

**Town of Greenwood
Greenwood, Louisiana
Financial Statements with Auditors' Report
As of and For the Year Ended June 30, 2013**

Town of Greenwood
Greenwood, Louisiana

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COOK & MOREHART

Certified Public Accountants

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

TRAVIS H. MOREHART, CPA
A EDWARD BALL, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Greenwood, Louisiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Greenwood, Louisiana, as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information


Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 – 9 and 36-37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Greenwood's basic financial statements. The accompanying other supplementary information listed in the table of contents and shown on page 38 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2014, 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 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 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
January 14, 2014

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, 2013. Please read it in conjunction with the Town's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- The Town of Greenwood's net position of our governmental activities increased by \$99,465 or 4%.
- The Town of Greenwood's net position of our business-type activities increased by \$92,796 or 2%.
- In the Town's governmental activities, total general and program revenues were \$1,603,659 in 2013 compared to \$1,615,447 in 2012. Total expenses, excluding depreciation, totaled \$1,561,901 for the year ended June 30, 2012 compared to \$1,311,684 for 2013.
- In the Town's business-type activities, revenues decreased by \$188,512 in 2013 due to decrease in capital grants, and expenses decreased by \$75,071.

USING THIS ANNUAL REPORT

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

Reporting the Town of Greenwood as a Whole

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

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

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

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

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

Reporting the Town's Most Significant Funds

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

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

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

THE TOWN OF GREENWOOD AS A WHOLE

The Town of Greenwood's combined net assets changed from a year ago, increasing from \$6,502,534 to \$6,694,795. A comparative analysis of the funds maintained by the Town of Greenwood is presented below.

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	1,584,836	1,572,701	553,596	814,323	2,138,432	2,387,024
Capital assets	859,713	858,487	4,458,456	4,581,057	5,318,169	5,439,544
Total assets	<u>2,444,549</u>	<u>2,431,188</u>	<u>5,012,052</u>	<u>5,395,380</u>	<u>7,456,601</u>	<u>7,826,568</u>
Current liabilities	72,899	165,138	265,654	671,778	338,553	836,916
Long-term liabilities	29,253	23,118	394,000	464,000	423,253	487,118
Total liabilities	<u>102,152</u>	<u>188,256</u>	<u>659,654</u>	<u>1,135,778</u>	<u>761,806</u>	<u>1,324,034</u>
Net position:						
Net investment						
in capital assets	859,713	858,487	3,994,456	3,705,057	4,854,169	4,563,544
Restricted		-	54,636	291,121	54,636	291,121
Unrestricted	1,482,684	1,384,445	303,306	263,424	1,785,990	1,647,869
Total net position	<u>2,342,397</u>	<u>2,242,932</u>	<u>4,352,398</u>	<u>4,259,602</u>	<u>6,694,795</u>	<u>6,502,534</u>

Net position of the Town of Greenwood's governmental activities increased by \$99,465 or 4%. Net assets of the Town of Greenwood's business-type activities increased by \$92,796 or 2%.

**Table 2
Change in Net Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Programs revenues						
Charges for services	265,274	247,903	1,186,202	1,300,571	1,451,476	1,548,474
Operating grants and contributions	19,233	16,834	-	-	19,233	16,834
Capital grants and contributions	21,980	13,320	179,356	252,711	201,336	266,031
General revenues						
Ad Valorem taxes	211,851	211,806	-	-	211,851	211,806
Sales taxes	461,516	479,982	-	-	461,516	479,982
Franchise taxes	85,006	88,130	-	-	85,006	88,130
License and permits	138,104	132,978	-	-	138,104	132,978
Gaming taxes	351,237	376,009	-	-	351,237	376,009
Investment earnings	9,114	15,316	731	1,519	9,845	16,835
Miscellaneous	40,344	33,169	-	-	40,344	33,169
Total Revenues	<u>1,603,659</u>	<u>1,615,447</u>	<u>1,366,289</u>	<u>1,554,801</u>	<u>2,969,948</u>	<u>3,170,248</u>
Expenses						
General Government	480,054	691,190			480,054	691,190
Public safety	854,840	820,295			854,840	820,295
Public works	57,913	128,605			57,913	128,605
Water			1,034,272	1,085,173	1,034,272	1,085,173
Sewer			350,608	374,778	350,608	374,778
Total expenses	<u>1,392,807</u>	<u>1,640,090</u>	<u>1,384,880</u>	<u>1,459,951</u>	<u>2,777,687</u>	<u>3,100,041</u>
Transfers	<u>(111,387)</u>	<u>(470,485)</u>	<u>111,387</u>	<u>470,485</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>99,465</u>	<u>(495,128)</u>	<u>92,796</u>	<u>565,335</u>	<u>192,261</u>	<u>70,207</u>

The Town's total revenues decreased by 6% or \$200,300. The total cost of all programs and services decreased 10% or \$322,354. Our analysis below separately considers the operations of the governmental and business-type activities.

Governmental Activities

Total revenues for the governmental activities decreased \$11,788 from total revenues in the year ended June 30, 2012 of \$1,615,447 to total revenues of \$1,603,659 in the year ended June 30, 2013.

The cost of all governmental activities this year was \$1,392,807. These costs were covered by \$306,487 of program revenues, with the remaining costs covered by property taxes, sales taxes, and other general revenues.

Business-type Activities

Total revenues for the business-type activities decreased \$188,512 or 12% from total revenues in the year ended June 30, 2012 of \$1,554,801 to total revenues of \$1,366,289 in the year ended June 30, 2013.

The cost of all business-type activities this year was \$1,384,880. These costs were covered by \$1,365,558 of program revenues, consisting of charges for services assessed to users, and capital grants.

THE TOWN'S FUNDS

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a *combined* fund balance of \$1,499,815, which is higher than last year's fund balance of \$1,396,396. The primary reason for the increase was due to a decrease in the expenditures for the year.

General Fund Budgetary Highlights

The Town adopted a budget for its General Fund for the year ended June 30, 2013. 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 36. Highlights for the year are as follows:

- Actual revenues were consistent with budgeted amounts.
- Actual expenditures exceeded budgeted amounts by \$69,815.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2013 and 2012, the Town of Greenwood had invested \$5,318,169 and \$5,439,544, respectively in capital assets. (see table 3 below)

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	227,359	227,359	192,381	192,381	419,740	419,740
Construction in progress	29,951	28,470	81,032	93,386	110,983	121,856
Building and Improvements	444,277	481,613	114,792	124,965	559,069	606,578
Furniture and equipment	76,592	78,082	4,813	5,385	81,405	83,467
Vehicles	81,534	42,963	30,020	41,498	111,554	84,461
Sewer system		-	795,422	835,227	795,422	835,227
Water system		-	3,239,996	3,288,215	3,239,996	3,288,215
Total assets (net)	<u>859,713</u>	<u>858,487</u>	<u>4,458,456</u>	<u>4,581,057</u>	<u>5,318,169</u>	<u>5,439,544</u>

This years major additions included:

Water and sewer system			194,236	239,123	194,236	239,123
Land				13,723	-	13,723
Construction in progress	1,481	13,320	12,600	24,954	14,081	38,274
Building and improvements		-		33,000	-	33,000
Vehicles and equipment	64,774	29,742		23,506	64,774	53,248
Furniture and equipment	16,094	14,490			16,094	14,490
Total	<u>82,349</u>	<u>57,552</u>	<u>206,836</u>	<u>334,306</u>	<u>289,185</u>	<u>391,858</u>

More detailed information about the capital assets are presented in Note 7 to the financial statements.

Debt

At year-end, the Town had \$464,000 in bonds and notes outstanding, versus \$876,000 last year – a decrease of 47%.

**Table 4
Outstanding Debt At Year End**

	<u>Business-type Activities</u>	
	<u>2013</u>	<u>2012</u>
Sewer revenue		
refunding bonds	\$ 464,000	\$ 531,000
Water revenue bonds	<u> —</u>	<u>345,000</u>
Totals	<u>\$ 464,000</u>	<u>\$ 876,000</u>

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

More detailed information about the debt are presented in Note 13 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, 2014 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same.

Expenditures for 2014 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, 2013

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 943,364	\$ 165,871	\$ 1,109,235
Investments	508,015		508,015
Receivables	110,691	172,219	282,910
Prepaid expenses	12,123	13,236	25,359
Other		918	918
Internal balances	10,643	(10,643)	
Restricted assets:			
Cash and cash equivalents - customer deposits		149,788	149,788
Cash and cash equivalents - debt service		54,636	54,636
Capital assets not being depreciated	257,310	273,413	530,723
Depreciable capital assets, net	602,403	4,185,043	4,787,446
Bond issuance costs		7,571	7,571
Total assets	<u>2,444,549</u>	<u>5,012,052</u>	<u>7,456,601</u>
Liabilities			
Accounts payable and accrued expenses	72,899	39,353	112,252
Payable from restricted assets:			
Long-term debt due within one year		70,000	70,000
Accrued interest		7,656	7,656
Customer deposits		148,645	148,645
Non-current liabilities:			
Due within one year	16,247		16,247
Due in more than one year	13,006	394,000	407,006
Total liabilities	<u>102,152</u>	<u>659,654</u>	<u>761,806</u>
Net Position			
Net investment in capital assets	859,713	3,994,456	4,854,169
Restricted for:			
Debt Service		54,636	54,636
Unrestricted	1,482,684	303,306	1,785,990
Total net position	<u>\$ 2,342,397</u>	<u>\$ 4,352,398</u>	<u>\$ 6,694,795</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Statement of Activities
For the Year Ended June 30, 2013

Functions / Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities						
General government	\$ 480,054	\$	\$ 21,980	\$ (458,074)	\$	\$ (458,074)
Public safety	854,840	19,233		(570,333)		(570,333)
Public works	57,913			(57,913)		(57,913)
Total governmental activities	<u>1,392,807</u>	<u>19,233</u>	<u>21,980</u>	<u>(1,086,320)</u>		<u>(1,086,320)</u>
Business-type Activities						
Water	1,034,272		179,356		(17,223)	(17,223)
Sewer	350,608				(2,099)	(2,099)
Total business-type activities	<u>1,384,880</u>		<u>179,356</u>		<u>(19,322)</u>	<u>(19,322)</u>
Total Government	<u>\$ 2,777,687</u>	<u>\$ 19,233</u>	<u>\$ 201,336</u>	<u>(1,086,320)</u>	<u>(19,322)</u>	<u>(1,105,842)</u>
General revenues:						
Ad valorem taxes				211,851		211,851
Sales taxes				461,516		461,516
Franchise taxes				85,006		85,006
Licenses and permits				138,104		138,104
Gaming taxes				351,237		351,237
Investment earnings				9,114	731	9,845
Miscellaneous				40,344		40,344
Transfers				(111,387)	111,387	
Total general revenues and transfers				<u>1,185,785</u>	<u>112,118</u>	<u>1,297,903</u>
Change in net assets				99,465	92,796	192,261
Net position - beginning				2,242,932	4,259,602	6,502,534
Net position - ending				<u>\$ 2,342,397</u>	<u>\$ 4,352,398</u>	<u>\$ 6,694,795</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Balance Sheet
Governmental Fund
June 30, 2013

	General Fund
Assets	
Cash and cash equivalents	\$ 943,364
Investments	508,015
Receivables	110,691
Due from other funds	32,885
Total assets	\$ 1,594,955
Liabilities and Fund Balances	
<i>Liabilities:</i>	
Accounts payable and accrued expenses	\$ 72,898
Due to other funds	22,242
Total liabilities	95,140
<i>Fund balances:</i>	
Assigned	
Capital projects	838,366
Unassigned	661,449
Total fund balances	1,499,815
Total liabilities and fund balances	\$ 1,594,955

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, 2013

Fund balances - total governmental fund	\$	1,499,815
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		859,713
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.		12,123
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		<u>(29,254)</u>
Net position of governmental activities	\$	<u><u>2,342,397</u></u>

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, 2013

	General Fund
Revenues:	
Ad valorem taxes	\$ 211,851
Sales tax	461,516
Franchise taxes	85,008
Licenses and permits	138,104
Gaming taxes	351,237
Intergovernmental revenues	41,213
Fines and forfeitures	265,274
Investment earnings	9,114
Miscellaneous	40,344
Total revenues	1,603,659
Expenditures:	
Current:	
General government	434,275
Public safety	814,316
Public works	57,913
Capital outlay	82,349
Total expenditures	1,388,853
Excess (deficiency) of revenues over expenditures	214,806
Other financing sources (uses):	
Transfers out	(111,387)
Total other financing sources (uses)	(111,387)
Net change in fund balance	103,419
Fund balances at beginning of year	1,396,396
Fund balances at end of year	\$ 1,499,815

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, 2013

Net change in fund balances - total governmental fund	\$	103,419
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$82,349) exceeded depreciation (\$81,123) in the current period.</p>		1,226
<p>The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.</p>		955
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.</p>		<u>(6,135)</u>
Change in net position of governmental activities	\$	<u>99,465</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 117,653	\$ 48,218	\$ 165,871
Accounts receivable	122,025	50,194	172,219
Prepaid insurance	6,073	7,163	13,236
Other	918		918
Due from other funds	46,359		46,359
Restricted cash and cash equivalents	90,945	58,843	149,788
Total current assets	<u>383,973</u>	<u>164,418</u>	<u>548,391</u>
Noncurrent assets:			
Restricted cash and cash equivalents		54,636	54,636
Capital assets:			
Land	43,084	149,297	192,381
Construction in progress	58,532	22,500	81,032
Plant and equipment	6,832,454	4,083,314	10,915,768
Less: accumulated depreciation	(3,447,105)	(3,283,620)	(6,730,725)
Bond issuance costs		7,571	7,571
Total noncurrent assets	<u>3,486,965</u>	<u>1,033,698</u>	<u>4,520,663</u>
Total assets	<u>\$ 3,870,938</u>	<u>\$ 1,198,116</u>	<u>\$ 5,069,054</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 18,588	\$ 4,547	\$ 23,135
Accrued expenses	11,505	4,713	16,218
Due to other funds		57,002	57,002
Payable from restricted assets:			
Revenue bonds		70,000	70,000
Accrued interest		7,656	7,656
Customer deposits	97,082	51,563	148,645
Total current liabilities	<u>127,175</u>	<u>195,481</u>	<u>322,656</u>
Noncurrent liabilities:			
Revenue bonds		394,000	394,000
Total noncurrent liabilities		<u>394,000</u>	<u>394,000</u>
Total liabilities	<u>127,175</u>	<u>589,481</u>	<u>716,656</u>
Net position			
Net investment in capital assets	3,486,965	507,491	3,994,456
Restricted for debt service		54,636	54,636
Unrestricted	256,798	46,508	303,306
Total net position	<u>3,743,763</u>	<u>608,635</u>	<u>4,352,398</u>
Total liabilities and net position	<u>\$ 3,870,938</u>	<u>\$ 1,198,116</u>	<u>\$ 5,069,054</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, 2013

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Operating revenues:			
Charges for service -			
Water sales	\$ 798,289	\$	\$ 798,289
Sewerage service charges		338,003	338,003
Other charges and fees	39,404	10,506	49,910
Total operating revenues	<u>837,693</u>	<u>348,509</u>	<u>1,186,202</u>
Operating expenses:			
Salaries	183,810	104,440	288,250
Payroll taxes	14,734	8,693	23,427
Legal and accounting	4,295	4,331	8,626
Insurance	97,428	35,763	133,191
Testing	59,110	2,880	61,990
Maintenance and repairs	68,683	20,339	89,022
Miscellaneous expenses	63,220	28,672	91,892
Office expense	31,978	9,187	41,165
Material and supplies	110,233	11,828	122,061
Utilities	56,894	25,719	82,613
Water purchases	28,707		28,707
Meter reading expense	35,496		35,496
Lift station expense		26,568	26,568
Depreciation	278,528	50,909	329,437
Total operating expenses	<u>1,033,116</u>	<u>329,329</u>	<u>1,362,445</u>
Operating income (loss)	<u>(195,423)</u>	<u>19,180</u>	<u>(176,243)</u>
Non-operating revenues (expenses):			
Interest income	429	302	731
Interest expense	(1,156)	(21,279)	(22,435)
Total non-operating revenues (expenses)	<u>(727)</u>	<u>(20,977)</u>	<u>(21,704)</u>
Net income (loss) before contributions and transfers	(196,150)	(1,797)	(197,947)
Capital contributions	179,356		179,356
Transfers In	128,011		128,011
Transfers Out		(16,624)	(16,624)
Change in net position	111,217	(18,421)	92,796
Net position - beginning of year	<u>3,632,546</u>	<u>627,056</u>	<u>4,259,602</u>
Net position - end of year	<u>\$ 3,743,763</u>	<u>\$ 608,635</u>	<u>\$ 4,352,398</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, 2013

	Water	Sewer	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 854,954	\$ 356,949	\$ 1,211,903
Cash payments to suppliers for goods and services	(593,249)	(165,714)	(758,963)
Cash payments to employees for services	(198,949)	(110,945)	(309,894)
Other		9,779	9,779
Net Cash From Operating Activities	<u>62,756</u>	<u>90,069</u>	<u>152,825</u>
Cash Flows from Noncapital Financing Activities:			
Transfers from other funds	128,011		128,011
Transfers to other funds		(16,624)	(16,624)
Interfund loans	(24,450)	32,502	8,052
Net Cash from Noncapital Financing Activities	<u>103,561</u>	<u>15,878</u>	<u>119,439</u>
Cash Flows From Capital and Related Financing Activities			
Capital contributions	220,869	61,004	281,873
Acquisition/construction of capital assets	(204,640)	(2,197)	(206,837)
Principal paid on capital debt	(345,000)	(67,000)	(412,000)
Interest paid on capital debt	(5,813)	(22,384)	(28,197)
Net Cash (Used) by Capital and Related Financing Activities	<u>(334,584)</u>	<u>(30,577)</u>	<u>(365,161)</u>
Cash Flow From Investing Activities			
Interest income	429	302	731
Net Cash From Investing Activities	<u>429</u>	<u>302</u>	<u>731</u>
Net increase (decrease) in cash and cash equivalents	(167,838)	75,672	(92,166)
Cash, Beginning of year	<u>376,436</u>	<u>86,025</u>	<u>462,461</u>
Cash, End of year	<u>\$ 208,598</u>	<u>\$ 161,697</u>	<u>\$ 370,295</u>
Reconciliation of Operating Loss to Net Cash Provided			
By/(Used In) Operating Activities			
Operating income (loss)	\$ (195,423)	\$ 19,180	\$ (176,243)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation expense	278,528	50,910	329,438
Accounts receivable	14,883	9,051	23,934
Prepaid expenses	2,344	(5,025)	(2,681)
Other assets	23,970	11,688	35,658
Bond issuance costs		1,081	
Accounts payable	(63,519)	(4,054)	(67,573)
Accrued expenses	(405)	2,188	1,783
Customer deposits	2,378	5,050	7,428
Net Cash Flows From Operating Activities	<u>\$ 62,756</u>	<u>\$ 90,069</u>	<u>\$ 151,744</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2013

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 Statement No. 14, as amended by GASB Statement No. 39, established criteria for determining which component units should be considered part of the Town of Greenwood for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. *The ability of the Town to impose its will on that organization and/or*
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

In addition, the GASB 39 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, 2013
(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, 2013
(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 Statement No. 34 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, 2013
(Continued)

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

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

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

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

D. Basis of Accounting

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

1. *Accrual:*

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

2. *Modified Accrual:*

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

E. Budgets

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

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2013
(Continued)

3. A public hearing is held on the proposed budget after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a cash basis. Budgeted amounts in the accompanying statements are as originally adopted, or as amended by the Board of Aldermen. There was one amendment to the budget during the year.

F. Cash, Cash Equivalents, and Investments

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

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

G. Capital Assets

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

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

GASBS No. 34 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, 2013
(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 and liabilities. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

J. Fund Balance

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

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

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2013
(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, 2013
(Continued)

N. Use of Estimates

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

O. Long-Term Obligations

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

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

P. Bad Debts

Uncollectible amounts due for ad valorem taxes, customer's utility receivables, and special assessments are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Accounts receivable for the water and sewer funds are shown net of an allowance of \$10,140 and \$2,183, respectively.

Q. Capitalized Interest

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

R. Statement of Cash Flows

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

S. 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.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2013
(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

(3) Cash, Cash Equivalents, and Investments

A. Cash and Cash Equivalents

At June 30, 2013, the Town has cash and cash equivalents (book balances) totaling \$1,313,659 of which \$204,424 is shown as a restricted asset. 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, 2013, the Town has investments totaling \$508,015, as follows:

Certificates of deposit	\$ 502,986
Municipal bonds	<u>5,029</u>
	<u>\$ 508,015</u>

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

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a policy for custodial credit risk. As of June 30, 2013, \$1,120,407 of the Town's bank balance 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	<u>\$ 1,120,407</u>
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(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2013
(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, 2013:

Class of Receivable			
Governmental activities –			
Sales taxes	\$	40,455	
Gaming taxes		43,537	
Intergovernmental-grants		26,699	
Total governmental activities	\$	110,691	
Business-type activities –			
Accounts receivable – water and sewer charges	\$	172,219	
Total business-type activities	\$	172,219	

(5) Restricted Assets – Proprietary Fund Type

Restricted assets were applicable to the following at June 30, 2013:

			Enterprise Fund
Cash:			
Customer deposits	\$	149,788	
Contingency funds – revenue bonds		17,958	
Sinking funds – revenue bonds		36,678	
	\$	204,424	

(6) New Accounting Standards

Effective July 1, 2012, the Town implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This Statement establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to the Financial Statements
June 30, 2013
(Continued)

(7) Capital Assets

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Governmental Activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 227,359	\$	\$	\$ 227,359
Construction in progress	28,470	1,481		29,951
Total assets, not being depreciated	255,829	1,481		257,310
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	857,937			857,937
Furniture and equipment	212,741	16,094	(5,137)	223,698
Vehicles	299,119	64,774	(51,901)	311,992
Playground - park	63,355			63,355
Total capital assets, being depreciated at historical cost	1,433,152	80,868	(57,038)	1,456,982
<i>Less accumulated depreciation:</i>				
Buildings and improvements	(376,324)	(37,336)		(413,660)
Furniture and equipment	(134,659)	(17,584)	5,137	(147,106)
Vehicles	(256,156)	(26,203)	51,901	(230,458)
Playground - park	(63,355)			(63,355)
Total accumulated depreciation	(830,494)	(81,123)	57,038	(854,579)
Total capital assets, being depreciated, net	602,658	(255)		602,403
Governmental activities capital assets, net	\$ 858,487	\$ 1,226	\$	\$ 859,713

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to the Financial Statements
June 30, 2013
(Continued)

	Balance at July 1, 2012	Additions	Deletions	Transfers	Balance at June 30, 2013
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 192,381		\$	\$	\$ 192,381
Construction in progress	93,386	12,600		(24,954)	81,032
Total assets, not being depreciated	285,767	12,600		(24,954)	273,413
Capital assets, being depreciated:					
Sewer System	4,065,995	2,196		7,354	4,075,545
Water System	6,170,673	192,040		17,600	6,380,313
Furniture and equipment	145,059				145,059
Buildings	137,046				137,046
Vehicles	177,805				177,805
Total capital assets, being depreciated at historical cost	10,696,578	194,236		24,954	10,915,768
Less accumulated depreciation:					
Sewer System	(3,230,768)	(49,355)			(3,280,123)
Water System	(2,882,458)	(257,859)			(3,140,317)
Furniture and equipment	(139,674)	(572)			(140,246)
Buildings	(12,081)	(10,173)			(22,254)
Vehicles	(136,307)	(11,478)			(147,785)
Total accumulated depreciation	(6,401,288)	(329,437)			(6,730,725)
Total capital assets, being depreciated, net	4,295,290	(135,201)		24,954	4,185,043
Business-type activities capital assets, net	\$ 4,581,057	\$ (122,601)	\$	\$	\$ 4,458,456

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

	Governmental Activities	Business -type Activities	Total
Public Safety	\$ 38,794	\$	\$ 38,794
General Government	42,329		42,329
Water		278,528	278,528
Sewer		50,909	50,909
	\$ 81,123	\$ 329,437	\$ 410,560

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2013
(Continued)

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2013 consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 43,969	\$ 23,136	\$ 67,105
Compensated absences	3,799	13,183	16,982
Salaries and benefits	25,131	3,034	28,165
Total	<u>\$ 72,899</u>	<u>\$ 39,353</u>	<u>\$ 112,252</u>

(9) Customers' Deposits

Deposits held for customers that are currently active on the water and sewer systems total \$148,645 at June 30, 2013.

(10) 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.

(11) Operating Leases

The Town leased a storage building and some equipment under operating leases. The rental costs paid on these leases for the year ended June 30, 2013 were \$3,115. There are no commitments under lease agreements having lease terms in excess of one year.

(12) Deferred Compensation Plan

During the year ended June 30, 1999, the Town implemented a 457 Deferred Compensation Plan. The amounts contributed by the Town during the years ended June 30, 2013, 2012, and 2011 were \$1,250, \$1,350 and \$1,270, respectively.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2013
(Continued)

(13) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2013, 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:					
Compensated absences	\$ 30,867	\$ 22,231	\$(20,046)	\$ 33,052	\$ 20,046
Less current portion				(3,799)	(3,799)
Total long-term liabilities, governmental activities				<u>\$ 29,253</u>	<u>\$ 16,247</u>
Business-type activities:					
Sewer Revenue Refunding Bonds, Series 2009	531,000		(67,000)	464,000	70,000
Water Revenue Bonds, Series 2002	345,000		(345,000)		
Other long-term liabilities Compensated Absences	<u>12,455</u>	<u>3,295</u>	<u>(2,567)</u>	<u>13,183</u>	<u>13,183</u>
	<u>888,455</u>	<u>3,295</u>	<u>(414,567)</u>	477,183	83,183
Less current portion				(13,183)	(13,183)
Total Business-type Activities				<u>\$ 464,000</u>	<u>\$ 70,000</u>
Sewer revenue refunding bonds:					
\$1,300,000 dated 6/14/99, refinanced on 7/23/09. Payments of interest only semiannual and principal and interest payments annual. Annual debt service of approximately \$90,000. Interest rate of 3.96%. Final payment February 1, 2019					<u>\$ 464,000</u>

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2013
(Continued)

The sewer revenue bonds are secured by and payable solely from a pledge and dedication of the excess annual revenues of the sewer system.

Payments on sewer revenue refunding bonds are made from the sewer fund. Payments on the water revenue bonds are made from the water fund. Total interest expense incurred during the year ended June 30, 2012 was \$22,435

The Town refinanced the Sewer and Water bonds in July 2009. The interest rate for the Sewer revenue refunding bonds changed to 3.96% from 5.40%. The interest rate for the Water revenue bonds changed to 3.24% from 4.28%. The date of the final payment remained unchanged. The debt service requirements shown below reflect the maturities of the refinanced bonds.

Business-Type Activities – Sewer Revenue Refunding Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 70,000	\$ 18,374
2015	74,000	15,602
2016	76,000	12,672
2017	79,000	9,662
2018	81,000	6,534
2019	84,000	3,326
	<u>\$ 464,000</u>	<u>\$ 66,171</u>

(14) Pension Plan

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

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2013
(Continued)

Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 31.00 percent of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town contributions to the System for the years ending June 30, 2013, 2012, and 2011 were \$94,371, \$97,429 and \$93,602, respectively, equal to the required contributions for each year.

(15) Other Postemployment Benefits

The Town provides no other postemployment benefits to its employees.

(16) Interfund Balances

Interfund balances at June 30, 2013 consisted of the following:

	Due From Other Fund	Due To Other Fund	Net
Governmental Funds:			
General Fund	\$ 32,885	\$(22,242)	\$ 10,643
Total Governmental Funds	32,885	(22,242)	10,643
Enterprise Funds:			
Water	46,359		46,359
Sewer	—	(57,002)	(57,002)
Total Enterprise Funds	46,359	(57,002)	(10,643)
Total	\$ 79,244	\$(79,244)	\$ —

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.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2013
(Continued)

(17) Interfund Transfers

Interfund transfers for the year ended June 30, 2013 consisted of the following:

	Transfer <i>In</i>	Transfer <i>Out</i>
Governmental Funds:		
General	\$	\$ 111,387
Proprietary Funds:		
Water	128,011	
Sewer		16,624
	\$ 128,011	\$ 128,011

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. Also, the Town transferred capital assets between funds.

(18) Commitments

The Town has commitments for signed engineering and construction contracts of approximately \$882,665 relating to various construction projects. As of June 30, 2013, costs incurred on those contracts were \$76,444, with balances remaining on the contracts of \$806,221.

(19) Contingency

The Town is a defendant in two lawsuits. Management believes that the ultimate resolution of the lawsuits will not have a significant effect on the Town's financial position or results of operations.

(20) Subsequent Events

Subsequent events have been evaluated through January 14, 2014, the date the financial statements were available to be issued.

Town of Greenwood
Greenwood, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 210,000	\$ 210,000	\$ 211,851	\$ 1,851
Sales Tax	400,000	400,000	462,332	62,332
Franchise taxes	65,000	65,000	85,006	20,006
Licenses and permits	117,700	117,700	138,104	20,404
Gaming taxes	300,000	300,000	389,230	89,230
Intergovernmental revenues	15,000	268,651	14,368	(254,283)
Fines and forfeitures	231,500	231,500	260,585	29,085
Investment earnings	11,000	11,000	9,114	(1,886)
Miscellaneous	17,500	17,500	40,344	22,844
Total revenues	<u>1,367,700</u>	<u>1,621,351</u>	<u>1,610,934</u>	<u>(10,417)</u>
Expenditures:				
Current:				
General government	456,050	456,050	493,549	(37,499)
Public safety	820,960	820,960	826,298	(5,338)
Public works	35,000	35,000	57,913	(22,913)
Capital outlay	27,000	78,283	82,348	(4,065)
Total expenditures	<u>1,339,010</u>	<u>1,390,293</u>	<u>1,460,108</u>	<u>(69,815)</u>
Excess (deficiency) of revenues over expenditures	28,690	231,058	150,826	(80,232)
Other financing sources (uses):				
Transfers in			86,004	86,004
Transfers out		(179,800)	(197,391)	(17,591)
Total other financing sources (uses)		<u>(179,800)</u>	<u>(111,387)</u>	<u>68,413</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	28,690	51,258	39,439	(11,819)
Fund balances at beginning of year	<u>988,597</u>	<u>988,678</u>	<u>1,399,983</u>	<u>411,305</u>
Fund balances at end of year	<u>\$ 1,017,287</u>	<u>\$ 1,039,936</u>	<u>\$ 1,439,422</u>	<u>\$ 399,486</u>

See accompanying note to the required supplementary schedule.

Town of Greenwood
Greenwood, Louisiana
Notes to Required Supplementary Information
June 30, 2013

The Town's budget is adopted on a cash basis for all funds. There was one amendment to the 2013 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)	\$ 39,439
Adjustments:	
Revenue accruals – net	(7,274)
Expenditure accruals – net	<u>71,254</u>
Excess of revenues and other sources over expenditures and other uses (GAAP) basis	<u>\$ 103,419</u>

The Town's general fund had an excess of expenditures over appropriations of \$69,815 for the year ended June 30, 2013.

Town of Greenwood
Greenwood, Louisiana
Schedule of Compensation Paid to Board Members
For the Year Ended June 30, 2013

Mayor - Frank Stawasz, Salary and Allowance	\$ 18,000
Alderman:	
Gary Cook	3,000
Jewel Jaudon	3,000
T. McCracken	3,000
B. Edwardes	3,000
T. Newsom	3,000
	<hr/>
	\$ 33,000
	<hr/> <hr/>

COOK & MOREHART

Certified Public Accountants

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

TRAVIS H. MOREHART, CPA
A EDWARD BALL, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Independent Auditor's Report

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the Town of Greenwood as of and for the year ended June 30, 2013, 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 January 14, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph 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. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current year audit findings as items 2013-1 and 2013-2 that we consider to be a significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Greenwood's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current year audit findings as item 2013-3.

Town of Greenwood's Response to Findings

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

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
January 14, 2014

Town of Greenwood
Greenwood, Louisiana
Summary Schedule of Prior Audit Findings for the Louisiana Legislative Auditor
June 30, 2013

Finding #2012-1 – Reserve Account on Water Fund and Sewer Fund Debt Issues

Finding: As of June 30, 2012, the required amounts had not been transferred into those accounts. The Town's debt payments were made timely during the year.

Recommendation: We recommend that the Town transfer the required amounts each month into the sinking and contingency accounts, as per the debt agreements.

Current Status: No finding noted in current year audit.

Finding #2012-2 – Financial Statement Preparation

Significant Deficiency: Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles. As part of the audit, management requested us to prepare a draft of your financial statements, including the related notes to financial statements. This condition is intentional by management based upon the agency's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance.

Recommendation: Whether or not it would be cost effective to cure a control deficiency is not a factor in applying Statement on Auditing Standards (SAS) 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Current Status: No deficiency in current year audit.

Town of Greenwood
Greenwood, Louisiana
Summary Schedule of Prior Audit Findings for the Louisiana Legislative Auditor
June 30, 2013
(Continued)

Finding #2012-3 – Water-Sewer Collections

Significant Deficiency: During our audit, we noted that water and sewer accounts receivable and customer deposit collections were not being reconciled to the daily work and general ledger on a monthly basis.

Recommendation: We recommend that the Town have the appropriate employee reconcile the water and sewer accounts receivable and customer deposits recorded in the general ledger with reports generated by the billing software.

Current Status: See deficiency in current year audit.

Finding #2012-4 – Budget

Finding: Total expenditures and other financing uses exceeded budgeted amounts by more than five percent for the year ended June 30, 2012.

Recommendation: We recommend that the Town monitor its budget throughout the year and appropriately amend the budget when actual plus projected expenditures and other financing uses exceed budgeted amounts by five percent or more.

Current Status: See finding in current year audit.

Town of Greenwood
Greenwood, Louisiana
Summary Schedule of Current Year Audit Findings
for the Louisiana Legislative Auditor
June 30, 2013

Finding #2013-1 – Water-Sewer Collections

Criteria: Internal controls should be in place to adequately account for water and sewer accounts receivable and customer deposit collections.

Significant Deficiency: During our audit, we noted that water and sewer accounts receivable and customer deposit collections were not being reconciled to the daily work and general ledger on a monthly basis. The Town did begin to implement certain procedures with regards to reconciling the accounts receivable, but those procedures were not performed consistently throughout the year.

Cause: A lack of controls existed with regards to water and sewer collections, accounts receivable, and customer deposits.

Effect: Controls were not in place to adequately account for accounts receivable and customer deposits being collected by the Town.

Recommendation: We recommend that the Town have the appropriate employee reconcile the water and sewer accounts receivable and customer deposits recorded in the general ledger with reports generated by the billing software.

Management's Response: The Town of Greenwood will continue to improve the current procedures that have been put in place to properly monitor the accounts receivable accounts and customer deposit accounts, as well as implement new procedures that will reconcile these accounts to the General Ledger monthly.

Finding #2013-2 – Bank Reconciliations

Criteria: Internal controls should be in place to reconcile all bank accounts to the general ledger on a monthly basis.

Significant Deficiency: During our audit, we noted that bank reconciliations were not reconciled to the general ledger on a monthly basis.

Cause: Some of the bank reconciliations which were completed identified discrepancies with the general ledger; however, corrections were not made to reconcile the accounts.

Effect: Controls were not in place to ensure that the reconciled cash balances were in agreement with the general ledger on a monthly basis.

Recommendation: We recommend that the Town implement procedures for ensuring that all bank accounts are reconciled to the general ledger on a monthly basis. We also recommend that a supervisor review the bank reconciliations each month to ensure that all bank accounts are reconciled to the general ledger.

Management's Response: The Town of Greenwood has implemented new procedures to assure that the bank accounts are reconciled in a timely manner, in correct fashion and approved by management on a monthly basis.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Summary Schedule of Current Year Audit Findings
for the Louisiana Legislative Auditor
June 30, 2013
(Continued)

Finding #2013-3 – Budget

Criteria: State law requires the budget be amended when total expenditures and other financing uses exceed budgeted amounts by five percent or more.

Finding: Total expenditures and other financing uses exceeded budgeted amounts by more than five percent for the year ended June 30, 2013.

Cause: The Town did not appropriately amend its budget when actual expenditures and other financing sources exceeded budget by five per cent or more.

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

Recommendation: We recommend that the Town monitor its budget throughout the year and appropriately amend the budget when actual plus projected expenditures and other financing uses exceed budgeted amounts by five percent or more.

Management's Response: The Town of Greenwood will continue to monitor the budget throughout the fiscal year and will amend the budget as needed, according to the Local Government Budget Act.