

**Town of Greenwood  
Greenwood, Louisiana  
Financial Statements with Auditors' Report  
As of and For the Year Ended June 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 1/30/08

Town of Greenwood  
Greenwood, Louisiana

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Greenwood, Louisiana

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Independent Auditors' Report

The Honorable Ernest H. Lampkins, Mayor  
and Members of the Town Council  
Town of Greenwood  
Greenwood, Louisiana

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Greenwood, Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Greenwood, Louisiana's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of the Town of Greenwood, Louisiana, as of June 30, 2007, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2007 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 34 through 36, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively compromise the Town of Greenwood, Louisiana's basic financial statements. The accompanying financial information listed as other supplementary information in the table of contents and shown on pages 37 through 38 is presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Greenwood. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



Cook & Morehart  
Certified Public Accountants  
December 11, 2007

## 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, 2007. Please read it in conjunction with the Town's financial statements, which begin on page 10.

#### FINANCIAL HIGHLIGHTS

- The Town of Greenwood's net assets of our governmental activities increased by \$85,634 or 2%.
- The Town of Greenwood's net assets of our business-type activities decreased by \$189,005 or 10%.
- In the Town's governmental activities, total general and program revenues were \$1,631,935 in 2006 compared to \$1,707,334 in 2007. Total expenses, excluding depreciation, totaled \$1,454,625 for the year ended June 30, 2006 compared to \$1,497,326 for 2007.
- In the Town's business-type activities, revenues increased by \$185,745, while expenses increased by \$42,954.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets 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 Assets 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 assets* and changes in them. You can think of the Town of Greenwood's *net assets* – 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 assets are 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 Assets 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 Assets 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 Assets and the Statement of Activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

**THE TOWN OF GREENWOOD AS A WHOLE**

The Town of Greenwood's combined net assets changed from a year ago, decreasing from \$5,464,182 to \$5,360,811. 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>2007</u>                    | <u>2006</u>        | <u>2007</u>                     | <u>2006</u>        | <u>2007</u>        | <u>2006</u>         |
| Current and other assets                           | \$2,810,967                    | \$2,601,494        | \$ 501,522                      | \$ 804,409         | \$3,312,489        | \$ 3,405,903        |
| Capital assets                                     | <u>1,023,789</u>               | <u>1,159,432</u>   | <u>4,135,786</u>                | <u>4,340,996</u>   | <u>5,159,575</u>   | <u>5,500,428</u>    |
| Total assets                                       | <u>3,834,756</u>               | <u>3,760,926</u>   | <u>4,637,308</u>                | <u>5,145,405</u>   | <u>8,472,064</u>   | <u>8,906,331</u>    |
| Current liabilities                                | 56,819                         | 72,011             | 558,885                         | 550,977            | 615,704            | 622,988             |
| Long-term liabilities                              | <u>38,549</u>                  | <u>35,161</u>      | <u>2,457,000</u>                | <u>2,784,000</u>   | <u>2,495,549</u>   | <u>2,819,161</u>    |
| Total liabilities                                  | <u>95,368</u>                  | <u>107,172</u>     | <u>3,015,885</u>                | <u>3,334,977</u>   | <u>3,111,253</u>   | <u>3,442,149</u>    |
| Net assets:  |                                |                    |                                 |                    |                    |                     |
| Investments in capital assets, net of related debt | 1,023,789                      | 1,159,432          | 1,351,786                       | 1,246,996          | 2,375,575          | 2,406,428           |
| Restricted   | 24,913                         | 39,935             | 64,026                          | 224,933            | 88,939             | 264,868             |
| Unrestricted                                       | <u>2,690,686</u>               | <u>2,454,387</u>   | <u>205,611</u>                  | <u>338,499</u>     | <u>2,896,297</u>   | <u>2,792,886</u>    |
| Total net assets                                   | <u>\$3,739,388</u>             | <u>\$3,653,754</u> | <u>\$1,621,423</u>              | <u>\$1,810,428</u> | <u>\$5,360,811</u> | <u>\$ 5,464,182</u> |

Net assets of the Town of Greenwood's governmental activities increased by \$85,634 or 2 %. Net assets of the Town of Greenwood's business-type activities decreased by \$ 189,005 or 10 %.

**Table 2  
Change in Net Assets**

|                                     | <u>Governmental Activities</u> |                  | <u>Business-type Activities</u> |                     | <u>Total</u>        |                    |
|-------------------------------------|--------------------------------|------------------|---------------------------------|---------------------|---------------------|--------------------|
|                                     | <u>2007</u>                    | <u>2006</u>      | <u>2007</u>                     | <u>2006</u>         | <u>2007</u>         | <u>2006</u>        |
| <b>Revenues</b>                     |                                |                  |                                 |                     |                     |                    |
| Program revenues                    |                                |                  |                                 |                     |                     |                    |
| Charges for services                | \$ 378,526                     | \$ 284,997       | \$1,165,313                     | \$ 978,189          | \$1,543,839         | \$ 1,263,186       |
| Operating grants and contributions  | 8,325                          | 4,404            | -                               | -                   | 8,325               | 4,404              |
| General revenues                    |                                |                  |                                 |                     |                     |                    |
| Ad valorem taxes                    | 150,593                        | 151,609          | -                               | -                   | 150,593             | 151,609            |
| Sales taxes                         | 351,888                        | 317,138          | -                               | -                   | 351,888             | 317,138            |
| Franchise taxes                     | 74,586                         | 70,543           | -                               | -                   | 74,586              | 70,543             |
| Licenses and permits                | 568,976                        | 537,916          | -                               | -                   | 568,976             | 537,916            |
| Investment earnings                 | 64,761                         | 47,840           | 10,863                          | 12,242              | 75,624              | 60,082             |
| Miscellaneous                       | 109,680                        | 81,316           | -                               | -                   | 109,680             | 81,316             |
| Proceeds from surety bond           | -                              | 136,172          | -                               | -                   | -                   | 136,172            |
| Total revenues                      | <u>1,707,335</u>               | <u>1,631,935</u> | <u>1,176,176</u>                | <u>990,431</u>      | <u>2,883,511</u>    | <u>2,622,366</u>   |
| <b>Expenses</b>                     |                                |                  |                                 |                     |                     |                    |
| General government                  | 823,422                        | 770,748          | -                               | -                   | 823,422             | 770,748            |
| Public safety                       | 692,721                        | 784,426          | -                               | -                   | 692,721             | 784,426            |
| Water                               | -                              | -                | 995,053                         | 943,324             | 995,053             | 943,324            |
| Sewer                               | -                              | -                | 391,424                         | 400,198             | 391,424             | 400,198            |
| Total expenses                      | <u>1,516,143</u>               | <u>1,555,174</u> | <u>1,386,477</u>                | <u>1,343,522</u>    | <u>2,902,620</u>    | <u>2,898,696</u>   |
| Transfers                           | ( 21,296)                      | ( 31,682)        | 21,296                          | 31,682              | -                   | -                  |
| Loss on disposal of capital assets  | ( 84,262)                      |                  |                                 |                     | ( 84,262)           |                    |
| Special item – elimination of debt  | -                              | -                | -                               | 181,640             | -                   | 181,640            |
| Increases (decreases) in net assets | <u>\$ 85,634</u>               | <u>\$ 45,079</u> | <u>\$( 189,005)</u>             | <u>\$( 139,769)</u> | <u>\$( 103,371)</u> | <u>\$( 94,690)</u> |

The Town's total revenues increased by 10% or \$261,145. The total cost of all programs and services increased 3% or \$88,186. Our analysis below separately considers the operations of the governmental and business-type activities.

### **Governmental Activities**

Total revenues for the governmental activities increased \$75,400 from total revenues in the year ended June 30, 2006 of \$1,631,935 to total revenues of \$1,707,335 in the year ended June 30, 2007.

The cost of all governmental activities this year was \$1,600,405. These costs were covered by \$386,851 of program revenues, with the remaining costs covered by property taxes, sales taxes, and other general revenues.

### **Business-type Activities**

Total revenues for the business-type activities increased \$185,745 or 19% from total revenues in the year ended June 30, 2006 of \$990,431 to total revenues of \$1,176,176 in the year ended June 30, 2007. The primary reason for the increase was a rate increase.

The cost of all business-type activities this year was \$1,386,477. These costs were covered by \$1,165,313 of program revenues, consisting of charges for services assessed to users.

### **THE TOWN'S FUNDS**

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a *combined* fund balance of \$2,702,600, which is higher than last year's fund balance of \$2,487,294. The primary reason for the increase is sales tax revenue and other taxes.

### **General Fund Budgetary Highlights**

The Town adopted a budget for its General Fund for the year ended June 30, 2007. 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 35. Highlights for the year are as follows:

- Of the \$149,000 budgeted for Capital Outlay, only \$57,493 was spent.
- Excess of revenues over expenditures for year ended June 30, 2007 was \$44,639.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2007 and 2006, the Town of Greenwood had invested \$5,159,575 and \$5,500,428, respectively in capital assets. (see table 3 below)

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

|                            | Governmental Activities |                    | Business-type Activities |                    | Total              |                    |
|----------------------------|-------------------------|--------------------|--------------------------|--------------------|--------------------|--------------------|
|                            | 2007                    | 2006               | 2007                     | 2006               | 2007               | 2006               |
| Land                       | \$ 227,359              | \$ 225,361         | \$ 178,658               | \$ 178,658         | \$ 406,017         | \$ 404,019         |
| Buildings and improvements | 564,551                 | 670,913            | -                        | -                  | 564,551            | 670,913            |
| Playground - park          | 13,051                  | 19,386             | -                        | -                  | 13,051             | 19,386             |
| Furniture and equipment    | 108,501                 | 115,807            | -                        | -                  | 108,501            | 115,807            |
| Vehicles                   | 110,327                 | 127,965            | 62,656                   | 22,544             | 172,983            | 150,509            |
| Sewer system               | -                       | -                  | 418,317                  | 479,570            | 418,317            | 479,570            |
| Water system               | -                       | -                  | 3,476,155                | 3,660,224          | 3,476,155          | 3,660,224          |
| <b>Total assets (net)</b>  | <b>\$1,023,789</b>      | <b>\$1,159,432</b> | <b>\$4,135,786</b>       | <b>\$4,340,996</b> | <b>\$5,159,575</b> | <b>\$5,500,428</b> |

This year's major additions included:

|                            |                  |                  |                   |                  |                   |                   |
|----------------------------|------------------|------------------|-------------------|------------------|-------------------|-------------------|
| Water and sewer system     | \$ -             | \$ -             | \$ 79,780         | \$ 25,483        | \$ 79,780         | \$ 25,483         |
| Buildings and improvements | 13,000           | -                | -                 | -                | 13,000            | -                 |
| Vehicles and equipment     | 19,997           | 49,782           | 79,272            | 26,522           | 99,269            | 76,304            |
| Furniture and Equipment    | 19,382           | -                | -                 | -                | 19,382            | -                 |
| <b>Total</b>               | <b>\$ 52,379</b> | <b>\$ 49,782</b> | <b>\$ 159,052</b> | <b>\$ 52,005</b> | <b>\$ 211,431</b> | <b>\$ 101,787</b> |

More detailed information about the capital assets are presented in Note 6 to the financial statements.

## Debt

At year-end, the Town had \$2,784,000 in bonds and notes outstanding, versus \$3,094,000 last year -- a decrease of 10%.

**Table 4**  
**Outstanding Debt At Year End**

|                     | <u>Business-type Activities</u> |                    |
|---------------------|---------------------------------|--------------------|
|                     | <u>2007</u>                     | <u>2006</u>        |
| Sewer revenue       |                                 |                    |
| refunding bonds     | \$ 949,000                      | \$1,004,000        |
| Water revenue bonds | <u>1,835,000</u>                | <u>2,090,000</u>   |
| Totals              | <u>\$2,784,000</u>              | <u>\$3,094,000</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 9 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, 2008 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same.

Expenditures for 2008 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 Assets  
June 30, 2007

|   | Governmental<br>Activities | Business-type<br>Activities | Total               |
|---|----------------------------|-----------------------------|---------------------|
| <b>Assets</b>                                   |                            |                             |                     |
| Cash and cash equivalents                       | \$ 2,167,069               | \$ 146,230                  | \$ 2,302,289        |
| Investments                                     | 459,739                    |                             | 459,739             |
| Receivables                                     | 142,621                    | 115,209                     | 257,830             |
| Prepaid expenses                                | 51,548                     | 44,297                      | 95,845              |
| Other   |                            | 412                         | 412                 |
| <b>Restricted assets:</b>                       |                            |                             |                     |
| Cash and cash equivalents                       |                            | 196,374                     | 196,374             |
| Land  | 227,359                    | 178,658                     | 406,017             |
| Depreciable capital assets, net                 | 796,430                    | 3,957,128                   | 4,753,558           |
| Total assets                                    | <u>3,834,756</u>           | <u>4,837,308</u>            | <u>8,472,064</u>    |
| <b>Liabilities</b>                              |                            |                             |                     |
| Accounts payable and accrued expenses           | 56,819                     | 45,647                      | 102,466             |
| <b>Payable from restricted assets:</b>          |                            |                             |                     |
| Long-term debt due within one year              |                            | 327,000                     | 327,000             |
| Accrued interest                                |                            | 54,076                      | 54,076              |
| Customer deposits                               |                            | 132,162                     | 132,162             |
| <b>Non-current liabilities:</b>                 |                            |                             |                     |
| Due within one year                             | 36,297                     |                             | 36,297              |
| Due in more than one year                       | 2,252                      | 2,457,000                   | 2,459,252           |
| Total liabilities                               | <u>95,368</u>              | <u>3,015,885</u>            | <u>3,111,253</u>    |
| <b>Net Assets</b>                               |                            |                             |                     |
| Invested in capital assets, net of related debt | 1,023,789                  | 1,351,786                   | 2,375,575           |
| <b>Restricted for:</b>                          |                            |                             |                     |
| Debt Service                                    | 24,913                     | 64,026                      | 88,939              |
| Unrestricted                                    | 2,690,686                  | 206,611                     | 2,896,297           |
| Total net assets                                | <u>\$ 3,739,388</u>        | <u>\$ 1,621,423</u>         | <u>\$ 5,360,811</u> |

See accompanying notes to the basic financial statements.

Town of Greenwood  
Greenwood, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2007

| Functions / Programs:          | Program Revenues    |                      | Net (Expense) Revenue and Changes in Net Assets |                         |                          |                     |
|--------------------------------|---------------------|----------------------|---|-------------------------|--------------------------|---------------------|
|                                | Expenses            | Charges for Services | Operating Grants and Contributions              | Governmental Activities | Business-type Activities | Total               |
| Governmental Activities        |                     |                      |   |                         |                          |                     |
| General government             | \$ 823,422          | \$ 378,526           | \$ 8,325  | \$ (815,097)            | \$                       | \$ (815,097)        |
| Public safety                  | 682,721             |                      |   | (314,195)               |                          | (314,195)           |
| Total governmental activities  | <u>1,516,143</u>    | <u>378,526</u>       | <u>8,325</u>                                    | <u>(1,129,292)</u>      |                          | <u>(1,129,292)</u>  |
| Business-type Activities       |                     |                      |   |                         |                          |                     |
| Water                          | 995,053             | 834,038              |   |                         | (161,017)                | (161,017)           |
| Sewer                          | 391,424             | 331,277              |   |                         | (80,147)                 | (80,147)            |
| Total business-type activities | <u>1,386,477</u>    | <u>1,165,315</u>     |   |                         | <u>(221,164)</u>         | <u>(221,164)</u>    |
| Total Government               | <u>\$ 2,902,620</u> | <u>\$ 1,543,839</u>  | <u>\$ 8,325</u>                                 | <u>(1,129,292)</u>      | <u>(221,164)</u>         | <u>(1,350,458)</u>  |
| General revenues:              |                     |                      |   |                         |                          |                     |
|                                |                     |                      |   | 150,593                 |                          | 150,593             |
|                                |                     |                      |   | 351,688                 |                          | 351,688             |
|                                |                     |                      |   | 74,586                  |                          | 74,586              |
|                                |                     |                      |   | 568,976                 |                          | 568,976             |
|                                |                     |                      |   | 64,761                  | 10,863                   | 75,624              |
|                                |                     |                      |   | 108,680                 |                          | 108,680             |
|                                |                     |                      |   | (21,296)                | 21,296                   |                     |
|                                |                     |                      |   | (64,262)                |                          | (64,262)            |
|                                |                     |                      |   | <u>1,214,926</u>        | <u>32,159</u>            | <u>1,331,347</u>    |
|                                |                     |                      |   |                         |                          |                     |
|                                |                     |                      |   | 85,634                  | (189,005)                | (103,371)           |
|                                |                     |                      |   |                         |                          |                     |
|                                |                     |                      |   | 3,653,754               | 1,810,428                | 5,464,182           |
|                                |                     |                      |   |                         |                          |                     |
|                                |                     |                      |   | <u>\$ 3,739,388</u>     | <u>\$ 1,621,423</u>      | <u>\$ 5,360,811</u> |

See accompanying notes to the basic financial statements.

Town of Greenwood  
Greenwood, Louisiana  
Balance Sheet  
Governmental Funds  
June 30, 2007

|                                       | Major Funds  |              | Non-Major Fund  | Total<br>Governmental<br>Funds |
|---------------------------------------|--------------|--------------|-----------------|--------------------------------|
|                                       | General      | Sales<br>Tax | Debt<br>Service |                                |
| <b>Assets</b>                         |              |              |                 |                                |
| Cash and cash equivalents             | \$ 1,627,611 | \$ 504,535   | \$ 24,913       | \$ 2,157,059                   |
| Investments                           |              | 459,739      |                 | 459,739                        |
| Receivables                           | 105,925      | 36,896       |                 | 142,821                        |
| Total assets                          | \$ 1,733,536 | \$ 1,000,970 | \$ 24,913       | \$ 2,759,419                   |
| <b>Liabilities and Fund Balances</b>  |              |              |                 |                                |
| <b>Liabilities:</b>                   |              |              |                 |                                |
| Accounts payable and accrued expenses | \$ 56,819    | \$           | \$              | \$ 56,819                      |
| Total liabilities                     | 56,819       |              |                 | 56,819                         |
| <b>Fund balances:</b>                 |              |              |                 |                                |
| Reserved - debt service               |              |              | 24,913          | 24,913                         |
| Unreserved                            | 1,676,717    | 1,000,970    |                 | 2,677,687                      |
| Total fund balances                   | 1,676,717    | 1,000,970    | 24,913          | 2,702,600                      |
| Total liabilities and fund balances   | \$ 1,733,536 | \$ 1,000,970 | \$ 24,913       | \$ 2,759,419                   |

See accompanying notes to the basic financial statements.

Town of Greenwood  
Greenwood, Louisiana  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
June 30, 2007

|  |                     |
|--|---------------------|
| Fund balances - total governmental funds   | \$ 2,702,600        |
| Amounts reported for governmental activities in the statement of net assets<br>are different because:  |                     |
| Capital assets used in governmental activities are not financial resources<br>and therefore are not reported in the funds.   | 1,023,789           |
| The nonallocation method of accounting for prepayments is used in the fund<br>statements, since the prepayment does not provide expendable financial<br>resources. | 51,548              |
| Long-term liabilities are not due and payable in the current period and<br>therefore are not reported in the funds.  | <u>(38,549)</u>     |
| Net assets of governmental activities  | <u>\$ 3,739,388</u> |

See accompanying notes to the basic financial statements.

Town of Greenwood  
Greenwood, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2007

|   | Major Funds         |                     | Non-Major Fund   | Total<br>Governmental<br>Funds |
|---|---------------------|---------------------|------------------|--------------------------------|
|   | General             | Sales<br>Tax        | Debt<br>Service  |                                |
| <b>Revenues:</b>  |                     |                     |                  |                                |
| Ad valorem taxes  | \$ 150,593          | \$                  | \$               | \$ 150,593                     |
| Sales tax   |                     | 351,888             |                  | 351,888                        |
| Franchise taxes   | 74,586              |                     |                  | 74,586                         |
| Licenses and permits  | 568,976             |                     |                  | 568,976                        |
| Intergovernmental revenues  | 8,325               |                     |                  | 8,325                          |
| Fines and forfeitures   | 378,526             |                     |                  | 378,526                        |
| Investment earnings   | 48,497              | 15,766              | 478              | 64,761                         |
| Miscellaneous   | 109,680             |                     |                  | 109,680                        |
| <b>Total revenues</b>   | <b>1,339,183</b>    | <b>367,674</b>      | <b>478</b>       | <b>1,707,335</b>               |
| <b>Expenditures:</b>  |                     |                     |                  |                                |
| Current:  |                     |                     |                  |                                |
| General government  | 663,628             | 3,441               |                  | 667,069                        |
| Public safety   | 751,987             |                     |                  | 751,987                        |
| Capital outlay  | 57,483              |                     |                  | 57,483                         |
| <b>Total expenditures</b>   | <b>1,473,088</b>    | <b>3,441</b>        |                  | <b>1,476,529</b>               |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b>                                  | <b>(133,905)</b>    | <b>364,233</b>      | <b>478</b>       | <b>230,806</b>                 |
| <b>Other financing sources (uses):</b>  |                     |                     |                  |                                |
| Transfers in  | 250,000             |                     |                  | 250,000                        |
| Transfers out   |                     | (250,000)           | (15,500)         | (265,500)                      |
| <b>Total other financing sources (use)</b>  | <b>250,000</b>      | <b>(250,000)</b>    | <b>(15,500)</b>  | <b>(15,500)</b>                |
| <b>Excess (deficiency) of revenues and other sources<br/>over expenditures and other uses</b> | <b>116,095</b>      | <b>114,233</b>      | <b>(15,022)</b>  | <b>215,306</b>                 |
| <b>Fund balances at beginning of year</b>   | <b>1,560,622</b>    | <b>886,737</b>      | <b>39,935</b>    | <b>2,487,294</b>               |
| <b>Fund balances at end of year</b>   | <b>\$ 1,676,717</b> | <b>\$ 1,000,970</b> | <b>\$ 24,913</b> | <b>\$ 2,702,600</b>            |

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 Funds to the Statement of Activities  
For the Year Ended June 30, 2007

|   |    |                |
|---|----|----------------|
| Net change in fund balances - total governmental funds  | \$ | 215,306        |
| Amounts reported for governmental activities in the statement of activities are different because:  |    |                |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$103,079) exceeded capital outlays (\$57,493) in the current period. |    | (45,586)       |
| The net effect of various transactions involving capital assets (sales, trade-ins, donated infrastructure, etc.) is to decrease net assets.   |    | (90,057)       |
| The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.  |    | 9,359          |
| 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.  |    | <u>(3,388)</u> |
| Change in net assets of governmental activities   | \$ | <u>85,634</u>  |

See accompanying notes to the basic financial statements.

Town of Greenwood  
Greenwood, Louisiana  
Balance Sheet  
Proprietary Funds  
June 30, 2007

|  | Business-Type Activities - Enterprise Funds |                    |                     |
|--|---|--------------------|---------------------|
|  | Water                                       | Sewer              | Totals              |
| <b>Assets</b>                                      |   |                    |                     |
| <b>Current assets:</b>                             |   |                    |                     |
| Cash and cash equivalents                          | \$ 113,416                                  | \$ 31,814          | \$ 145,230          |
| <b>Receivables-</b>                                |   |                    |                     |
| Accounts   | 83,776                                      | 26,545             | 90,321              |
| Other  | 24,888                                      |                    | 24,888              |
| Prepaid insurance                                  | 36,110                                      | 8,187              | 44,297              |
| Other  | 412   |                    | 412                 |
| <b>Total current assets</b>                        | <u>238,602</u>                              | <u>66,546</u>      | <u>305,148</u>      |
| <b>Noncurrent assets:</b>                          |   |                    |                     |
| Restricted cash and cash equivalents               | 119,673                                     | 76,701             | 196,374             |
| <b>Capital assets:</b>                             |   |                    |                     |
| Land   | 36,223                                      | 142,435            | 178,658             |
| Plant and equipment                                | 5,451,741                                   | 3,266,586          | 8,718,327           |
| <b>Less: accumulated depreciation</b>              | <u>(1,912,930)</u>                          | <u>(2,848,269)</u> | <u>(4,761,199)</u>  |
| <b>Total noncurrent assets</b>                     | <u>3,694,707</u>                            | <u>637,453</u>     | <u>4,332,160</u>    |
| <b>Total assets</b>                                | <u>\$ 3,933,309</u>                         | <u>\$ 703,999</u>  | <u>\$ 4,637,308</u> |
| <b>Liabilities</b>                                 |   |                    |                     |
| <b>Current liabilities:</b>                        |   |                    |                     |
| Accounts payable                                   | \$ 9,558                                    | \$ 2,772           | \$ 12,330           |
| Accrued expenses                                   | 21,227                                      | 12,090             | 33,317              |
| <b>Payable from restricted assets:</b>             |   |                    |                     |
| Revenue bonds                                      | 289,000                                     | 58,000             | 327,000             |
| Accrued interest                                   | 32,724                                      | 21,352             | 54,076              |
| Customer deposits                                  | 89,127                                      | 43,035             | 132,162             |
| <b>Total current liabilities</b>                   | <u>421,636</u>                              | <u>137,249</u>     | <u>558,885</u>      |
| <b>Noncurrent liabilities:</b>                     |   |                    |                     |
| Revenue bonds                                      | 1,566,000                                   | 891,000            | 2,457,000           |
| <b>Total noncurrent liabilities</b>                | <u>1,566,000</u>                            | <u>891,000</u>     | <u>2,457,000</u>    |
| <b>Total liabilities</b>                           | <u>1,987,636</u>                            | <u>1,028,249</u>   | <u>3,015,885</u>    |
| <b>Net assets</b>                                  |   |                    |                     |
| Invested in capital assets, net<br>of related debt | 1,740,034                                   | (388,248)          | 1,351,786           |
| Restricted for debt service                        | 30,420                                      | 33,606             | 64,026              |
| Unrestricted                                       | 175,219                                     | 30,392             | 205,611             |
| <b>Total net assets</b>                            | <u>1,945,673</u>                            | <u>(324,250)</u>   | <u>1,621,423</u>    |
| <b>Total liabilities and net assets</b>            | <u>\$ 3,933,309</u>                         | <u>\$ 703,999</u>  | <u>\$ 4,637,308</u> |

See accompanying notes to the basic financial statements.

Town of Greenwood  
Greenwood, Louisiana  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2007

|  | Business-Type Activities - Enterprise Funds |                     |                     |
|--|---|---------------------|---------------------|
|  | Water                                       | Sewer               | Totals              |
| <b>Operating revenues:</b>                     |   |                     |                     |
| <b>Charges for service -</b>                   |   |                     |                     |
| Water sales                                    | \$ 782,334                                  | \$                  | \$ 782,334          |
| Sewerage service charges                       |   | 313,894             | 313,894             |
| Other charges and fees                         | 51,702                                      | 17,363              | 69,065              |
| <b>Total operating revenues</b>                | <b>834,036</b>                              | <b>331,277</b>      | <b>1,165,313</b>    |
| <b>Operating expenses:</b>                     |   |                     |                     |
| Salaries                                       | 240,025                                     | 98,319              | 338,344             |
| Payroll taxes                                  | 19,599                                      | 7,474               | 27,073              |
| Legal and accounting                           | 4,071                                       | 4,000               | 8,071               |
| Insurance                                      | 124,648                                     | 25,752              | 150,400             |
| Testing  | 382   | 3,633               | 4,015               |
| Maintenance and repairs                        | 60,031                                      | 19,015              | 79,046              |
| Miscellaneous expenses                         | 12,958                                      | 3,242               | 16,200              |
| Office expense                                 | 37,813                                      | 11,156              | 48,969              |
| Material and supplies                          | 80,919                                      | 26,269              | 107,188             |
| Utilities                                      | 81,784                                      | 30,736              | 112,520             |
| Meter reading expense                          | 26,720                                      |                     | 26,720              |
| Lift Station Expense                           |   | 18,120              | 18,120              |
| Depreciation                                   | 226,459                                     | 92,428              | 318,887             |
| <b>Total operating expenses</b>                | <b>815,409</b>                              | <b>338,144</b>      | <b>1,253,553</b>    |
| <b>Operating income (loss)</b>                 | <b>(81,373)</b>                             | <b>(6,867)</b>      | <b>(88,240)</b>     |
| <b>Non-operating revenues (expenses):</b>      |   |                     |                     |
| Interest income                                | 9,148                                       | 1,715               | 10,863              |
| Interest expense                               | (79,644)                                    | (53,280)            | (132,924)           |
| <b>Total non-operating revenues (expenses)</b> | <b>(70,496)</b>                             | <b>(51,565)</b>     | <b>(122,061)</b>    |
| <b>Net income (loss) before transfers</b>      | <b>(151,869)</b>                            | <b>(58,432)</b>     | <b>(210,301)</b>    |
| <b>Transfers in</b>                            | <b>5,796</b>                                | <b>15,500</b>       | <b>21,296</b>       |
| <b>Change in net assets</b>                    | <b>(146,073)</b>                            | <b>(42,932)</b>     | <b>(189,005)</b>    |
| <b>Net assets - beginning of year</b>          | <b>2,091,746</b>                            | <b>(281,318)</b>    | <b>1,810,428</b>    |
| <b>Net assets - end of year</b>                | <b>\$ 1,945,673</b>                         | <b>\$ (324,250)</b> | <b>\$ 1,621,423</b> |

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, 2007

|   | Water             | Sewer             | Total             |
|---|-------------------|-------------------|-------------------|
| <b>Cash Flows From Operating Activities</b>   |                   |                   |                   |
| Receipts from customers   | \$ 841,966        | \$ 331,731        | \$ 1,173,697      |
| Cash payments to suppliers for goods and services   | (378,160)         | (128,811)         | (504,971)         |
| Cash payments to employees for services   | (322,865)         | (115,681)         | (438,546)         |
| Other receipts (payments)   | 4,740             | (1,388)           | 3,352             |
| Net Cash From Operating Activities  | <u>147,681</u>    | <u>85,851</u>     | <u>233,532</u>    |
| <b>Cash Flows from Noncapital Financing Activities:</b>                                     |                   |                   |                   |
| Transfers from other funds  |                   | 15,500            | 15,500            |
| Net Cash from Noncapital Financing Activities   |                   | <u>15,500</u>     | <u>15,500</u>     |
| <b>Cash Flows From Capital and Related Financing Activities</b>                             |                   |                   |                   |
| Acquisition/construction of capital assets  | (78,705)          | (31,175)          | (107,880)         |
| Principal paid on capital debt  | (255,000)         | (55,000)          | (310,000)         |
| Interest paid on capital debt   | (84,220)          | (54,518)          | (138,738)         |
| Net Cash (Used) by Capital and Related Financing Activities                                 | <u>(415,925)</u>  | <u>(140,693)</u>  | <u>(556,618)</u>  |
| <b>Cash Flow From Investing Activities</b>  |                   |                   |                   |
| Interest income   | 9,148             | 1,715             | 10,863            |
| Proceeds from sale of investments   | 226,089           |                   | 226,089           |
| Net Cash From Investing Activities  | <u>235,237</u>    | <u>1,715</u>      | <u>236,952</u>    |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                 | <b>(33,007)</b>   | <b>(37,627)</b>   | <b>(70,634)</b>   |
| <b>Cash, Beginning of year</b>  | <b>266,096</b>    | <b>146,142</b>    | <b>412,238</b>    |
| <b>Cash, End of year</b>  | <b>\$ 233,089</b> | <b>\$ 108,515</b> | <b>\$ 341,604</b> |
| <b>Reconciliation of Operating Loss to Net Cash Provided</b>                                |                   |                   |                   |
| <b>By/(Used In) Operating Activities</b>  |                   |                   |                   |
| Operating income (loss)   | \$ (91,373)       | \$ (8,867)        | \$ (88,240)       |
| Adjustments to reconcile operating loss to net cash provided (used) by operating activities |                   |                   |                   |
| Depreciation expense  | 228,459           | 92,428            | 318,887           |
| Accounts receivable   | 7,929             | 453               | 8,382             |
| Prepaid expenses  | (1,458)           | (460)             | (1,918)           |
| Other assets  | (300)             |                   | (300)             |
| Accounts payable  | (8,751)           | (3,386)           | (12,137)          |
| Accrued expenses  | 1,110             | 1,073             | 2,183             |
| Customer deposits   | 4,065             | 2,610             | 6,675             |
| Net Cash Flows From Operating Activities  | <u>\$ 147,681</u> | <u>\$ 85,851</u>  | <u>\$ 233,532</u> |

See accompanying notes to the basic financial statements.

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2007

**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, 2007  
(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 sales tax fund, debt service fund, and general fund are classified as governmental activities. The Town's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Assets, 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 assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

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 nonoperating 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, 2007  
(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 funds of the Town of Greenwood:
  - a. General fund is the general operating fund of the Town of Greenwood. It is used to account for all financial resources except those required to be accounted for in another fund.
  - b. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
  - c. Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
2. **Proprietary Funds** – the focus of proprietary fund measurement is upon determination of operating income, changes in net assets, 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. Nonmajor 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, 2007  
(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.

**Sales Tax Fund** - accounts for the proceeds of sales taxes levied for fire department maintenance, maintenance of streets, capital construction, and other general purposes of the Town.

**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.

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Town of Greenwood  
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Notes to Financial Statements  
June 30, 2007  
(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 \$5,000.00 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  |
| Playground - park          | 10 years    |
| Water and sewer systems    | 6-40 years  |

(Continued)

Town of Greenwood  
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Notes to Financial Statements  
June 30, 2007  
(Continued)

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.

**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 Assets**

Net assets represent the difference between assets and liabilities. Net assets 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 assets are 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 assets are available.

**J. 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.

**K. 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 employee's anniversary date cannot be carry forward. 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.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2007  
(Continued)

**L. Interfund Activity**

Interfund activity is reported as either 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.

**M. 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.

**N. 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.

**O. 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.

**P. 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.

**Q. Statement of Cash Flows**

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

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2007  
(Continued)

R. 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.

(2) Ad Valorem Taxes

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

|              | Authorized<br>Millage | Levied<br>Millage | Expiration<br>Date |
|--------------|-----------------------|-------------------|--------------------|
| General Fund | 9.91                  | 9.91              | Statutory          |

(3) Cash, Cash Equivalents, and Investments

A. Cash and Cash Equivalents

At June 30, 2007, the Town has cash and cash equivalents (book balances) totaling \$2,498,663, of which \$196,374 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, 2007, the Town has investments totaling \$459,739, consisting of certificates of deposit. The certificates of deposit have initial maturities greater than 90 days and are carried at cost, which approximates market.

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a policy for custodial credit risk. As of June 30, 2007, \$2,712,336 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 | \$ 2,412,336        |
| Investments               | <u>300,000</u>      |
|                           | <u>\$ 2,712,336</u> |

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.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2007  
(Continued)

(4) Receivables

The following is a summary of receivables at June 30, 2007:

| <u>Class of<br/>Receivable</u>                |           |                       |
|---|-----------|-----------------------|
| <b>Governmental activities –</b>              |           |                       |
| Sales taxes                                   | \$        | 36,698                |
| Licenses and permits                          |           | <u>105,925</u>        |
| <b>Total governmental activities</b>          | <b>\$</b> | <b><u>142,621</u></b> |
| <b>Business-type activities –</b>             |           |                       |
| Accounts receivable – water and sewer charges | \$        | 90,321                |
| Other   |           | <u>24,888</u>         |
| <b>Total business-type activities</b>         | <b>\$</b> | <b><u>115,209</u></b> |

(5) Restricted Assets – Proprietary Fund Type

Restricted assets were applicable to the following at June 30, 2007:

|                                   |           | <u>Enterprise Fund</u> |
|-----------------------------------|-----------|------------------------|
| <b>Cash:</b>                      |           |                        |
| Customer deposits                 | \$        | 132,349                |
| Contingency funds – revenue bonds |           | 14,373                 |
| Reserve funds – revenue bonds     |           | 12,447                 |
| Sinking funds – revenue bonds     |           | <u>37,205</u>          |
|                                   | <b>\$</b> | <b><u>196,374</u></b>  |

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2007  
(Continued)

(6) Capital Assets

Capital asset activity for the year ended June 30, 2007, was as follows:

|  | <u>Balance at<br/>July 1, 2006</u> | <u>Additions</u>   | <u>Deletions &amp;<br/>Transfers</u> | <u>Balance at<br/>June 30, 2007</u> |
|--|------------------------------------|--------------------|--------------------------------------|-------------------------------------|
| <b>Governmental Activities:</b>                                |                                    |                    |                                      |                                     |
| <b>Capital assets, not being depreciated:</b>                  |                                    |                    |                                      |                                     |
| Land   | \$ 225,361                         | \$ 5,114           | \$( 3,116)                           | \$ 227,359                          |
| <b>Capital assets, being depreciated:</b>                      |                                    |                    |                                      |                                     |
| Buildings and improvements                                     | 877,880                            | 13,000             | ( 121,718)                           | 769,162                             |
| Furniture and equipment  | 174,739                            | 19,382             | ( 25,327)                            | 168,794                             |
| Vehicles   | 391,521                            | 19,997             | ( 151,429)                           | 260,089                             |
| Playground -- park   | <u>63,355</u>                      | <u>—</u>           | <u>—</u>                             | <u>63,355</u>                       |
| Total capital assets, being<br>depreciated, at historical cost | <u>1,507,495</u>                   | <u>52,379</u>      | <u>( 298,474)</u>                    | <u>1,261,400</u>                    |
| <b>Less accumulated depreciation:</b>                          |                                    |                    |                                      |                                     |
| Buildings and improvements                                     | ( 206,967)                         | ( 38,217)          | 40,573                               | ( 204,611)                          |
| Furniture and equipment  | ( 58,932)                          | ( 20,892)          | 19,531                               | ( 60,293)                           |
| Vehicles   | ( 263,556)                         | ( 37,635)          | 151,429                              | ( 149,762)                          |
| Playground -- park   | <u>( 43,869)</u>                   | <u>( 6,335)</u>    | <u>—</u>                             | <u>( 50,304)</u>                    |
| Total accumulated depreciation                                 | <u>( 573,424)</u>                  | <u>( 103,079)</u>  | <u>211,533</u>                       | <u>( 464,970)</u>                   |
| <b>Total capital assets, being<br/>depreciated, net</b>        | <u>934,071</u>                     | <u>(50,700)</u>    | <u>(86,941)</u>                      | <u>796,430</u>                      |
| <b>Governmental activities capital<br/>assets, net</b>         | <u>\$ 1,159,432</u>                | <u>\$ (45,586)</u> | <u>\$ (90,057)</u>                   | <u>\$ 1,023,789</u>                 |

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2007  
(Continued)

|   | Balance at<br>July 1, 2006 | Additions &<br>Transfers | Deletions       | Balance at<br>June 30, 2007 |
|---|----------------------------|--------------------------|-----------------|-----------------------------|
| <b>Business-Type Activities:</b>                            |                            |                          |                 |                             |
| <b>Capital assets, not being depreciated:</b>               |                            |                          |                 |                             |
| Land  | \$ 178,658                 | \$ -                     | \$ -            | \$ 178,658                  |
| <b>Capital assets, being depreciated:</b>                   |                            |                          |                 |                             |
| Sewer system  | 3,215,506                  | 31,175                   | -               | 3,246,681                   |
| Water system  | 5,266,451                  | 48,605                   | ( 6,500)        | 5,308,556                   |
| Furniture and equipment                                     | 12,862                     | -                        | -               | 12,862                      |
| Vehicles  | 70,958                     | 79,272                   | -               | 150,228                     |
| Total capital assets, being depreciated, at historical cost | <u>8,565,775</u>           | <u>159,052</u>           | <u>( 6,500)</u> | <u>8,718,327</u>            |
| <b>Less accumulated depreciation:</b>                       |                            |                          |                 |                             |
| Sewer system  | ( 2,735,936)               | ( 92,428)                | -               | ( 2,828,364)                |
| Water system  | ( 1,606,227)               | ( 232,674)               | 6,500           | ( 1,832,401)                |
| Furniture and equipment                                     | ( 12,862)                  | -                        | -               | ( 12,862)                   |
| Vehicles  | ( 48,412)                  | ( 39,160)                | -               | ( 87,572)                   |
| Total accumulated depreciation                              | <u>( 4,403,437)</u>        | <u>( 364,262)</u>        | <u>6,500</u>    | <u>( 4,761,199)</u>         |
| Total capital assets, being depreciated, net                | <u>4,162,338</u>           | <u>( 205,210)</u>        | <u>-</u>        | <u>3,957,128</u>            |
| Business-type activities capital assets, net                | <u>\$ 4,340,986</u>        | <u>\$( 205,210)</u>      | <u>\$ -</u>     | <u>\$ 4,135,786</u>         |

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

|                    | Governmental<br>Activities | Business-type<br>Activities | Total             |
|--------------------|----------------------------|-----------------------------|-------------------|
| Public safety      | \$ 53,840                  | \$ -                        | \$ 53,840         |
| General government | 49,239                     | -                           | 49,239            |
| Water              | -                          | 226,459                     | 226,459           |
| Sewer              | -                          | 92,428                      | 92,428            |
| Total              | <u>\$ 103,079</u>          | <u>\$ 318,887</u>           | <u>\$ 421,966</u> |

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2007  
(Continued)

(7) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2007 consisted of the following:

| <u>Class of Payable</u> | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>      |
|-------------------------|------------------------------------|-------------------------------------|-------------------|
| Accounts                | \$ 15,216                          | \$ 12,817                           | \$ 28,033         |
| Compensated absences    | 10,050                             | 18,751                              | 28,801            |
| Salaries and benefits   | <u>31,553</u>                      | <u>14,079</u>                       | <u>45,632</u>     |
| Total                   | <u>\$ 56,819</u>                   | <u>\$ 45,647</u>                    | <u>\$ 102,466</u> |

(8) Customers' Deposits

Deposits held for customers that are currently active on the water and sewer systems total \$132,162 at June 30, 2007.

(9) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Reductions</u>   | <u>Ending<br/>Balance</u> | <u>Amounts<br/>Due Within<br/>One Year</u> |
|--|------------------------------|------------------|---------------------|---------------------------|--|
| <b>Governmental Activities:</b>  |                              |                  |                     |                           |  |
| Compensated absences   | \$ 39,037                    | \$ 55,909        | \$ ( 46,347)        | \$ 48,599                 | \$ 46,347                                  |
| Less amounts due within<br>period of availability –<br>recorded in accounts<br>payable |                              |                  |                     | ( 10,050)                 | ( 10,050)                                  |
| <b>Total long-term liabilities,<br/>governmental<br/>activities</b>                    |                              |                  |                     | <u>\$ 38,549</u>          | <u>\$ 36,297</u>                           |
| <b>Business-type Activities:</b>   |                              |                  |                     |                           |  |
| Sewer Revenue<br>Refunding Bonds   | \$ 1,004,000                 | \$ –             | \$( 55,000)         | \$ 949,000                | \$ 58,000                                  |
| Water Revenue Bonds  | <u>2,090,000</u>             | <u>–</u>         | <u>( 255,000)</u>   | <u>1,835,000</u>          | <u>269,000</u>                             |
| <b>Total Business-type<br/>Activities</b>  | <u>\$ 3,094,000</u>          | <u>\$ –</u>      | <u>\$( 310,000)</u> | <u>\$ 2,784,000</u>       | <u>\$ 327,000</u>                          |

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2007  
(Continued)

Sewer revenue refunding bonds:

\$1,300,000 dated 6/14/99. Payments of interest only semiannual and principal and interest payments annual. Annual debt service of approximately \$110,000. Interest Rate of 5.40%. Final payment February 1, 2019 \$ 949,000

Water revenue bonds:

\$2,565,000 Refunding Bonds Series 2002 dated August 22, 2002. Payments of interest only semiannual and principal and interest annual. Annual debt service of approximately \$345,000. Interest rate of 4.28%. Final payment August 1, 2012 1,835,000

Total revenue bonds payable \$ 2,784,000

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, 2007 was \$132,924.

Debt service requirements at June 30, 2007, were as follows:

Business-Type Activities – Sewer Revenue Refunding Bonds

| <u>Fiscal Year</u> | <u>Principal</u>  | <u>Interest</u>   |
|--------------------|-------------------|-------------------|
| 2008               | 58,000            | 51,246            |
| 2009               | 61,000            | 48,114            |
| 2010               | 64,000            | 44,820            |
| 2011               | 68,000            | 41,364            |
| 2012               | 72,000            | 37,692            |
| 2013–2017          | 423,000           | 125,874           |
| 2018–2019          | <u>203,000</u>    | <u>16,578</u>     |
|                    | <u>\$ 949,000</u> | <u>\$ 365,688</u> |

Business-Type Activities – Water Revenue Bonds

| <u>Fiscal Year</u> | <u>Principal</u>    | <u>Interest</u>   |
|--------------------|---------------------|-------------------|
| 2008               | 289,000             | 72,781            |
| 2009               | 283,000             | 60,969            |
| 2010               | 297,000             | 48,557            |
| 2011               | 313,000             | 35,503            |
| 2012               | 328,000             | 21,784            |
| 2013–2015          | <u>345,000</u>      | <u>7,383</u>      |
|                    | <u>\$ 1,835,000</u> | <u>\$ 246,977</u> |

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2007  
(Continued)

(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 leases a building for the Police Department and some equipment under operating leases. The rental costs paid on these leases for the year ended June 30, 2007 were \$7,670.

Commitments under lease agreements having initial or remaining non-cancelable terms in excess of one year are as follows:

For the Year Ending  
June 30.

|      |               |
|------|---------------|
| 2008 | <u>521</u>    |
|      | <u>\$ 521</u> |

(12) 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.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2007  
(Continued)

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 16.50 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, 2007, 2006, and 2005 were \$49,107, \$62,718 and \$49,391, respectively, equal to the required contributions for each year.

(13) **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, 2007, 2006, and 2005 were \$2,740, \$3,500 and \$3,265, respectively.

(14) **Other Postemployment Benefits**

The Town provides no other postemployment benefits to its employees.

(15) **Interfund Transfers**

Interfund transfers for the year ended June 30, 2007 consisted of the following:

|                            | Transfer<br>In | Transfer<br>Out |
|----------------------------|----------------|-----------------|
| <b>Governmental Funds:</b> |                |                 |
| General                    | \$ 250,000     | \$ 5,796        |
| Sales Tax                  | -              | 250,000         |
| Debt Service               | -              | 15,500          |
| <b>Proprietary Funds:</b>  |                |                 |
| Water                      | 5,796          | -               |
| Sewer                      | 15,500         | -               |
|                            | \$ 271,296     | \$ 271,296      |

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.

(16) **Commitments**

The Town has commitments for signed engineering and construction contracts of approximately \$374,000. As of June 30, 2007, the balance remaining on these contracts was approximately \$353,000.

Town of Greenwood  
Greenwood, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2007

|   | Budgeted Amounts  |                     | Actual Amounts<br>(Budgetary Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------|---------------------|-------------------------------------|---|
|   | Original          | Final               |                                     |   |
| <b>Revenues:</b>  |                   |                     |                                     |   |
| Ad valorem taxes  | \$ 156,000        | \$ 146,000          | \$ 150,593                          | \$ 4,593  |
| Franchise taxes   | 68,000            | 74,600              | 74,598                              | (14)  |
| Licenses and permits  | 585,000           | 554,700             | 508,736                             | (47,964)  |
| Intergovernmental revenues  | 5,000             | 8,300               | 8,325                               | 25  |
| Fines and forfeitures   | 685,000           | 365,000             | 378,526                             | 13,526  |
| Investment earnings   | 39,000            | 44,400              | 48,497                              | 4,097   |
| Miscellaneous   | 17,450            | 38,200              | 109,680                             | 71,480  |
| <b>Total revenues</b>   | <b>1,555,450</b>  | <b>1,231,200</b>    | <b>1,276,943</b>                    | <b>45,743</b>   |
| <b>Expenditures:</b>  |                   |                     |                                     |   |
| <b>Current:</b>   |                   |                     |                                     |   |
| General government  | 666,300           | 598,470             | 675,138                             | (78,668)  |
| Public safety   | 820,050           | 766,900             | 749,673                             | 17,227  |
| Capital outlay  | 500,000           | 149,000             | 57,493                              | 91,507  |
| <b>Total expenditures</b>   | <b>1,986,350</b>  | <b>1,512,370</b>    | <b>1,482,304</b>                    | <b>30,066</b>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b>                                  | <b>(430,900)</b>  | <b>(281,170)</b>    | <b>(205,361)</b>                    | <b>75,808</b>   |
| <b>Other financing sources (uses):</b>  |                   |                     |                                     |   |
| Transfers in  | 250,000           | 250,000             | 250,000                             |   |
| <b>Total other financing sources (uses)</b>   | <b>250,000</b>    | <b>250,000</b>      | <b>250,000</b>                      |   |
| <b>Excess (deficiency) of revenues and other sources<br/>over expenditures and other uses</b> | <b>(180,900)</b>  | <b>(31,170)</b>     | <b>44,639</b>                       | <b>75,809</b>   |
| <b>Fund balances at beginning of year</b>   | <b>1,075,013</b>  | <b>1,582,772</b>    | <b>1,582,972</b>                    | <b>200</b>  |
| <b>Fund balances at end of year</b>   | <b>\$ 894,113</b> | <b>\$ 1,551,602</b> | <b>\$ 1,627,611</b>                 | <b>\$ 78,009</b>  |

See accompanying note to the required supplementary schedule.

Town of Greenwood  
Greenwood, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
Sales Tax Fund  
For the Year Ended June 30, 2007

|   | Budgeted Amounts  |                   | Actual Amounts<br>(Budgetary Basis) | Variance with<br>Final Budget |
|---|-------------------|-------------------|-------------------------------------|-------------------------------|
|   | Original          | Final             |                                     | Positive<br>(Negative)        |
| <b>Revenues:</b>  |                   |                   |                                     |                               |
| Sales tax   | \$ 285,000        | \$ 340,000        | \$ 351,566                          | \$ 11,566                     |
| Investment earnings   | 15,000            | 13,800            | 15,786                              | 1,986                         |
| <b>Total revenues</b>   | <b>300,000</b>    | <b>353,800</b>    | <b>367,352</b>                      | <b>13,552</b>                 |
| <b>Expenditures:</b>  |                   |                   |                                     |                               |
| Current:  |                   |                   |                                     |                               |
| Public works  | 2,800             | 3,500             | 3,441                               | 59                            |
| <b>Total expenditures</b>   | <b>2,800</b>      | <b>3,500</b>      | <b>3,441</b>                        | <b>59</b>                     |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b>                                  | <b>297,200</b>    | <b>350,300</b>    | <b>363,911</b>                      | <b>13,611</b>                 |
| <b>Other financing sources (uses):</b>  |                   |                   |                                     |                               |
| Transfers out   | (250,000)         | (250,000)         | (250,000)                           |                               |
| <b>Total other financing sources (uses)</b>   | <b>(250,000)</b>  | <b>(250,000)</b>  | <b>(250,000)</b>                    |                               |
| <b>Excess (deficiency) of revenues and other sources<br/>over expenditures and other uses</b> | <b>47,200</b>     | <b>100,300</b>    | <b>113,911</b>                      | <b>13,611</b>                 |
| <b>Fund balances at beginning of year</b>   | <b>821,292</b>    | <b>850,363</b>    | <b>850,363</b>                      |                               |
| <b>Fund balances at end of year</b>   | <b>\$ 868,492</b> | <b>\$ 950,663</b> | <b>\$ 964,274</b>                   | <b>\$ 13,611</b>              |

See accompanying note to the required supplementary schedule.

Town of Greenwood  
Greenwood, Louisiana  
Notes to Required Supplementary Information  
June 30, 2007

The Town's budget is adopted on a cash basis for all funds. There was one amendment to the 2007 budget. Budget comparison statements included in the accompanying financial statements include the original and adopted budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

|  | <u>General<br/>Fund</u> | <u>Sales Tax<br/>Fund</u> |
|--|-------------------------|---------------------------|
| Excess of revenues and other sources<br>over expenditures and<br>other uses (budget basis) | \$ 44,639               | \$ 113,911                |
| Adjustments:   |                         |                           |
| Revenue accruals – net   | 62,240                  | 322                       |
| Expenditure accruals – net   | <u>9,216</u>            | <u>–</u>                  |
| Excess of revenues and other sources<br>over expenditures and<br>other uses (GAAP) basis   | <u>\$ 116,095</u>       | <u>\$ 114,233</u>         |

Town of Greenwood  
 Greenwood, Louisiana  
 Schedule of Insurance In Force  
 As of June 30, 2007

| <u>Insurer</u>                              | <u>Expiration Date</u> | <u>Description</u>                           | <u>Coverage</u> | <u>Amount</u> |
|---|------------------------|--|-----------------|---------------|
| St. Paul Fire & Marine Insurance Company    | 02-23-08               | Commercial Package Policy                    |                 |               |
|   |                        | <u>Property Coverage</u>                     |                 |               |
|   |                        | Buildings                                    |                 | \$ 3,382,628  |
|   |                        | Contents                                     |                 | 162,399       |
|   |                        | <u>General Liability</u>                     |                 |               |
|   |                        | General Liability                            |                 | 2,000,000     |
|   |                        | Law Enforcement                              |                 | 2,000,000     |
|   |                        | Public Officials                             |                 | 2,000,000     |
|   |                        | Sewer Backup                                 |                 | 50,000        |
|   |                        | Employee Benefit Plans                       |                 | 3,000,000     |
|   |                        | <u>Business Auto Policy</u>                  |                 |               |
|   |                        | Liability                                    |                 | 2,000,000     |
|   |                        | <u>Inland Marine Policy</u>                  |                 |               |
|   |                        | Equipment                                    |                 | 721,321       |
| Louisiana Workers' Compensation Corporation | 08-31-08               | Workers' Compensation                        |                 | 1,000,000     |
| CNA Surety                                  |                        |  |                 |               |
|   | 05-07-08               | Surety Bond - Tax Collector and Mayor        |                 | 250,400       |
|   | 03-01-08               | Surety Bond - Position Bond - Sewer District |                 | 50,000        |
|   | 06-07-08               | Surety Bond - Position Bond                  |                 | 23,400        |
|   | 09-22-09               | Notary Bond - Town                           |                 | 10,000        |
|   | 09-22-08               | Surety Bond - Town Clerk                     |                 | 100,000       |
|   | 11-15-08               | Surety Bond - Tax Collector                  |                 | 20,000        |

Town of Greenwood  
Greenwood, Louisiana  
Schedule of Compensation Paid to Board Members  
For the Year Ended June 30, 2007

|  |           |
|--|-----------|
| Mayor - Ernest H. Lampkins, Salary and Allowance | \$ 18,720 |
|--|-----------|

Alderman:

|                  |       |
|------------------|-------|
| Rebecca C. Burks | 3,000 |
| David Hanson     | 3,000 |
| Jewel Jaudon     | 3,000 |
| Jimmy Lynn       | 3,000 |
| Ellise Wissling  | 3,000 |

|                  |
|------------------|
| <u>\$ 33,720</u> |
|------------------|

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

The Honorable Ernest H. Lampkins, Mayor  
and Members of the Town Council  
Town of Greenwood  
Greenwood, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Greenwood, Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the Town of Greenwood, Louisiana's basic financial statements and have issued our report thereon dated December 11, 2007. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Greenwood, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures 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, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Greenwood Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Town of Greenwood's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of Town of Greenwood's financial statements that is more than inconsequential will not be prevented or detected by Town of Greenwood's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2007-1 and 2007-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement will not be prevented or detected by Town of Greenwood's internal control.

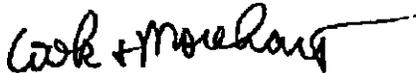
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described above are not material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Greenwood, Louisiana's financial statements are free of 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Town of Greenwood's response to the findings identified in our audit is described in the accompanying Summary Schedule of Current Audit Findings for the Louisiana Legislative Auditor. We did not audit the Town of Greenwood's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart  
Certified Public Accountants  
December 11, 2007

Town of Greenwood  
Greenwood, Louisiana  
Summary Schedule of Prior Audit Findings for the Louisiana Legislative Auditor  
June 30, 2007

There was one finding in the prior audit for the year ended June 30, 2006. The current status of that finding is as follows:

**Finding #2006-1 - Reserve Account on Water Fund and Sewer Fund Debt Issues**

Description of Finding

During our audit we noted that the Town made transfers into the sinking funds for the water and sewer fund debt; however, the required amounts were not transferred.

Current Status

See repeat finding in current year audit.

Town of Greenwood  
Greenwood, Louisiana  
Summary Schedule of Current Audit Findings for the Louisiana Legislative Auditor  
June 30, 2007

There are two findings in the current year audit for the year ended June 30, 2007. Management's response to those findings is as follows:

**Finding #2007-1 – Reserve Account on Water Fund and Sewer Fund Debt Issues**

Description of Significant Deficiency

The Town's debt agreements for water and sewer revenue bonds require that the Town maintain and transfer amounts into certain sinking and reserve accounts. As of June 30, 2007, the required amounts had not been transferred into those accounts. The Town's debt payments were made timely during the year.

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

*Management's Response:* Water and sewer rates were increased in August 2007. Attempts will be made to transfer funds on a monthly basis to the reserve, contingency, and sinking fund accounts. It should be noted that all debt payments were made on time.

**Finding #2007-2 – Financial Statement Preparation**

Description of Significant Deficiency

*Condition:* As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Town's annual financial statements. This condition is intentional by management based upon the Town's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls.

Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

*Recommendation:* As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112'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 112. 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.

*Management's Response:* We concur with the finding.