

**Town of Greenwood
Greenwood, Louisiana
Financial Statements with Auditors' Report
As of and For the Year Ended June 30, 2023**

Town of Greenwood
Greenwood, Louisiana

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1 – 3
Required Supplementary Information: Management's Discussion and Analysis	4 – 10
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	11
Statement of Activities	12
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Fund	13
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund to the Statement of Activities	16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Notes to the Financial Statements	20 – 43
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	44
Notes to Required Supplementary Information	45
Schedule of Proportionate Share of Net Pension Liability	46
Schedule of Contributions	47

Town of Greenwood
Greenwood, Louisiana

Table of Contents
(Continued)

	<u>Page No.</u>
Other Supplementary Information:	
Schedule of Compensation Paid to Board Members For the Year Ended June 30, 2023	48
Schedule of Compensation, Benefits, and Other Payments to Agency Head	49
Schedule of Revenues and Expenditures LCDBG Contract	50
Justice System Funding Schedule – Collecting/Disbursing Schedule	51
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	 52 – 53
Schedules For Louisiana Legislative Auditor	
Summary Schedule of Prior Year Audit Findings	54
Summary Schedule of Current Year Audit Findings	54

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Independent Auditors' Report

The Honorable Bradley Edwardes, Mayor
and Members of the Town Council
Town of Greenwood
Greenwood, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Greenwood, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Greenwood's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Greenwood and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Greenwood's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Greenwood's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Greenwood's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 4-10, budgetary comparison information on pages 44-45, the Schedule of Proportionate Share of Net Pension Liability on page 46, and the Schedule of Contributions on page 47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 other supplementary information schedules listed in the table of contents and shown on pages 48 - 50 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. As disclosed in Note 1 to the financial statements, the Town of Greenwood prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The other supplementary information schedule, Justice System Funding Schedule, shown on page 51, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. This schedule is presented to satisfy the requirements of Act 87 of the 2020 Regular Legislative Session (R.S. 24:515.2) and must be presented on the cash basis of accounting which differs significantly from those principles used to present financial statements in accordance with GAAS. Such 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. The 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 GAAS. In our opinion the Justice System Funding Schedule, shown on page 51, is fairly stated in all material respects, in relation to the 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 27, 2023, 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 27, 2023

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, 2023. Please read it in conjunction with the Town's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- The Town of Greenwood's net position of our governmental activities increased by \$582,115 or 12%.
- The Town of Greenwood's net position of our business-type activities decreased by \$429,204 or 8%.
- In the Town's governmental activities, total general and program revenues were \$3,077,895 in 2023 compared to \$3,029,423 in 2022. Total expenses, excluding depreciation, totaled \$2,355,817 for the year ended June 30, 2023 compared to \$1,866,608 for 2022.
- In the Town's business-type activities, revenues increased by \$54,934 in 2023, due to an increase in charges for services.

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 11 and 12) 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 13. 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 11. 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/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 13. The fund financial statements begin on page 13 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 \$10,259,461, to \$10,412,372. 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 6,737,157	\$ 5,773,193	\$ 456,192	\$ 798,043	\$ 7,193,349	\$ 6,571,236
Capital assets	1,032,689	767,587	7,655,273	7,933,909	8,687,962	8,701,496
Total Assets	<u>7,769,846</u>	<u>6,540,780</u>	<u>8,111,465</u>	<u>8,731,952</u>	<u>15,881,311</u>	<u>15,272,732</u>
Deferred outflows of resources						
Pension related	595,517	321,686			595,517	321,686
Current liabilities	58,639	63,001	88,601	89,714	147,240	152,715
Payable from restricted assets:						
Customer deposits			157,781	162,951	157,781	162,951
Unearned Revenue	1,057,338	542,016			1,057,338	542,016
Long-term liabilities	1,595,126	786,213	3,071,000	3,256,000	4,666,126	4,042,213
Total Liabilities	<u>2,711,103</u>	<u>1,391,230</u>	<u>3,317,382</u>	<u>3,508,665</u>	<u>6,028,485</u>	<u>4,899,895</u>
Deferred inflows of resources						
Pension related	35,971	435,062			35,971	435,062
Net Position						
Net investment in capital assets	1,032,689	767,587	4,545,963	4,677,909	5,578,652	5,445,496
Restricted			298,045	294,955	298,045	294,955
Unrestricted	4,585,600	4,268,587	(49,925)	250,423	4,535,675	4,519,010
Total Net Position	<u>\$ 5,618,289</u>	<u>\$ 5,036,174</u>	<u>\$ 4,794,083</u>	<u>\$ 5,223,287</u>	<u>\$ 10,412,372</u>	<u>\$ 10,259,461</u>

Net position of the Town of Greenwood's governmental activities increased by \$582,115 or 12%. Net position of the Town of Greenwood's business-type activities decreased by \$429,204 or 8%.

Table 2
Change in Net Assets

The Town's total revenues increased by 2% or \$103,406. The total cost of all programs and services increased 25% or \$944,783. Our analysis below separately considers the operations of the governmental and business-type activities.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	473,859	550,789	1,649,774	1,570,416	2,123,633	2,121,205
Operating grants and contributions						
contributions	137,230	269,785			137,230	269,785
Capital grants and contributions						
contributions	264,070	145,212	186,681	211,574	450,751	356,786
General Revenues						
Ad valorem taxes	280,783	274,843			280,783	274,843
Sales taxes	1,099,941	935,995			1,099,941	935,995
Franchise taxes	221,093	206,759			221,093	206,759
Gaming taxes	487,719	487,312			487,719	487,312
Investment earnings	36,138	27,658	684	215	36,822	27,873
Insurance proceeds		25,000				25,000
Miscellaneous	77,062	106,070			77,062	106,070
Total revenues	<u>3,077,895</u>	<u>3,029,423</u>	<u>1,837,139</u>	<u>1,782,205</u>	<u>4,915,034</u>	<u>4,811,628</u>
Expenses						
General government	1,121,769	851,782			1,121,769	851,782
Public safety	1,318,776	1,093,541			1,318,776	1,093,541
Utility			2,321,578	1,872,017	2,321,578	1,872,017
Total expenses	<u>2,440,545</u>	<u>1,945,323</u>	<u>2,321,578</u>	<u>1,872,017</u>	<u>4,762,123</u>	<u>3,817,340</u>
Transfers	<u>(55,235)</u>	<u>(60,487)</u>	<u>55,235</u>	<u>60,487</u>		
Increase (decrease) in net position	<u>\$ 582,115</u>	<u>\$ 1,023,613</u>	<u>\$ (429,204)</u>	<u>\$ (29,325)</u>	<u>\$ 152,911</u>	<u>\$ 994,288</u>

Governmental Activities

Total revenues for the governmental activities increased \$48,472 from total revenues in the year ended June 30, 2022 of \$3,029,423 to total revenues of \$3,077,895 in the year ended June 30, 2023.

The cost of all governmental activities this year was \$2,440,545. These costs were covered by \$875,159 of program revenues, with the remaining costs covered by gaming taxes, sales taxes, and other general revenues.

Business-type Activities

Total revenues for the business-type activities increased \$54,934 or 3% from total revenues in the year ended June 30, 2022 of \$1,782,205 to total revenues of \$1,837,139 in the year ended June 30, 2023. The increase is due primarily to an increase in charges for services from prior year.

The cost of all business-type activities this year was \$2,321,578. These costs were covered in part by \$1,836,455 of program revenues, consisting of charges for services assessed to users.

THE TOWN'S FUNDS

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a *combined* fund balance of \$5,584,289, which is higher than last year's fund balance of \$5,138,599. Revenues for the governmental funds increased \$71,338 from the June 30, 2022 year to the June 30, 2023 year, while expenses decreased \$329,315 or 15% from total expenses in the year ended June 30, 2022 of \$2,213,615 to total expenses of \$2,542,930 in the year ended June 30, 2023.

General Fund Budgetary Highlights

The Town adopted a budget for its General Fund for the year ended June 30, 2023. 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 44. Highlights for the year are as follows:

- Actual revenues exceeded budgeted amounts by approximately \$1,081,764.
- Actual expenditures were more than budgeted amounts by approximately \$86,793.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023 and 2022, the Town of Greenwood had invested \$8,687,962 and \$8,701,496, respectively in capital assets. (see table 3 below)

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 222,936	\$ 222,936	\$ 200,381	\$ 200,381	\$ 423,317	\$ 423,317
Construction in progress	200,000	77,375	47,970	288,004	247,970	365,379
Building and improvements	410,395	342,967	5,741	14,360	416,136	357,327
Furniture and equipment	2,393	4,085	14,021	20,001	16,414	24,086
Vehicles	196,965	120,224	8,019	12,181	204,984	132,405
Sewer system			1,401,202	1,046,944	1,401,202	1,046,944
Water system			5,977,939	6,352,038	5,977,939	6,352,038
Total	<u>\$ 1,032,689</u>	<u>\$ 767,587</u>	<u>\$ 7,655,273</u>	<u>\$ 7,933,909</u>	<u>\$ 8,687,962</u>	<u>\$ 8,701,496</u>
Major additions included:						
Water and sewer system	\$	\$	\$ 232,118	\$ 22,553	\$ 232,118	\$ 22,553
Construction in progress	200,000	77,375	47,970	284,431	247,970	361,806
Building and improvements	36,680	160,077			36,680	160,077
Vehicles and equipment	113,150	47,095			113,150	47,095
Total	<u>\$ 349,830</u>	<u>\$ 284,547</u>	<u>\$ 280,088</u>	<u>\$ 306,984</u>	<u>\$ 629,918</u>	<u>\$ 591,531</u>

More detailed information about the capital assets are presented in Note 12 to the financial statements.

Debt

At year-end, the Town had \$4,635,136 in bonds, notes, and other long-term liabilities outstanding, versus \$4,017,063 last year – a increase of 15%.

Table 4
Outstanding Debt At Year End

	Governmental Activities		Business-Type Activity		Totals	
	2023	2022	2023	2022	2023	2022
Net pension liability	\$ 1,564,136	\$ 761,063	\$	\$	\$ 1,564,136	\$ 761,063
Water revenue bonds			3,071,000	3,256,000	3,071,000	3,256,000
	<u>\$ 1,564,136</u>	<u>\$ 761,063</u>	<u>\$ 3,071,000</u>	<u>\$ 3,256,000</u>	<u>\$ 4,635,136</u>	<u>\$ 4,017,063</u>

More detailed information about the debt is presented in Note 13 to the financial statements.

Included in long-term liabilities is net pension liability of \$1,564,136 on the statement of net position for governmental activities at June 30, 2023. Additional information about the Town's net pension liability is presented in note 14 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, 2024 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, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,212,136	\$ 125,935	\$ 4,338,071
Investments	1,909,010		1,909,010
Receivables	196,083	220,577	416,660
Prepaid expenses	36,891	36,891	73,782
Internal balances	383,037	(383,037)	
Restricted cash and cash equivalents		455,826	455,826
Capital assets not being depreciated	422,936	248,351	671,287
Depreciable capital assets, net	609,753	7,406,922	8,016,675
Total assets	7,769,846	8,111,465	15,881,311
Deferred Outflows of Resources			
Pension related	595,517		595,517
Liabilities			
Accounts payable and accrued expenses	58,639	88,601	147,240
Unearned revenue	1,057,338		1,057,338
Payable from restricted assets:			
Customer deposits		157,781	157,781
Non-current liabilities:			
Due within one year	29,522	191,000	220,522
Due in more than one year	1,565,604	2,880,000	4,445,604
Total liabilities	2,711,103	3,317,382	6,028,485
Deferred Inflows of Resources			
Pension related	35,971		35,971
Net Position			
Net investment in capital assets	1,032,689	4,545,963	5,578,652
Restricted for:			
Debt service		298,045	298,045
Unrestricted	4,585,600	(49,925)	4,535,675
Total net position	\$ 5,618,289	\$ 4,794,083	\$ 10,412,372

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Statement of Activities
For the Year Ended June 30, 2023

	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	\$ 1,121,769	\$ 174,788	\$ 264,070	\$ 22,576	\$ (660,335)		\$ (660,335)
Public safety	1,318,776	299,071		114,654	(905,051)		(905,051)
Total governmental activities	<u>2,440,545</u>	<u>473,859</u>	<u>264,070</u>	<u>137,230</u>	<u>(1,565,386)</u>		<u>(1,565,386)</u>
Business-type Activities							
Utility	2,321,578	1,649,774	186,681			(485,123)	(485,123)
Total business-type activities	<u>2,321,578</u>	<u>1,649,774</u>	<u>186,681</u>			<u>(485,123)</u>	<u>(485,123)</u>
Total Government	<u>\$ 4,762,123</u>	<u>\$ 2,123,633</u>	<u>\$ 450,751</u>	<u>\$ 137,230</u>	<u>(1,565,386)</u>	<u>(485,123)</u>	<u>(2,050,509)</u>
General revenues:							
Ad valorem taxes					280,783		280,783
Sales taxes					1,099,941		1,099,941
Franchise taxes					221,093		221,093
Gaming taxes					487,719		487,719
Investment earnings					36,138	684	36,822
Miscellaneous					77,062		77,062
Transfers					(55,235)	55,235	
Total general revenues and transfers					<u>2,147,501</u>	<u>55,919</u>	<u>2,203,420</u>
Change in net position					582,115	(429,204)	152,911
Net position - beginning					5,036,174	5,223,287	10,259,461
Net position - ending					<u>\$ 5,618,289</u>	<u>\$ 4,794,083</u>	<u>\$ 10,412,372</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Balance Sheet
Governmental Fund
June 30, 2023

	General Fund
Assets	
Cash and cash equivalents	\$ 4,212,136
Investments	1,909,010
Receivables	196,083
Due from other funds	383,037
Total assets	\$ 6,700,266
Liabilities and Fund Balances	
Liabilities:	
Accounts payable and accrued expenses	\$ 58,639
Unearned revenue	1,057,338
Total liabilities	1,115,977
Fund balances:	
Assigned	
Capital projects	2,108,466
Unassigned	
Total fund balances	3,475,823
Total liabilities and fund balances	\$ 6,700,266

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, 2023

Fund balances - total governmental fund	\$	5,584,289
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		1,032,689
<p>The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.</p>		36,891
<p>Other long-term assets and other amounts are not available to pay for current-period expenditures and therefore are unavailable in the funds.</p>		
Deferred outflows - pension related		595,517
<p>Long-term liabilities and other amounts are not due and payable in the current period and therefore are not reported in the funds.</p>		
Compensated absences		(30,990)
Net pension liability		(1,564,136)
Deferred inflows - pension related		(35,971)
		(35,971)
Net position of governmental activities	\$	5,618,289

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, 2023

	General Fund
Revenues:	
Ad valorem taxes	\$ 280,783
Sales tax	1,099,941
Franchise taxes	221,093
Licenses and permits	174,788
Gaming taxes	487,719
Intergovernmental revenues	367,260
Fines and forfeitures	299,071
Investment earnings	36,138
Miscellaneous	77,062
Total revenues	3,043,855
Expenditures:	
Current:	
General government	1,070,912
Public safety	1,122,188
Capital outlay	349,830
Total expenditures	2,542,930
Excess (deficiency) of revenues over expenditures	500,925
Other financing sources (uses):	
Transfers out	(55,235)
Total other financing sources (uses)	(55,235)
Net change in fund balance	445,690
Fund balances at beginning of year	5,138,599
Fund balances at end of year	\$ 5,584,289

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, 2023

Net change in fund balances - total governmental fund \$ 445,690

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$349,830) exceeded depreciation (\$84,728) in the current period. 265,102

The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources. 7,314

Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the statement of activities.

Non-employer contributions to cost-sharing pension plan 34,040

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Pension expense (164,191)
Accrued leave (5,840)

Change in net position of governmental activities \$ 582,115

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Statement of Net Position
Proprietary Funds
June 30, 2023

	<u>Business-Type Activities- Enterprise Funds</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 125,935
Restricted cash and cash equivalents	157,781
Accounts receivable	220,577
Prepaid expenses	36,891
Total current assets	<u>541,184</u>
Noncurrent assets:	
Restricted cash and cash equivalents	298,045
Capital assets:	
Land	200,381
Construction in progress	47,970
Plant and equipment	18,465,069
Less: accumulated depreciation	<u>(11,058,147)</u>
Total noncurrent assets	<u>7,953,318</u>
Total assets	<u><u>\$ 8,494,502</u></u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 62,617
Accrued expenses	10,885
Due to other funds	383,037
Payable from restricted assets:	
Revenue bonds	191,000
Accrued interest	15,099
Customer deposits	157,781
Total current liabilities	<u>820,419</u>
Noncurrent liabilities:	
Revenue bonds	<u>2,880,000</u>
Total noncurrent liabilities	<u>2,880,000</u>
Total liabilities	<u>3,700,419</u>
Net position	
Net investment in capital assets	4,545,963
Restricted for debt service	298,045
Unrestricted	<u>(49,925)</u>
Total net position	<u>4,794,083</u>
Total liabilities and net position	<u><u>\$ 8,494,502</u></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, 2023

	<u>Business-Type Activities- Enterprise Funds</u>
Operating revenues:	
Charges for service -	
Water sales	\$ 1,178,505
Sewerage service charges	465,372
Other charges and fees	5,897
Total operating revenues	<u>1,649,774</u>
Operating expenses:	
Water department expenses	1,149,504
Sewer department expenses	505,119
Depreciation	558,724
Total operating expenses	<u>2,213,347</u>
Operating income (loss)	<u>(563,573)</u>
Non-operating revenues (expenses):	
Interest income	684
Interest expense	(108,231)
Total non-operating revenues (expenses)	<u>(107,547)</u>
Net income (loss) before transfers and contributions	(671,120)
Capital contributions	186,681
Transfers in	55,235
Total transfers and contributions	<u>241,916</u>
Change in net position	(429,204)
Net position - beginning of year	<u>5,223,287</u>
Net position - end of year	<u>\$ 4,794,083</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, 2023

	<u>Business-Type Activities- Enterprise Funds</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 1,672,035
Cash payments to suppliers for goods and services	(1,353,057)
Cash payments to employees for services	(305,451)
Net Cash From Operating Activities	<u>13,527</u>
Cash Flows from Noncapital Financing Activities:	
Interfund loans	226,440
Transfers from other funds	55,235
Net Cash From Noncapital Financing Activities	<u>281,675</u>
Cash Flows From Capital and Related Financing Activities	
Capital contributions	210,812
Acquisition/construction of capital assets	(286,139)
Principal paid on capital debt	(185,000)
Interest paid on capital debt	(109,141)
Net Cash (Used) by Capital and Related Financing Activities	<u>(369,468)</u>
Cash Flow From Investing Activities	
Interest income	684
Net Cash From Investing Activities	<u>684</u>
Net decrease in cash and cash equivalents	(73,582)
Cash, Beginning of year	<u>655,343</u>
Cash, End of year	<u>\$ 581,761</u>
Cash and cash equivalents are reflected on the Statement of Net Position as follows:	
Cash and cash equivalents	\$ 125,935
Cash and cash equivalents - restricted - customer deposits	157,781
Cash and cash equivalents - restricted - debt service	298,045
Total	<u>\$ 581,761</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By/(Used In) Operating Activities	
Operating income (loss)	\$ (563,573)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities	
Depreciation expense	558,724
Accounts receivable	17,091
Prepaid expenses	7,315
Accounts payable	(3,354)
Accrued expenses	2,494
Customer deposits	(5,170)
Net Cash Flows From Operating Activities	<u>\$ 13,527</u>
Noncash Capital Financing Activities:	
Acquisition of property	
Acquisition/construction of capital assets	\$ 280,088
Vendor payable for property and equipment	6,051
Cash used to acquire/construct capital assets	<u>\$ 286,139</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2023

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 criterion 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, 2023
(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, 2023
(Continued)

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

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

C. Basic Financial Statements – Fund Financial Statements

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

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

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

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

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2023
(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.

Enterprise fund-water/sewer – accounts for the provision of water and 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, 2023
(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. Capital assets, other than land, are depreciated using the straight-line method over the following 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, 2023
(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 standards which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 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, 2023
(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, 2023
(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 Enterprise fund-water/sewer fund is shown net of an allowance of \$104,778.

Q. 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.

R. 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, 2023
(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.

S. 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.

T. Pension Plan

The Town is a participating employer in a cost-sharing, multiple-employer, defined benefit pension plan as described in Note 14. 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.

U. 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, 2023
(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 29% 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, 2023, the Town has cash and cash equivalents (book balances) totaling \$4,793,897 of which \$455,826 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, 2023, the Town has investments totaling \$1,909,010, as follows:

Certificates of deposit	<u>\$ 1,909,010</u>
-------------------------	---------------------

The investments are presented in the financial statements at fair value using level 2 fair value measure. Investments at June 30, 2023, 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, 2023, \$5,962,676 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	\$ 4,553,364
Investments	<u>1,409,312</u>
	<u>\$ 5,962,676</u>

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

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, 2023:

Class of Receivable		
Governmental activities –		
Sales taxes	\$	80,793
Gaming taxes		64,433
License and permits		6,626
Franchise fees		43,751
Other		480
Total governmental activities	\$	196,083
Business-type activities –		
Water and sewer charges	\$	207,704
Grant receivable		12,873
Total business-type activities	\$	220,577

(5) Restricted Assets – Proprietary Fund Type

Restricted assets were applicable to the following at June 30, 2023:

	Enterprise Fund
Cash:	
Customer deposits	\$ 157,781
Debt service	298,045
	\$ 455,826

(6) Customers' Deposits

Deposits held for customers that are currently active on the water and sewer systems total \$157,781 at June 30, 2023.

(7) Commitments

As of June 30, 2023, the Town of Greenwood has commitments for signed construction, engineering, and other contracts of approximately \$270,000. As of June 30, 2023, approximately \$47,970 had been incurred on those contracts, and the balance remaining in those contracts was approximately \$222,030, which will be incurred subsequent to June 30, 2023.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2023 consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 12,282	\$ 62,617	\$ 74,899
Compensated absences	1,759	7,464	9,223
Salaries and benefits	<u>44,598</u>	<u>3,421</u>	<u>48,019</u>
Total – fund statements	58,639	73,502	132,141
Accrued interest	<u> </u>	<u>15,099</u>	<u>15,099</u>
Total – government-wide Statements	<u>\$ 58,639</u>	<u>\$ 88,601</u>	<u>\$ 147,240</u>

(9) Interfund Transfers

Interfund transfers for the year ended June 30, 2023, consisted of the following:

	<u>Transfer To</u>	<u>Transfer From</u>	<u>Net</u>
Governmental Funds:			
General Fund	<u>\$</u>	<u>\$(55,235)</u>	<u>\$(55,235)</u>
		<u>(55,235)</u>	<u>(55,235)</u>
Enterprise Funds:			
Enterprise fund	<u>55,235</u>	<u> </u>	<u>55,235</u>
	<u>55,235</u>	<u> </u>	<u>55,235</u>
	<u>\$ 55,235</u>	<u>\$(55,235)</u>	<u>\$</u>

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

(10) On-Behalf Payments

The Town received a total of \$71,766 in police supplemental pay from the State of Louisiana. The Town recognizes this supplemental pay received by the employees as revenues and expenditures of the Town. The revenue is reported in the General Fund under intergovernmental revenues and the expenditure is reported as public safety expenditures.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to the Financial Statements
June 30, 2023
(Continued)

(11) Litigation and Claims

At June 30, 2023, the Town is involved in two lawsuits, of which the outcome is not presently determinable. In the opinion of legal counsel for the Town, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

(12) Capital Assets

	Balance at July 1, 2022	Additions	Deletions	Transfers	Balance at June 30, 2023
Governmental Activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 77,375	\$ 200,000	\$	\$ (77,375)	\$ 200,000
Land	222,936				222,936
Total assets, not being depreciated	300,311	200,000		(77,375)	422,936
Capital assets, being depreciated:					
Buildings and improvements	1,103,382	36,680		77,375	1,217,437
Furniture and equipment	225,126				225,126
Vehicles	475,785	113,150			588,935
Playground - park	63,355				63,355
Total capital assets, being depreciated at historical cost	1,867,648	149,830		77,375	2,094,853
Less accumulated depreciation:					
Buildings and improvements	(760,415)	(46,627)			(807,042)
Furniture and equipment	(221,041)	(1,692)			(222,733)
Vehicles	(355,561)	(36,409)			(391,970)
Playground - park	(63,355)				(63,355)
Total accumulated depreciation	(1,400,372)	(84,728)			(1,485,100)
Total capital assets, being depreciated, net	467,276	65,102		77,375	609,753
Governmental activities capital assets, net	\$ 767,587	\$ 265,102	\$	\$	\$ 1,032,689

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to the Financial Statements
June 30, 2023
(Continued)

	Balance at July 1, 2022	Additions	Deletions	Transfers	Balance at June 30, 2023
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 200,381	\$	\$	\$	\$ 200,381
Construction in progress	288,004	47,970		(288,004)	47,970
Total assets, not being depreciated	<u>488,385</u>	<u>47,970</u>		<u>(288,004)</u>	<u>248,351</u>
Capital assets, being depreciated:					
Sewer system	5,121,082	194,248		288,004	5,603,334
Water system	12,396,062	37,870			12,433,932
Furniture and equipment	170,928				170,928
Buildings	137,046				137,046
Vehicles	119,829				119,829
Total capital assets, being depreciated at historical cost	<u>17,944,947</u>	<u>232,118</u>		<u>288,004</u>	<u>18,465,069</u>
Less accumulated depreciation:					
Sewer system	(4,074,138)	(127,994)			(4,202,132)
Water system	(6,044,024)	(411,969)			(6,455,993)
Furniture and equipment	(150,927)	(5,980)			(156,907)
Buildings	(122,686)	(8,619)			(131,305)
Vehicles	(107,648)	(4,162)			(111,810)
Total accumulated depreciation	<u>(10,499,423)</u>	<u>(558,724)</u>			<u>(11,058,147)</u>
Total capital assets, being depreciated, net	<u>7,445,524</u>	<u>(326,606)</u>		<u>288,004</u>	<u>7,406,922</u>
Business-type activities capital assets, net	<u>\$ 7,933,909</u>	<u>\$ (278,636)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 7,655,273</u>

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

	Governmental Activities	Business -type Activities	Total
Public Safety	\$ 32,645	\$	\$ 32,645
General Government	52,083		52,083
Water		426,568	426,568
Sewer		132,156	132,156
	<u>\$ 84,728</u>	<u>\$ 558,724</u>	<u>\$ 643,452</u>

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

(13) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023, 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	\$ 761,063	\$ 803,073	\$	\$ 1,564,136	\$
Compensated absences	<u>27,278</u>	<u>5,471</u>	<u> </u>	<u>32,749</u>	<u>31,281</u>
	<u>\$ 788,341</u>	<u>\$ 808,544</u>	<u>\$</u>	1,596,885	
Less current portion				<u>(1,759)</u>	<u>(1,759)</u>
Total long-term liabilities, governmental activities				<u>\$ 1,595,126</u>	<u>\$ 29,522</u>
Business-type activities:					
Direct borrowings and direct placements:					
Water Revenue Bonds Series 2014	\$ 3,256,000	\$	\$ (185,000)	\$ 3,071,000	\$ 191,000
Other long-term liabilities Compensated Absences	<u>5,179</u>	<u>2,285</u>	<u> </u>	<u>7,464</u>	<u>7,464</u>
	<u>\$ 3,261,179</u>	<u>\$ 2,285</u>	<u>\$ (185,000)</u>	3,078,464	198,464
Less current portion				<u>(7,464)</u>	<u>(7,464)</u>
Total long term liabilities, business-type activities				<u>\$ 3,071,000</u>	<u>\$ 191,000</u>

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2023
(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.

\$ 3,071,000

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, 2023 totaled \$5,250,000, with \$1,125,000 forgiven and \$1,054,000 paid, leaving an outstanding balance at June 30, 2023 of \$3,071,000.

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>
2024	\$ 191,000	\$ 87,777
2025	198,000	82,039
2026	205,000	76,095
2027	212,000	69,945
2028	219,000	63,587
2029-2033	1,213,000	214,834
2034-2036	833,000	37,421
	<u>\$ 3,071,000</u>	<u>\$ 631,698</u>

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

(14) Pension Plan

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.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2023
(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 statutes, 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.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

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, 2023, total contributions due from employers and employees was 39.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 39.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 37.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 32.25% and 7.5%, respectively. The Town contributions to the System for the years ended June 30, 2023, 2022, and 2021 were \$147,245, \$141,449, and \$146,629, respectively. Included in contributions for the year ended June 30, 2023, are contributions for the month of June 2023 in the amount of \$10,609, which were paid in July 2023.

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 \$34,040 are recognized as revenue during the year ended June 30, 2023, 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, 2023, the Town reported a liability of \$1,564,136 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, as compared to the total of all employers' contributions to the System for the year ended June 30, 2022. At June 30, 2022, the Town's proportion was .15302%, which was a decrease of .010246% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$312,117, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$(681).

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,714	\$ 12,748
Changes of assumptions	53,954	11,634
Net difference between projected and actual earnings on pension plan investments	279,247	
Changes in proportion and differences between employer contributions and proportionate share of contributions	107,357	11,589
Employer contributions subsequent to the measurement Date	147,245	
Total	\$ 595,517	\$ 35,971

The Town reported a total of \$147,245 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022, which will be recognized as a reduction in net pension liability in the year ended June 30, 2024.

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

Year	Amount
2024	\$ 138,007
2025	90,588
2026	37,162
2027	146,544
Total	\$ 412,301

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2022 valuation were based on the assumptions used in the June 30, 2022 actuarial funding valuation and were based on the results of an actuarial experience study for the period of July 1, 2014 through June 30, 2019. 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, 2022 are as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	6.750%, net of investment expense
Expected Remaining Service Lives	4 years
Inflation Rate	2.50%

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

	<u>Years of Service</u>	<u>Salary Growth Rate</u>
Salary increases, including inflation and merit	1-2 above 2	12.3% 4.70%
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p>	
Cost-of-Living Adjustments	<p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.</p>	

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period of July 1, 2014 through June 30, 2019, and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2022 are summarized in the following table:

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	55.50%	3.60%
Fixed income	30.50%	0.85%
Alternatives	14%	0.95%
Other	0%	0.00%
Totals	100%	5.40%
Inflation		2.66%
Expected Arithmetic Nominal Return		8.06%

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.75%, 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 5.75% or one percentage point higher 7.75% than the current rate.

	Changes in Discount Rate		
	1%	Current	1%
	Decrease	Discount	Increase
	5.75%	6.75%	7.75%
Net Pension Liability	\$2,189,491	\$1,564,136	\$1,041,758

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2023 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.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

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 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 amounts. 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, 2022. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.lia.la.gov.

(15) Other Postemployment Benefits

The Town provides no other postemployment benefits to its employees.

(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.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

(17) Interfund Balances

Interfund balances at June 30, 2023 consisted of the following:

	<u>Due From Other Fund</u>	<u>Due To Other Fund</u>	<u>Net</u>
Governmental Funds:			
General Fund	\$ 383,037	\$ _____	\$ 383,037
Total Governmental Funds	<u>383,037</u>	<u>_____</u>	<u>383,037</u>
Enterprise Funds:			
Enterprise fund	_____	(383,037)	(383,037)
Total Enterprise Funds	<u>_____</u>	<u>(383,037)</u>	<u>(383,037)</u>
Total	<u>\$ 383,037</u>	<u>\$ (383,037)</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.

(18) Subsequent Events

Subsequent events have been evaluated through December 27, 2023, the date the financial statements were available to be issued.

(19) Litigation

At June 30, 2023, the Town is involved in two lawsuits. In the opinion of legal counsel for the Town, the outcome of the lawsuits is not presently determinable.

Town of Greenwood
Greenwood, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budgeted		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 275,000	\$ 275,000	\$ 267,126	\$ (7,874)
Franchise taxes	160,000	160,000	224,602	64,602
Licenses and permits	126,000	126,000	196,572	70,572
Gaming taxes	350,000	350,000	489,146	139,146
Intergovernmental revenues	15,000	15,000	816,069	801,069
Fines and forfeitures	350,000	350,000	299,071	(50,929)
Investment earnings	12,000	12,000	22,616	10,616
Miscellaneous	22,500	22,500	77,062	54,562
Total revenues	<u>1,310,500</u>	<u>1,310,500</u>	<u>2,392,264</u>	<u>1,081,764</u>
Expenditures:				
Current:				
General government	710,500	710,500	1,333,764	(623,264)
Public safety	1,157,700	1,157,700	1,121,229	36,471
Capital outlay		500,000		500,000
Total expenditures	<u>1,868,200</u>	<u>2,368,200</u>	<u>2,454,993</u>	<u>(86,793)</u>
Excess (deficiency) of revenues over expenditures	(557,700)	(1,057,700)	(62,729)	994,971
Other financing sources (uses):				
Transfers in		850,000	1,746,587	896,587
Transfers out		(250,000)	(55,235)	194,765
Total other financing sources (uses)		<u>600,000</u>	<u>1,691,352</u>	<u>1,091,352</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(557,700)	(457,700)	1,628,623	2,086,323
Fund balances at beginning of year	110,204	1,158,504	4,125,787	2,967,283
Fund balances at end of year	<u>\$ (447,496)</u>	<u>\$ 700,804</u>	<u>\$ 5,754,410</u>	<u>\$ 5,053,606</u>

See accompanying note to the required supplementary schedule.

Town of Greenwood
Greenwood, Louisiana
Notes to Required Supplementary Information
June 30, 2023

The Town's budget is adopted on a cash basis for all funds. There was one amendment to the 2023 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)	\$ 1,628,623
Adjustments:	
Revenue accruals – net	(461,872)
Expenditure accruals – net	(76,947)
Revenues, transfers, and Other financing sources:	
Sales Tax	1,113,463
Expenditures, transfers, and Other financing uses:	
Sales Tax	<u>(1,757,577)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP) basis	<u>\$ 445,690</u>

Town of Greenwood
Greenwood, Louisiana
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2023

Municipal Police Employees' Retirement System

Year Ended June 30	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered-employee payroll	Proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.15302%	\$ 1,564,136	\$ 475,311	329.08%	70.80%
2022	0.14277%	761,063	435,575	174.73%	84.09%
2021	0.14550%	1,344,750	449,406	299.23%	70.94%
2020	0.12218%	1,109,944	381,670	290.81%	71.01%
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
For the Year Ended June 30, 2023

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
2023	\$ 147,245	\$ 147,245	\$	\$ 471,184	31.25%
2022	141,449	141,449		475,311	29.76%
2021	146,629	146,629		435,575	33.66%
2020	146,057	146,057		449,406	32.50%
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, 2023

Mayor - Frank Stawasz, Salary and Allowance (7/1/22 - 9/30/22)	\$ 8,215
Mayor - Bradley Edwardes, Salary and Allowance (10/1/22 - 6/30/23)	20,769
Alderman:	
Josephine Robinson	3,000
Justin Davis	3,000
Jodi Larsen	3,000
Bradley Edwardes (7/1/22 - 9/30/22)	1,000
TM Turk	1,750
Dickie Doughty	3,000
	<hr/>
	\$ 43,734
	<hr/> <hr/>

Town of Greenwood
Greenwood, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2023

Agency Head: Frank Stawasz, Mayor (7/1/22 - 9/30/2022)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 8,215

Agency Head: Bradley Edwardes, Mayor (10/1/22 - 6/30/23)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 20,769

Town of Greenwood
Greenwood, Louisiana
Schedule of Revenue and Expenditures
LCDBG Contract Number 2000630226
For the Year Ended June 30, 2023

Revenue:

LCDBG funds	<u>\$ 151,176</u>
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Expenditures:

Public works - streets:	
Construction	<u>151,176</u>

Total expenditures	<u>151,176</u>
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Excess revenue over (under) expenditures	<u><u>\$</u></u>
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Town of Greenwood
Greenwood, Louisiana
Other Supplementary Information
Justice System Funding Schedule
Collecting/Disbursing Schedule
As Required by Act 87 of the 2020 Regular Legislative Session
For the Year Ended June 30, 2023

Cash Basis Presentation	<u>July 2022 - December 2022</u>	<u>January 2023 - June 2023</u>
Beginning Balance of Amounts Collected (i.e. cash on hand)	<u>4,369</u>	<u>3,646</u>
Add: Collections		
Criminal Fines - Other	196,966	144,047
Subtotal Collections	<u>196,966</u>	<u>144,047</u>
Less: Disbursements to Governments and Nonprofits		
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund - Criminal Fines - Other	1,810	1,160
North Louisiana Criminalistics Laboratory Commission - Criminal Fines - Other	21,210	13,180
State of Louisiana Treasurer - CMIS - Criminal Fines - Other	2,439	1,485
Louisiana Supreme Court - Criminal Fines - Other	407	247
Louisiana Commission on Law Enforcement - Criminal Fines - Other	4	
Less: Amounts Retained by Collecting Agency		
Amounts Self-Disbursed to Collecting Agency - Criminal Fines - Other	171,819	128,560
Subtotal Disbursements/Retainage	<u>197,689</u>	<u>144,632</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u><u>3,646</u></u>	<u><u>3,061</u></u>
Ending Balance of "Partial Payments" Collected but not Disbursed	<u>-</u>	<u>-</u>

Other Information:

Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	<u>-</u>	<u>-</u>
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	<u>-</u>	<u>-</u>

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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 Auditors' Report

The Honorable Bradley Edwardes, 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 (*Government Auditing Standards*), 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, 2023, 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 27, 2023.

Report on 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) as a basis for designing 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 were not 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 2023-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

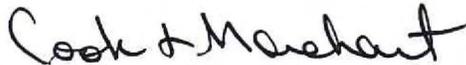
As part of obtaining reasonable assurance about whether the Town of Greenwood's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Greenwood's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Greenwood's response to the finding identified in our audit and described in the accompanying Summary Schedule of Current Year Audit Findings. The Town of Greenwood's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 27, 2023

Town of Greenwood
Greenwood, Louisiana
Summary Schedule of Prior Audit Findings for the Louisiana Legislative Auditor
June 30, 2023

There were no findings for the prior year audit for the year ended June 30, 2022.

Summary Schedule of Current Year Audit Findings for the Louisiana Legislative Auditor
June 30, 2023

There is one finding for the current year audit for the year ended June 30, 2023.

2023-001 – Accounts Receivable

Condition – Significant Deficiency: 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. In addition, although daily work for water and sewer receipts was being reviewed by someone independent of the collection process, such review was not being documented.

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. Controls should also be in place for ensuring that daily work is physically approved in writing by someone independent of the collection process.

Cause: Controls were 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. Controls were also not in place for ensuring that daily work was physically reviewed and approved in writing by someone independent of the collection process.

Effect: Without adequate controls in place for monitoring accounts receivable and for reviewing and physically approving daily work, 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 individual who reviews and approves daily work for water and sewer receipts physically document such review.

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 ensure that the individual responsible for reviewing daily work for water and sewer receipts physically documents such review on the daily work.

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Honorable Bradley Edwardes, Mayor
and Members of the Town Council
Town of Greenwood
Greenwood, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The Town of Greenwood's (Town) management is responsible for those C/C areas identified in the SAUPs.

The Town of Greenwood has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) *Written Policies and Procedures*

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- 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/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- 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) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology 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.
- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Procedures performed. Noted the following exception:

Exception: The policy for the prevention of sexual harassment does not include the training and reporting requirements.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Procedures performed. No exceptions noted.

3) **Bank Reconciliations**

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedures performed. Noted the following exceptions:

Exception: Two of the five bank reconciliations selected for testing were not prepared within two months of the related statement closing date.

Exception: Two of the five bank reconciliations selected for testing did not include written evidence that a member of management or a board member had reviewed the reconciliation.

4) **Collections (excluding electronic funds transfers)**

- A. 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).
- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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
 - i. Employees responsible for cash collections do not share cash drawers/registers;

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also 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; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. 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 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.
- Procedures performed. No exceptions noted.

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

- A. 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).
- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - I. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - II. At least two employees are involved in processing and approving payments to vendors;
 - III. 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;

- IV. 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; and
 - V. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A 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
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Procedures performed. No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of

the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Procedures performed. No exceptions noted.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedures performed. No exceptions noted.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Procedures performed. No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Procedures performed. No exceptions noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Procedures performed. No exceptions noted.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Procedures performed. No exceptions noted.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Management represented that there were no misappropriations of public funds or assets during the year.

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Procedures performed. No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Procedures performed. Noted the following exception:

Exception: The Town did not complete the annual sexual harassment report on or before the required date.

We were engaged by the Town of Greenwood to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of the Town of Greenwood and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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 27, 2023



TOWN OF GREENWOOD
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Brad Edwardes
MAYOR

Veronica Brown
TOWN CLERK

December 27, 2023

Cook & Morehart, CPAs
1215 Hawn Ave
Shreveport, LA 71107

Town of Greenwood submits the following response to the exceptions identified in the Statewide Agreed-Upon Procedures Report for the year ended June 30, 2023:

Exception: The Town's sexual harassment policy does not include annual employee training and annual reporting requirements.

Response: The Town will update its policy to include annual employee training and annual reporting requirements.

Exception: Two of the five bank reconciliations selected for testing were not prepared within two months of the related statement closing date.

Response: The Town will ensure that bank reconciliations are prepared within two months of the related statement closing date.

Exception: Two of the five bank reconciliations selected for testing did not include written evidence that a member of management or a board member had reviewed the reconciliation.

Response: The Town will ensure that bank reconciliations are approved by a member of management.

Exception: The Town did not complete the required sexual harassment report for the fiscal period.

Response: The Town will implement controls regarding completion of the annual report for sexual harassment.

Sincerely,

Bradley Edwardes
Mayor

Josephine Robinson
District #1

Justin Davis
District #2

Dickie Doughty
District #3

Toni Turk
District #4

Jodi Larsen
Alderman At Large

"Life is good in Greenwood"