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Town of Greenwood  
Greenwood, Louisiana  
General Purpose Financial Statements  
As of and for the Year Ended June 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 ~~DEC 3 0 1998~~

Town of Greenwood  
Greenwood, Louisiana

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# COOK & MOREHART

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYBURN G. COOK (RET.)

KAREN D. TYRA, CPA  
YICKIE D. NOBLE, CPA  
A. EDWARD BALL, CPA  
CHERYL H. MANGRUM, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

The Honorable Owen D. Adams, Mayor  
and Board of Aldermen  
Town of Greenwood  
Greenwood, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Greenwood, Louisiana, as of June 30, 1998 and for the year then ended. These general purpose financial statements are the responsibility of the Town of Greenwood's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

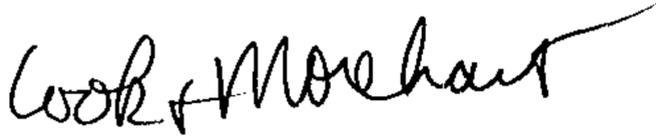
We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Greenwood, as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 1998 on our consideration of the Town of Greenwood's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

The accompanying financial information listed as supporting schedules in the table of contents and shown on pages 27-32 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Town of Greenwood. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



Cook & Morehart  
Certified Public Accountants  
September 10, 1998

Town of Greenwood  
Greenwood, Louisiana  
Combined Balance Sheet – All Fund Types and Account Groups  
June 30, 1998

	Governmental Fund Types			Proprietary Fund Type	Accounts Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service		General Fixed Assets	General Long-Term Debt	
Assets and Other Debits							
Cash	\$ 1,141,208	\$ 37,237	\$ 198,520	\$ 1,535,294	\$ -	\$ -	\$ 2,912,259
Receivables –							
Accounts	14,642	-	-	97,322	-	-	111,964
Licenses and permits	110,938	-	-	-	-	-	110,938
Other	37,579	-	-	24,887	-	-	62,466
Due from other funds	42,248	-	-	21,677	-	-	63,925
Restricted assets – cash	-	-	-	447,112	-	-	447,112
Property and equipment, net	-	-	-	5,276,009	886,558	-	6,162,567
Other assets	-	-	-	560	-	-	560
Amount available in debt service funds	-	-	-	-	-	170,718	170,718
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	163,282	163,282
Total assets and other debits	\$ 1,346,615	\$ 37,237	\$ 198,520	\$ 7,402,861	\$ 886,558	\$ 334,000	\$ 10,205,791

The accompanying notes are an integral part of this statement.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Combined Balance Sheet – All Fund Types and Account Groups  
(Continued)  
June 30, 1998

	Governmental Fund Types			Proprietary Fund Type	Accounts Groups			Total (Memorandum Only)
	Special Revenue		Debt Service		General Fixed Assets	Long-Term Debt		
	General							
Liabilities, Fund Equity and Other Credits								
Liabilities:								
Accounts payable	\$ 9,003	\$ -	\$ -	\$ 15,069	\$ -	\$ -	\$ -	\$ 24,072
Due to other funds	-	-	27,802	36,123	-	-	-	63,925
Sales tax payable	-	-	-	1,471	-	-	-	1,471
Payroll taxes payable	3,081	-	-	854	-	-	-	3,935
Payable from restricted assets -								
Revenue bonds - current maturities	-	-	-	35,446	-	-	-	35,446
Accrued interest	-	-	-	60,704	-	-	-	60,704
Customers' deposits	-	-	-	88,747	-	-	-	88,747
General obligation bonds payable	-	-	-	-	334,000	-	-	334,000
Revenue bonds payable - long term	-	-	-	4,385,047	-	-	-	4,385,047
Other notes payable	-	-	-	181,640	-	-	-	181,640
Total liabilities	<u>12,084</u>	<u>-</u>	<u>27,802</u>	<u>4,805,101</u>	<u>-</u>	<u>334,000</u>	<u>-</u>	<u>5,178,987</u>
Fund equity and other credits:								
Contributed capital	-	-	-	480,022	-	-	-	480,022
Investment in general fixed assets	-	-	-	-	886,558	-	-	886,558
Retained earnings -								
Reserved for revenue bonds	-	-	-	341,426	-	-	-	341,426
Unreserved	-	-	-	1,776,312	-	-	-	1,776,312
Fund balances -								
Reserved for debt service	-	-	170,718	-	-	-	-	170,718
Unreserved, undesignated	<u>1,334,531</u>	<u>37,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,371,768</u>
Total fund equity	<u>1,334,531</u>	<u>37,237</u>	<u>170,718</u>	<u>2,597,760</u>	<u>886,558</u>	<u>-</u>	<u>-</u>	<u>5,026,804</u>
Total liabilities, fund equity and other credits	<u>\$ 1,346,615</u>	<u>\$ 37,237</u>	<u>\$ 198,520</u>	<u>\$ 7,402,861</u>	<u>\$ 886,558</u>	<u>\$ 334,000</u>	<u>\$ -</u>	<u>\$ 10,205,791</u>

The accompanying notes are an integral part of this statement.

Town of Greenwood  
Greenwood, Louisiana  
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
All Governmental Fund Types  
For the Year Ended June 30, 1998

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total (Memorandum Only)</u>
Revenues:				
Taxes				
Ad valorem	\$ 77,425	\$ -	\$ 37,975	\$ 115,400
Franchise	41,518	-	-	41,518
Sales	-	160,140	-	160,140
Licenses and permits	567,857	-	-	567,857
Intergovernmental				
Tobacco taxes	10,883	-	-	10,883
State and federal grants	66,049	-	-	66,049
Fines and forfeits	77,547	-	-	77,547
Other	5,595	-	-	5,595
Interest income	31,884	1,251	7,316	40,451
Total revenues	<u>878,758</u>	<u>161,391</u>	<u>45,291</u>	<u>1,085,440</u>
Expenditures:				
Current -				
General government	211,986	2,154	-	214,140
Public safety -				
Police	208,395	-	-	208,395
Capital outlay	77,640	-	-	77,640
Debt service:				
Principal retirement	-	-	8,000	8,000
Interest and fiscal charges	-	-	17,100	17,100
Total expenditures	<u>498,021</u>	<u>2,154</u>	<u>25,100</u>	<u>525,275</u>
Excess of revenues over (under) expenditures	<u>380,737</u>	<u>159,237</u>	<u>20,191</u>	<u>560,165</u>
Other financing sources (uses):				
Operating transfers in	213,424	-	-	213,424
Operating transfers out	( 618,990)	( 217,545)	-	( 836,535)
Total other financing sources (uses)	<u>( 405,566)</u>	<u>( 217,545)</u>	<u>-</u>	<u>( 623,111)</u>
Excess of revenues and other sources over (under) expenditures and other uses	( 24,829)	( 58,308)	20,191	( 62,946)
Fund balances at beginning of year	1,359,360	95,545	150,527	1,605,432
Fund balances at end of year	<u>\$ 1,334,531</u>	<u>\$ 37,237</u>	<u>\$ 170,718</u>	<u>\$ 1,542,486</u>

The accompanying notes are an integral part of this statement.

Town of Greenwood  
Greenwood, Louisiana  
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual—General, Special Revenue and Debt Service Fund Types  
For the Year Ended June 30, 1998

	General Fund		Special Revenue Fund Types			Debt Service Fund Type			
	Budget	Actual	Variance— Favorable (Unfavorable)	Budget	Actual	Variance— Favorable (Unfavorable)	Budget	Actual	Variance— Favorable (Unfavorable)
<b>Revenues:</b>									
Taxes									
Ad valorem	\$ 73,900	\$ 77,425	\$ 3,525	\$ -	\$ -	\$ -	\$ 36,270	\$ 37,975	\$ 1,705
Franchise	32,500	41,518	9,018	-	-	-	-	-	-
Sales	-	-	-	160,000	160,140	140	-	-	-
Licenses and permits	487,100	567,857	80,757	-	-	-	-	-	-
Intergovernmental									
Tobacco taxes	10,000	10,883	883	-	-	-	-	-	-
State and federal grants	30,000	66,049	36,049	-	-	-	-	-	-
Fines and forfeits	61,700	77,547	15,847	-	-	-	-	-	-
Other	4,730	5,595	865	-	-	-	-	-	-
Interest income	40,000	31,884	( 8,116)	1,485	1,251	( 234)	3,000	7,316	4,316
Total revenues	739,930	878,758	138,828	161,485	161,391	( 94)	39,270	45,291	6,021
<b>Expenditures:</b>									
General government	194,692	211,986	( 17,294)	2,375	2,154	221	-	-	-
Public safety –									
Police	208,425	208,395	30	-	-	-	-	-	-
Capital outlay	50,000	77,640	( 27,640)	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	6,000	8,000	( 2,000)
Interest and fiscal charges	-	-	-	-	-	-	18,000	17,100	900
Total expenditures	453,117	498,021	( 44,904)	2,375	2,154	221	24,000	25,100	( 1,100)

The accompanying notes are an integral part of this statement.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual-General, Special Revenue and Debt Service Fund Types  
(Continued)

For the Year Ended June 30, 1998

	General Fund		Special Revenue Fund Types		Debt Service Fund Type		Variance- Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	Budget	Actual	
Excess of revenues over (under) expenditures	<u>286,813</u>	<u>380,737</u>	<u>93,924</u>	<u>159,110</u>	<u>159,237</u>	<u>20,191</u>	<u>4,921</u>
Other financing sources (uses):							
Operating transfers in	190,000	213,424	23,424	-	-	-	-
Operating transfers out	( 220,000)	( 618,990)	( 398,990)	( 190,000)	( 217,545)	( 27,545)	( 27,545)
Other financing sources (uses)	( 30,000)	( 405,566)	( 375,566)	( 190,000)	( 217,545)	( 27,545)	( 27,545)
Excess of revenues and other sources over (under) expenditures and other uses	<u>256,813</u>	<u>( 24,829)</u>	<u>( 281,642)</u>	<u>( 30,890)</u>	<u>( 58,308)</u>	<u>20,191</u>	<u>4,921</u>
Fund balances - July 1, 1997	<u>1,359,360</u>	<u>1,359,360</u>	-	<u>95,545</u>	<u>95,545</u>	<u>150,527</u>	-
Fund balances - June 30, 1998	<u>\$ 1,616,173</u>	<u>\$ 1,334,531</u>	<u>\$( 281,642)</u>	<u>\$ 64,655</u>	<u>\$ 37,237</u>	<u>\$ 170,718</u>	<u>\$ 4,921</u>

The accompanying notes are an integral part of this statement.

Town of Greenwood  
Greenwood, Louisiana  
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings  
All Proprietary Fund Types  
For the Year Ended June 30, 1998

	<u>Enterprise</u>
Operating revenues:	
Charges for service –	\$ 441,902
Water sales	242,318
Sewerage service charges	36,266
Other charges and fees	720,486
Total operating revenues	
 Operating expenses:	
Salaries	109,479
Payroll taxes	8,694
Auto and truck expense	2,593
Legal and accounting	14,260
Insurance – general	30,074
Testing	2,400
Maintenance and repairs	106,496
Miscellaneous expenses	16,423
Office expense	15,368
Materials and supplies	94,300
Utilities	50,418
Depreciation	310,815
Total operating expenses	761,320
Operating income (loss)	( 40,834)
 Non-operating revenues (expenses):	
Interest income	49,510
Interest expense	( 269,967)
Operating transfers from other funds	623,112
Total non-operating revenues (expenses)	402,655
Net income (loss)	361,821
 Depreciation transferred to contributions	69,450
Increase in retained earnings	431,271
 Retained earnings – July 1, 1997	1,686,467
Retained earnings – June 30, 1998	\$ 2,117,738

The accompanying notes are an integral part of this statement.

Town of Greenwood  
Greenwood, Louisiana  
Combined Statement of Cash Flows  
All Proprietary Fund Types  
For the Year Ended June 30, 1998

	Enterprise
Cash flows from operating activities:	
Operating net income (loss)	\$( 40,834)
Adjustments to reconcile operating income to net cash provided by (used) by operating activities:	
Depreciation	310,815
(Increase) decrease in accounts receivable	( 25,872)
Increase (decrease) in accounts payable	6,528
Increase (decrease) in payroll taxes payable	( 2,848)
Increase (decrease) in sales tax payable	224
Increase (decrease) in due to other funds	3,000
Increase (decrease) in customers' deposits	9,791
Increase (decrease) in accrued interest payable	<u>( 159,020)</u>
Net cash provided by operating activities	<u>101,784</u>
 Cash flows from non-capital financing activities:	
Operating transfers from other funds	623,112
 Cash flows from capital and related financing activities:	
Principal paid on revenue bonds and notes payable	( 39,747)
Interest paid on revenue bonds and notes payable	( 269,967)
Fixed asset additions	<u>( 33,001)</u>
Net cash used for capital and related financing activities	<u>( 342,715)</u>
 Cash flows from investing activities:	
Interest income	49,510
 Net increase in cash and cash equivalents	<u>431,691</u>
 Cash and cash equivalents – July 1, 1997	1,550,715
 Cash and cash equivalents – June 30, 1998	<u>\$ 1,982,406</u>

The accompanying notes are an integral part of this statement.

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 1998

(1) Summary of Significant Accounting Policies

The Town of Greenwood is incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

A. Basis of Presentation

The accompanying general purpose financial statements of the Town of Greenwood have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Greenwood is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (Town of Greenwood), (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 Board Statement No. 14 established criteria for determining which component units should be considered part of the Town of Greenwood for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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.

As required by generally accepted accounting principles, these financial statements present the Town of Greenwood and its component unit. The component unit included in the accompanying financial statements is blended with the Town's funds.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
(Continued)  
June 30, 1998

Blended Component Unit

Component units that are legally separate from the Town but are so intertwined with the Town that they are, in substance, the same as the Town are blended component units. For a component unit to be blended, the organization's board and the Town must be substantively the same, or the organization must provide services entirely or almost entirely to the Town. The following component unit is reported as part of the Town and blended with the appropriate Town funds:

Sewerage District No. 1 of the Town of Greenwood

This district was formed for the purpose of financing a phase of the sewer system utilized by the citizens of the Town of Greenwood. The district's activities are reported in the debt service fund, general fixed assets and general long-term debt account groups.

C. Fund Accounting

The Town uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds of the Town are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds are used to account for all or most of the Town's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General Fund – the general operating fund of the Town and accounts for all financial resources except those required to be accounted for in other funds.

Special Revenue Funds – account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds – account for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term debt account group.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
(Continued)  
June 30, 1998

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

Enterprise Funds – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The account groups of the town are described as follows:

General Fixed Assets Account Group

The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. No depreciation is recorded on general fixed assets.

General Long-Term Debt Account Group

The General Long-Term Debt Account Group is used to account for long-term liabilities to be financed from government funds.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used by governmental fund types. Under the modified accrual basis, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
(Continued)  
June 30, 1998

period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the collecting government at year-end on behalf of the Town also are recognized as revenue. Fines and permit revenues are not susceptible to accrual because generally they are not measurable until received as cash.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

E. Budget and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
(Continued)  
June 30, 1998

7. *Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts in the accompanying statements are as originally adopted, or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.*

F. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the Town of Greenwood, Louisiana may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Short-Term Interfund Receivables/Payables

*During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.*

H. Fixed Assets

General Fixed Assets Account Group

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain ("infrastructure") general fixed assets are not capitalized along with other general fixed assets. No depreciation has been provided on such assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
(Continued)  
June 30, 1998

Proprietary Fund

Additions to the utility plant in service are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Sewer and Water System	15 – 40 years
Equipment	5 – 10 years

I. *Compensated Absences*

The Town's policy allows annual leave based upon years of service. Employees must use all annual leave during the year in which it is earned. Unused annual leave at the end of the year will be lost. Employees will not receive pay in lieu of unused annual leave.

The Town's policy allows sick leave based upon time worked. Employees may carryover unused sick leave, but will not be paid for unused sick leave upon separation from employment.

J. *Long-Term Obligations*

Long-term obligations expected to be financed from governmental funds are reported in the general long-term debt account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

K. *Fund Equity*

*Contributed Capital*

Contributed capital is recorded in proprietary funds for capital grants restricted for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
(Continued)  
June 30, 1998

Reserves

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers of the primary government are reported as operating transfers.

M. Sales Taxes

The Town collects a 1% sales and use tax. After paying reasonable and necessary costs and expenses of collecting and administering the tax, the tax is to be dedicated and used exclusively for the following purposes: general fund and sewerage fund land acquisitions; general fund and sewerage fund capital expenditures; sewerage fund for additions, improvements and extensions of the sewerage system and general fund for operations.

N. Bad Debts

Uncollectible amounts due for ad valorem taxes, customer's utility receivables and special assessments are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

O. Total Columns on Combined Statements

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

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
(Continued)  
June 30, 1998

P. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

(2) Fund Deficits

The following individual funds have deficits in unreserved retained earnings at June 30, 1998:

<u>Fund</u>	<u>Deficit Amount</u>
Enterprise Fund – Sewer	\$ ( <u>432,324</u> )

(3) Expenditures – Actual and Budget

The following individual funds have actual expenditures over budgeted expenditures for the year ended June 30, 1998:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 453,117	\$ 498,021	\$ 44,904
Debt Service	24,000	25,100	1,100

(4) Levied Taxes

Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. State law requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31.

The following is a summary of authorized and levied ad valorem taxes for the year:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General Fund	8.56	8.56	2021
Debt Service	variable	4.20	2021

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
(Continued)  
June 30, 1998

(5) Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (book balances) at June 30, 1998:

Demand deposits	\$ 253,746
Interest-bearing demand deposits	833,854
Money market accounts	931,613
Time deposits	1,340,158
 Total	 <u>\$ 3,359,371</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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, 1998, the Town had \$3,382,024 in deposits (collected bank balances). These deposits are secured from risk by \$385,740 of federal deposit insurance and \$2,996,284 of pledged securities held by the custodial bank in the name of the fiscal agent bank. The accounts are held at three different Louisiana banks.

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

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
(Continued)  
June 30, 1998

(6) Fixed Assets

A summary of changes in general fixed assets for the year follows:

	<u>Balance</u> <u>July 1, 1997</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1998</u>
Town Hall	\$ 434,710	\$ 3,976	\$ -	\$ 438,686
Law enforcement equipment	194,702	45,857	-	240,559
Furniture and fixtures	33,090	6,773	-	39,863
Waterline relocation	50,000	-	-	50,000
Street lights	72,378	7,754	-	80,132
Museum	10,758	13,280	-	24,038
Playground	<u>13,280</u>	<u>-</u>	<u>-</u>	<u>13,280</u>
Total general fixed assets	<u>\$ 808,918</u>	<u>\$ 77,640</u>	<u>\$ -</u>	<u>\$ 886,558</u>

A summary of proprietary fund type property, plant and equipment at June 30, 1998 follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Land	\$ 36,223	\$ 142,436	\$ 178,659
Sewer system	4,034,013	3,043,885	7,077,898
Total	<u>4,070,236</u>	<u>3,186,321</u>	<u>7,256,557</u>
Less accumulated depreciation	( 257,976)	( 1,722,572)	( 1,980,548)
Net	<u>\$ 3,812,260</u>	<u>\$ 1,463,749</u>	<u>\$ 5,276,009</u>

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
(Continued)  
June 30, 1998

(7) Pension Plan

Police employees of the Town are members of Municipal Police Employee's Retirement System of Louisiana. This is a statewide retirement system. This system is a cost-sharing, multiple-employer, defined benefit pension plans administered by a separate board of trustees. Pertinent information relative to the plan follows:

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously 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 issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town contributions to the System for the years ending June 30, 1998, 1997 and 1996 were \$11,668, \$9,201 and \$8,837 respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits

The Town provides no other postemployment benefits to its employees.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
(Continued)  
June 30, 1998

(9) Changes in General Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended June 30, 1998:

	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Other Notes</u>	<u>Total</u>
Obligations payable at July 1, 1997	\$ 342,000	\$ 4,460,240	\$ 181,640	\$ 4,983,880
Less principal payments year ended June 30, 1998	( 8,000)	( 39,747)	-	( 47,747)
Additions year ended June 30, 1998	-	-	-	-
Obligations payable at June 30, 1998	<u>\$ 334,000</u>	<u>\$ 4,420,493</u>	<u>\$ 181,640</u>	<u>\$ 4,936,133</u>

Obligations payable at June 30, 1998 are comprised of the following individual issues:

General obligation bonds:

\$207,000 dated 7/1/81; due in annual installments of \$2,000 – \$12,000 through July 1, 2021; interest at 5%.

The debt redemption is paid from the Debt Service Fund.

\$ 167,000

General obligation bonds Sewer District #1:

\$207,000 sewerage utility bonds dated 7/1/81; due in annual installments of \$2,000 – \$12,000 through July 1, 2021; interest at 5%

167,000

Total General Obligation Bonds

\$ 334,000

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
(Continued)  
June 30, 1998

(9) Changes in General Long-Term Obligations (Continued)

Sewer revenue bonds:

\$1,300,000 dated 12/14/88, due in annual installments of \$93,821 including interest at 6 5/8%, through December 14, 2028. The payments shall be equal in amount and consist of fully amortized installments of principal and interest \$ 1,220,676

Sewer revenue bonds:

\$250,000 dated 12/14/88, due in annual installments of \$19,665 including interest at 7 3/8%, through December 14, 2028. The payments shall be equal in amount and consist of fully amortized installments of principal and interest 236,902

Water revenue bonds:

\$1,987,000 dated August 11, 1997, due in annual installments of \$10,849 including interest at 5 7/8% through August 1, 2036. The payments shall be equal in amount and consist of fully amortized installments of principal and interest 1,969,008

Water revenue bonds:

\$1,003,000 dated August 11, 1997, due in annual installments of \$5,477 including interest at 5 7/8% through August 1, 2036. The payments shall be equal in amount and consist of fully amortized installments of principal and interest 993,907

Total Revenue Bonds \$ 4,420,493

Other notes payable

Note payable to State of Louisiana non-interest bearing with no fixed maturity date \$ 181,640

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
(Continued)  
June 30, 1998

(9) Changes in General Long-Term Obligations (Continued)

At June 30, 1998, the Town has accumulated \$170,718 in debt services funds for future debt requirements. The annual requirements to amortize all bonds outstanding at June 30, 1998, including interest of \$236,200 for the General Obligation Bonds and \$6,407,580 for the Revenue Bonds follows:

<u>Year Ending June 30</u>	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
1999	\$ 24,700	\$ 309,397	\$ 334,097
2000-2004	123,200	1,546,984	1,670,184
2005-2009	124,400	1,546,984	1,671,384
2010-2014	123,700	1,546,984	1,670,684
2015-2019	124,700	1,546,984	1,671,684
2020-2024	49,500	1,546,984	1,596,484
2025-2029	-	1,433,498	1,433,498
2030-2036	-	1,350,258	1,350,258
	<u>\$ 570,200</u>	<u>\$ 10,828,073</u>	<u>\$ 11,398,273</u>

General obligation bonds are secured by an annual ad valorem tax levy. In accordance with Louisiana Revised Statute 39:562, the Town is legally restricted from incurring long-term bonded debt in excess of 35 per cent of the assessed value of taxable property in the Town.

(10) Interfund Transactions

Interfund receivables and payables consist of the following at June 30, 1998:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 42,248	\$ -
Debt Service	-	27,802
Enterprise Funds		
Sewer Fund	21,677	34,590
Water	-	1,533
	<u>\$ 63,925</u>	<u>\$ 63,925</u>

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
(Continued)  
June 30, 1998

(11) Changes in Contributed Capital

The following is a summary of changes in contributed capital:

Balance at June 30, 1997	\$ 549,472
Depreciation transferred to contributed capital	<u>( 69,450)</u>
Balance at June 30, 1998	<u>\$ 480,022</u>

(12) Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

(13) Restricted Assets -- Proprietary Fund Type

Restricted assets were applicable to the following at June 30, 1998:

	<u>Enterprise Fund</u>
Cash:	
Caddo Parish Commission	\$ 11,465
Sewer construction phase II	5,474
Customer deposits	88,746
Contingency funds -- revenue bonds	140,426
Reserve funds -- revenue bonds	171,761
Sinking funds -- revenue bonds	<u>29,240</u>
	<u>\$ 447,112</u>

Components of Restricted Assets:

Sinking Funds

The Town of Greenwood is required by USDA Rural Development to maintain a Sinking Fund into which 1/12 of the annual installment note payment is deposited each month.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
(Continued)  
June 30, 1998

Reserve Funds

The Town of Greenwood is required by USDA Rural Development to deposit 5% of monthly Sinking Fund payments into a Reserve Fund specified amounts have been accumulated therein.

Contingency Fund

The Town of Greenwood is required USDA Rural Development to deposit monthly into these funds for a depreciation allowance. The amount to be accumulated is not stipulated.

For the year ended June 30, 1998, the Proprietary Fund is in compliance with the requirements for making deposits into the three restricted accounts.

(14) Federal Programs

On June 30, 1981, General Obligation Sewer Bonds issued by the Town totaling \$414,000 (CFDA 10.418) were purchased by the Farmers Home Administration. The remaining balance of \$334,000 is included in revenue bonds payable on the accompanying balance sheet.

On December 14, 1988, Sewer Revenue Bonds issued by the Town totaling \$1,550,000 (CFDA 10.418) were purchased by the Farmers Home Administration. The remaining balance of \$1,457,578 is included in revenue bonds payable on the accompanying balance sheet.

On August 1, 1997, Water Revenue Bonds issued by The Town totaling \$2,962,915, with a remaining balance of \$2,990,000 at June 30, 1998, were purchased by USDA Rural Development. The balance at June 30, 1998 is included in revenue bonds payable on the accompanying balance sheet.

During the year ended June 30, 1998, The town received \$66,049 from four separate federal law enforcement grants.

## **Supporting Schedules**

Town of Greenwood  
Greenwood, Louisiana  
Combining Balance Sheet  
All Proprietary Fund Types  
June 30, 1998

	Enterprise		Total
	Water	Sewer	
<b>Assets</b>			
<b>Current assets:</b>			
Cash	\$ 1,479,219	\$ 56,075	\$ 1,535,294
Receivables --			
Accounts	59,676	37,646	97,322
Other	24,887	-	24,887
Due from other funds	-	21,677	21,677
Total current assets	<u>1,563,782</u>	<u>115,398</u>	<u>1,679,180</u>
Restricted assets – cash	127,022	320,090	447,112
<b>Property, plant and equipment</b>			
Land	36,223	142,436	178,659
Plant and equipment	4,034,013	3,043,885	7,077,898
	<u>4,070,236</u>	<u>3,186,321</u>	<u>7,256,557</u>
Less accumulated depreciation	<u>( 257,976)</u>	<u>( 1,722,572)</u>	<u>( 1,980,548)</u>
Net property, plant and equipment	<u>3,812,260</u>	<u>1,463,749</u>	<u>5,276,009</u>
Other assets	560	-	560
<b>Total assets</b>	<u>\$ 5,503,624</u>	<u>\$ 1,899,237</u>	<u>\$ 7,402,861</u>

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Combining Balance Sheet  
All Proprietary Fund Types  
(Continued)  
June 30, 1998

	Enterprise		Total
	Water	Sewer	
<b>Liabilities and Fund Equity</b>			
<b>Liabilities:</b>			
Current liabilities (payable from current assets) –			
Accounts payable	\$ 12,505	\$ 2,564	\$ 15,069
Due to other funds	1,533	34,590	36,123
Sales tax payable	1,471	–	1,471
Payroll taxes payable	749	105	854
Total current liabilities (payable from current assets)	16,258	37,259	53,517
Current liabilities (payable from restricted assets) –			
Revenue bonds payable	20,072	15,374	35,446
Accrued interest payable	7,153	53,551	60,704
Customers' deposits	57,547	31,200	88,747
Total current liabilities (payable from restricted assets)	84,772	100,125	184,897
Long-term liabilities –			
Revenue bonds payable	2,942,843	1,442,204	4,385,047
Other notes payable	181,640	–	181,640
Total liabilities	3,225,513	1,579,588	4,805,101
<b>Fund equity:</b>			
Contributed capital	–	480,022	480,022
Retained earnings (deficit) –			
Reserved for revenue bonds	69,475	271,951	341,426
Unreserved	2,208,636	( 432,324)	1,776,312
Total retained earnings (deficit)	2,278,111	( 160,373)	2,117,738
Total fund equity	2,278,111	319,649	2,597,760
<b>Total liabilities and fund equity</b>	<b>\$ 5,503,624</b>	<b>\$ 1,899,237</b>	<b>\$ 7,402,861</b>

Town of Greenwood  
Greenwood, Louisiana  
Combining Schedule of Revenues, Expenses, and Changes in Retained Earnings  
All Proprietary Fund Types  
For the Year Ended June 30, 1998

	Enterprise		Total
	Water	Sewer	
<b>Operating revenues:</b>			
Charges for service –			
Water sales	\$ 441,902	\$ –	\$ 441,902
Sewerage service charges	–	242,318	242,318
Other charges and fees	27,647	8,619	36,266
Total operating revenues	<u>469,549</u>	<u>250,937</u>	<u>720,486</u>
<b>Operating expenses:</b>			
Salaries	43,894	65,585	109,479
Payroll taxes	3,596	5,098	8,694
Auto and truck expense	256	2,337	2,593
Legal and accounting	7,475	6,785	14,260
Insurance – general	17,614	12,460	30,074
Testing	–	2,400	2,400
Maintenance and repairs	92,555	13,941	106,496
Miscellaneous expenses	14,294	2,129	16,423
Office expense	13,675	1,693	15,368
Materials and supplies	70,312	23,988	94,300
Utilities	25,419	24,999	50,418
Depreciation	144,620	166,195	310,815
Total operating expenses	<u>433,710</u>	<u>327,610</u>	<u>761,320</u>
Operating income (loss)	<u>35,839</u>	<u>( 76,673)</u>	<u>( 40,834)</u>
<b>Non–operating revenues (expenses):</b>			
Interest income	42,295	7,215	49,510
Interest expense	( 174,292)	( 95,675)	( 269,967)
Operating transfers from other funds	623,112	–	623,112
Total non–operating revenues (expenses)	<u>491,115</u>	<u>( 88,460)</u>	<u>402,655</u>
Net income (loss)	526,954	( 165,133)	361,821
Depreciation transferred to contributions	–	69,450	69,450
Increase (decrease) in retained earnings	526,954	( 95,683)	431,271
Retained earnings (deficit) – July 1, 1997	1,751,157	( 64,690)	1,686,467
Retained earnings (deficit) – June 30, 1998	<u>\$ 2,278,111</u>	<u>\$( 160,373)</u>	<u>\$ 2,117,738</u>

Town of Greenwood  
Greenwood, Louisiana  
Combining Schedule of Cash Flows  
All Proprietary Fund Types  
For the Year Ended June 30, 1998

	Enterprise		Total
	Water	Sewer	
Cash flows from operating activities:			
Operating net income (loss)	\$ 35,839	\$ ( 76,673)	\$ ( 40,834)
Adjustments to reconcile operating income to net cash provided by (used) by operating activities:			
Depreciation	144,620	166,195	310,815
(Increase) decrease in accounts receivable	( 22,404)	( 3,468)	( 25,872)
Increase (decrease) in accounts payable	5,263	1,265	6,528
Increase (decrease) in payroll taxes payable	( 917)	( 1,931)	( 2,848)
Increase (decrease) in sales tax payable	224	-	224
Increase (decrease) in due to other funds	1,533	1,467	3,000
Increase (decrease) in customers' deposits	5,470	4,321	9,791
Increase (decrease) in accrued interest payable	( 153,871)	( 5,149)	( 159,020)
Net cash provided by operating activities	<u>15,757</u>	<u>86,027</u>	<u>101,784</u>
Cash flows from non-capital financing activities:			
Operating transfers from other funds	623,112	-	623,112
Cash flows from capital and related financing activities:			
Principal paid on revenue bonds and notes payable	( 27,085)	( 12,662)	( 39,747)
Interest paid on revenue bonds and notes payable	( 174,292)	( 95,675)	( 269,967)
Fixed asset additions	( 33,001)	-	( 33,001)
Net cash provided (used) for capital and related financing activities	<u>( 234,378)</u>	<u>( 108,337)</u>	<u>( 342,715)</u>
Cash flows from investing activities:			
Interest income	42,295	7,215	49,510
Net increase in cash and cash equivalents	<u>446,786</u>	<u>( 15,095)</u>	<u>431,691</u>
Cash and cash equivalents – July 1, 1997	1,159,455	391,260	1,550,715
Cash and cash equivalents – June 30, 1998	<u>\$ 1,606,241</u>	<u>\$ 376,165</u>	<u>\$ 1,982,406</u>

Town of Greenwood  
Greenwood, Louisiana  
Schedule of Compensation Paid to Members  
of the Governing Body  
For the Year Ended June 30, 1998

Mayor – Owen D. Adams, Salary and allowance	\$ 12,400
Aldermen:	
Rebecca C. Burks	2,400
Betty Massey	2,400
James Saintigan	2,400
Jerry Melot	2,200
Youree Hamilton	2,400
	<u>\$ 24,200</u>

Town of Greenwood  
Greenwood, Louisiana  
Schedule of Insurance in Force  
As of June 30, 1998

<u>Insurer</u>	<u>Expiration Date</u>	<u>Description</u>	<u>Coverage</u>	<u>Amount</u>
Titan Indemnity Company	2-23-99	Commercial Package Policy General Liability Coverage Personal Injury Liability Fire Damage Liability		1,000,000 Each Occurrence 1,000,000 Each Occurrence
		Inland Marine Policy Police Department Equipment Water and Sewer Equipment		25,150 508,200
		Commercial Property Policy Personal Property Building		500 500,000
Titan Indemnity Company	2-23-99	Business Auto Policy Liability Uninsured Motorist Physical Damage Comprehensive and Collision		1,000,000 Per Accident 1,000,000 Per Accident
Titan Indemnity Company	2-23-99	Law Enforcement Officers' Liability Policy		1,000,000 Each Occurrence
Louisiana Workers' Compensation Corporation		Workers' Compensation		100,000 Each Accident 500,000 Policy Limit
Shelter Insurance	9-22-99	Commercial Fire Insurance Policy Building - Main Personal Property - Main Building - Annex Personal Property - Annex		240,000 13,500 50,000 2,000
Western Surety	5-07-99	Surety Bond - Mayor and Town Clerk		250,400
	6-20-99	Surety Bond - Town Clerk		200,000
	3-01-99	Surety Bond - Town Clerk		20,000
	5-07-99	Surety Bond - Mayor and Town Clerk		23,400
	3-01-99	Surety Bond - Town Clerk		20,000
	3-01-99	Surety Bond - (3) Secretary		5,000 Each
	6-16-99	Surety Bond - Town		5,000

Town of Greenwood  
Greenwood, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 1998

<u>Federal Grantor – Program Title</u>	<u>Pass Through Grantor's Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture – Rural Development – Direct Program – Water and Waste Disposal Systems for Rural Communities	N/A	10.760	\$ 4,754,493
U.S. Department of Justice – Office of Community Oriented Policing Services – Direct Programs COPS Fast Award	95CFWX1904	16.710	\$ 14,634
Universal Hiring – Program Award	N/A	16.710	\$ 33,880
U.S. Department of Justice – Passed through Louisiana Commission on Law Enforcement – Criminal Patrol	95B010B070062	16.579	\$ 16,525

Note 1: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

Note 2: The Town had the following loan balances outstanding at June 30, 1998. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

On June 30, 1981, General Obligation Sewer Bonds issued by the Town totaling \$414,000, with a remaining balance of \$334,000 at June 30, 1998, were purchased by the Farmers Home Administration (Rural Development).

On December 14, 1988, Sewer Revenue Bonds issued by the Town totaling \$1,550,000, with a remaining balance of \$1,457,578 at June 30, 1998, were purchased by the Farmers Home Administration (Rural Development).

On August 1, 1997, Water Revenue Bonds issued by the Town totaling \$2,990,000, with a remaining balance of \$2,962,915 at June 30, 1998, were purchased by the USDA Rural Development.

# COOK & MOREHART

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

KAREN D. TYRA, CPA  
VICKIE D. NOBLE, CPA  
A. EDWARD BALL, CPA  
CHERYL R. MANGRUM, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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

Town of Greenwood  
Greenwood, Louisiana

We have audited the general purpose financial statements of the Town of Greenwood as of and for the year ended June 30, 1998, and have issued our report thereon dated September 10, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Town of Greenwood's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Greenwood's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that *might be material weaknesses*. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Directors and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Cook & Morehart  
Certified Public Accountants  
September 10, 1998

# COOK & MOREHART

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CERTIFIED PUBLIC ACCOUNTANTS

## Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

Town of Greenwood  
Greenwood, Louisiana

### Compliance

We have audited the compliance of the Town of Greenwood with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1998. The Town of Greenwood's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Greenwood's management. Our responsibility is to express an opinion on the Town of Greenwood's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Greenwood's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Greenwood's compliance with those requirements.

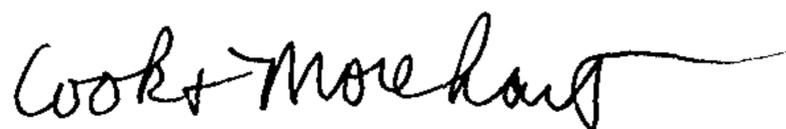
In our opinion, the Town of Greenwood complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

### Internal Control Over Compliance

The management of the Town of Greenwood is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Greenwood's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Directors and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Cook & Morehart  
Certified Public Accountants  
September 10, 1998

Town of Greenwood  
Greenwood, Louisiana

Summary Schedule of Prior Audit Findings

There were no findings or questioned costs for the audit period ended June 30, 1997.

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 1998

**A. Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Town of Greenwood.
2. *No reportable conditions are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.*
3. No instances of noncompliance material to the financial statements of the Town of Greenwood were disclosed during the audit.
4. No reportable conditions are reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award program for the Town of Greenwood expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award program for the Town of Greenwood reported in Part C of this schedule.
7. The program tested as a major program was the Farmers Home Administration Water and Waste Disposal Systems for Rural Communities CFDA #10.760.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Town of Greenwood met the 50% coverage rule with no reason to make the low-risk auditee determination.

**B. Findings – Financial Statements Audit: None**

**C. Findings and Questioned Costs – Major Federal Award Programs Audit: None**

Town of Greenwood  
Greenwood, Louisiana  
Summary Schedule of Audit Findings for the Louisiana Legislative Auditor  
June 30, 1998

**Summary Schedule of Prior Audit Findings**

There were no findings or management letter comments for the prior year ended June 30, 1997.

**Corrective Action Plan for Current Year Audit Findings**

There were no findings or management letter comments for the year ended June 30, 1998.