General Fund**

### **Statement of Revenues, Expenditures and Changes in Fund Balances**

**Budget and Actual - Year Ended June 30, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
<b><u>Revenues:</u></b>				
Taxes	\$ 369,000	\$ 369,000	\$ 412,953	\$ 43,953
Licenses & Permits	82,500	82,500	47,132	(35,368)
Charges for Services	-	-	6,864	6,864
Intergovernmental	154,544	154,544	7,514	(147,030)
Fines and Forfeitures	225,000	225,000	225,701	701
Other	35,250	35,250	32,133	(3,117)
<b>Total Revenues</b>	<b>866,294</b>	<b>866,294</b>	<b>732,297</b>	<b>(133,997)</b>
<b><u>Expenditures:</u></b>				
<b>Current:</b>				
General Government	255,000	255,000	214,238	40,762
Public Safety				
Police Department	215,000	215,000	241,421	(26,421)
Public Works				
Streets and Drainage	105,000	105,000	103,117	1,883
Sanitation	110,000	110,000	92,959	17,041
Recreation	10,000	10,000	8,715	1,285
Capital Expenditures	5,000	5,000	-	5,000
Debt Service	-	-	-	-
<b>Total Expenditures</b>	<b>700,000</b>	<b>700,000</b>	<b>660,450</b>	<b>39,550</b>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>166,294</b>	<b>166,294</b>	<b>71,847</b>	<b>(94,447)</b>
<b><u>Other Financing Sources (Uses):</u></b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	(71,209)	(71,209)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>166,294</b>	<b>166,294</b>	<b>638</b>	<b>(165,656)</b>
<b>Fund Balance (Deficit) - Beginning of Year</b>	<b>327,160</b>	<b>327,160</b>	<b>327,160</b>	<b>-</b>
<b>Fund Balance (Deficit) - End of Year</b>	<b>\$ 493,454</b>	<b>\$ 493,454</b>	<b>\$ 327,798</b>	<b>\$ (165,656)</b>



# **Town of Glenmora**

## **Fire Department**

### **Statement of Revenues, Expenditures and Changes in Fund Balances**

**Budget and Actual - Year Ended June 30, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
<b><u>Revenues:</u></b>				
Taxes	\$ 52,000	\$ 52,000	\$ 42,758	\$ (9,242)
Intergovernmental	3,000	3,000	178,243	175,243
Other	8,000	8,000	1,207	(6,793)
<b>Total Revenues</b>	<b>63,000</b>	<b>63,000</b>	<b>222,208</b>	<b>159,208</b>
<b><u>Expenditures:</u></b>				
<b>Current</b>				
Public Safety - Fire Protection	114,000	114,000	106,437	7,563
Capital Expenditures	-	-	158,043	(158,043)
Debt Service	31,000	31,000	30,954	46
<b>Total Expenditures</b>	<b>145,000</b>	<b>145,000</b>	<b>295,434</b>	<b>(150,434)</b>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>(82,000)</b>	<b>(82,000)</b>	<b>(73,226)</b>	<b>8,774</b>
<b><u>Other Financing Sources (Uses):</u></b>				
Operating Transfers In	-	-	71,209	71,209
Operating Transfers Out	-	-	-	-
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(82,000)</b>	<b>(82,000)</b>	<b>(2,017)</b>	<b>79,983</b>
<b>Fund Balance (Deficit) - Beginning of Year</b>	<b>3,633</b>	<b>3,633</b>	<b>3,633</b>	<b>-</b>
<b>Fund Balance (Deficit) - End of Year</b>	<b>\$ (78,367)</b>	<b>\$ (78,367)</b>	<b>\$ 1,616</b>	<b>\$ 79,983</b>

# **Town of Glenmora**

## **Schedule of Compensation Paid to Board Members** **For the year ended June 30, 2012**

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Kris Cloessner	\$ 3,000
Glynn Dixon	3,000
Clifford Doyle	3,000
Willie Moore	3,000
Clyde Myers	3,000
Malcolm English	14,400
	<hr/>
Total Compensation	<b><u>\$ 29,400</u></b>

# **TOWN OF GLENMORA**

## ***Summary of Findings and Questioned Cost***

***June 30, 2012***

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### **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, 2012 and for the year then ended did not express an opinion..
- A deficiency in internal control was reported in connection with the audit.
- Instances of noncompliance material to the financial statements of the Town of Glenmora were disclosed during the audit.

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

#### **2012-1: Financial Reporting Material Weaknesses**

Due to the presence of various weaknesses, the Town's financial records were inadequate. As a result of these inadequacies, the Town cannot produce periodic financial statements necessary to properly manage the Town's activities. Material weaknesses that contribute to the inadequate financial records are described as follows:

- **2012-1(a): Bank Reconciliations** - Some of the Town's bank accounts, including the general funds primary account, have not been properly reconciled. In addition, the Town's payroll account has never been reconciled. Effective immediately, we suggest reconciling each account promptly. Furthermore, whenever it is necessary to void or otherwise alter a transaction reported in a period that has been reconciled, the reconciliation should be revised accordingly.
- **2012-1(b): Undocumented Adjustments** - The general ledger includes numerous adjustments that cannot be verified by supporting documentation. Transactions of this nature include recording "bad debt expense" to adjust to utility receivables. In the future, adjustments to the Town's general ledger should be supported by information that clearly describes the purpose of the adjustment and references any necessary supporting documents. In addition, adjustments to record bad debts should be accompanied by documentation identifying specific customer accounts. Furthermore, any accounts receivable that are written off should be approved by a member of management that is not involved in the collection of payments.
- **2012-1(c): Credit Cards** - The Town routinely uses credit cards to make purchases but supporting documentation was not available to support most of the transactions appearing on the monthly credit card statements. In addition, the Town has incurred interest charges and late fees as a result of not repaying credit card balances in a prompt manner. From now on, we suggest attaching an invoice to support each credit card transaction to the credit card statement. In addition, the Town should avoid using credit cards to finance its operations by paying credit card balances in full prior to each due date.

#### **2012-2: FINANCIAL REPORTING SIGNIFICANT DEFICIENCIES**

Procedures applied in connection with the engagement have revealed additional deficiencies that contribute to the Town's inability to produce suitable financial statements. While not considered material weaknesses, the deficiencies listed below are significant.

- **2012-2(a): Meter Deposits** - Deposits reported in the Town's utility billing software have not been reconciled to the balance reported in the general ledger account established to report the

# **TOWN OF GLENMORA**

## ***Summary of Findings and Questioned Cost***

***June 30, 2012***

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meter deposit liability. In order to begin resolving this matter, we suggest reviewing customer accounts in the utility billing system to ensure that each account includes the proper meter deposit amount.

- **2012-2(b): Internal Balances / Fund Reporting** – The Town’s fund structure and the nature of its operations result in numerous internal transactions between funds. Balances that the funds owe each other have not been properly maintained in the accounting system. Substantial adjustments were necessary to correct the amounts reported as internal balances and report activities in the proper fund. We suggest addressing this matter by simplifying the Town’s fund structure to limit the volume of internal activity. Simplification can be achieved by consolidating water, sewer, and natural gas operations into a single fund. In addition, the payroll fund can be eliminated by retaining a service bureau to process payroll as suggested in 2012-2(d). After the accounting process is streamlined, internal activity should be reconciled on a monthly basis.
- **2012-2(c): Travel and Expense Reimbursement** - An analysis of travel and expense reimbursement revealed instances where proper documentation was not available to support amounts disbursed to employees. In the future, we suggest requiring employees to provide an original invoice prior to receiving reimbursements.
- **2012-2(d): Payroll Processing** – The Town uses an accounting software product that is not well suited for processing payroll for a small workforce. As a result, the payroll process is inefficient and compensating the Town’s employees requires far more clerical effort than necessary. In order to resolve this matter we suggest contracting with a service bureau to process the payroll or adopting a manual payroll system.

### **2012-3: 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

### **2012-4: NON COMPLIANCE WITH FINANCIAL REPORTING POLICIES**

Due to the inadequate nature of the Towns financial records, the Town’s audit report was not completed within the period of time required by State Law. In addition, as a result of these matters, auditors were unable to obtain satisfactory audit evidence about certain amounts reported in the financial statements. Because of the significance of this matter, the scope of the audit work was not sufficient to enable the auditor to express an opinion.

As a result of the matters discussed in the preceding paragraph, the Town has failed to comply with provisions of State Law that required the audit report to be completed by December 31, 2012. Furthermore, policies implemented by the State of Louisiana require political subdivisions, such as the Town, to conduct their affairs in a manner that will allow auditors’ to express an opinion. Accordingly, the issues described previously represent a departure from established public policy.

Correcting the matters described in 2012-1 and 2012-2, should allow the Town to avoid future noncompliance by completing its financial reporting in a timely and accurate fashion.

### **2012-5: NON COMPLIANCE WITH BOND COVENANTS**

In exchange for fees, the Town provides residents with utility service including water, natural gas 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

# **TOWN OF GLENMORA**

## ***Summary of Findings and Questioned Cost***

***June 30, 2012***

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sustain operations and repay creditors, we suggest altering the Town's utility rate structure to provide additional the revenue needed to meet the utility system's obligations.

### **2012-6: BUDGET VARIANCES**

The Town is required to present budget comparison for the General Fund and the Fire Fund. Unfavorable budget variances reported by these funds exceeded limits permitted by State Law. In order to avoid future non compliance issue, we suggest carefully monitoring income and expenses. In addition, when the monitoring indicates that unfavorable variances are expected occur, the budgets should be amended accordingly.

### **PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:**

N/A – An audit under OMB Circular A-133 was not required.

# **TOWN OF GLENMORA**

## ***Management's Corrective Action Plan***

***June 30, 2012***

<b>SECTION I</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<p><b><u>2012-1: Financial Reporting Material Weaknesses</u></b></p> <p>Due to the presence of various weaknesses, the Town's financial records were inadequate. As a result of these inadequacies, the Town cannot produce periodic financial statements necessary to properly manage the Town's activities. Material weaknesses that contribute to the inadequate financial records are described as follows:</p> <ul style="list-style-type: none"> <li>• <b><u>2012-1(a): Bank Reconciliations</u></b> - Some of the Town's bank accounts, including the general funds primary account, have not been properly reconciled. In addition, the Town's payroll account has never been reconciled.</li> <li>• <b><u>2012-1(b): Undocumented Adjustments</u></b> - The general ledger includes numerous adjustments that cannot be verified by supporting documentation. Transactions of this nature include recording "bad debt expense" to adjust to utility receivables. In the future, adjustments to the Town's general ledger should be supported by information that clearly describes the purpose of the adjustment and references any necessary supporting documents.</li> <li>• <b><u>2012-1(c): Credit Cards</u></b> - The Town routinely uses credit cards to make purchases but supporting documentation was not available to support most of the transactions appearing on the monthly credit card statements. In addition, the Town has incurred interest charges and late fees as a result of not repaying credit card balances in a prompt manner.</li> </ul> <p><b><u>2012-2: Financial Reporting Significant Deficiencies</u></b></p> <p>Procedures applied in connection with the engagement have revealed additional deficiencies that contribute to the Town's inability to produce suitable financial statements. While not considered material weaknesses, the deficiencies listed below are significant.</p> <ul style="list-style-type: none"> <li>• <b><u>2012-2(a): Meter Deposits</u></b> - Deposits reported in the Town's utility billing software have not been reconciled to the balance reported in the general ledger account established to report the meter deposit liability.</li> </ul>	<p><b><u>2012-1: Financial Reporting Material Weaknesses</u></b></p> <p>In order to correct weaknesses in the financial reporting system, the Town Clerk will become personally responsible for bookkeeping activities. These new responsibilities will include insuring that cash receipts and disbursements are promptly recorded on a daily basis.</p> <ul style="list-style-type: none"> <li>• <b><u>2012-1(a): Bank Reconciliations</u></b> - Requiring the Town Clerk to promptly record receipts and disbursements as discussed above, will allow the Clerk to reconcile the accounts in a timely, manner. The Mayor will review the reconciliation reports to ensure the reconciliations are performed timely and accurately.</li> <li>• <b><u>2012-1(b): Undocumented Adjustments</u></b> - Some of the Town's accounting activities have been performed offsite. Properly documenting adjustments that were made offsite has proven to be a challenge; but assigning responsibility for financial reporting to the Town Clerk should simplify the documentation process and prevent further problems.</li> <li>• <b><u>2012-1(c): Credit Cards</u></b> - Corrective action has been implemented and the Town Clerk now receives and retains documentation necessary to support transactions appearing on the credit card statement.</li> </ul> <p><b><u>2012-2 Financial Reporting Significant Deficiencies</u></b></p> <p>Pending changes to the financial reporting process described above are expected to assist the Town with resolving the deficiencies described in this section. Further action intended to address some specific issues are described fully as follows:</p> <ul style="list-style-type: none"> <li>• <b><u>2012-2(a): Meter Deposits</u></b> - Efforts enter meter deposit information into the Town's new utility billing software will be completed as soon as sufficient time is available.</li> </ul>

# **TOWN OF GLENMORA**

## ***Management's Corrective Action Plan***

***June 30, 2012***

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### **SECTION I**

#### **INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.**

- **2012-2(b): Internal Balances / Fund Reporting** – The Town's fund structure and the nature of its operations result in numerous internal transactions between funds. Balances that the funds owe each other have not been properly maintained in the accounting system. Substantial adjustments were necessary to correct the amounts reported as internal balances and report activities in the proper fund.
- **2012-2(c): Travel and Expense Reimbursement** - An analysis of travel and expense reimbursement revealed instances where proper documentation was not available to support amounts disbursed to employees.
- **2012-2(d): Payroll Processing** – The Town uses an accounting software product that is not well suited for processing payroll for a small workforce. As a result, the payroll process is inefficient and compensating the Town's employees requires far more clerical effort than necessary.
- **2012-2(b): Internal Balances / Fund Reporting** – In the future, we will monitor internal amounts to ensure that transactions between funds remain in balance. In addition, we will consider opportunities to simplify the Town's fund structure in order to limit the volume of internal transactions.
- **2012-2(c): Travel and Expense Reimbursement** – This matter has been corrected. Employees are currently required to submit complete document prior to receiving reimbursements.
- **2012-2(d): Payroll Processing** – We acknowledge that excessive amounts of time have been required to process payroll. In order to more efficiently use our resources, we will explore opportunities to improve our payroll processing system.

#### **2012-3: 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.

#### **2012-4: Non Compliance With Financial Reporting Policies**

Due to the inadequate nature of the Town's financial records, the Town's audit report was not completed within the period of time required by State Law. In addition, as a result of these matters, auditors were unable to obtain satisfactory audit evidence about certain amounts reported in the financial statements. Because of the significance of this matter, the scope of the audit work was not sufficient to enable the auditor to express an opinion.

#### **2012-3: Economic Development Loans**

Since there is no further need for the Economic Development Loan program, we will contact the original grantor and request approval for an alternative use of the remaining funds.

#### **2012-4: Non Compliance With Financial Reporting Policies**

The changes outlined in the previous portions of this response are expected to correct our financial reporting issues. Resolving these issues will provide evidence to support future audit opinions and allow audits to be completed in a timely manner.

# **TOWN OF GLENMORA**

## **Management's Corrective Action Plan**

**June 30, 2012**

<b>SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<p><b><u>2012-5: Non Compliance With Bond Covenants</u></b>                      In exchange for fees, the Town provides residents with utility service including water, natural gas 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><b><u>2012-6: Budget Variances</u></b>                      The Town is required to present budget comparison for the General Fund and the Fire Fund. Unfavorable budget variances reported by these funds exceeded limits permitted by State Law. In order to avoid future non compliance issue, we suggest carefully monitoring income and expenses. In addition, when the monitoring indicates that unfavorable variances are expected occur, the budgets should be amended accordingly.</p>	<p><b><u>2012-5: Non Compliance With Bond Covenants</u></b>                      Management is in the process of identifying cost savings measures that will make funds available for debt services by eliminating some expenses of operation. After identifying available cost savings opportunities, a utility rate increase will be considered provide any additional resources needed for debt service.</p> <p><b><u>2012-6: Budget Variances</u></b>                      The proposed improvements to our financial reporting system are expected to produce sufficient information to allow the Town to anticipate unfavorable budget variances and initiate corrective action. By initiating prompt budget amendments, future unfavorable variances can be avoided.</p>

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

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



# **TOWN OF GLENMORA**

## ***Summary of Prior Year Findings and Questioned Cost June 30, 2012***

<b>SECTION I</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<p><b><u>11-01: Meter Deposits</u></b> The Town is not reconciling meter deposits reported by the utility billing system to the general ledger. The Town's general ledger has approximately \$18,000 more recorded than the meter deposit subsidiary.</p>	<p><b><u>11-01: Unresolved - See 2012-2(a)</u></b> Management is currently moving meter deposit information from the old computer system to a new utility billing software package. When the information is transferred the meter deposits in the new utility billing system will be reconciled to the general ledger account.</p>
<p><b><u>11-02: Credit Cards</u></b> The former Town Clerk allegedly used the Town's credit card to pay for personal items.</p>	<p><b><u>11-02: Unresolved - See 2012-1(c)</u></b> The Town has not adopted written policies governing credit card administration. In addition, documentation supporting transactions appearing on credit card statements was frequently unavailable.</p>
<p><b><u>11-03: Financial Statements</u></b> The Town was unable to produce financial statements with their general ledger system.</p>	<p><b><u>11-03: Resolved</u></b> The Town has installed Quickbooks account software, which allows financial statements to be produced as needed.</p>
<p><b><u>11-04: Cash Receipts</u></b> The Town does not deposit cash receipts on a daily basis and posted is sometimes delayed by using manual cash receipts.</p>	<p><b><u>11-04: Resolved</u></b> A review of activity for the month of June, 2012 indicates that deposits are being made on a daily basis.</p>
<p><b><u>11-05: Bank Reconciliations</u></b> The Town's bank reconciliation include outstanding deposits and checks that are several months old and should have been corrected or investigated as to why these amounts are still outstanding</p>	<p><b><u>11-05: Unresolved - See 2012-1(a)</u></b> The bank reconciliation report generated for the period ended June 30, 2012 included numerous inaccuracies.</p>
<p><b><u>11-06: Internal Balances</u></b> The Town's interdepartmental due to/from accounts do not balance.</p>	<p><b><u>11-06: Unresolved - See 2012-2(b)</u></b> The Town continued to experience difficulties balances due between funds.</p>
<p><b><u>11-07: Payment Posting</u></b> Payments to vendors and bond holders were not recorded consistently.</p>	<p><b><u>11-07: Resolved</u></b> An analysis of current general ledger activity has not revealed any significant instances of improper coding to expense accounts. Accordingly, this matter is considered resolved.</p>

# **TOWN OF GLENMORA**

## ***Summary of Prior Year Findings and Questioned Cost June 30, 2012***

<b>SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<p><b><u>11-08: NSF Checks</u></b> NSF Check accounts are not reconciled monthly.</p>	<p><b><u>11-08: Resolved</u></b> Based on amounts reported in the general ledger, the Town did not experience significant losses from NSF checks.</p>
<p><b><u>11-09: Invoice Approval</u></b> Approval of invoices by elected officials has not been documented.</p>	<p><b><u>11-09: Resolved</u></b> The Town has adopted a form that documents approval from the Mayor before disbursing funds to vendors.</p>
<p><b><u>11-10: Suspense Account</u></b> The Town has used a general ledger account referred to as "suspense" to record entries noted as "error correction", "to balance", etc.</p>	<p><b><u>11-10: Unresolved - See 2012-1(b)</u></b> The Town no longer uses suspense accounts but entries with questionable explanations and little documentation continue to appear in the general ledger.</p>
<p><b><u>11-11: Accounts Receivable</u></b> The accounts receivable system has not been reconciled to the general ledger.</p>	<p><b><u>11-11: Resolved</u></b> General ledger balances have been adjusted to agree with the amounts reported on the utility billing system.</p>
<p><b><u>11-12: Fund Reporting</u></b> Expenses and expenditures have not always been reported in the correct fund.</p>	<p><b><u>11-12: Unresolved - See 2012-2(b)</u></b> When a fund does not have sufficient resources on hand to pay its vendors, funds from another unrestricted source are typically used to provide the necessary resources. As a result, expenses are occasionally shown on the fund providing the resources rather than the fund that incurred the expense. This matter can be resolved by addressing issues related to internal balances discussed in 11-06 above.</p>
<p><b><u>11-13: Management Capabilities</u></b> Management does not have sufficient capable expertise to prepare financial statements and related footnote disclosures.</p>	<p><b><u>11-13: Unresolved - See 2012-1 and 2012-2</u></b> Management has hired a contract accountant but deficiencies in financial reported have persisted.</p>
<p><b><u>11-14: Traffic Tickets</u></b> There are no written procedures for maintaining, issuing and accounting for traffic tickets. An accounting for the numerical sequence of the traffic tickets is not kept.</p>	<p><b><u>11-14: Resolved</u></b> The Town has adopted procedures for administering traffic citations and a log is maintained to track the numerical sequence of traffic tickets.</p>

# **TOWN OF GLENMORA**

## **Summary of Prior Year Findings and Questioned Cost June 30, 2012**

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

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

# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

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### Independent Accountant's Report On Applying Agreed-Upon Procedures

December 23, 2012

To Mayor Malcolm English and Town Council  
Town of Glenmora, Louisiana

We have performed the procedures presented in the following sections of this report. We are required by the terms of our engagement to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable".

Management of the Town of Glenmora is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by the management of the Town of Glenmora and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Town of Glenmora's compliance with certain laws and regulations during the period ended June 30, 2012 included in the *Louisiana Compliance Questionnaire*.

This agreed-upon procedures engagement was performed 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 the 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.

#### **Financial Management**

1. Determine if management (chief executive and board members) was presented with timely and accurate monthly financial statements, including budget-to-actual comparisons on funds (General Fund, Special Revenue Fund, Utility Fund, etc.) of the entity, during the year under question.

**-Members-**

**American Institute of Certified Public Accountants • Society of Louisiana, CPAs**

**The Town Clerk does not present monthly financial statements with budget comparisons to the town council. The clerk does provide a monthly financial disbursement recap at each meeting.**

2. If management was deficit spending during the period under examination, determine if there is a formal/written plan to eliminate the deficit spending and whether management is monitoring the plan.

**Not applicable. Based on the information available, the town does not have a deficit in any fund and does not anticipate such a deficit in any fund.**

3. Determine if there are written policies and procedures for the following financial/business functions of the entity:

A. Budgeting, including preparing, adopting, monitoring, and amending the budget.

**The mayor has provided us with a copy of its budgeting policy. The mayor prepares and signs the budget. Before the budget is adopted, it is made available for public inspection. Once adopted by the board, policy requires that they monitor the budget monthly by receiving monthly financials. Any amendment to the budget must be approved by the board.**

B. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) checks and balances to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes

**Not Applicable. The town does not have written policies and procedures for purchasing.**

C. Disbursements, including processing, reviewing, and approving

**Not Applicable. The town does not have written policies and procedures for disbursements.**

D. Receipts, including receiving, recording, and preparing deposits

**Not applicable. The Town has not adopted written procedure relating to receiving, recording and preparing deposit or cash receipts.**

#### **Credit Cards**

1. Obtain from management a listing of all active credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards.

[Note: There are three types of credit cards: (1) general (e.g., VISA, Mastercard, etc.), (2) store (e.g., Wal-Mart, Office Depot, Sam's Club, etc.); and (3) gasoline (e.g. Fuelman, Exxon, etc.)].

**The Town provided us with a listing of all of the credit cards and the person or unit to whom they are assigned. The town utilizes 4 credit cards. They have a Sabine State Bank Mastercard, Office Depot, Sam's Club, and Fuelman.**

2. Obtain and review the entity's written policies and procedures for credit cards (and debit cards if applicable) and determine if the following is addressed:
  - How cards are to be controlled
  - Allowable business uses
  - Documentation requirements
  - Required approvers
  - Monitoring card usage

**Not Applicable. The town does not have written policies and procedures for credit cards.**

3. Obtain the monthly statements for all credit cards (general, stores, and gasoline) used during the period under examination and select for detailed review, the two largest (dollar amount) statements for each card. (Note: For a debit card, select the two monthly bank statements with the largest dollar amount of debit charges.):
  - A. Obtain the entity's supporting documentation for the purchases/charges shown on the selected monthly statements:
    - Determine if each purchase is supported by:
      - An original itemized receipt
      - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
      - Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)
    - Determine if each purchase is:
      - In accordance with thresholds or guidelines established in the policies and procedures

- For and appropriate and necessary business purpose relative to the entity
- Determine if any purchases were made for personal purposes. If there are purchases made for personal purposes, determine the date(s) of reimbursement
- Determine if any purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes).

**We obtained the monthly statements for all of the credit cards. We reviewed the two largest statements for each card.**

**The statements selected for Fuelman had a total of 111 transactions. The town had 31 original receipts attached to these statements. Each purchase appears to be for fuel that is necessary for the town's operations. None of these purchases appear to be for personal purposes.**

**The statements selected for Sam's Club had a total of three invoices. There were no original receipts for these statements.**

**The statements selected for Office Depot had a total of eight transactions. The town did not have any original receipts attached to the statements. The card company does send copies of purchase receipts with the statement. We reviewed the credit card copies of receipts and verified that the purchases appear to be appropriate and necessary for business purposes.**

**The Mastercard statements we selected had a total of ten transactions. There were two original receipts attached. The two receipts attached were for repairs which were appropriate and necessary for business purposes. We were unable to make a determination on the eight transactions as there was no supporting documentation attached.**

**None of the purchases effectively circumvent the entity's normal procurement / purchasing process or the Public Bid Law.**

**B. Determine if there was any duplication of expenses by comparing all travel and related purchases to the appropriate person's expense reimbursement reports.**

**We compared the expenditures on the credit card statements to the expense reports and found no duplication of expenses.**

**C. Determine if each monthly credit card statement (including supporting documentation) was reviewed and approved, in writing, by someone other than the**

person making the purchases. [Note: requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality.)]

**There is no documentation that the monthly statements were approved by someone other than the person making the purchase.**

D. Determine if finance charges and/or late fees were assessed on the monthly statements.

**We reviewed the monthly statements and found that four of the Sam's Club statements had finance charges and late fees, three of the Office Depot statements had finance charges and late fees, and four of the Mastercard statements had finance charges and one had late charges.**

#### **Travel and Expense Reimbursement**

1. Obtain and review the entity's written policies and procedures for travel and expense reimbursements and determine if the following is addressed:
  - a. Allowable Expenses
  - b. Dollar thresholds by category of expense
  - c. Documentation requirements
  - d. Required approvers

**The Town provided us with the written procedures for Travel and Expense Reimbursement is provided for expenses incurred that are necessary and incurred in the performance of the municipality purpose. Travel requests are to be submitted on forms provided by the municipality. The employee must sign the form prior to forwarding it to the department head for approval. Request for travel must be submitted to the mayor for approval at least five days prior to travel.**

2. Obtain a listing of all travel and related expense reimbursements during the period under examination and select for review, the one person who was reimbursed the most money:

**We obtained a listing of all travel reimbursements made during the 2012 fiscal year and selected the one person who was reimbursed the most money.**

- A. Obtain all of the expense reimbursement reports of the selected person, including the supporting documentation, and select the three largest (dollar) expense reports to review in detail (Note: If there are only three or less expense reports, review all (100%) of them.

**We obtained all of the expense report and the supporting documentation for the one who was reimbursed the most money during the fiscal year. We then selected the**



**three largest expense reports to review in detail. The three largest reimbursements were for \$345.60, \$ 310.80, and \$303.35, respectively.**

- Determine if each expenditure is:
  - Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.)

**Reimbursement was not in accordance with written policy. There is no supporting detail for the reimbursement for \$303.35. For the reimbursements for \$345.60 and \$310.80, there is no documentation of written approval by the department head nor is there documentation of advance approval by the mayor.**

- In accordance with thresholds or guidelines established in the policies and procedures

**Reimbursement was not in accordance with the thresholds and guidelines established in the policy. Approval is not documented for the reimbursements for \$345.60 and \$310.80. There was no supporting detail for the reimbursement for \$303.45.**

- For an appropriate and necessary business purpose relative to the travel

**The documented purchases were for reimbursements that were appropriate and necessary business purposes. We were unable to make a determination on the reimbursement for \$303.45 that was not documented.**

- Determine if each expenditure is supported by:
  - An original itemized receipt (i.e., identifies precisely what was purchased)  
[Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) generally do not require a receipt

**The reimbursements for \$345.60 and \$310.80 had original receipts and documentation which identified what was purchased. There was no documentation for the reimbursement for \$303.35.**

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)

**The business purpose was stated on each individual reimbursement request form that was documented. There was no documentation for the reimbursement for \$303.45.**

- Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)

**No other documentation was required per the policy.**

- Determine if any of the expenditures were for personal purposes (e.g., extended hotel stays before or after training class, meals for spouses, entertainment, etc.)

**We reviewed the documentation provided and found no evidence that any of these expenditures were for personal purposes. No documentation was provided for the reimbursement for \$303.45, therefore we could not make a determination.**

- Determine if each expense report (including documentation) was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**We reviewed the documentation and found that the expense reports were not reviewed and approved by someone other than the person receiving the reimbursement.**

**B. Determine if there was any duplication of expenses by comparing the expense reports to charges/purchases made on credit card(s).**

**We compared the reimbursement documentation to the credit card and found no duplication of expenses on the travel voucher forms.**

### **Contracts**

1. Obtain and review the entity's written policies and procedures for contracts/contracting, including leasing, and determine if the following is addressed:
  - Types of services requiring written contracts
  - Standard terms and conditions
  - Legal review
  - Approval Process
  - Monitoring Process

**The town provided us with a copy of the Contracting for Services policy. Written contracts are to be executed for any arrangements entered into for services. Legal must review and recommend for approval in writing and the contract must be presented to the counsel prior to execution. Management is to implement and monitor controls over all contracts.**

2. Determine if the entity has centralized control and oversight of contracts to ensure that services/deliverables received and payments made comply with the terms and conditions of the contracts.

**The Mayor and Town Clerk provide oversight of contracts to ensure that services are received and payments comply with the terms and conditions of the contract.**

3. Obtain and review the accounting records (e.g., general ledgers, accounts payable vendor history reports, invoices, etc.) for the period under examination to identify individuals/businesses being paid for contracted services (e.g., professional, technical, etc.) Select the five “vendors” that were paid the most money during the period and for each:

- Determine if there is a formal/written contract that supports the services arrangement and the total amount paid.

**We reviewed the accounting records and identified the five vendors that were paid the most money during the fiscal year. The town has formal contracts with two of the top five vendors.**

- Determine the business legitimacy of the vendor if not known by the auditor (e.g., look-up the vendor on the LA Secretary of State’s website).

**We determined that the business appears to be for legitimate purposes.**

4. Obtain a listing of all active contracts and the expenditures made during the period under examination. Select for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period.

- (1) Services –
- (2) Materials and supplies -
- (3) Public Works –

**We obtained a listing of all active contract and expenditure made during the fiscal year. We selected for detailed review the largest contracts in the services and public works categories. There were no contracts for materials and supplies.**

- A. Obtain the selected contracts and the related paid invoices and:

- Determine if the contract is a related party transaction.

**We reviewed the contract for the items selected and found no related party transactions.**

- Determine if the transaction is subject to the Louisiana Public Bid Law:

**We determined that the contracts were not subject to the Louisiana Public Bid Law.**

- If yes, determine if the entity complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.)

**Not Applicable. The Contracts were not subject to the Louisiana Public Bid Law.**

- If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.

**We determined that the entity provided an open and competitive atmosphere for the work.**

- Determine if the contract was awarded under the *request for proposals* (RFP) method. If done so, obtain all proposals and the evaluation/scoring documents to determine if the contract was awarded to the most responsible offeror whose proposal was the most advantageous taking into consideration price and other evaluation factors set forth in the *request for proposals*.

**Not applicable. No request for proposals was issued and none was required.**

- Determine if the procurement was made “off” state contract (as opposed to following the competitive bidding requirements of the Louisiana Public Bid Law). If done so, determine if the board formally adopted the use of the Louisiana Procurement Code (R.S. 39:1551-1755), the set of laws that govern most state agencies’ purchases of certain services, materials and supplies, and major repairs.

**Not applicable. The contracts were not made off state contract.**

- Determine if the procurement related to homeland security and was made from federal General Services Administration (GSA) supply schedules. If done so, determine if the entity (1) utilized a Louisiana licensed distributor; (2) used the competitive ordering procedures of the federal GSA; and (3) received prior approval from the director of the State Office of Homeland Security and Emergency Preparedness, or his designee.

**Not applicable. The contracts were not related to Homeland Security.**

- Determine if the entity “piggybacked” onto another agency’s contract. If done so, determine if there is documentation on file that clearly demonstrates the contract was

a previously bid, viable contract and the price paid by the entity was the same as that contracts price.

**Not applicable. The contracts were not piggybacked onto another agency.**

- Determine if the contract was amended. If done so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment if outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.

**Not applicable. The contracts were not amended.**

- Determine if the invoices received and payments made during the period complied with the terms and conditions of the contract.

**We reviewed the accounting records/documentation and determined the invoice and payments complied with the terms and conditions of the contract.**

- Determine if there is written evidence that the entity's legal advisor reviewed the contract and advised entering into the contract.

**We found no written evidence the Town's legal advisor reviewed the contract.**

- Determine if there is documentation of board approval, if required.

**We reviewed the Town's records and found no evidence that the Town Council had approved the contracts during the current fiscal year.**

### **Payroll and Personnel**

1. Obtain and review the entity's written policies and procedures for payroll and personnel and determine if they address the processing of payroll, including reviewing and approving of time and attendance records, including leave and overtime worked.

**The Town does not have written procedures for payroll and personnel. The town provided us with a copy of the personnel handbook which outlines leave and overtime compensation.**

2. Obtain a listing of employment contracts/agreements in force during the period under examination. Select the largest (dollar amount) employment contract and determine if all payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract.

**Not applicable. There are no employment contracts during the fiscal year.**

3. Select the attendance and leave records for one pay period and :

- Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

**We selected the attendance and leave records for one payroll period and determined that all employees were properly documenting their time. None of the elected officials were eligible for leave.**

- Determine if supervisors are approving, in writing, the attendance and leave of all employees.

**We found that the attendance and leave record were not being properly approved. For the time period selected, there were sixteen time cards, of which six were not properly approved.**

- Determine if the entity is maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.

**We reviewed the leave records and determined that the Town is properly maintaining the written records.**

4. Select the five highest paid employees and determine if changes made to their hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

**We selected the five highest paid employees and determined that there were no salary changes during the period.**

5. Select the five largest termination payments (e.g., vacation, sick, compensatory time etc.) made during the period under examination. Determine if the payments were supported by documentation, made in strict accordance with policy and/or contract, and properly approved.

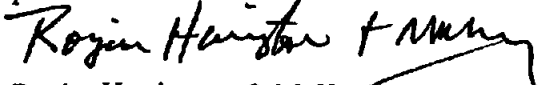
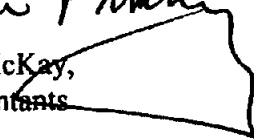
**There was one termination payment during the current fiscal year. During the year, one terminated employee was paid for accumulated vacation time which is in accordance with policy.**

6. Determine if any employees were also being paid as contract labor during the period of the examination.

**We reviewed the accounting records and found no payments to employees that were also being paid contract labor.**

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Town of Glenmora and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and take responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

  
Rozier Harrington & McKay,  
Certified Public Accountants 

**Town of Glenmora**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2012**

**Independent Accountant's Report on Applying Agreed-Upon Procedures**

**2012-01: Monthly Financial Statements**

The Town does not present monthly financial statements with budget comparisons to the town council each month. Presenting these financial statements would provide management with good and useful information upon which to base decisions.

**Response:**

We are working hard to train our town clerk to gain the accounting knowledge to prepare these financial statements. We think within the next few months we will be able to have timely and reliable financial statements presented at each of our town council meetings.

**2012-02: Financial Management**

We noted the Town does not have written policies relating to purchasing, disbursements or cash receipts.

**Response:**

The Mayor and clerk will review the Legislative Auditor's Best Practices Guidelines and develop procedures to implement written policies.

**2012-03: Budget**

The Town has a written budget policy that they monitor the budget by receiving monthly financial statements. As noted in finding 2012-01 no monthly statements are presented. Therefore the town is not following their adopted policies.

**Response:**

We are working hard on preparing and presenting the financial statements to the town council each month. When this is accomplished, our violation of established procedures will cease.

**2012-04: Credit Cards**

We noted the Town does not have written policies concerning credit cards.

**Response:**

The Mayor and clerk will review the Legislative Auditor's Best Practices Guidelines and develop procedures to implement written policies.

**2012-05: Credit Card Purchases**

We noted various instances where the Town does not always receive original receipts to support the credit card purchases. By not obtaining these original receipts, management cannot accurately determine if these purchases are reasonable and proper and the payments are made for proper Town purposes. In addition, there was no evidence that all monthly statements were verified and approved.

**Response:**

We will review our procedures relating to credit card purchases and make the necessary changes to require all original receipts for all charges. In addition, all statements will be verified and approved before payment

**2012-06: Interest Charges and Late Fees**

We noted that several monthly credit card statements contained interest charges and late charges. Credit card purchases should be paid off immediately after receiving the monthly statement. Interest charges for credit cards are at a high rate. In addition carrying balances for several months may violate the ninety day debt restriction laws.

**Response:**

Management will review its procedures and will require all credit cards to be paid in a timely manner.



**Town of Glenmora**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2012**

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**2012-07: Travel & Expense Reimbursement**

We noted the Town does not follow the established guidelines in the written policy and procedures. Travel was not documented and approved in accordance with the established policy.

The Town could not locate documentation for all travel reimbursements. Documentation to support such expenses should be filed properly because it provides evidence that the expenditure is an appropriate town expense.

**2012-08: Contracts**

We noted the Town does not follow the established guidelines in the written policy and procedures. The town did not have executed contracts for vendors providing a service. The existing contracts do not have documentation of approval by legal counsel or the town council.

**2012-09: Payroll Procedures**

We noted the Town does not have written policies concerning payroll procedures.

**2012-10: Time Approval**

We noted several instances where time cards did not have the proper approval documented. Having proper approval ensures that employees hours are accurate and documented.

**Response:**

The Mayor and clerk will review the existing written procedures and ensure that all guidelines are followed. Travel is to be documented and approved per the policy.

We will review our procedures and require all travel documentation is properly filed and retrievable to support further inspection.

**Response:**

The Mayor and clerk will review the existing written procedures and implement any changes necessary. All necessary approval for contracts will be obtained prior to executing any agreements.

**Response:**

The Mayor and clerk will review the Legislative Auditor's Best Practices Guidelines and develop procedures to implement written policies.

**Response:**

The Mayor and clerk will ensure that all employee time cards are approved according to the established policy.