

**Town of Greenwood
Greenwood, Louisiana
Financial Statements with Auditors' Report
As of and For the Year Ended June 30, 2019**

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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, 2019, 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

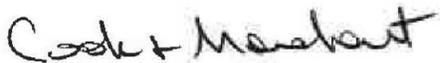
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 9, budgetary comparison information on pages 42 – 43, schedule of proportionate share of net pension liability on page 44, and schedule of contributions on page 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 16, 2019, 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 16, 2019

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, 2019. 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 \$299,058 or 11%.
- The Town of Greenwood's net position of our business-type activities decreased by \$204,128 or 3%.
- In the Town's governmental activities, total general and program revenues were \$1,923,234 in 2019 compared to \$1,783,987 in 2018. Total expenses, excluding depreciation, totaled \$1,517,063 for the year ended June 30, 2018 compared to \$1,534,878 for 2019.
- In the Town's business-type activities, revenues increased by \$179,034 in 2019, due to an increase in capital grants and contributions received for lift station rehabilitation.

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, increasing from \$8,777,357 to \$8,872,287. 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	
	2019	2018	2019	2018	2019	2018
Current and other assets	3,376,710	3,014,176	739,524	766,930	4,116,234	3,781,106
Capital assets	564,817	605,839	9,194,733	9,566,842	9,759,550	10,172,681
Total assets	<u>3,941,527</u>	<u>3,620,015</u>	<u>9,934,257</u>	<u>10,333,772</u>	<u>13,875,784</u>	<u>13,953,787</u>
Deferred Outflows of Resources						
Pension related	<u>267,677</u>	<u>284,210</u>			<u>267,677</u>	<u>284,210</u>
Current liabilities	59,371	55,807	503,702	466,089	563,073	521,896
Long-term liabilities	<u>1,123,943</u>	<u>1,134,747</u>	<u>3,478,747</u>	<u>3,711,747</u>	<u>4,602,690</u>	<u>4,846,494</u>
Total liabilities	<u>1,183,314</u>	<u>1,190,554</u>	<u>3,982,449</u>	<u>4,177,836</u>	<u>5,165,763</u>	<u>5,368,390</u>
Deferred Inflows of Resources						
Pension related	<u>105,411</u>	<u>92,250</u>			<u>105,411</u>	<u>92,250</u>
Net position:						
Net investment						
in capital assets	564,817	605,839	5,715,986	5,855,095	6,280,803	6,460,934
Restricted			307,609	330,344	307,609	330,344
Unrestricted	<u>2,355,662</u>	<u>2,015,582</u>	<u>(71,787)</u>	<u>(29,503)</u>	<u>2,283,875</u>	<u>1,986,079</u>
Total net position	<u>2,920,479</u>	<u>2,621,421</u>	<u>5,951,808</u>	<u>6,155,936</u>	<u>8,872,287</u>	<u>8,777,357</u>

Net position of the Town of Greenwood's governmental activities increased by \$299,058 or 11%. Net position of the Town of Greenwood's business-type activities decreased by \$204,128 or 3%.

Table 2
Change in Net Assets

The Town's total revenues increased by 10% or \$318,281. The total cost of all programs and services increased 4% or \$142,383. Our analysis below separately considers the operations of the governmental and business-type activities.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Programs revenues						
Charges for services	300,786	191,521	1,527,604	1,511,659	1,828,390	1,703,180
Operating grants and contributions	32,277	81,947			32,277	81,947
Capital grants and contributions			163,500		163,500	
General revenues						
Ad valorem taxes	256,227	266,947			256,227	266,947
Sales taxes	601,519	536,565			601,519	536,565
Franchise taxes	166,051	157,532			166,051	157,532
License and permits	161,256	143,363			161,256	143,363
Gaming taxes	306,553	319,122			306,553	319,122
Investment earnings	36,492	10,409	1,077	1,488	37,569	11,897
Miscellaneous	62,073	76,581			62,073	76,581
Total Revenues	<u>1,923,234</u>	<u>1,783,987</u>	<u>1,692,181</u>	<u>1,513,147</u>	<u>3,615,415</u>	<u>3,297,134</u>
Expenses						
General government	598,737	583,524			598,737	583,524
Public safety	1,013,039	1,007,129			1,013,039	1,007,129
Public works						
Water			1,407,031	1,385,139	1,407,031	1,385,139
Sewer			501,678	402,310	501,678	402,310
Total expenses	<u>1,611,776</u>	<u>1,590,653</u>	<u>1,908,709</u>	<u>1,787,449</u>	<u>3,520,485</u>	<u>3,378,102</u>
Transfers	<u>(12,400)</u>	<u>(36,560)</u>	<u>12,400</u>	<u>36,560</u>		
Increase (decrease) in net position	<u>299,058</u>	<u>156,774</u>	<u>(204,128)</u>	<u>(237,742)</u>	<u>94,930</u>	<u>(80,968)</u>

Governmental Activities

Total revenues for the governmental activities increased \$139,247 from total revenues in the year ended June 30, 2018 of \$1,783,987 to total revenues of \$1,923,234 in the year ended June 30, 2019.

The cost of all governmental activities this year was \$1,611,776. These costs were covered by \$333,063 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 increased \$179,034 or 1% from total revenues in the year ended June 30, 2018 of \$1,513,147 to total revenues of \$1,692,181 in the year ended June 30, 2019. The increase is due to an increase in capital grants and contributions received for lift station rehabilitation.

The cost of all business-type activities this year was \$1,908,709. These costs were covered in part by \$1,691,104 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 \$3,317,339, which is higher than last year's fund balance of \$2,958,369. Revenues from sales taxes and fines and forfeitures increased this year, while 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, 2019. 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 43. Highlights for the year are as follows:

- Actual revenues exceeded budgeted amounts by \$312,780.
- Actual expenditures were less than budgeted amounts by \$420,112.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2019 and 2018, the Town of Greenwood had invested \$9,759,550 and \$10,172,681, respectively in capital assets. (see table 3 below)

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	222,936	224,926	200,381	200,381	423,317	425,307
Construction in progress		29,951		78,544		108,495
Building and Improvements	251,964	271,511	47,984	56,603	299,948	328,114
Furniture and equipment	18,475	25,277	15,371	16,204	33,846	41,481
Vehicles	71,442	54,174	15,837		87,279	54,174
Sewer system			1,415,595	1,306,289	1,415,595	1,306,289
Water system			7,499,565	7,908,821	7,499,565	7,908,821
Total assets (net)	<u>564,817</u>	<u>605,839</u>	<u>9,194,733</u>	<u>9,566,842</u>	<u>9,759,550</u>	<u>10,172,681</u>

This years major additions included:

Land						
Water and sewer system			191,940	613,260	191,940	613,260
Construction in progress				36,560		36,560
Building and Improvements	19,800	10,100			19,800	10,100
Vehicles and equipment	48,017		18,274		66,291	
Furniture and equipment						
Total	<u>67,817</u>	<u>10,100</u>	<u>210,214</u>	<u>649,820</u>	<u>278,031</u>	<u>659,920</u>

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

Debt

At year-end, the Town had \$4,585,586 in bonds, notes, and other long-term liabilities outstanding, versus \$4,833,528 last year – a decrease of 5%.

Table 4
Outstanding Debt At Year End

	Governmental Activities		Business-Type Activity		Totals	
	2019	2018	2019	2018	2019	2018
Net pension liability	\$ 1,106,839	\$ 1,121,781			\$ 1,106,839	\$ 1,121,781
Water revenue bonds			3,478,747	3,627,747	3,478,747	3,627,747
Sewer revenue refunding bonds				84,000		84,000
	<u>\$ 1,106,839</u>	<u>\$ 1,121,781</u>	<u>\$ 3,478,747</u>	<u>\$ 3,711,747</u>	<u>\$ 4,585,586</u>	<u>\$ 4,833,528</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 \$1,106,839 on the statement of net position for governmental activities at June 30, 2019. Additional information about the Town's net pension liability is presented in note 12 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, 2020 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same.

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, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,390,774	\$ 147,126	\$ 2,537,900
Investments	772,917		772,917
Receivables	138,101	198,991	337,092
Internal balances	74,918	(74,918)	
Restricted cash and cash equivalents		468,325	468,325
Capital assets not being depreciated	222,936	200,381	423,317
Depreciable capital assets, net	341,881	8,994,352	9,336,233
Total assets	<u>3,941,527</u>	<u>9,934,257</u>	<u>13,875,784</u>
Deferred Outflows of Resources			
Pension related	<u>267,677</u>		<u>267,677</u>
Liabilities			
Accounts payable and accrued expenses	59,371	342,986	402,357
Payable from restricted assets:			
Customer deposits		160,716	160,716
Non-current liabilities:			
Due within one year	17,104	151,421	168,525
Due in more than one year	1,106,839	3,327,326	4,434,165
Total liabilities	<u>1,183,314</u>	<u>3,982,449</u>	<u>5,165,763</u>
Deferred Inflows of Resources			
Pension related	<u>105,411</u>		<u>105,411</u>
Net Position			
Net investment in capital assets	564,817	5,715,986	6,280,803
Restricted for:			
Debt service		223,720	223,720
Capital improvements		83,889	83,889
Unrestricted	2,355,662	(71,787)	2,283,875
Total net position	<u>\$ 2,920,479</u>	<u>\$ 5,951,808</u>	<u>\$ 8,872,287</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Statement of Activities
For the Year Ended June 30, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions / Programs:							
Governmental Activities							
General government	\$ 598,737	\$ 24,419	\$	\$	\$ (574,318)	\$	\$ (574,318)
Public safety	1,013,039	276,367		32,277	(704,395)		(704,395)
Total governmental activities	<u>1,611,776</u>	<u>300,786</u>		<u>32,277</u>	<u>(1,278,713)</u>		<u>(1,278,713)</u>
Business-type Activities							
Water	1,407,031	1,089,014				(318,017)	(318,017)
Sewer	501,678	438,590	163,500			100,412	100,412
Total business-type activities	<u>1,908,709</u>	<u>1,527,604</u>	<u>163,500</u>			<u>(217,605)</u>	<u>(217,605)</u>
Total Government	<u>\$ 3,520,485</u>	<u>\$ 1,828,390</u>	<u>\$ 163,500</u>	<u>\$ 32,277</u>	<u>(1,278,713)</u>	<u>(217,605)</u>	<u>(1,496,318)</u>
General revenues:							
Ad valorem taxes					256,227		256,227
Sales taxes					601,519		601,519
Franchise taxes					166,051		166,051
Licenses and permits					161,256		161,256
Gaming taxes					306,553		306,553
Investment earnings					36,492	1,077	37,569
Miscellaneous					62,073		62,073
Transfers					(12,400)	12,400	
Total general revenues and transfers					<u>1,577,771</u>	<u>13,477</u>	<u>1,591,248</u>
Change in net assets					299,058	(204,128)	94,930
Net position - beginning					2,621,421	6,155,936	8,777,357
Net position - ending					<u>\$ 2,920,479</u>	<u>\$ 5,951,808</u>	<u>\$ 8,872,287</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Balance Sheet
Governmental Fund
June 30, 2019

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 2,390,774
Investments	772,917
Receivables	138,101
Due from other funds	74,918
Total assets	<u>\$ 3,376,710</u>
 Liabilities and Fund Balances	
Liabilities:	
Accounts payable and accrued expenses	<u>\$ 59,371</u>
Total liabilities	<u>59,371</u>
 Fund balances:	
Assigned	
Capital projects	1,522,376
Unassigned	1,794,963
Total fund balances	<u>3,317,339</u>
 Total liabilities and fund balances	<u>\$ 3,376,710</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, 2019

Fund balances - total governmental fund	\$	3,317,339
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		564,817
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		267,677
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		(17,104)
Net pension liability		(1,106,839)
Deferred inflows - pension related		(105,411)
		(1,230,354)
Net position of governmental activities	\$	2,920,479

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, 2019

	<u>General Fund</u>
Revenues:	
Ad valorem taxes	\$ 256,227
Sales tax	601,519
Franchise taxes	166,051
Licenses and permits	161,256
Gaming taxes	306,553
Intergovernmental revenues	6,441
Fines and forfeitures	276,367
Investment earnings	36,492
Miscellaneous	62,327
Total revenues	<u>1,873,233</u>
 Expenditures:	
Current:	
General government	499,022
Public safety	961,179
Capital outlay	67,817
Total expenditures	<u>1,528,018</u>
 Excess (deficiency) of revenues over expenditures	 345,215
 Other financing sources (uses):	
Transfers out	(12,400)
Sale of assets	26,155
Total other financing sources (uses)	<u>13,755</u>
 Net change in fund balance	 358,970
 Fund balances at beginning of year	 <u>2,958,369</u>
 Fund balances at end of year	 <u>\$ 3,317,339</u>

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, 2019

Net change in fund balances - total governmental fund	\$	358,970
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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 (\$76,898) exceeded capital outlays (\$67,817) in the current period.</p>		(9,081)
<p>The net effect of various transactions involving capital assets (sales, trade-ins, etc.) is to decrease net assets.</p>		(31,941)
<p>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</p>		
Non-employer contributions to cost-sharing pension plan		25,836
<p>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.</p>		
Pension expense		(40,588)
Other		(4,138)
		(44,726)
Change in net position of governmental activities	\$	299,058

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 47,380	\$ 99,746	\$ 147,126
Restricted cash and cash equivalents	87,194	73,522	160,716
Accounts receivable	124,435	74,556	198,991
Due from other funds	22,122		22,122
Total current assets	<u>281,131</u>	<u>247,824</u>	<u>528,955</u>
Noncurrent assets:			
Restricted cash and cash equivalents	223,720	83,889	307,609
Capital assets:			
Land	43,084	157,297	200,381
Plant and equipment	12,774,144	5,140,344	17,914,488
Less: accumulated depreciation	(5,211,226)	(3,708,910)	(8,920,136)
Total noncurrent assets	<u>7,829,722</u>	<u>1,672,620</u>	<u>9,502,342</u>
Total assets	<u>\$ 8,110,853</u>	<u>\$ 1,920,444</u>	<u>\$ 10,031,297</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 291,574	\$ 20,766	\$ 312,340
Accrued expenses	8,382	4,225	12,607
Due to other funds	13,093	83,947	97,040
Payable from restricted assets:			
Revenue bonds	151,421		151,421
Accrued interest	18,039		18,039
Customer deposits	87,194	73,522	160,716
Total current liabilities	<u>569,703</u>	<u>182,460</u>	<u>752,163</u>
Noncurrent liabilities:			
Revenue bonds	3,327,326		3,327,326
Total noncurrent liabilities	<u>3,327,326</u>		<u>3,327,326</u>
Total liabilities	<u>3,897,029</u>	<u>182,460</u>	<u>4,079,489</u>
Net position			
Net investment in capital assets	4,127,255	1,588,731	5,715,986
Restricted for debt service			
Debt service	223,720		223,720
Capital improvements		83,889	83,889
Unrestricted	(137,151)	65,364	(71,787)
Total net position	<u>4,213,824</u>	<u>1,737,984</u>	<u>5,951,808</u>
Total liabilities and net position	<u>\$ 8,110,853</u>	<u>\$ 1,920,444</u>	<u>\$ 10,031,297</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, 2019

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Totals
Operating revenues:			
Charges for service -			
Water sales	\$ 1,045,562	\$	\$ 1,045,562
Sewerage service charges		428,213	428,213
Other charges and fees	43,452	10,377	53,829
Total operating revenues	<u>1,089,014</u>	<u>438,590</u>	<u>1,527,604</u>
Operating expenses:			
Salaries	149,844	80,826	230,670
Payroll taxes	10,109	5,930	16,039
Legal and accounting	9,243	7,649	16,892
Insurance	112,620	50,147	162,767
Testing	348	5,075	5,423
Maintenance and repairs	129,623	34,943	164,566
Miscellaneous expenses	79,940	16,511	96,451
Office expense	40,105	11,428	51,533
Material and supplies	214,860	28,096	242,956
Utilities	100,332	37,500	137,832
Lift station expense		77,402	77,402
Depreciation	419,744	121,630	541,374
Total operating expenses	<u>1,266,768</u>	<u>477,137</u>	<u>1,743,905</u>
Operating income (loss)	<u>(177,754)</u>	<u>(38,547)</u>	<u>(216,301)</u>
Non-operating revenues (expenses):			
Interest income	433	644	1,077
Interest expense	(121,815)	(2,041)	(123,856)
Loss on disposal of capital asset	(18,448)	(22,500)	(40,948)
Total non-operating revenues (expenses)	<u>(139,830)</u>	<u>(23,897)</u>	<u>(163,727)</u>
Net income (loss) before contributions and transfers	(317,584)	(62,444)	(380,028)
Capital contributions		163,500	163,500
Transfers in		12,400	12,400
Total contributions and transfers		<u>175,900</u>	<u>175,900</u>
Change in net position	(317,584)	113,456	(204,128)
Net position - beginning of year	<u>4,531,408</u>	<u>1,624,528</u>	<u>6,155,936</u>
Net position - end of year	<u>\$ 4,213,824</u>	<u>\$ 1,737,984</u>	<u>\$ 5,951,808</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, 2019

	Water	Sewer	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 1,117,653	\$ 430,207	\$ 1,547,860
Cash payments to suppliers for goods and services	(670,269)	(257,484)	(927,753)
Cash payments to employees for services	(158,855)	(86,026)	(244,881)
Net Cash From Operating Activities	<u>288,529</u>	<u>86,697</u>	<u>375,226</u>
Cash Flows from Noncapital Financing Activities:			
Interfund loans	2,197	(413)	1,784
Transfers from other funds		12,400	12,400
Net Cash from Noncapital Financing Activities	<u>2,197</u>	<u>11,987</u>	<u>14,184</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition/construction of capital assets		(191,940)	(191,940)
Capital contributions		163,500	163,500
Principal paid on capital debt	(149,000)	(84,000)	(233,000)
Interest paid on capital debt	(122,587)	(3,427)	(126,014)
Net Cash (Used) by Capital and Related Financing Activities	<u>(271,587)</u>	<u>(115,867)</u>	<u>(387,454)</u>
Cash Flow From Investing Activities			
Interest income	438	644	1,082
Net Cash From Investing Activities	<u>438</u>	<u>644</u>	<u>1,082</u>
Net increase (decrease) in cash and cash equivalents	19,577	(16,539)	3,038
Cash, Beginning of year	<u>338,717</u>	<u>273,696</u>	<u>612,413</u>
Cash, End of year	<u>\$ 358,294</u>	<u>\$ 257,157</u>	<u>\$ 615,451</u>
Cash and cash equivalents are reflected on the Statement of Net Position as follows:			
Cash and cash equivalents	\$ 47,380	\$ 99,746	\$ 147,126
Cash and cash equivalents - restricted	310,914	157,411	468,325
Total	<u>\$ 358,294</u>	<u>\$ 257,157</u>	<u>\$ 615,451</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By/(Used In) Operating Activities			
Operating income (loss)	\$ (177,754)	\$ (38,547)	\$ (216,301)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation expense	419,744	121,630	541,374
Accounts receivable	31,993	(3,333)	28,660
Accounts payable	15,886	1,168	17,054
Accrued expenses	1,098	730	1,828
Customer deposits	(2,438)	5,049	2,611
Net Cash Flows From Operating Activities	<u>\$ 288,529</u>	<u>\$ 86,697</u>	<u>\$ 375,226</u>
Noncash Capital Financing Activities:			
Acquisition of property			
Acquisition/construction of capital assets	\$	\$ 210,214	\$ 210,214
Vendor payable for property and equipment		(18,274)	(18,274)
Cash used to acquire/construct capital assets	<u>\$</u>	<u>\$ 191,940</u>	<u>\$ 191,940</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2019

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, 2019
(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, 2019
(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 required 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, 2019
(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, 2019
(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, 2019
(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, 2019
(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, 2019
(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 \$33,912 and \$22,952, 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, 2019
(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.

V. Fair Value Measurements

Generally accepted accounting principles require disclosure to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs – The valuation is based on quoted market prices for identical assets or liabilities traded in active markets;

Level 2 inputs – The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;

Level 3 inputs – The valuation is determined by using the best information available under the circumstances and might include the government's own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on lowest level of any input that is significant to the fair value measurement.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2019
(Continued)

(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 23% 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, 2019, the Town has cash and cash equivalents (book balances) totaling \$3,006,225 of which \$468,325 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, 2019, the Town has investments totaling \$772,917, as follows.

Certificates of deposit	\$ <u>772,917</u>
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The investments are presented in the financial statements at fair value using level 2 fair value measure. Investments at June 30, 2019, consisted of certificates of deposit with maturities greater than 90 days. The certificates of deposit are carried at cost, which approximates market.

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, 2019, \$3,096,844 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	\$ 2,823,995
Investments	<u>272,849</u>
	<u>\$ 3,096,844</u>

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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, 2019:

Class of Receivable			
Governmental activities –			
Sales taxes	\$	52,696	
Gaming taxes		47,394	
Franchise taxes		35,115	
Other		2,896	
Total governmental activities	\$	138,101	
Business-type activities –			
Water and sewer charges	\$	198,991	
Total business-type activities	\$	198,991	

(5) Restricted Assets – Proprietary Fund Type

Restricted assets were applicable to the following at June 30, 2019:

			Enterprise Fund
Cash:			
Customer deposits	\$	160,716	
Capital improvements		83,889	
Debt service		223,720	
	\$	468,325	

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(6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2019 consisted of the following

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 27,319	\$ 312,340	\$ 339,659
Compensated absences	1,141	6,484	7,625
Salaries and benefits	<u>30,911</u>	<u>6,123</u>	<u>37,034</u>
Total – fund statements	59,371	324,947	384,318
Accrued interest	<u> </u>	<u>18,039</u>	<u>18,039</u>
Total – government-wide Statements	<u>\$ 59,371</u>	<u>\$ 342,986</u>	<u>\$ 402,357</u>

(7) Customers' Deposits

Deposits held for customers that are currently active on the water and sewer systems total \$160,716 at June 30, 2019

(8) Operating Leases

The Town leased equipment under operating leases. The rental costs paid on these leases for the year ended June 30, 2019 were \$3,083

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

<u>Year Ending December 31,</u>	
2020	\$ <u>1,514</u>

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Town of Greenwood
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Notes to the Financial Statements
June 30, 2019
(Continued)

(9) Litigation and Claims

At June 30, 2019, the Town is involved in a lawsuit. In the opinion of legal counsel for the Town, the outcome of the lawsuit is not presently determinable.

(10) Capital Assets

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 224,926	\$	\$ (1,990)	\$ 222,936
Construction in progress	29,951		(29,951)	
Total assets, not being depreciated	254,877		(31,941)	222,936
Capital assets, being depreciated				
Buildings and improvements	868,037	19,800		887,837
Furniture and equipment	225,126			225,126
Vehicles	449,169	48,017	(137,987)	359,199
Playground - park	63,355			63,355
Total capital assets, being depreciated at historical cost	1,605,687	67,817	(137,987)	1,535,517
Less accumulated depreciation:				
Buildings and improvements	(596,526)	(39,347)		(635,873)
Furniture and equipment	(199,849)	(6,802)		(206,651)
Vehicles	(394,995)	(30,749)	137,987	(287,757)
Playground - park	(63,355)			(63,355)
Total accumulated depreciation	(1,254,725)	(76,898)	137,987	(1,193,636)
Total capital assets, being depreciated, net	350,962	(9,081)		341,881
Governmental activities capital assets, net	\$ 605,839	\$ (9,081)	\$ (31,941)	\$ 564,817

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Town of Greenwood
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Notes to the Financial Statements
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(Continued)

	Balance at July 1, 2018	Additions	Deletions	Transfers	Balance at June 30, 2019
Business-type Activities:					
Capital assets, not being depreciated					
Land	\$ 200,381	\$	\$	\$	\$ 200,381
Construction in progress	78,544		(41,984)	(36,560)	
Total assets, not being depreciated	278,925		(41,984)	(36,560)	200,381
Capital assets, being depreciated:					
Sewer system	4,885,802	191,940		36,560	5,114,302
Water system	12,309,502				12,309,502
Furniture and equipment	157,559				157,559
Buildings	137,046				137,046
Vehicles	177,805	18,274			196,079
Total capital assets, being depreciated at historical cost	17,667,714	210,214		36,560	17,914,488
Less accumulated depreciation					
Sewer system	(3,579,513)	(119,194)			(3,698,707)
Water system	(4,400,681)	(410,292)	1,036		(4,809,937)
Furniture and equipment	(141,355)	(833)			(142,188)
Buildings	(80,443)	(8,619)			(89,062)
Vehicles	(177,805)	(2,437)			(180,242)
Total accumulated depreciation	(8,379,797)	(541,375)	1,036		(8,920,136)
Total capital assets, being depreciated, net	9,287,917	(331,161)	1,036	36,560	8,994,352
Business-type activities capital assets, net	\$ 9,566,842	\$ (331,161)	\$ (40,948)	\$	\$ 9,194,733

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

	Governmental Activities	Business -type Activities	Total
Public Safety	\$ 10,597	\$	\$ 10,597
General Government	66,301		66,301
Water		419,744	419,744
Sewer		121,631	121,631
	\$ 76,898	\$ 541,375	\$ 618,273

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Notes to Financial Statements
June 30, 2019
(Continued)

(11) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2019, 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					
liability	\$ 1,121,781	\$	\$(14,942)	\$ 1,106,839	\$
Compensated absences	<u>17,438</u>	<u>25,021</u>	<u>(24,214)</u>	<u>18,245</u>	<u>18,245</u>
	<u>1,139,219</u>	<u>\$ 25,021</u>	<u>\$(39,156)</u>	1,125,084	
Less current portion				(1,141)	(1,141)
Total long-term liabilities, governmental activities				<u>\$ 1,123,943</u>	<u>\$ 17,104</u>
Business-type activities:					
Sewer Revenue Refunding					
Bonds, Series 2009	\$ 84,000	\$	\$(84,000)	\$	\$
Water Revenue Bonds	3,627,747		(149,000)	3,478,747	151,421
Series 2014					
Other long-term liabilities					
Compensated Absences	<u>5,600</u>	<u>884</u>	<u></u>	<u>6,484</u>	<u>6,484</u>
	<u>\$ 3,717,347</u>	<u>\$ 884</u>	<u>\$(233,000)</u>	3,485,231	157,905
Less current portion				(6,484)	(6,484)
Total long term liabilities, Business-type Activities				<u>\$ 3,478,747</u>	<u>\$ 151,421</u>

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Town of Greenwood
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Notes to Financial Statements
June 30, 2019
(Continued)

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.

\$ 3,478,747

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, 2019 was \$1,941. 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 sewer revenue bonds were paid off as of June 30, 2019.

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, 2019 totaled \$4,980,747, with \$1,125,000 forgiven and \$377,000 paid, leaving an outstanding balance at June 30, 2019 of \$3,478,747.

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 – Water Revenue Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 151,421	\$ 98,934
2021	157,030	94,385
2022	162,638	89,670
2023	168,246	84,789
2024	173,854	79,743
2025-2029	962,741	316,821
2030-2034	1,141,269	161,981
2035-2039	561,548	15,248
	<u>\$ 3,478,747</u>	<u>\$ 941,571</u>

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June 30, 2019
(Continued)

(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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(Continued)

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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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, 2019, total contributions due from employers and employees was 42.25%. 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 32.25% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 32.25% 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 34.25% and 7.5%, respectively. The Town contributions to the System for the years ended June 30, 2019, 2018, and 2017 were \$123,179, \$118,810, and \$121,789, 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 \$25,836 are recognized as revenue during the year ended June 30, 2019, 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, 2019, the Town reported a liability of \$1,106,839 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, as compared to the total of all employers' contributions to the System for the year ended June 30, 2018. At June 30, 2018, the Town's proportion was .13092%, which was an increase of .002433% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$162,397, 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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June 30, 2019
(Continued)

At June 30, 2019, 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	\$ 4,990	\$ 56,562
Changes of assumptions	72,331	
Net difference between projected and actual earnings on pension plan investments	53,059	
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,118	48,849
Employer contributions subsequent to the measurement Date	123,179	
Total	<u>\$ 267,677</u>	<u>\$ 105,411</u>

The Town reported a total of \$123,179 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018, which will be recognized as a reduction in net pension liability in the year ended June 30, 2020.

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>
2020	\$ 38,903
2021	23,678
2022	(25,423)
2023	1,929
Total	<u>\$ 39,087</u>

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2018 valuation were based on the assumptions used in the June 30, 2018 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, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.20%, net of investment expense
Expected Remaining Service Lives	4 years
Inflation Rate	2.60%

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Town of Greenwood
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Notes to Financial Statements
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(Continued)

	<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	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.	
	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.	
	RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.	
Cost-of-Living Adjustments	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.	

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2018 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	52%	3.58%
Fixed income	22%	0.46%
Alternatives	20%	1.07%
Other	6%	0.17%
Totals	<u>100%</u>	<u>5.28%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>8.03%</u>

The discount rate used to measure the total pension liability was 7.20%. 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 7.20%, 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 6.20% or one percentage point higher 8.20% than the current rate.

	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	<u>6.20%</u>	<u>7.20%</u>	<u>8.20%</u>
Net Pension Liability	\$1,555,416	\$1,106,839	\$ 730,501

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2019 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, 3018. 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, 2019, consisted of the following:

	Transfer To	Transfer From	Net
Governmental Funds:			
General Fund	\$	\$(12,400)	\$(12,400)
		(12,400)	(12,400)
Enterprise Funds:			
Sewer	12,400		12,400
	12,400		12,400
	\$ 12,400	\$(12,400)	\$

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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(14) Other Postemployment Benefits

The Town provides no other postemployment benefits to its employees

(15) Interfund Balances

Interfund balances at June 30, 2019 consisted of the following:

	<u>Due From Other Fund</u>	<u>Due To Other Fund</u>	<u>Net</u>
Governmental Funds			
General Fund	\$ 74,918	\$ _____	\$ 74,918
Total Governmental Funds	<u>74,918</u>	<u>_____</u>	<u>74,918</u>
Enterprise Funds:			
Water	22,122	(13,093)	9,029
Sewer	<u>_____</u>	<u>(83,947)</u>	<u>(83,947)</u>
Total Enterprise Funds	<u>22,122</u>	<u>(97,040)</u>	<u>(74,918)</u>
 Total	 <u>\$ 97,040</u>	 <u>\$(97,040)</u>	 <u>\$ _____</u>

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) 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

(17) Subsequent Events

Subsequent events have been evaluated through December 16, 2019, 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, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 250,000	\$ 250,000	\$ 255,807	\$ 5,807
Franchise taxes	145,000	145,000	166,661	21,661
Licenses and permits	111,000	111,000	161,256	50,256
Gaming taxes	275,000	275,000	326,412	51,412
Intergovernmental revenues			6,441	6,441
Fines and forfeitures	200,000	200,000	283,436	83,436
Investment earnings	3,500	3,500	31,284	27,784
Miscellaneous	22,500	22,500	88,483	65,983
Total revenues	<u>1,007,000</u>	<u>1,007,000</u>	<u>1,319,780</u>	<u>312,780</u>
Expenditures:				
Current				
General government	513,900	513,900	493,715	20,185
Public safety	930,400	930,400	962,656	(32,256)
Capital outlay		500,000	67,817	432,183
Total expenditures	<u>1,444,300</u>	<u>1,944,300</u>	<u>1,524,188</u>	<u>420,112</u>
Excess (deficiency) of revenues over expenditures	(437,300)	(937,300)	(204,408)	732,892
Other financing sources (uses):				
Transfers in	447,500	447,500	577,412	129,912
Transfers out			(12,400)	(12,400)
Total other financing sources (uses)	<u>447,500</u>	<u>447,500</u>	<u>565,012</u>	<u>117,512</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	10,200	(489,800)	360,604	850,404
Fund balances at beginning of year	<u>585,304</u>	<u>585,304</u>	<u>2,398,137</u>	<u>1,812,833</u>
Fund balances at end of year	<u>\$ 595,504</u>	<u>\$ 95,504</u>	<u>\$ 2,758,741</u>	<u>\$ 2,663,237</u>

See accompanying note to the required supplementary schedule

Town of Greenwood
Greenwood, Louisiana
Notes to Required Supplementary Information
June 30, 2019

The Town's budget is adopted on a cash basis for all funds. There was one amendment to the 2019 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.

	General Fund
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 360,604
Adjustments:	
Revenue accruals – net	(33,182)
Expenditure accruals – net	2,234
Revenues, transfers, and Other financing sources:	
Sales Tax	606,726
Expenditures, transfers, and Other financing uses	
Sales Tax	<u>(577,412)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP) basis	<u>\$ 358,970</u>

Town of Greenwood
Greenwood, Louisiana
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2019

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
2019	0.13092%	\$ 1,106,839	\$ 386,373	286.47%	71.89%
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, 2019

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
2019	\$ 123,179	\$ 123,179		\$ 381,670	32.27%
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, 2019

Mayor - Frank Stawasz, Salary and Allowance	\$ 30,000
Alderman:	
Josephine Robinson	3,000
Reggie Ilgenfritz	3,000
Jodi Larsen	3,000
Bradley Edwardes	3,000
Tom Newsom	3,000
	<hr/>
	\$ 45,000
	<hr/> <hr/>

Town of Greenwood
Greenwood, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2019

Agency Head: Frank Stawasz, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 30,000
Per Diem	659
Conference travel	829

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CERTIFIED PUBLIC ACCOUNTANTS

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, 2019, 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 16, 2019.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying summary schedule of current year audit findings as item 2019-001, that we consider to be a significant deficiency.

Compliance and Other Matters

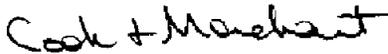
As part of obtaining reasonable assurance about whether Town of Greenwood's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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 2019-002.

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 16, 2019

Town of Greenwood
Greenwood, Louisiana
Summary Schedule of Prior Audit Findings for the Louisiana Legislative Auditor
June 30, 2019

There were two findings for the prior year audit for the year ended June 30, 2018, as described below

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.

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

Current Status: No finding in current year audit.

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.

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.

Current Status: See significant deficiency in current year audit.

Town of Greenwood
Greenwood, Louisiana
Summary Schedule of Current Year Audit Findings for the Louisiana Legislative Auditor
June 30, 2019

There are two findings for the current year audit for the year ended June 30, 2019, as follows.

2019-001 – Accounts Receivable

Condition – Significant Deficiency: 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 consistently and 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 adequate 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 consistently and properly prepared so that potential misstatements in the balances on the general ledgers would be detected.

Effect: Without adequate 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.

Recommendation: We recommend that the Town's controls for monitoring accounts receivable balances be properly followed, including ensuring that balances per the general ledger are in agreement with the subsidiary ledger. 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 will strengthen its controls 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.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Summary Schedule of Current Year Audit Findings for the Louisiana Legislative Auditor
June 30, 2019
(Continued)

2019-002 – Budget Adoption

Finding: The availability of the budget for fiscal year ending June 30, 2019, was not published at least ten days prior to the date of the public hearing.

Criteria: The Local Government Budget Act requires municipalities to publish notice of the budget's availability for public inspection at least ten days prior to the first public hearing.

Cause: The advertisement was published one day prior to the public hearing.

Effect: The Town was not in compliance with the Local Government Budget Act.

Recommendation: We recommend that the Town comply with the Local Government Budget Act, including properly publishing notice of the budget's availability for public inspection at least ten days prior to the first public hearing.

Management's Response: The Town comply with the Local Government Budget Act, including properly publishing notice of the budget's availability for public inspection at least ten days prior to the first public hearing.

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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 (Town), and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures Year 3 (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Town of Greenwood's (Town) 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

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collection for each type of revenue or agency fund additions.
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statutes 42 1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) Continuing disclosures/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The Town provided written policies and procedures addressing all of the above.

Board (or Finance Committee, if applicable)

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to no exceptions being noted in prior year

Bank Reconciliations

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to no exceptions being noted in prior year

Collections (excluding EFTs)

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.
Employees do not share cash drawers
- 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 above.

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, 2018 through June 30, 2019, 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, 2018 through June 30, 2019, due to no exceptions being noted in prior year

Contracts

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to no exceptions being noted in prior year

Payroll and Personnel

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to no exceptions being noted in prior year.

Ethics (excluding nonprofits)

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to no exceptions being noted in prior year.

Debt Service (excluding nonprofits)

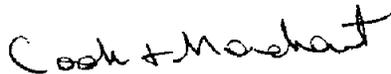
Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to the Court does not have any outstanding debt

Other

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, 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 16, 2019