

**Town of Greenwood
Greenwood, Louisiana
Financial Statements with Auditors' Report
As of and For the Year Ended June 30, 2018**

Town of Greenwood
Greenwood, Louisiana

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Greenwood, Louisiana

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Independent Auditors' Report

The Honorable Frank Stawasz, Mayor
and Members of the Town Council
Town of Greenwood
Greenwood, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Greenwood, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Greenwood, Louisiana, as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 9, budgetary comparison information on pages 42 – 43, schedule of proportionate share of net pension liability on page 44, and schedule of contributions on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Greenwood's basic financial statements. The accompanying other supplementary information listed in the table of contents and shown on pages 46 - 47 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, on our consideration of the Town of Greenwood, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Greenwood's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Greenwood's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
December 20, 2018

TOWN OF GREENWOOD

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Greenwood's financial performance provides an overview of the Town of Greenwood's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Town's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- The Town of Greenwood's net position of our governmental activities increased by \$156,774 or 6%.
- The Town of Greenwood's net position of our business-type activities decreased by \$237,742 or 4%.
- In the Town's governmental activities, total general and program revenues were \$1,783,987 in 2018 compared to \$1,628,322 in 2017. Total expenses, excluding depreciation, totaled \$1,485,780 for the year ended June 30, 2017 compared to \$1,517,063 for 2018.
- In the Town's business-type activities, revenues decreased by \$540,712 in 2018 due to a decrease in capital grants and contributions.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 10 and 11) provide information about the activities of the Town of Greenwood as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town of Greenwood's operations in more detail than the government-wide statements by providing information about the Town of Greenwood's most significant funds.

Reporting the Town of Greenwood as a Whole

Our analysis of the Town of Greenwood as a whole begins on page 10. One of the most important questions asked about the Town of Greenwood's finances is "Is the Town of Greenwood as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Town of Greenwood as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town of Greenwood's *net position* and changes in them. You can think of the Town of Greenwood's net position – the difference between assets and liabilities – as one way to measure the Town of Greenwood's financial health, or *financial position*. Over time, *increases* or *decreases* in the Town of Greenwood's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

Governmental activities – Most of the Town's basic services are reported here, including the police, public works, and general administration. Property taxes, franchise fees, sales taxes, and police department fines, and various other revenues finance most of these activities.

Business-type activities – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system are reported here.

Reporting the Town's Most Significant Funds

Our analysis of the major funds maintained by the Town of Greenwood begins on page 12. The fund financial statements begin on page 12 and provide detailed information about the most significant funds maintained by the Town of Greenwood – not the Town of Greenwood as a whole. The Town of Greenwood's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

Governmental funds – Most of the Town of Greenwood's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town of Greenwood's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Town of Greenwood expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE TOWN OF GREENWOOD AS A WHOLE

The Town of Greenwood’s combined net assets changed from a year ago, decreasing from \$8,858,325 to \$8,777,357. A comparative analysis of the funds maintained by the Town of Greenwood is presented below.

**Table 1
Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	3,014,176	2,745,134	766,930	1,133,361	3,781,106	3,878,495
Capital assets	605,839	671,762	9,566,842	9,436,773	10,172,681	10,108,535
Total assets	<u>3,620,015</u>	<u>3,416,896</u>	<u>10,333,772</u>	<u>10,570,134</u>	<u>13,953,787</u>	<u>13,987,030</u>
Deferred Outflows of Resources						
Pension related	<u>284,210</u>	<u>479,529</u>			<u>284,210</u>	<u>479,529</u>
Current liabilities	55,807	58,105	466,089	692,945	521,896	751,050
Long-term liabilities	<u>1,134,747</u>	<u>1,314,386</u>	<u>3,711,747</u>	<u>3,483,511</u>	<u>4,846,494</u>	<u>4,797,897</u>
Total liabilities	<u>1,190,554</u>	<u>1,372,491</u>	<u>4,177,836</u>	<u>4,176,456</u>	<u>5,368,390</u>	<u>5,548,947</u>
Deferred Inflows of Resources						
Pension related	<u>92,250</u>	<u>59,287</u>			<u>92,250</u>	<u>59,287</u>
Net position:						
Net investment						
in capital assets	605,839	671,762	5,855,095	5,478,621	6,460,934	6,150,383
Restricted			330,344	686,511	330,344	686,511
Unrestricted	<u>2,015,582</u>	<u>1,792,885</u>	<u>(29,503)</u>	<u>228,546</u>	<u>1,986,079</u>	<u>2,021,431</u>
Total net position	<u>2,621,421</u>	<u>2,464,647</u>	<u>6,155,936</u>	<u>6,393,678</u>	<u>8,777,357</u>	<u>8,858,325</u>

Net position of the Town of Greenwood’s governmental activities increased by \$156,774 or 6%. Net position of the Town of Greenwood’s business-type activities decreased by \$237,742 or 4%.

Table 2
Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Programs revenues						
Charges for services	191,521	186,322	1,511,659	1,437,907	1,703,180	1,624,229
Operating grants and contributions	81,947	45,373			81,947	45,373
Capital grants and contributions		31,250		614,967		646,217
General revenues						
Ad valorem taxes	266,947	262,814			266,947	262,814
Sales taxes	536,565	442,181			536,565	442,181
Franchise taxes	157,532	137,725			157,532	137,725
License and permits	143,363	141,805			143,363	141,805
Gaming taxes	319,122	299,400			319,122	299,400
Investment earnings	10,409	9,897	1,488	985	11,897	10,882
Nonemployer pension contributions						
Miscellaneous	76,581	71,555			76,581	71,555
Total Revenues	<u>1,783,987</u>	<u>1,628,322</u>	<u>1,513,147</u>	<u>2,053,859</u>	<u>3,297,134</u>	<u>3,682,181</u>
Expenses						
General government	583,524	604,428			583,524	604,428
Public safety	1,007,129	962,395			1,007,129	962,395
Public works						
Water			1,385,139	1,050,030	1,385,139	1,050,030
Sewer			402,310	383,504	402,310	383,504
Total expenses	<u>1,590,653</u>	<u>1,566,823</u>	<u>1,787,449</u>	<u>1,433,534</u>	<u>3,378,102</u>	<u>3,000,357</u>
Transfers	<u>(36,560)</u>	<u>(4,640)</u>	<u>36,560</u>	<u>4,640</u>		
Increase (decrease) in net position	<u>156,774</u>	<u>56,859</u>	<u>(237,742)</u>	<u>624,965</u>	<u>(80,968)</u>	<u>681,824</u>

The Town's total revenues decreased by 10% or \$385,047. The total cost of all programs and services increased 13% or \$377,745. Our analysis below separately considers the operations of the governmental and business-type activities.

Governmental Activities

Total revenues for the governmental activities increased \$155,665 from total revenues in the year ended June 30, 2017 of \$1,628,322 to total revenues of \$1,783,987 in the year ended June 30, 2018.

The cost of all governmental activities this year was \$1,590,653. These costs were covered by \$273,468 of program revenues, with the remaining costs covered by property taxes, sales taxes, and other general revenues.

Business-type Activities

Total revenues for the business-type activities decreased \$540,712 or 26% from total revenues in the year ended June 30, 2017 of \$2,053,859 to total revenues of \$1,513,147 in the year ended June 30, 2018. The decrease is due to a reduction in capital grants and contributions.

The cost of all business-type activities this year was \$1,787,449. These costs were covered by \$1,511,659 of program revenues, consisting of charges for services assessed to users, and capital grants.

THE TOWN'S FUNDS

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a *combined* fund balance of \$2,958,369, which is higher than last year's fund balance of \$2,687,029. Revenues and expenses remained consistent with prior year.

General Fund Budgetary Highlights

The Town adopted a budget for its General Fund for the year ended June 30, 2018. There was one amendment to the budget during the year. The Town's budgetary comparison is presented as required supplementary information and shown on page 42. Highlights for the year are as follows:

- Actual revenues exceeded budgeted amounts by \$216,722.
- Actual expenditures were less than budgeted amounts by \$470,579.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2018 and 2017, the Town of Greenwood had invested \$10,172,681 and \$10,108,535, respectively in capital assets. (see table 3 below)

Table 3
Capital Assets At Year End
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	224,926	227,359	200,381	200,381	425,307	427,740
Construction in progress	29,951	29,951	78,544	5,601,458	108,495	5,631,409
Building and Improvements	271,511	297,900	56,603	65,222	328,114	363,122
Furniture and equipment	25,277	32,079	16,204	17,037	41,481	49,116
Vehicles	54,174	84,473			54,174	84,473
Sewer system			1,306,289	1,024,023	1,306,289	1,024,023
Water system			7,908,821	2,528,652	7,908,821	2,528,652
Total assets (net)	<u>605,839</u>	<u>671,762</u>	<u>9,566,842</u>	<u>9,436,773</u>	<u>10,172,681</u>	<u>10,108,535</u>

This years major additions included:

Land						
Water and sewer system			613,260	166,062	613,260	166,062
Construction in progress			36,560	1,705,380	36,560	1,705,380
Building and Improvements	10,100				10,100	
Vehicles and equipment		23,555				23,555
Furniture and equipment				12,500		12,500
Total	<u>10,100</u>	<u>23,555</u>	<u>649,820</u>	<u>1,883,942</u>	<u>659,920</u>	<u>1,907,497</u>

More detailed information about the capital assets are presented in Note 10 to the financial statements.

Debt

At year-end, the Town had \$4,833,528 in bonds, notes, and other long-term liabilities outstanding, versus \$4,778,909 last year – an increase of 2%.

Table 4
Outstanding Debt At Year End

	Governmental Activities		Business-Type Activity		Totals	
	2018	2017	2018	2017	2018	2017
Net pension liability	\$ 1,121,781	\$ 1,295,398			\$ 1,121,781	\$ 1,295,398
Water revenue bonds			3,627,747	3,318,511	3,627,747	3,318,511
Sewer revenue refunding bonds			84,000	165,000	84,000	165,000
	<u>\$ 1,121,781</u>	<u>\$ 1,295,398</u>	<u>\$ 3,711,747</u>	<u>\$ 3,483,511</u>	<u>\$ 4,833,528</u>	<u>\$ 4,778,909</u>

State law restricts the amount of debt that the Town of Greenwood may issue. The aggregate principal amount of debt may not exceed 10% of the assessed valuation for property tax purposes of all real and personal property located within the parish. The Town of Greenwood’s total debt outstanding at year-end was well below this limitation.

More detailed information about the debt is presented in Note 11 to the financial statements.

Included in long-term liabilities is net pension liability of \$1,121,781 on the statement of net position for governmental activities at June 30, 2018. Additional information about the Town's net pension liability is presented in note 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS

The Town of Greenwood’s management considered many factors when setting a fiscal year June 30, 2019 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same.

Expenditures for 2019 are expected to increase due to expansion of the water facilities plant.

CONTACTING THE TOWN’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Town of Greenwood and to show the Town of Greenwood’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mayor at P.O. Box 195, Greenwood, LA 71033.

Town of Greenwood
Greenwood, Louisiana
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,245,092	\$ 123,968	\$ 2,369,060
Investments	530,816		530,816
Receivables	165,134	227,651	392,785
Internal balances	73,134	(73,134)	
Restricted cash and cash equivalents		488,445	488,445
Capital assets not being depreciated	254,877	278,925	533,802
Depreciable capital assets, net	350,962	9,287,917	9,638,879
Total assets	<u>3,620,015</u>	<u>10,333,772</u>	<u>13,953,787</u>
Deferred Outflows of Resources			
Pension related	<u>284,210</u>		<u>284,210</u>
Liabilities			
Accounts payable and accrued expenses	55,807	307,988	363,795
Payable from restricted assets:			
Customer deposits		158,101	158,101
Non-current liabilities:			
Due within one year	10,155	230,748	240,903
Due in more than one year	1,124,592	3,480,999	4,605,591
Total liabilities	<u>1,190,554</u>	<u>4,177,836</u>	<u>5,368,390</u>
Deferred Inflows of Resources			
Pension related	<u>92,250</u>		<u>92,250</u>
Total deferred Inflows of Resources	<u>92,250</u>		<u>92,250</u>
Net Position			
Net investment in capital assets	605,839	5,855,095	6,460,934
Restricted for:			
Debt Service		234,853	234,853
Capital improvements		95,491	95,491
Unrestricted	2,015,582	(29,503)	1,986,079
Total net position	<u>\$ 2,621,421</u>	<u>\$ 6,155,936</u>	<u>\$ 8,777,357</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Statement of Activities
For the Year Ended June 30, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions / Programs:						
Governmental Activities						
General government	\$ 583,524	\$	\$	\$ (583,524)	\$	\$ (583,524)
Public safety	1,007,129	191,521	81,947	(733,661)		(733,661)
Total governmental activities	<u>1,590,653</u>	<u>191,521</u>	<u>81,947</u>	<u>(1,317,185)</u>		<u>(1,317,185)</u>
Business-type Activities						
Water	1,385,139	1,073,310			(311,829)	(311,829)
Sewer	402,310	438,349			36,039	36,039
Total business-type activities	<u>1,787,449</u>	<u>1,511,659</u>			<u>(275,790)</u>	<u>(275,790)</u>
Total Government	<u>\$ 3,378,102</u>	<u>\$ 1,703,180</u>	<u>\$ 81,947</u>	<u>(1,317,185)</u>	<u>(275,790)</u>	<u>(1,592,975)</u>
General revenues:						
Ad valorem taxes				266,947		266,947
Sales taxes				536,565		536,565
Franchise taxes				157,532		157,532
Licenses and permits				143,363		143,363
Gaming taxes				319,122		319,122
Investment earnings				10,409	1,488	11,897
Miscellaneous				76,581		76,581
Transfers				(36,560)	36,560	
Total general revenues and transfers				<u>1,473,959</u>	<u>38,048</u>	<u>1,512,007</u>
Change in net assets				156,774	(237,742)	(80,968)
Net position - beginning				2,464,647	6,393,678	8,858,325
Net position - ending				<u>\$ 2,621,421</u>	<u>\$ 6,155,936</u>	<u>\$ 8,777,357</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Balance Sheet
Governmental Fund
June 30, 2018

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 2,245,092
Investments	530,816
Receivables	165,134
Due from other funds	73,134
Total assets	<u>\$ 3,014,176</u>
 Liabilities and Fund Balances	
Liabilities:	
Accounts payable and accrued expenses	\$ 55,807
Total liabilities	<u>55,807</u>
 Fund balances:	
Assigned	
Capital projects	1,958,300
Unassigned	1,000,069
Total fund balances	<u>2,958,369</u>
 Total liabilities and fund balances	<u>\$ 3,014,176</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Reconciliation of the Balance Sheet of Governmental Fund
to the Statement of Net Position
June 30, 2018

Fund balances - total governmental fund	\$	2,958,369
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		605,839
Other long-term assets and other amounts are not available to pay for current-period expenditures and therefore are unavailable in the funds.		
Deferred outflows - pension related		284,210
Long-term liabilities and other amounts are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences		(12,966)
Net pension liability		(1,121,781)
Deferred inflows - pension related		(92,250)
		(1,227,007)
Net position of governmental activities	\$	2,621,421

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2018

	General Fund
Revenues:	
Ad valorem taxes	\$ 266,947
Sales tax	536,565
Franchise taxes	157,532
Licenses and permits	143,363
Gaming taxes	319,122
Intergovernmental revenues	57,418
Fines and forfeitures	191,521
Investment earnings	10,409
Miscellaneous	66,515
Total revenues	1,749,392
Expenditures:	
Current:	
General government	525,635
Public safety	918,257
Capital outlay	10,100
Total expenditures	1,453,992
Excess (deficiency) of revenues over expenditures	295,400
Other financing sources (uses):	
Transfers out	(36,560)
Sale of assets	12,500
Total other financing sources (uses)	(24,060)
Net change in fund balance	271,340
Fund balances at beginning of year	2,687,029
Fund balances at end of year	\$ 2,958,369

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2018

Net change in fund balances - total governmental fund	\$	271,340
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 their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$73,590) exceeded capital outlays (\$10,100) in the current period.		(63,490)
The net effect of various transactions involving capital assets (sales, trade-ins, etc.) is to increase net assets.		(2,433)
Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the statement of activities		
Non-employer contributions to cost-sharing pension plan		24,529
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		
Pension expense		(79,194)
Other		6,022
		6,022
Change in net position of governmental activities	\$	156,774

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 91,384	\$ 32,584	\$ 123,968
Restricted cash and cash equivalents	89,629	68,472	158,101
Accounts receivable	156,428	71,223	227,651
Due from other funds	22,094		22,094
Total current assets	<u>359,535</u>	<u>172,279</u>	<u>531,814</u>
Noncurrent assets:			
Restricted cash and cash equivalents	157,704	172,640	330,344
Capital assets:			
Land	43,084	157,297	200,381
Construction in progress	19,484	59,060	78,544
Plant and equipment	12,774,144	4,893,570	17,667,714
Less: accumulated depreciation	(4,792,516)	(3,587,281)	(8,379,797)
Total noncurrent assets	<u>8,201,900</u>	<u>1,695,286</u>	<u>9,897,186</u>
Total assets	<u>\$ 8,561,435</u>	<u>\$ 1,867,565</u>	<u>\$ 10,429,000</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 275,688	\$ 1,324	\$ 277,012
Accrued expenses	7,284	3,495	10,779
Due to other funds	10,868	84,360	95,228
Payable from restricted assets:			
Revenue bonds	146,748	84,000	230,748
Accrued interest	18,811	1,386	20,197
Customer deposits	89,629	68,472	158,101
Total current liabilities	<u>549,028</u>	<u>243,037</u>	<u>792,065</u>
Noncurrent liabilities:			
Revenue bonds	3,480,999		3,480,999
Total noncurrent liabilities	<u>3,480,999</u>		<u>3,480,999</u>
Total liabilities	<u>4,030,027</u>	<u>243,037</u>	<u>4,273,064</u>
Net position			
Net investment in capital assets	4,416,449	1,438,646	5,855,095
Restricted for debt service			
Debt service	157,704	77,149	234,853
Capital improvements		95,491	95,491
Unrestricted	(42,745)	13,242	(29,503)
Total net position	<u>4,531,408</u>	<u>1,624,528</u>	<u>6,155,936</u>
Total liabilities and net position	<u>\$ 8,561,435</u>	<u>\$ 1,867,565</u>	<u>\$ 10,429,000</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Totals
Operating revenues:			
Charges for service -			
Water sales	\$ 1,028,245	\$	\$ 1,028,245
Sewerage service charges		427,342	427,342
Other charges and fees	45,065	11,007	56,072
Total operating revenues	<u>1,073,310</u>	<u>438,349</u>	<u>1,511,659</u>
Operating expenses:			
Salaries	172,457	70,787	243,244
Payroll taxes	11,817	5,591	17,408
Legal and accounting	10,087	7,118	17,205
Insurance	116,882	54,390	171,272
Testing	269	3,391	3,660
Maintenance and repairs	199,324	42,196	241,520
Miscellaneous expenses	90,322	28,055	118,377
Office expense	42,943	14,160	57,103
Material and supplies	102,189	19,478	121,667
Utilities	87,241	27,912	115,153
Lift station expense		40,127	40,127
Depreciation	419,852	83,633	503,485
Total operating expenses	<u>1,253,383</u>	<u>396,838</u>	<u>1,650,221</u>
Operating income (loss)	<u>(180,073)</u>	<u>41,511</u>	<u>(138,562)</u>
Non-operating revenues (expenses):			
Interest income	433	1,055	1,488
Interest expense	(115,491)	(5,472)	(120,963)
Loss on disposal of capital asset	(16,265)		(16,265)
Total non-operating revenues (expenses)	<u>(131,323)</u>	<u>(4,417)</u>	<u>(135,740)</u>
Net income (loss) before contributions and transfers	(311,396)	37,094	(274,302)
Transfers In	11,410	36,560	47,970
Transfers Out		(11,410)	(11,410)
Change in net position	(299,986)	62,244	(237,742)
Net position - beginning of year	<u>4,831,394</u>	<u>1,562,284</u>	<u>6,393,678</u>
Net position - end of year	<u>\$ 4,531,408</u>	<u>\$ 1,624,528</u>	<u>\$ 6,155,936</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Water	Sewer	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 1,077,856	\$ 428,244	\$ 1,506,100
Cash payments to suppliers for goods and services	(658,415)	(246,529)	(904,944)
Cash payments to employees for services	(183,739)	(76,632)	(260,371)
Net Cash From Operating Activities	<u>235,702</u>	<u>105,083</u>	<u>340,785</u>
Cash Flows from Noncapital Financing Activities:			
Interfund loans	85,838	(1,139)	84,699
Transfers from other funds	11,410	36,560	47,970
Transfers to other funds		(11,410)	(11,410)
Net Cash from Noncapital Financing Activities	<u>97,248</u>	<u>24,011</u>	<u>121,259</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition/construction of capital assets	(464,751)	(370,960)	(835,711)
Loss on asset disposal	(16,265)		(16,265)
Proceeds from debt	453,236		453,236
Principal paid on capital debt	(144,000)	(81,000)	(225,000)
Interest paid on capital debt	(122,246)	(6,828)	(129,074)
Net Cash (Used) by Capital and Related Financing Activities	<u>(294,026)</u>	<u>(458,788)</u>	<u>(752,814)</u>
Cash Flow From Investing Activities			
Interest income	433	1,055	1,488
Net Cash From Investing Activities	<u>433</u>	<u>1,055</u>	<u>1,488</u>
Net increase (decrease) in cash and cash equivalents	39,357	(328,639)	(289,282)
Cash, Beginning of year	<u>299,360</u>	<u>602,335</u>	<u>901,695</u>
Cash, End of year	<u>\$ 338,717</u>	<u>\$ 273,696</u>	<u>\$ 612,413</u>
Cash and cash equivalents are reflected on the Statement of Net Position as follows:			
Cash and cash equivalents	\$ 91,384	\$ 32,584	\$ 123,968
Cash and cash equivalents - restricted	247,333	241,112	488,445
Total	<u>\$ 338,717</u>	<u>\$ 273,696</u>	<u>\$ 612,413</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By/(Used In) Operating Activities			
Operating income (loss)	\$ (180,073)	\$ 41,511	\$ (138,562)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation expense	419,852	83,633	503,485
Accounts receivable	3,871	(10,834)	(6,963)
Other assets	(566)		(566)
Accounts payable	(9,158)	(9,702)	(18,860)
Accrued expenses	535	(254)	281
Customer deposits	1,241	729	1,970
Net Cash Flows From Operating Activities	<u>\$ 235,702</u>	<u>\$ 105,083</u>	<u>\$ 340,785</u>
Noncash Capital Financing Activities:			
Acquisition of property			
Acquisition/construction of capital assets	\$ 737,661	\$ 370,960	\$ 1,108,621
Vendor payable for property and equipment	(272,910)		(272,910)
Cash used to acquire/construct capital assets	<u>\$ 464,751</u>	<u>\$ 370,960</u>	<u>\$ 835,711</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2018

INTRODUCTION

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.

(1) Summary of Significant Accounting Policies

The Town of Greenwood's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town of Greenwood are discussed below.

A. 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 (the 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 Town of Greenwood are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB 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.

In addition, the GASB states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government.

Based on the criteria described above, there are no component units to be included as part of the reporting entity.

B. Basic Financial Statements – Government-Wide Statements

The Town of Greenwood's basic financial statements include both government-wide (reporting the funds maintained by the Town of Greenwood as a whole) and fund financial statements (reporting the Town of Greenwood's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's general fund is classified as governmental activities. The Town's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Town of Greenwood's net position is reported in three parts – net invested in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town of Greenwood's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants.

Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations of providing water and sewer services.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

The net costs (by function) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Town of Greenwood as an entity and the change in the Town of Greenwood's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town of Greenwood are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town of Greenwood:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Town of Greenwood:
 - a. General fund is the general operating fund of the Town of Greenwood. It is used to account for all financial resources except those requires to be accounted for in another fund.
2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town of Greenwood:
 - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

Water Fund – accounts for the provision of water services of the Town.

Sewer Fund – accounts for the provision of sewer services of the Town.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Budgets

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.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

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.
7. Budgets for all funds are adopted on a cash basis. Budgeted amounts in the accompanying statements are as originally adopted, or as amended by the Board of Aldermen. There was one amendment to the budget during the year.

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. 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.

Investments are limited by R.S. 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10–30 years
Furniture and equipment	5–20 years
Vehicles	5–10 years
Water and sewer systems	5–40 years

GASB requires the Town to report and depreciate new infrastructure assets effective July 1, 2003. Infrastructure assets include roads, bridges, traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

H. Revenues

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. Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Town is entitled to the funds.

I. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

J. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the board of alderman (the Town's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of aldermen removes those constraints by taking the same type of action (i.e. legislation, resolution, and ordinance).

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

4. Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned fund balance are the residual classification for the Town's general fund and include all spendable amounts not contained in the other classifications.

The Town's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

K. 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.

L. Compensated Absences

The Town's policy allows annual leave based upon years of service. Employees can carry over accumulated annual leave from one anniversary date to another. Employees will 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.

M. Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

N. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

O. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P. 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. Accounts receivable for the water and sewer funds are shown net of an allowance of \$20,869 and \$19,149, respectively.

Q. Capitalized Interest

The Town capitalizes net interest costs and interest earned as part of the cost of constructing various water and sewer projects when material.

R. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Water and Sewer Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

S. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has deferred outflows of resources related to pensions.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently has deferred inflows of resources related to pensions.

T. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

U. Pension Plan

The Town is a participating employer in a cost-sharing, multiple-employer, defined benefit pension plan as described in Note 12. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plans fiduciary net position have been determined on the same basis as they are reported by the plan.

(2) Ad Valorem Taxes

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

	Authorized Millage	Levied Millage	Expiration Date
General Fund	9.95	9.95	Statutory

Approximately 28% of the Town's ad valorem taxes are derived from 10 taxpayers.

(3) Cash, Cash Equivalents, and Investments

A. Cash and Cash Equivalents

At June 30, 2018, the Town has cash and cash equivalents (book balances) totaling \$2,857,505 of which \$488,445 is shown as restricted assets. 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.

B. Investments

At June 30, 2018, the Town has investments totaling \$530,816, as follows:

Certificates of deposit	\$ <u>530,816</u>
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(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

The certificates of deposit have initial maturities greater than 90 days and are carried at cost, which approximates market. The market value of the municipal bonds is not materially different from their carrying amount. The bonds are registered in the name of the Town and are held in a brokerage account. The money funds are held in a brokerage account and are FDIC insured. These investments are considered category A in applying the credit risk of the Governmental Accounting Standards Board (GASB).

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2018, \$2,684,947 of the Town's bank balances were exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in Town's name:

Cash and cash equivalents	\$ 2,671,287
Investments	<u>13,660</u>
	<u>\$ 2,684,947</u>

As of June 30, 2018, bank balances totaling \$31,708 were uninsured.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 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.

(4) Receivables

The following is a summary of receivables at June 30, 2018:

Class of Receivable	
Governmental activities –	
Sales taxes	\$ 55,971
Gaming taxes	67,253
Franchise taxes	35,725
Other	<u>6,185</u>
Total governmental activities	<u>\$ 165,134</u>
Business-type activities –	
Water and sewer charges	<u>\$ 227,651</u>
Total business-type activities	<u>\$ 227,651</u>

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(5) Restricted Assets – Proprietary Fund Type

Restricted assets were applicable to the following at June 30, 2018:

	<u>Enterprise Fund</u>
Cash:	
Customer deposits	\$ 158,101
Capital improvements	95,491
Debt service	<u>234,853</u>
	<u>\$ 488,445</u>

(6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2018 consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 21,624	\$ 277,012	\$ 298,636
Compensated absences	4,472	5,600	10,072
Salaries and benefits	<u>29,711</u>	<u>5,179</u>	<u>34,890</u>
Total – fund statements	55,807	287,791	343,598
Accrued interest	<u> </u>	<u>20,197</u>	<u>20,197</u>
Total – government-wide Statements	<u>\$ 55,807</u>	<u>\$ 307,988</u>	<u>\$ 363,795</u>

(7) Customers' Deposits

Deposits held for customers that are currently active on the water and sewer systems total \$158,101 at June 30, 2018.

(8) Operating Leases

The Town leased equipment under operating leases. The rental costs paid on these leases for the year ended June 30, 2018 were \$3,083.

The minimum annual commitments under non-cancelable operating leases are as follows:

<u>Year Ending December 31,</u>	
2019	\$ 1,514
2020	<u>1,514</u>
Total	<u>\$ 3,028</u>

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(9) Litigation and Claims

At June 30, 2018, the Town is involved in a lawsuit. In the opinion of legal counsel for the Town, the outcome of the lawsuit is not presently detriminable.

(10) Capital Assets

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 227,359	\$	\$ (2,433)	\$ 224,926
Construction in progress	29,951			29,951
Total assets, not being depreciated	<u>257,310</u>		<u>(2,433)</u>	<u>254,877</u>
Capital assets, being depreciated:				
Buildings and improvements	857,937	10,100		868,037
Furniture and equipment	225,126			225,126
Vehicles	449,169			449,169
Playground - park	63,355			63,355
Total capital assets, being depreciated at historical cost	<u>1,595,587</u>	<u>10,100</u>		<u>1,605,687</u>
Less accumulated depreciation:				
Buildings and improvements	(560,037)	(36,489)		(596,526)
Furniture and equipment	(193,047)	(6,802)		(199,849)
Vehicles	(364,696)	(30,299)		(394,995)
Playground - park	(63,355)			(63,355)
Total accumulated depreciation	<u>(1,181,135)</u>	<u>(73,590)</u>		<u>(1,254,725)</u>
Total capital assets, being depreciated, net	<u>414,452</u>	<u>(63,490)</u>		<u>350,962</u>
Governmental activities capital assets, net	<u>\$ 671,762</u>	<u>\$ (63,490)</u>	<u>\$ (2,433)</u>	<u>\$ 605,839</u>

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	Balance at July 1, 2017	Additions	Deletions	Transfers	Balance at June 30, 2018
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 200,381	\$	\$	\$	\$ 200,381
Construction in progress	5,601,458	36,560	(16,265)	(5,543,209)	78,544
Total assets, not being depreciated	5,801,839	36,560	(16,265)	(5,543,209)	278,925
Capital assets, being depreciated:					
Sewer system	4,519,902	329,400		36,500	4,885,802
Water system	6,518,933	283,860		5,506,709	12,309,502
Furniture and equipment	157,559				157,559
Buildings	137,046				137,046
Vehicles	177,805				177,805
Total capital assets, being depreciated at historical cost	11,511,245	613,260		5,543,209	17,667,714
Less accumulated depreciation:					
Sewer system	(3,495,879)	(83,634)			(3,579,513)
Water system	(3,990,281)	(410,400)			(4,400,681)
Furniture and equipment	(140,522)	(833)			(141,355)
Buildings	(71,824)	(8,619)			(80,443)
Vehicles	(177,805)				(177,805)
Total accumulated depreciation	(7,876,311)	(503,486)			(8,379,797)
Total capital assets, being depreciated, net	3,634,934	109,774		5,543,209	9,287,917
Business-type activities capital assets, net	\$ 9,436,773	\$ 146,334	\$ (16,265)	\$	\$ 9,566,842

Depreciation expense was charged to Governmental and Business-type Activities as follows:

	Governmental Activities	Business -type Activities	Total
Public Safety	\$ 13,728	\$	\$ 13,728
General Government	59,862		59,862
Water		419,852	419,852
Sewer		83,634	83,634
	\$ 73,590	\$ 503,486	\$ 577,076

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Notes to Financial Statements
June 30, 2018
(Continued)

(11) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Other long-term					
Liabilities –					
Net pension	\$ 1,295,398	\$	\$(173,617)	\$ 1,121,781	\$
liability	<u>22,302</u>	<u>9,833</u>	<u>(14,697)</u>	<u>17,438</u>	<u>14,627</u>
Compensated absences					
	<u>1,317,700</u>	<u>\$ 9,833</u>	<u>\$(188,314)</u>	1,139,219	
Less current portion				<u>(4,472)</u>	<u>(4,472)</u>
Total long-term liabilities, governmental activities				<u>\$ 1,134,747</u>	<u>\$ 10,155</u>
Business-type activities:					
Sewer Revenue Refunding Bonds, Series 2009	\$ 165,000	\$	\$(81,000)	\$ 84,000	\$ 84,000
Water Revenue Bonds Series 2014	3,318,511	453,236	(144,000)	3,627,747	146,748
Other long-term liabilities Compensated Absences	<u>3,033</u>	<u>7,923</u>	<u>(5,356)</u>	<u>5,600</u>	<u>5,600</u>
	<u>\$ 3,486,544</u>	<u>\$ 461,159</u>	<u>\$(230,356)</u>	3,717,347	236,348
Less current portion				<u>(5,600)</u>	<u>(5,600)</u>
Total long term liabilities, Business-type Activities				<u>\$ 3,711,747</u>	<u>\$ 230,748</u>
Sewer revenue refunding bonds:					
\$1,300,000 dated 6/14/99, refinanced on 7/23/09.					
Payments of interest only semiannual and principal					
and interest payments annual. Annual debt service					
of approximately \$90,000. Interest rate of 3.96%.					
Final payment February 1, 2019.					
					<u>\$ 84,000</u>

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Water revenue bonds:

\$4,125,000 dated 6/4/2015.

Payments of interest only semiannual and principal and interest payments annual. Annual debt service of approximately \$270,000. Interest rate of 2.95%.

Final payment November 1, 2035.

\$ 3,627,747

The sewer revenue bonds are secured by and payable solely from a pledge and dedication of the excess annual revenues of the sewer system. Payments on sewer revenue refunding bonds are made from the sewer fund. Total interest expense incurred during the year ended June 30, 2018 was \$5,197. The Town refinanced the Sewer bonds in July 2009. The interest rate for the Sewer revenue refunding bonds changed to 3.96% from 5.40%. The date of the final payment remained unchanged. The debt service requirements shown below reflect the maturities of the refinanced bonds.

The Town entered into an agreement dated June 4, 2015, to issue bonds through the Louisiana Department of Health and Hospitals Drinking Water Revolving Loan Fund in the amount of \$5,250,000 for water system improvements. The loan will be entitled to principal forgiveness of up to \$1,125,000 or 30% of the total draws on the loan. Amounts drawn on the loan at June 30, 2018 totaled \$4,980,747, with \$1,125,000 forgiven and \$228,000 paid, leaving an outstanding balance at June 30, 2018 of \$3,627,747.

The water revenue bonds are secured by and payable solely from a pledge and dedication of the excess annual revenues of the water system. Payments on water revenue bonds are made from the water fund. The interest rate for the water revenue bonds is 2.95%. The date of the final payment is November 1, 2035. The debt service requirements shown below reflect the maturities of the water revenue bonds.

Business-type Activities – Sewer Revenue Refunding Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2019	<u>\$ 84,000</u>	<u>\$ 3,326</u>

Business-type Activities – Water Revenue Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 146,748	\$ 103,332
2020	151,421	98,934
2021	157,030	94,385
2022	162,638	89,670
2023	168,246	84,789
2024-2028	930,961	371,762
2029-2033	1,102,946	227,083
2034-2038	807,757	88,006
	<u>\$ 3,627,747</u>	<u>\$ 1,157,961</u>

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(12) Pension Plans

The Municipal Police Employees' Retirement System (System) is a cost-sharing multiple-employer defined benefit plan administered by a separate board of trustees. 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, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana, 70809.

Plan Description

Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 per month, whichever is greater.

Membership Commencing January 1, 2013

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60.

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Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statues, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

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Notes to Financial Statements
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Initial Benefit Option Plan

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

Contributions

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2018, total contributions due from employers and employees was 40.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 30.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 30.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 33.25% and 7.5%, respectively. The Town contributions to the System for the years ended June 30, 2018, 2017, and 2016 were \$118,810, \$121,789, and \$114,208, respectively.

Non-Employer Contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions totaling \$24,529 are recognized as revenue during the year ended June 30, 2018; and excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Town reported a liability of \$1,121,781 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on the employer's contributions to the System during the year ended June 30, 2017, as compared to the total of all employers' contributions to the System for the year ended June 30, 2017. At June 30, 2017, the Town's proportion was .128491%, which was a decrease of .009717% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$197,082, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$542.

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At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,345	\$ 8,622
Changes of assumptions	79,821	
Net difference between projected and actual earnings on pension plan investments	49,107	
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,127	83,628
Employer contributions subsequent to the measurement Date	118,810	
Total	<u>\$ 284,210</u>	<u>\$ 92,250</u>

The Town reported a total of \$118,810 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017, which will be recognized as a reduction in net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 41,000
2020	36,946
2021	21,523
2022	<u>(26,319)</u>
Total	<u>\$ 73,150</u>

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2017 valuation were based on the assumptions used in the June 30, 2017 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.325%, net of investment expense
Expected Remaining Service Lives	4 years
Inflation Rate	2.70%

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	<u>Years of Service</u>	<u>Salary Growth Rate</u>
Salary increases, including inflation and merit	1-2	9.75%
	3 – 23	4.75%
	23 & Over	4.25%
Mortality	<p>RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.</p> <p>RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.</p> <p>RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.</p>	
Cost-of-Living Adjustments	<p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.</p>	

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	53%	3.66%
Fixed income	21%	0.52%
Alternatives	20%	1.10%
Other	6%	0.16%
Totals	<u>100%</u>	<u>5.44%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>8.19%</u>

The discount rate used to measure the total pension liability was 7.325%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary

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net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.325%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.325% or one percentage point higher 8.325% than the current rate.

	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	<u>6.325%</u>	<u>7.325%</u>	<u>8.325%</u>
Net Pension Liability	\$1,549,848	\$1,121,781	\$ 762,663

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2018 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Differences between Projected and Actual Investment Earnings:

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

Changes of Assumptions or Other Inputs:

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

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Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Contributions – Proportionate Share

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Pension Plans Fiduciary Net Positions

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated mounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 3017. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov.

(13) Interfund Transfers

Interfund transfers for the year ended June 30, 2018, consisted of the following:

	<u>Transfer To</u>	<u>Transfer From</u>	<u>Net</u>
Governmental Funds:			
General Fund	<u>\$</u>	<u>\$(36,560)</u>	<u>\$(36,560)</u>
		<u>(36,560)</u>	<u>(36,560)</u>
Enterprise Funds:			
Water	11,410		11,410
Sewer	<u>36,560</u>	<u>(11,410)</u>	<u>25,150</u>
	<u>47,970</u>	<u>(11,410)</u>	<u>36,560</u>
	<u>\$ 47,970</u>	<u>\$(47,970)</u>	<u>\$</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

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(Continued)

(14) Other Postemployment Benefits

The Town provides no other postemployment benefits to its employees.

(15) Interfund Balances

Interfund balances at June 30, 2018 consisted of the following:

	Due From Other Fund	Due To Other Fund	Net
Governmental Funds:			
General Fund	\$ 73,134	\$ _____	\$ 73,134
Total Governmental Funds	73,134	_____	73,134
Enterprise Funds:			
Water	22,094	(10,868)	11,226
Sewer	_____	(84,360)	(84,360)
Total Enterprise Funds	22,094	(95,228)	(73,134)
Total	\$ 95,228	\$(95,228)	\$ _____

The interfund balances are the results of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

(16) Commitments

The Town has signed contracts totaling \$221,100 for waste water improvements. As of June 30, 2018, costs incurred on these contracts totaled \$36,560, with the balances remaining on the contracts of \$184,540 to be incurred subsequent to June 30, 2018. This project will be funded by a LCDBG grant in the amount of \$180,000, and the remaining funds from the Town's general capital projects account.

(17) Risk Management

The Town purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the previous year.

(18) Subsequent Events

Subsequent events have been evaluated through December 20, 2018, the date the financial statements were available to be issued.

Town of Greenwood
Greenwood, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 240,000	\$ 240,000	\$ 267,367	\$ 27,367
Franchise taxes	135,000	135,000	152,402	17,402
Licenses and permits	111,000	111,000	143,363	32,363
Gaming taxes	275,000	275,000	322,483	47,483
Intergovernmental revenues	10,000	10,000	57,418	47,418
Fines and forfeitures	200,000	200,000	185,431	(14,569)
Investment earnings	3,500	3,500	8,244	4,744
Miscellaneous	24,500	24,500	79,014	54,514
Total revenues	<u>999,000</u>	<u>999,000</u>	<u>1,215,722</u>	<u>216,722</u>
Expenditures:				
Current:				
General government	514,900	514,900	527,358	(12,458)
Public safety	908,800	908,800	915,663	(6,863)
Capital outlay		500,000	10,100	489,900
Total expenditures	<u>1,423,700</u>	<u>1,923,700</u>	<u>1,453,121</u>	<u>470,579</u>
Excess (deficiency) of revenues over expenditures	(424,700)	(924,700)	(237,399)	687,301
Other financing sources (uses):				
Transfers in	428,500	428,500	490,000	61,500
Transfers out			(36,560)	(36,560)
Total other financing sources (uses)	<u>428,500</u>	<u>428,500</u>	<u>453,440</u>	<u>24,940</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,800	(496,200)	216,041	712,241
Fund balances at beginning of year	<u>85,304</u>	<u>585,304</u>	<u>2,182,096</u>	<u>1,596,792</u>
Fund balances at end of year	<u>\$ 89,104</u>	<u>\$ 89,104</u>	<u>\$ 2,398,137</u>	<u>\$ 2,309,033</u>

See accompanying note to the required supplementary schedule.

Town of Greenwood
Greenwood, Louisiana
Notes to Required Supplementary Information
June 30, 2018

The Town's budget is adopted on a cash basis for all funds. There was one amendment to the 2018 budget. Budget comparison statements included in the accompanying financial statements include the original and adopted budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 216,041
Adjustments:	
Revenue accruals – net	7,439
Expenditure accruals – net	3,911
Revenues, transfers, and Other financing sources:	
Sales Tax	538,731
Expenditures, transfers, and Other financing uses:	
Sales Tax	<u>(494,782)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP) basis	<u>\$ 271,340</u>

Town of Greenwood
Greenwood, Louisiana
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2018

Municipal Police Employees' Retirement System

Year Ended June 30	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered-employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.12849%	\$ 1,121,781	\$ 383,588	292.44%	70.08%
2017	0.13821%	1,295,398	387,147	334.60%	66.04%
2016	0.14455%	1,132,414	387,666	292.11%	70.73%
2015	0.13263%	829,769	348,100	238.37%	75.10%

*Amounts presented were determined as of the measurement date (fiscal year ended June 30).

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Greenwood
Greenwood, Louisiana
Schedule of Contributions
June 30, 2018

Municipal Police Employees' Retirement System

Year Ended June 30	Statutorily Required Contribution	Contributions in relation to the statutorily required contribution	Contribution Deficiency (Excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2018	\$ 118,810	\$ 118,810	\$	\$ 386,373	30.75%
2017	121,789	121,789		383,588	31.75%
2016	114,208	114,208		387,147	29.50%
2015	122,115	122,115		387,666	31.50%

*Amounts presented were determined as of the end of the fiscal year (June 30).

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Greenwood
Greenwood, Louisiana
Schedule of Compensation Paid to Board Members
For the Year Ended June 30, 2018

Mayor - Frank Stawasz, Salary and Allowance	\$ 30,000
---------------------------------------------	-----------

Alderman:

Josephine Robinson	3,000
Reggie Ilgenfriz	3,000
Jobi Larsen	3,000
Bradley Edwardes	3,000
Tom Newsom	3,000
	<hr/>
	<u>\$ 45,000</u>

Town of Greenwood
Greenwood, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2018

Agency Head: Frank Stawasz, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 30,000
Per Diem	228
Registration fees	275
Conference travel	826
Continuing professional education fees	110

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

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

Independent Auditor's Report

The Honorable Frank Stawasz, Mayor
and Members of the Town Council
Town of Greenwood
Greenwood, Louisiana

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the Town of Greenwood as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Greenwood's basic financial statements, and have issued our report thereon dated December 20, 2018.

Internal Control Over Financial Reporting

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

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 material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying summary schedule of current year audit findings as item 2018-002, that we consider to be a material weakness.

Compliance and Other Matters

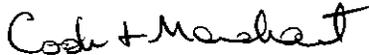
As part of obtaining reasonable assurance about whether Town of Greenwood's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying summary schedule of current year audit findings as item 2018-001.

Town of Greenwood's Response to Finding

Town of Greenwood's response to the findings identified in our audit is described in the accompanying summary schedule of current year audit findings. Town of Greenwood's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
December 20, 2018

Town of Greenwood
Greenwood, Louisiana
Summary Schedule of Prior Audit Findings for the Louisiana Legislative Auditor
June 30, 2018

There were no findings for the prior year audit for the year ended June 30, 2017.

Summary Schedule of Current Year Audit Findings for the Louisiana Legislative Auditor
June 30, 2018

There are two findings for the current year audit for the year ended June 30, 2018, as follows:

2018-001 – Uncollateralized Deposits

Finding: The Town's bank balances were not entirely insured by FDIC or pledged collateral at June 30, 2018. Total amount uninsured at June 30, 2018, totaled \$31,708.

Criteria: Fiscal agency and cash management laws require that the amount of security at financial institutions shall at all times be equal to 100% of the collected funds on deposit.

Cause: Funds on deposit at two financial institutions exceeded the amount of FDIC coverage, and no additional funds were pledged to cover those amounts.

Effect: The Town was not in compliance with fiscal agency and cash management laws.

Recommendation: We recommend that the Town comply with fiscal agency and cash management laws.

Management's Response: The Town will take appropriate steps to ensure that all funds are properly secured at all financial institutions.

2018-002 – Accounts Receivable

Condition – Material Weakness: Collections of water and sewer funds were not being properly posted to the accounts receivable and related interagency accounts on the water and sewer fund general ledgers. In addition, the spreadsheet which is utilized by the Town for tracking collections of water and sewer funds and the corresponding changes in accounts receivable was not being prepared correctly to ensure that such activity was in agreement with the subsidiary ledger and general ledgers.

Criteria: Controls should be in place for monitoring the accounts receivable for the water and sewer funds to ensure that amounts are properly posted to the general ledgers and are in agreement with the subsidiary ledger.

Cause: The Town did not have controls in place to ensure that collections of water and sewer funds were properly posted to the accounts receivable and related interagency accounts on the water and sewer fund general ledgers. Controls were also not in place to ensure that the spreadsheet which is utilized for monitoring the accounts receivable for the water and sewer funds was properly prepared so that misstatements in the balances on the general ledgers would be detected.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Summary Schedule of Current Year Audit Findings for the Louisiana Legislative Auditor
June 30, 2018
(Continued)

Effect: Without proper controls in place for monitoring accounts receivable, misstatements in the accounts receivable for the water and sewer funds could occur and not be detected in the employees' normal course of performing their assigned duties. In addition, significant additional audit time was required to analyze the balances in accounts receivable and related interagency accounts, and significant adjusting journal entries were required to correct the balances between the water and sewer funds.

Recommendation: We recommend that the Town's controls for monitoring accounts receivable balances be properly followed, including a proper preparation of the accounts receivable spreadsheet to ensure that balances are in agreement with the subsidiary ledger and general ledgers. We also recommend that the Town review the process for posting collections to the general ledgers to ensure that such amounts are properly posted between the water and sewer funds.

Management's Response: The Town has already implemented procedures to ensure that accounts receivable balances are properly reviewed and reconciled with general ledger and subsidiary ledger. The Town will analyze the posting of amounts between the water and sewer funds to ensure amounts are properly posted.

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Aldermen
Town of Greenwood
Greenwood, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Greenwood, and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Town of Greenwood's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Board (or Finance Committee, if applicable)

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations selected included evidence that they were prepared within 2 months of the related statement closing date.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Bank reconciliations selected included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Bank reconciliations selected did not have items that have been outstanding for more than 12 months.

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Management provided the requested information, along with management's representation that the listing is complete.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Management provided the requested information, along with management's representation that the listing is complete.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Exception: Three employees have access to the cash drawer that contains the payments received for water payments.

Management's Response: The Town will discuss ways of providing a better segregation of duties over receipts and access to cash drawers. All deposits are reviewed by another individual not involved in preparing the deposit.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Each employee responsible for collecting cash is responsible for preparing/making bank deposits for her drawer; however, another employee is responsible for reconciling collection documentation to the deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

One employee who is responsible for collecting cash is also responsible for posting collection entries to the general ledger or subsidiary ledgers. Another employee reviews and verifies postings and deposits.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Employees responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers by revenue source and/or agency fund additions are sometimes responsible for collecting cash. Deposits are reviewed and verified by another employee.

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

All employees who have access to cash are covered by a bond or insurance policy for theft.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

For the 10 deposits selected for testing, there were no exceptions noted for the procedures listed above.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Management provided the requested information, along with management's representation that the listing is complete.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Town's policies and procedures included all of the requirements listed, except as noted below.

Exception: The employee responsible for mailing checks after the checks are signed is also responsible for processing payments.

Management's Response: The Town will explore other options for segregating duties over mailing of checks after authorized signatures are obtained.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

For the transactions selected for testing, the disbursement matched the related original invoice and included evidence of segregation of duties.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Travel and Expense Reimbursement

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Contracts

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Management provided the requested information, along with management's representation that the listing is complete.

- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (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.)

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

For the 5 employees/officials selected above, there was documentation of daily attendance and leave, supervisors' approval of the attendance and leave, and the leave taken was reflected in the Town's cumulative leave records.

- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Management provided the requested information, along with management's representation that the listing is complete. For the two employees/officials selected for testing, the related documentation for hours and pay rates used in calculating termination benefits were in agreement with the authorized rates and leave balances in the employee/officials' personnel files and cumulative leave records.

- 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Management provided representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and the associated forms have been filed by the required deadlines.

Ethics (excluding nonprofits)

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

For the five employees/officials selected for testing, the Town had documentation to demonstrate each employee/official completed one hour of ethics training and had documentation demonstrating each employee/official read the entity's ethics policy during the fiscal year.

Debt Service (excluding nonprofits)

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Other

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

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

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



Cook & Morehart
Certified Public Accountants
December 20, 2018