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**Town of Greenwood
Greenwood, Louisiana**
General Purpose Financial Statements
As of and for the Year Ended June 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 2 2000

Town of Greenwood
Greenwood, Louisiana

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Independent Auditors' Report

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

We have audited the accompanying general purpose financial statements of the Town of Greenwood, Louisiana, as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Greenwood's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

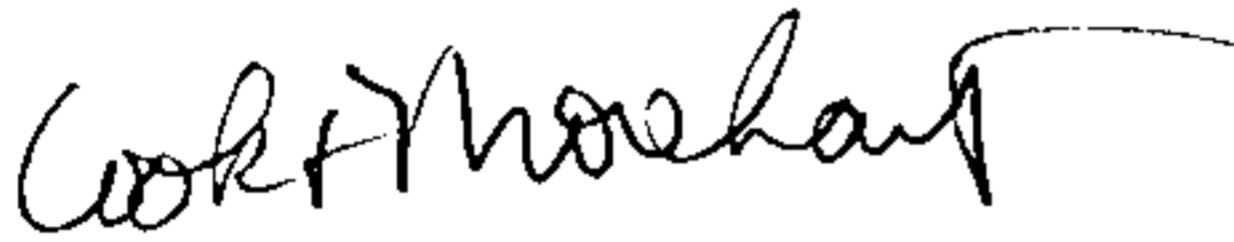
In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Greenwood, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

The year 2000 supplementary information on page 34 is not a required part of the general purpose financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted of principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Town of Greenwood is or will become year 2000 compliant, that the Town of Greenwood's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Town of Greenwood does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 1999 on our consideration of the Town of Greenwood's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

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

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



Cook & Morehart
Certified Public Accountants
November 12, 1999

Town of Greenwood
Greenwood, Louisiana
Combined Balance Sheet All Fund Types and Account Groups
June 30, 1999

	Governmental Fund Types			Proprietary Fund Type	Accounts Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service		General Fixed Assets	General Long-Term Debt	
Assets and Other Debits							
Cash	\$ 1,188,063	\$ 23,750	\$ 182,794	\$ 1,795,655	\$	\$	\$ 3,190,262
Receivables -							
Accounts	13,509			82,402			95,911
Licenses and permits	109,326			24,887			109,326
Other							24,887
Due from other funds	15,980		8,767				24,747
Restricted assets - cash				474,291			474,291
Property and equipment, net				5,076,058	957,901		6,033,959
Other assets				560			560
Amount available in debt service funds					191,561		191,561
Amount to be provided for retirement of general long-term debt					134,439		134,439
Total assets and other debits	\$ 1,326,878	\$ 23,750	\$ 191,561	\$ 7,453,853	\$ 957,901	\$ 326,000	\$ 10,279,943

The accompanying notes are an integral part of this statement.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Combined Balance Sheet All Fund Types and Account Groups
June 30, 1999
(Continued)

	Governmental Fund Types			Proprietary Fund Type	Accounts Groups			Total (Memorandum Only)
	General	Special Revenue	Debt Service		Enterprise	General Fixed Assets	Long-Term Debt	
Liabilities, Fund Equity and Other Credits								
Liabilities:								
Accounts payable	\$ 14,848	\$	\$	12,201	\$	\$	\$	27,049
Due to other funds	8,767			15,980				24,747
Sales tax payable				1,128				1,128
Payroll taxes payable	5,324			1,279				6,603
Payable from restricted assets-								
Revenue bonds - current maturities				39,571				39,571
Accrued interest				54,498				54,498
Customers' deposits				91,567				91,567
General obligation bonds payable						326,000		326,000
Revenue bonds payable - long term				4,345,660				4,345,660
Other notes payable				181,640				181,640
Total liabilities	28,939			4,743,524		326,000		5,098,463
Fund equity and other credits:								
Contributed capital				410,572				410,572
Investment in general fixed assets					957,901			957,901
Retained earnings -								
Reserved for revenue bonds				364,778				364,778
Unreserved				1,934,979				1,934,979
Fund balances -								
Reserved for debt service			191,561					191,561
Unreserved, undesignated	1,297,939	23,750						1,321,689
Total fund equity	1,297,939	23,750	191,561	2,710,329	957,901			5,181,480
Total liabilities, fund equity and other credits	\$ 1,326,878	\$ 23,750	\$ 191,561	\$ 7,453,853	\$ 957,901	\$ 326,000	\$	\$ 10,279,943

The accompanying notes are an integral part of this statement.

Town of Greenwood
Greenwood, Louisiana
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended June 30, 1999

	General	Special Revenue	Debt Service	Total (Memorandum Only)
Revenues:				
Taxes				
Ad valorem	\$ 80,694		\$ 39,593	\$ 120,287
Franchise	54,937			54,937
Sales		170,281		170,281
Licenses and permits	513,935			513,935
Intergovernmental				
Tobacco taxes	10,883			10,883
State and federal grants	73,482			73,482
Fines and forfeits	84,739			84,739
Other	5,345			5,345
Interest income	42,617	616	5,950	49,183
Total revenues	<u>866,632</u>	<u>170,897</u>	<u>45,543</u>	<u>1,083,072</u>
Expenditures:				
Current -				
General government	238,417	17,259		255,676
Public safety -				
Police	191,886			191,886
Capital outlay	71,343			71,343
Debt service:				
Principal retirement			8,000	8,000
Interest and fiscal charges			16,700	16,700
Total expenditures	<u>501,646</u>	<u>17,259</u>	<u>24,700</u>	<u>543,605</u>
Excess of revenues over (under) expenditures	<u>364,986</u>	<u>153,638</u>	<u>20,843</u>	<u>539,467</u>
Other financing sources (uses):				
Operating transfers in	164,978			164,978
Operating transfers out	(566,556)	(167,125)		(733,681)
Total other financing sources (uses)	<u>(401,578)</u>	<u>(167,125)</u>		<u>(568,703)</u>
Excess of revenues and other sources over (under) expenditures and other uses	(36,592)	(13,487)	20,843	(29,236)
Fund balances at beginning of year	<u>1,334,531</u>	<u>37,237</u>	<u>170,718</u>	<u>1,542,486</u>
Fund balances at end of year	<u>\$ 1,297,939</u>	<u>\$ 23,750</u>	<u>\$ 191,561</u>	<u>\$ 1,513,250</u>

The accompanying notes are an integral part of this statement.

Town of Greenwood
Greenwood, Louisiana

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (GAAP Basis) and Actual - General, Special Revenue and Debt Service Fund Types
For the Year Ended June 30, 1999

	General Fund		Special Revenue Fund Types		Debt Service Fund Type		Variance- Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	Budget	Actual	
Revenues:							
Taxes							
Ad valorem	\$ 80,600	\$ 80,694	\$ 94	\$	\$ 39,500	\$ 39,593	\$ 93
Franchise	45,000	54,937	9,937				
Sales			175,000	170,281			(4,719)
Licenses and permits	503,000	513,935	10,935				
Intergovernmental							
Tobacco taxes	10,000	10,883	883				
State and federal grants	73,000	73,482	482				
Fines and forfeits	72,000	84,739	12,739				
Other	4,680	5,345	665				
Interest income	44,000	42,617	(1,383)	700	616	3,000	5,950
Total revenues	832,280	866,632	34,352	175,700	170,897	42,500	3,043
Expenditures:							
General government	257,000	238,417	18,583	15,475	17,259	(1,784)	
Public safety -							
Police	202,000	191,886	10,114				
Capital outlay	100,000	71,343	28,657				
Debt service:							
Principal retirement					6,000	8,000	(2,000)
Interest and fiscal charges					18,000	16,700	1,300
Total expenditures	559,000	501,646	57,354	15,475	17,259	24,700	(700)

The accompanying notes are an integral part of this statement.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (GAAP Basis) and Actual - General, Special Revenue and Debt Service Fund Types
For the Year Ended June 30, 1999
(Continued)

	General Fund		Special Revenue Fund Types		Debt Service Fund Type	
	Budget	Actual	Budget	Actual	Budget	Actual
Excess of revenues over (under) expenditures	273,280	364,986	160,225	153,638	18,500	20,843
Other financing sources (uses):						
Operating transfers in	100,000	164,978				
Operating transfers out	(450,000)	(566,556)	(100,000)	(167,125)		
Other financing sources (uses)	(350,000)	(401,578)	(100,000)	(167,125)		
Excess of revenues and other sources over (under) expenditures and other	(76,720)	(36,592)	60,225	(13,487)	18,500	20,843
Fund balances - July 1, 1998	1,334,531	1,334,531	37,237	37,237	170,718	170,718
Fund balances - June 30, 1999	\$ 1,257,811	\$ 1,297,939	\$ 97,462	\$ 23,750	\$ 189,218	\$ 191,561
				\$ (73,712)		\$ 2,343

The accompanying notes are an integral part of this statement.

Town of Greenwood
Greenwood, Louisiana
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
All Proprietary Fund Types
For the Year Ended June 30, 1999

	Enterprises
Operating revenues:	
Charges for service-	
Water sales	\$ 441,766
Sewerage service charges	240,394
Other charges and fees	25,831
Total operating revenues	707,991
Operating expenses:	
Salaries	160,336
Payroll taxes	12,945
Auto and truck expense	4,738
Legal and accounting	11,472
Insurance - general	17,945
Testing	4,010
Maintenance and repairs	196,467
Miscellaneous expenses	10,122
Office expense	23,662
Material and supplies	141,221
Utilities	57,806
Depreciation	317,697
Total operating expenses	958,421
Operating income (loss)	(250,430)
Non-operating revenues (expenses):	
Interest income	62,224
Interest expense	(267,928)
Operating transfers from other funds	600,739
Operating transfers to other funds	(32,036)
Total non-operating revenues (expenses)	362,999
Net income (loss)	112,569
Depreciation transferred to contributions	69,450
Increase in retained earnings	182,019
Retained earnings - July 1, 1998	2,117,738
Retained earnings - June 30, 1999	\$ 2,299,757

The accompanying notes are an integral part of this statement.

Town of Greenwood
Greenwood, Louisiana
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended June 30, 1999

	Enterprises
Cash flows from operating activities:	
Operating net income (loss)	\$ (250,430)
Adjustments to reconcile operating income to net cash provided by (used) by operating activities:	
Depreciation	317,697
(Increase) decrease in accounts receivable	14,920
(Increase) decrease in due from other funds	21,677
Increase (decrease) in accounts payable	(2,868)
Increase (decrease) in payroll taxes payable	426
Increase (decrease) in sales tax payable	(343)
Increase (decrease) in due to other funds	(20,147)
Increase (decrease) in customers' deposits	2,820
Increase (decrease) in accrued interest payable	(6,206)
	77,546
Cash flows from non-capital financing activities:	
Operating transfers from other funds	600,739
Operating transfers to other funds	(32,036)
	568,703
Cash flows from capital and related financing activities:	
Principal paid on revenue bonds and notes payable	(35,261)
Interest paid on revenue bonds and notes payable	(267,928)
Fixed asset additions	(117,744)
	(420,933)
Cash flows from investing activities:	
Interest income	62,224
	287,540
Net increase in cash and cash equivalents	287,540
Cash and cash equivalents - July 1, 1998	1,982,406
Cash and cash equivalents - June 30, 1999	\$ 2,269,946

The accompanying notes are an integral part of this statement.

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 1999

(1) **Summary of Significant Accounting Policies**

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

A. Basis of Presentation

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

B. Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Greenwood is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (Town of Greenwood), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Town of Greenwood for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

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

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
(Continued)
June 30, 1999

Blended Component Unit

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

Sewerage District No. 1 of the Town of Greenwood

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

C. Fund Accounting

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

Governmental Funds

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

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

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

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

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
(Continued)
June 30, 1999

Proprietary Funds

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

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

The account groups of the town are described as follows:

General Fixed Assets Account Group

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

General Long-Term Debt Account Group

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

D. Basis of Accounting

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

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

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
(Continued)
June 30, 1999

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

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

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

E. Budget and Budgetary Accounting

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

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

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
(Continued)
June 30, 1999

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

F. Cash and Cash Equivalents

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

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

G. Short-Term Interfund Receivables/Payables

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

H. Fixed Assets

General Fixed Assets Account Group

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

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

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
(Continued)
June 30, 1999

Proprietary Fund

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

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

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

I. Compensated Absences

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

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

J. Long-Term Obligations

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

K. Fund Equity

Contributed Capital

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

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
(Continued)
June 30, 1999

Reserves

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

L. Interfund Transactions

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

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

M. Sales Taxes

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

N. Bad Debts

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

O. Total Columns on Combined Statements

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

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
(Continued)
June 30, 1999

P. Statement of Cash Flows

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

Q. 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.

(2) Fund Deficits

The following individual funds have deficits in unreserved retained earnings at June 30, 1999:

<u>Fund</u>	<u>Deficit Amount</u>
Enterprise Fund -- Sewer	<u>\$ (493,759)</u>

(3) Expenditures – Actual and Budget

The following individual funds have actual expenditures over budgeted expenditures for the year ended June 30, 1999:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Special Revenue	\$ 15,475	\$ 17,259	\$ 1,784
Debt Service	24,000	24,700	700

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
(Continued)
June 30, 1999

(4) Levied Taxes

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

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

	Authorized Millage	Levied Millage	Expiration Date
General Fund	8.56	8.56	2021
Debt Service	variable	4.20	2021

(5) Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (book balances) at June 30, 1999:

Demand deposits	\$ 196,105
Interest-bearing demand deposits	82,836
Money market accounts	1,978,092
Time deposits	1,407,520
Total	\$ 3,664,553

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 1999, the Town had \$3,695,968 in deposits (collected bank balances). These deposits are secured from risk by \$418,292 of federal deposit insurance and \$3,277,676 of pledged securities held by the custodial bank in the name of the fiscal agent bank. The accounts are held at three different Louisiana banks.

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

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
(Continued)
June 30, 1999

(6) Fixed Assets

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

	Balance <u>July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 1999</u>
Town Hall	\$ 438,686	\$ -	\$ -	\$ 438,686
Law enforcement equipment	240,559	24,965	-	265,524
Furniture and fixtures	39,863	2,555	-	42,418
Waterline relocation	50,000	-	-	50,000
Street lights	80,132	-	-	80,132
Museum	24,038	3,550	-	27,588
Playground	<u>13,280</u>	<u>40,273</u>	<u>-</u>	<u>53,553</u>
Total general fixed assets	<u>\$ 886,558</u>	<u>\$ 71,343</u>	<u>\$ -</u>	<u>\$ 957,901</u>

A summary of proprietary fund type property, plant and equipment at June 30, 1999 follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Land	\$ 36,223	\$ 142,436	\$ 178,659
Sewer system	4,151,758	3,043,885	7,195,643
Total	<u>4,187,981</u>	<u>3,186,321</u>	<u>7,374,302</u>
Less accumulated depreciation	(409,477)	(1,888,767)	(2,298,244)
Net	<u>\$ 3,778,504</u>	<u>\$ 1,297,554</u>	<u>\$ 5,076,058</u>

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
(Continued)
June 30, 1999

(7) Pension Plan

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

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

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

Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town contributions to the System for the years ending June 30, 1999, 1998 and 1997 were \$12,388, \$11,668 and \$9,201 respectively, equal to the required contributions for each year.

(8) Deferred Compensation Plan

During the year ended June 30, 1999, the Town implemented a 457 *Deferred Compensation Plan*. The amount contributed by the Town during the year ended June 30, 1999 was \$1,310.

(9) Other Postemployment Benefits

The Town provides no other postemployment benefits to its employees.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
(Continued)
June 30, 1999

(10) Changes in General Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended June 30, 1999:

	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Other Notes</u>	<u>Total</u>
Obligations payable at July 1, 1998	\$ 334,000	\$ 4,420,493	\$ 181,640	\$ 4,936,133
Less principal payments year ended June 30, 1999	(8,000)	(35,262)	-	(43,262)
Obligations payable at June 30, 1999	<u>\$ 326,000</u>	<u>\$ 4,385,231</u>	<u>\$ 181,640</u>	<u>\$ 4,892,871</u>

Obligations payable at June 30, 1999 are comprised of the following individual issues:

General obligation bonds:

\$207,000 dated 7/1/81; due in annual installments of
\$2,000 – \$12,000 through July 1, 2021; interest at 5%.
The debt redemption is paid from the Debt Service Fund.

\$ 163,000

General obligation bonds Sewer District #1:

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

163,000

Total General Obligation Bonds

\$ 326,000

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
(Continued)
June 30, 1999

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

Sewer revenue bonds:

\$1,300,000 dated 12/14/88, due in annual installments of \$93,821 including interest at 6 5/8%, through December 14, 2028. The payments shall be equal in amount and consist of fully amortized installments of principal and interest \$ 1,207,503

Sewer revenue bonds:

\$250,000 dated 12/14/88, due in annual installments of \$19,665 including interest at 7 3/8%, through December 14, 2028. The payments shall be equal in amount and consist of fully amortized installments of principal and interest 234,661

Water revenue bonds:

\$1,987,000 dated August 11, 1997, due in annual installments of \$10,849 including interest at 5 7/8% through August 1, 2036. The payments shall be equal in amount and consist of fully amortized installments of principal and interest 1,955,822

Water revenue bonds:

\$1,003,000 dated August 11, 1997, due in annual installments of \$5,477 including interest at 5 7/8% through August 1, 2036. The payments shall be equal in amount and consist of fully amortized installments of principal and interest 987,245

Total Revenue Bonds \$ 4,385,231

Other notes payable

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

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
(Continued)
June 30, 1999

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

At June 30, 1999, the Town has accumulated \$191,561 in debt services funds for future debt requirements. The annual requirements to amortize all bonds outstanding at June 30, 1999, including interest of \$219,500 for the General Obligation Bonds and \$6,222,177 for the Revenue Bonds follows:

<u>Year Ending June 30</u>	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
2000	\$ 24,300	\$ 309,397	\$ 333,697
2001-2005	122,900	1,546,984	1,669,884
2006-2010	125,400	1,546,984	1,672,384
2011-2015	123,900	1,546,984	1,670,884
2016-2020	123,800	1,546,984	1,670,784
2021-2025	25,200	1,546,984	1,572,184
2026-2030	-	1,392,418	1,392,418
2031-2036	-	1,170,673	1,170,673
	<u>\$ 545,500</u>	<u>\$ 10,607,408</u>	<u>\$ 11,152,908</u>

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

(11) Interfund Transactions

Interfund receivables and payables consist of the following at June 30, 1999:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 15,980	\$ 8,767
Debt Service	8,767	-
Enterprise Funds		
Sewer Fund	-	7,761
Water	-	8,219
	<u>\$ 24,747</u>	<u>\$ 24,747</u>

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
(Continued)
June 30, 1999

(12) Changes in Contributed Capital

The following is a summary of changes in contributed capital:

Balance at June 30, 1998	\$ 480,022
Depreciation transferred to contributed capital	(69,450)
Balance at June 30, 1999	<u>\$ 410,572</u>

(13) Risk Management

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

(14) Restricted Assets – Proprietary Fund Type

Restricted assets were applicable to the following at June 30, 1999:

	<u>Enterprise Fund</u>
Cash:	
Caddo Parish Commission	\$ 12,365
Sewer construction phase II	5,581
Customer deposits	91,567
Contingency funds – revenue bonds	152,591
Reserve funds – revenue bonds	182,947
Sinking funds – revenue bonds	29,240
	<u>\$ 474,291</u>

Components of Restricted Assets:

Sinking Funds

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

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
(Continued)
June 30, 1999

Reserve Funds

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

Contingency Fund

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

For the year ended June 30, 1999, the Proprietary Fund is in compliance with the requirements for making deposits into the three restricted accounts.

(15) Federal Programs

On June 30, 1981, General Obligation Sewer Bonds issued by the Town totaling \$414,000 (CFDA 10.418) were purchased by the Farmers Home Administration. The remaining balance of \$326,000 is included in revenue bonds payable on the accompanying balance sheet.

On December 14, 1988, Sewer Revenue Bonds issued by the Town totaling \$1,550,000 (CFDA 10.418) were purchased by the Farmers Home Administration. The remaining balance of \$1,442,164 is included in revenue bonds payable on the accompanying balance sheet.

On August 1, 1997, Water Revenue Bonds issued by The Town totaling \$2,990,000, with a remaining balance of \$2,943,067 at June 30, 1999, were purchased by USDA Rural Development. The balance at June 30, 1999 is included in revenue bonds payable on the accompanying balance sheet.

During the year ended June 30, 1999, The town received \$44,509 from two separate federal law enforcement grants.

Supporting Schedules

Town of Greenwood
Greenwood, Louisiana
Combining Balance Sheet
All Proprietary Fund Types
June 30, 1999

	Enterprise		
	Water	Sewer	Total
Assets			
Current assets:			
Cash	\$ 1,725,863	\$ 69,792	\$ 1,795,655
Receivables-			
Accounts	45,524	36,878	82,402
Other	24,887		24,887
Total current assets	<u>1,796,274</u>	<u>106,670</u>	<u>1,902,944</u>
Restricted assets - cash	143,584	330,707	474,291
Property, plant and equipment:			
Land	36,223	142,436	178,659
Plant and equipment	4,151,758	3,043,885	7,195,643
	<u>4,187,981</u>	<u>3,186,321</u>	<u>7,374,302</u>
Less accumulated depreciation	<u>(409,477)</u>	<u>(1,888,767)</u>	<u>(2,298,244)</u>
Net property, plant and equipment	3,778,504	1,297,554	5,076,058
Other assets	<u>560</u>		<u>560</u>
Total assets	<u>\$ 5,718,922</u>	<u>\$ 1,734,931</u>	<u>\$ 7,453,853</u>

(Continued)

Town of Greenwood
Greenwood, Louisiana
Combining Balance Sheet
All Proprietary Fund Types
June 30, 1999
(Continued)

Liabilities and Fund Equity	Enterprise		
	Water	Sewer	Total
Liabilities:			
Current liabilities (payable from current assets) -			
Accounts payable	\$ 10,579	\$ 1,622	\$ 12,201
Due to other funds	8,219	7,761	15,980
Sales tax payable	1,128		1,128
Payroll taxes payable	1,020	259	1,279
Total current liabilities (payable from current assets)	20,946	9,642	30,588
Current liabilities (payable from restricted assets) -			
Revenue bonds	23,162	16,409	39,571
Accrued interest	947	53,551	54,498
Customers' deposits	59,178	32,389	91,567
Total current liabilities (payable from restricted assets)	83,287	102,349	185,636
Long-term liabilities -			
Revenue bonds payable	2,919,905	1,425,755	4,345,660
Other notes payable	181,640		181,640
Total liabilities	3,205,778	1,537,746	4,743,524
Fund equity:			
Contributed capital		410,572	410,572
Retained earnings (deficit)			
Reserved for revenue bonds	84,406	280,372	364,778
Unreserved	2,428,738	(493,759)	1,934,979
Total retained earnings (deficit)	2,513,144	(213,387)	2,299,757
Total fund equity	2,513,144	197,185	2,710,329
Total liabilities and fund equity	\$ 5,718,922	\$ 1,734,931	\$ 7,453,853

Town of Greenwood
Greenwood, Louisiana
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
All Proprietary Fund Types
For the Year Ended June 30, 1999

	Enterprise		
	Water	Sewer	Total
Operating revenues:			
Charges for service-			
Water sales	\$ 441,766	\$	\$ 441,766
Sewerage service charges		240,394	240,394
Other charges and fees	17,013	8,818	25,831
Total operating revenues	<u>458,779</u>	<u>249,212</u>	<u>707,991</u>
Operating expenses:			
Salaries	84,732	75,604	160,336
Payroll taxes	6,932	6,013	12,945
Auto and truck expense	1,362	3,376	4,738
Legal and accounting	5,723	5,749	11,472
Insurance - general	8,415	9,530	17,945
Testing		4,010	4,010
Maintenance and repairs	125,519	70,948	196,467
Miscellaneous expenses	9,414	708	10,122
Office expense	21,822	1,840	23,662
Material and supplies	120,427	20,794	141,221
Utilities	31,845	25,961	57,806
Depreciation	151,502	166,195	317,697
Total operating expenses	<u>567,693</u>	<u>390,728</u>	<u>958,421</u>
Operating income (loss)	<u>(108,914)</u>	<u>(141,516)</u>	<u>(250,430)</u>
Non-operating revenues (expenses):			
Interest income	54,283	7,941	62,224
Interest expense	(169,856)	(98,072)	(267,928)
Operating transfers from other funds	491,556	109,183	600,739
Operating transfers to other funds	(32,036)		(32,036)
Total non-operating revenues (expenses)	<u>343,947</u>	<u>19,052</u>	<u>362,999</u>
Net income (loss)	235,033	(122,464)	112,569
Depreciation transferred to contributions		69,450	69,450
Increase in retained earnings	<u>235,033</u>	<u>(53,014)</u>	<u>182,019</u>
Retained earnings - July 1, 1998	2,278,111	(160,373)	2,117,738
Retained earnings - June 30, 1999	<u>\$ 2,513,144</u>	<u>\$ (213,387)</u>	<u>\$ 2,299,757</u>

Town of Greenwood
Greenwood, Louisiana
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended June 30, 1999

	Enterprise		
	Water	Sewer	Total
Cash flows from operating activities:			
Operating net income (loss)	\$ (108,914)	\$ (141,516)	\$ (250,430)
Adjustments to reconcile operating income to net cash provided by (used) by operating activities:			
Depreciation	151,502	166,195	317,697
(Increase) decrease in accounts receivable	14,152	768	14,920
(Increase) decrease in due from other funds		21,677	21,677
Increase (decrease) in accounts payable	(1,926)	(942)	(2,868)
Increase (decrease) in payroll taxes payable	271	155	426
Increase (decrease) in sales tax payable	(343)		(343)
Increase (decrease) in due to other funds	6,683	(26,830)	(20,147)
Increase (decrease) in customers' deposits	1,631	1,189	2,820
Increase (decrease) in accrued interest payable	(6,206)		(6,206)
Net cash provided by operating activities	56,850	20,696	77,546
Cash flows from non-capital financing activities:			
Operating transfers from other funds	491,556	109,183	600,739
Operating transfers to other funds	(32,036)		(32,036)
Net cash provided by non-capital financing activities	459,520	109,183	568,703
Cash flows from capital and related financing activities:			
Principal paid on revenue bonds and notes payable	(19,847)	(15,414)	(35,261)
Interest paid on revenue bonds and notes payable	(169,856)	(98,072)	(267,928)
Fixed asset additions	(117,744)		(117,744)
Net cash used for capital and related financing activities	(307,447)	(113,486)	(420,933)
Cash flows from investing activities:			
Interest income	54,283	7,941	62,224
Net increase in cash and cash equivalents	263,206	24,334	287,540
Cash and cash equivalents - July 1, 1998	1,606,241	376,165	1,982,406
Cash and cash equivalents - June 30, 1999	\$ 1,869,447	\$ 400,499	\$ 2,269,946

Town of Greenwood
Greenwood, Louisiana
Schedule of Compensation Paid to Members
of the Governing Body
For the Year Ended June 30, 1999

Mayor - Owen D. Adams, Salary and Allowance	\$ 14,400
Aldermen:	
Rebecca C. Burks	3,000
Betty Massey	250
James Saintigan	3,000
Jerry Melot	3,000
Youree Hamilton	3,000
Ellise Wissing	1,500
	<hr/>
	\$ 28,150
	<hr/> <hr/>

Town of Greenwood
Greenwood, Louisiana
Schedule of Insurance in Force
As of June 30, 1999

Insurer	Expiration Date	Description	Coverage	Amount
Titan Indemnity Company	2-23-00	Commercial Package Policy		
		General Liability Coverage		
		Personal Injury Liability	2,000,000 Each Occurrence	
		Fire Damage Liability	2,000,000 Each Occurrence	
			4,000,000 General Aggregate Limit	
Titan Indemnity Company		Inland Marine Policy		
		Police Department Equipment	45,825	
		Water and Sewer Equipment	508,200	
Titan Indemnity Company		Commercial Property Policy		
		Personal Property Building	4,500	
		Public Official Liability	2,013,200	
			2,000,000 Each Occurrence	
			4,000,000 Annual Aggregate	
Titan Indemnity Company	2-23-00	Business Auto Policy		
		Liability	2,000,000 Per Accident	
		Uninsured Motorist	2,000,000 Per Accident	
		Physical Damage Comprehensive and Collision		
Titan Indemnity Company	2-23-00	Law Enforcement Officers' Liability Policy		
			2,000,000 Each Occurrence	
Louisiana Workers' Compensation Corporation		Workers' Compensation		
			100,000 Each Accident	
			500,000 Policy Limit	
Shelter Insurance	9-22-00	Commercial Fire Insurance Policy		
		Building - Main	240,000	
		Personal Property - Main	13,500	
		Building - Annex	50,000	
			Personal Property - Annex	2,000
Western Surety	5-07-00	Surety Bond - Mayor and Town Clerk		250,400
		Surety Bond - Town Clerk		200,000
		Surety Bond - Town Clerk		20,000
		Surety Bond - Mayor and Town Clerk		23,400
		Surety Bond - Town Clerk		20,000
		Surety Bond - (3) Secretary		5,000 Each
		Surety Bond - Town		5,000

Town of Greenwood
Greenwood, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

<u>Federal Grantor – Program Title</u>	<u>Pass Through Grantor's Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture – Rural Development – Direct Program – Water and Waste Disposal Systems for Rural Communities	N/A	10.760	\$ 4,711,231
U.S. Department of Justice – Office of Community Oriented Policing Services – Direct Programs COPS Universal Hiring	95CFWX1904	16.710	\$ 33,975
U.S. Department of Justice – Passed through Louisiana Commission on Law Enforcement – Criminal Patrol	98-B1-B. 07-0003	16.579	\$ 10,534

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

Note 2: The Town had the following loan balances outstanding at June 30, 1999. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

On June 30, 1981, General Obligation Sewer Bonds issued by the Town totaling \$414,000, with a remaining balance of \$326,000 at June 30, 1999, were purchased by the Farmers Home Administration (Rural Development).

On December 14, 1988, Sewer Revenue Bonds issued by the Town totaling \$1,550,000, with a remaining balance of \$1,442,164 at June 30, 1999, were purchased by the Farmers Home Administration (Rural Development).

On August 1, 1997, Water Revenue Bonds issued by the Town totaling \$2,990,000, with a remaining balance of \$2,943,067 at June 30, 1999, were purchased by the USDA Rural Development.

Town of Greenwood
Greenwood, Louisiana
Supplementary Information Schedule
Year 2000 Disclosure
(Unaudited)
June 30, 1999

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999. The Town has completed an inventory of computer systems that may be affected by the year 2000 issue that are critical to conducting operations of the Town's office. Management of the Town has identified the following system requiring 2000 remediation: certain computer systems. Management of the Town has contacted outside vendors for remediation, testing and validation. The approximate cost for updating was an insignificant amount. The anticipated installation date is before December 31, 1999.

COOK & MOREHART

Certified Public Accountants

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CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

Town of Greenwood
Greenwood, Louisiana

We have audited the general purpose financial statements of the Town of Greenwood as of and for the year ended June 30, 1999, and have issued our report thereon dated November 12, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

This report is intended solely for the information and use of management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart
Certified Public Accountants
November 12, 1999

COOK & MOREHART

Certified Public Accountants

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CERTIFIED PUBLIC ACCOUNTANTS

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

Town of Greenwood
Greenwood, Louisiana

Compliance

We have audited the compliance of the Town of Greenwood with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The Town of Greenwood's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Greenwood's management. Our responsibility is to express an opinion on the Town of Greenwood's compliance based on our audit.

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

In our opinion, the Town of Greenwood complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

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

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

This report is intended solely for the information and use of management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart
Certified Public Accountants
November 12, 1999

Town of Greenwood
Greenwood, Louisiana

Summary Schedule of Prior Audit Findings

There were no findings or questioned costs for the audit period ended June 30, 1998.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 1999

A. Summary of Audit Results

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

B. Findings – Financial Statements Audit: None

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

Town of Greenwood
Greenwood, Louisiana
Summary Schedule of Audit Findings for the Louisiana Legislative Auditor
June 30, 1999

Summary Schedule of Prior Audit Findings

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

Corrective Action Plan for Current Year Audit Findings

There were no findings or management letter comments for the year ended June 30, 1999.