

TOWN OF WINNSBORO, LOUISIANA

Annual Financial Report

For the Year Ended June 30, 2018

TOWN OF WINNSBORO, LOUISIANA
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J. WALKER & COMPANY^{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

Honorable John Dumas, Mayor
and Members of the Board of Aldermen
Town of Winnsboro, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Winnsboro, Louisiana (the "Town"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation paid to the members of the board of aldermen, the schedule of compensation, benefits and other payments to the agency head, and the schedule of insurance in force presented as referenced in the table of contents, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, benefits and other payments to the agency head, and the schedule of insurance in force are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2019, on our consideration of the Town of Winnsboro, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Winnsboro, Louisiana's internal control over financial reporting and compliance.

J. Walker & Company, APC

Lake Charles, Louisiana

April 26, 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF WINNSBORO, LOUISIANA

Management's Discussion and Analysis For the Year Ended June 30, 2018

As management of the Town of Winnsboro, we offer readers of the Town of Winnsboro's financial statements this narrative overview and analysis of the financial activities of the Town of Winnsboro for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the Town's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Town's financial performance.

FINANCIAL HIGHLIGHTS Our financial statements provide these insights into the results of this year's operations:

- The assets and deferred outflows of resources of the Town of Winnsboro exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$4,175,113. Of this amount, \$(5,833,016) represents unrestricted net position (deficit), which may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balances of \$1,662,703 a decrease of \$574,637 or 26% in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance (deficit) for the general fund was \$(417,586), or approximately 11% of total general fund expenditures.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad view of the Town's finances, in a manner similar to a private sector business.

The Statement of Net Position presents information on all of the Town's assets, liabilities and deferred outflows/inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The Statement of Activities is designed to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Town's governmental activities include general government, public safety, public works, health and welfare, and recreation and culture functions.

The business-type activities of the Town include sewer, water, and gas utilities.

TOWN OF WINNSBORO, LOUISIANA

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2018

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds are classified into two categories: governmental funds and proprietary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The Town maintains three governmental funds that are grouped for management purposes into various fund types. Information is presented separately in the governmental fund Balance Sheet and in the governmental Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, which is the only major fund. Data from the other governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided to demonstrate compliance or lack thereof with the budget.

Proprietary funds

The Town maintains one type of proprietary fund - Enterprise. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses its Enterprise Funds to account for its sewer, water, and gas utilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The Town as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. In the case of the Town of Winnsboro, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,175,113 at the close of the fiscal year ended June 30, 2018.

TOWN OF WINNSBORO, LOUISIANA

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2018

**Table 1
Schedule of Net Position
June 30, 2018**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 1,662,702	\$ 1,418,524	275,763	123,385	1,938,465	1,541,909
Noncurrent assets	<u>10,029,271</u>	<u>11,338,725</u>	<u>7,411,530</u>	<u>8,111,263</u>	<u>17,440,801</u>	<u>19,449,988</u>
Total assets	<u>11,691,973</u>	<u>12,757,249</u>	<u>7,687,293</u>	<u>8,234,648</u>	<u>19,379,266</u>	<u>20,991,897</u>
Deferred outflows of resources	<u>1,050,224</u>	<u>1,505,188</u>	<u>-</u>	<u>-</u>	<u>1,050,224</u>	<u>1,505,188</u>
Current and other liabilities	537,369	417,306	203,443	380,720	740,812	798,026
Long-term liabilities	<u>7,422,609</u>	<u>5,903,155</u>	<u>3,813,544</u>	<u>3,760,534</u>	<u>11,236,153</u>	<u>9,663,689</u>
Total Liabilities	<u>7,959,978</u>	<u>6,320,461</u>	<u>4,016,987</u>	<u>4,141,254</u>	<u>11,976,965</u>	<u>10,461,715</u>
Deferred inflows of resources	<u>607,106</u>	<u>300,186</u>	<u>-</u>	<u>-</u>	<u>607,106</u>	<u>300,186</u>
Net Position:						
Net investment in capital assets	9,986,209	10,455,697	3,116,397	3,615,109	13,102,606	14,070,806
Restricted	21,920	-	124,185	689,555	146,105	689,555
Unrestricted	<u>(5,833,016)</u>	<u>(2,813,907)</u>	<u>429,724</u>	<u>(211,270)</u>	<u>(5,403,292)</u>	<u>(3,025,177)</u>
Total Net Position	<u>\$ 12,742,197</u>	<u>\$ 7,641,790</u>	<u>\$ 7,687,293</u>	<u>\$ 4,093,394</u>	<u>\$ 20,429,490</u>	<u>\$ 11,735,184</u>

By far, the largest amount of the Town's net position reflects its investment in capital assets of \$9,986,209 (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves can't be used to liquidate these liabilities.

The results of this year's operations for the Town as a whole are reported in the Statement of Activities. Table 2 takes the information from that statement and rearranges it slightly so that readers can see the total revenues for the year.

TOWN OF WINNSBORO, LOUISIANA

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2018

Table 2
Changes in Net Position
For the Years Ended June 30, 2018

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 94,322	\$ 155,404	\$ 1,838,020	\$ 1,710,674	\$ 1,932,342	\$ 1,866,078
Operating grants	-	130,876	-	-	-	130,876
Capital grants	-	-	-	-	-	-
General Revenues:						
Taxes	2,927,088	3,265,542	-	-	2,927,088	3,265,542
License and permits	463,057	415,252	-	-	463,057	415,252
Interest Earned	4,924	4,685	2,852	-	7,776	4,685
Other General Revenue	470,164	126,748	10,132	678	480,296	127,426
Total Revenue	<u>3,959,555</u>	<u>4,098,507</u>	<u>1,851,004</u>	<u>1,711,352</u>	<u>5,810,559</u>	<u>5,809,859</u>
Expenses:						
General government	2,881,734	2,347,849	-	-	2,881,734	2,347,849
Public safety	827,037	997,674	-	-	827,037	997,674
Public works	1,181,931	980,023	-	-	1,181,931	980,023
Culture and recreation	72,340	91,138	-	-	72,340	91,138
Utilities			1,321,748	2,166,195	1,321,748	2,166,195
Miscellaneous	325,468	2,985	952,344	20,526	1,277,812	23,511
Total Expenses	<u>5,288,510</u>	<u>4,419,669</u>	<u>2,274,092</u>	<u>2,186,721</u>	<u>7,562,602</u>	<u>6,606,390</u>
Changes in Net Position	(1,328,955)	(321,162)	(423,088)	(475,369)	(1,752,043)	(796,531)
Net Position, Beginning	<u>5,504,068</u>	<u>7,962,952</u>	<u>4,093,394</u>	<u>4,568,763</u>	<u>9,597,462</u>	<u>12,531,715</u>
Net Position, Ending	<u>\$ 4,175,113</u>	<u>\$ 7,641,790</u>	<u>\$ 3,670,306</u>	<u>\$ 4,093,394</u>	<u>\$ 7,845,419</u>	<u>\$ 11,735,184</u>

Governmental activities

In the current year, governmental activities had a decrease of \$3,466,677 in net position, compared to a \$321,162 decrease in the prior year.

Taxes, which provided \$2,927,088 or 74% of revenue, were the largest source of general revenues for the Town's governmental activities. Licenses and permits experienced an increase in collections of \$47,805 over the amounts reported in 2017. Other general revenues were second at \$470,164 or 12%. Charges for services provided \$94,322 of revenue for governmental activities for fiscal year 2018.

TOWN OF WINNSBORO, LOUISIANA

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2018

Business-type activities

The decrease in net position for business-type operations for the current year was \$432,088 compared to a decrease of \$475,369 in the prior year. Charges for services increase \$127,346 for the current year. Capital grants decreased \$2,424,972. Expenses increased by \$87,371 compared to a decrease of 107,292 in the prior year.

General Fund Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA - R.S. 39:1301 et seq.), the Town must adopt a budget for the General Fund and all Special Revenue funds prior to June 30. The original budget for the Town was adopted on May 22, 2017 and no amendment in current year. The actual revenue does not exceed budgeted amounts by \$212,877 for the year ending June 30, 2018. This difference was primarily because actual revenue collected does not exceed expected collections. The budgeted expenditures do not exceed actual amounts by \$155,525 primarily because of increased operating expenses.

Capital Assets and Debt Administration

Capital assets

As for the year ended June 30, 2018, the Town had \$16,909,750 (net of accumulated depreciation) invested in a broad range of capital assets including land, buildings, improvements, machinery and equipment for its governmental and business-type activities.

The following is a summary of the Town's capital assets:

**Capital Assets
June 30, 2018**

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Nondepreciable assets:						
Land	\$ 704,058	\$ 704,058	\$ 16,033	\$ 16,033	\$ 720,091	\$ 720,091
Total nondepreciable assets	704,058	704,058	16,033	16,033	720,091	720,091
Depreciable assets, net:						
Building	1,326,371	1,409,049	-	-	1,326,371	1,409,049
Land Improvement	3,125,867	3,283,163	-	-	3,125,867	3,283,163
Machinery and Equipment	484,324	586,416	-	-	484,324	586,416
Other/General Government	4,388,651	4,537,223	-	-	4,388,651	4,537,223
Water distribution system	-	-	3,894,533	4,180,608	3,894,533	4,180,608
Gas distribution system	-	-	2,969,913	3,298,756	2,969,913	3,298,756
Total depreciable assets, net	9,325,213	9,815,851	6,864,446	7,479,364	9,325,213	9,815,851
Total capital assets, net	<u>\$ 10,029,271</u>	<u>\$ 10,519,909</u>	<u>\$ 6,880,479</u>	<u>\$ 7,495,397</u>	<u>\$ 16,909,750</u>	<u>\$ 18,015,306</u>

TOWN OF WINNSBORO, LOUISIANA

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2018

Long-term Debt

The Town's governmental activities has two long-term bond debts at June 30, 2018, which was a \$150,000 General obligation bond and \$40,000 General obligation bond. Installments are due in payments of \$21,941 to 21,968, and \$5,851 through July 20, 2020, with interest at 4.0%. The outstanding balance as of June 30, 2018 is \$43,062.

The Town's business-type activities have three long-term bond debts at June 30, 2018, which was a \$840,000 Sewer revenue bond - USDA dated 1996, \$3,054,000 Water revenue bonds - USDA dated in 2004, and \$851,757 Sewer revenue bonds - LA Department of Environmental Quality dated 1996. Installment for Sewer revenue bond - USDA is due monthly payments of \$4,091 through May 6, 2034, with interest at 5%. Installment for Water revenue bonds - USDA is due monthly payments of 13,866 through May 6, 2041, with an interest at 4.5%. Installment for Sewer revenue bonds - LA Department of Environmental Quality is due monthly payments of \$4,547 through May 6, 2031, with interest at 4.5%. The outstanding balance as of June 30, 2018 is \$3,764,083.

Another obligation for both the governmental and business-type activities is the net pension liability.

Requests for Information

This financial report is designed to provide a general overview of the Town of Winnsboro's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Julia Jackson, Town Clerk, Town of Winnsboro; 3814 Front Street, Winnsboro, Louisiana 71295-2953.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF WINNSBORO, LOUISIANA

Statement of Net Position
As of June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 477,238	\$ 172,825	\$ 650,063
Receivables, net	10,595	102,938	113,533
Investments	1,108,056	531,036	1,639,092
Due from other funds	66,813	-	66,813
Total current assets	1,662,702	806,799	2,469,501
Noncurrent assets:			
Restricted cash	-	15	15
Capital assets, net	10,029,271	6,880,479	16,909,750
Total noncurrent assets	10,029,271	6,880,494	16,909,765
Total assets	11,691,973	7,687,293	19,379,266
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension	1,050,224	-	1,050,224
Total assets and deferred outflows of resources	12,742,197	7,687,293	20,429,490
LIABILITIES			
Current liabilities:			
Cash overdraft	2,595	-	2,595
Accounts payables	153,899	12,445	166,344
Payroll and related liabilities	356,239	-	356,239
Due to other funds	-	66,813	66,813
Current portion of bond payable	21,920	124,185	146,105
Other current liabilities	2,716	-	2,716
Total current liabilities	537,369	203,443	740,812
Noncurrent liabilities:			
Customers deposits	-	158,125	158,125
Accrued compensated absences	5,020	15,522	20,542
Noncurrent portion of bond payable	21,142	3,639,897	3,661,039
Net pension liability	3,436,903	-	3,436,903
OPEB liability	3,959,544	-	3,959,544
Total noncurrent liabilities	7,422,609	3,813,544	11,236,153
Total liabilities	7,959,978	4,016,987	11,976,965
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension	380,761	-	380,761
Deferred inflows of resources related to OPEB	226,345	-	226,345
Total deferred inflows of resources	607,106	-	607,106
NET POSITION			
Invested in capital asset, net of related debt	9,986,209	3,116,397	13,102,606
Restricted for debt service	21,920	124,185	146,105
Unrestricted	(5,833,016)	429,724	(5,403,292)
Total net position	4,175,113	3,670,306	7,845,419
Total liabilities, deferred inflows of resources, and net position	\$ 12,742,197	\$ 7,687,293	\$ 20,429,490

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WINNSBORO, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2018

Activities	Expense	Program Revenue			Net (Expense) Revenue and Changes in Net		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contribution	Governmental Activities	Business-Type Activates	Total
Governmental activities:							
General government	\$ 2,881,734	\$ 94,322	\$ -	\$ -	\$ (2,787,412)	\$ -	\$ (2,787,412)
Public safety:		-	-	-			
Police	491,772	-	-	-	(491,772)	-	(491,772)
Fire	335,265	-	-	-	(335,265)	-	(335,265)
Street department	1,181,931	-	-	-	(1,181,931)	-	(1,181,931)
Recreation department	72,340	-	-	-	(72,340)	-	(72,340)
Animal control department	60,523	-	-	-	(60,523)	-	(60,523)
NP USDA community center	38,520	-	-	-	(38,520)	-	(38,520)
Miscellaneous	226,425	-	-	-	(226,425)	-	(226,425)
Total governmental activities	5,288,510	94,322	-	-	(5,194,188)	-	(5,194,188)
Business-type activities:							
Water plant	131,543	-	-	-	-	(131,543)	(131,543)
Public works	39,860	-	-	-	-	(39,860)	(39,860)
Water department	543,594	1,026,142	-	-	-	482,548	482,548
Sewer department	606,751	811,878	-	-	-	205,127	205,127
General government	952,344	-	-	-	-	(952,344)	(952,344)
Total business-type activities	2,274,092	1,838,020	-	-	-	(436,072)	(436,072)
Total	7,562,602	1,932,342	-	-	(5,194,188)	(436,072)	(5,630,260)
General revenues:							
Taxes					2,927,088	-	2,927,088
Licenses and permits					463,057	-	463,057
Intergovernmental					146,644	-	146,644
Fines and forfeitures					80,050	-	80,050
Rent income					15,700	-	15,700
Interest income					4,924	2,852	7,776
Miscellaneous					227,770	10,132	237,902
Total general revenues					3,865,233	12,984	3,878,217
Change in net position					(1,328,955)	(423,088)	(1,752,043)
Net position - June 30, 2017					7,641,790	4,093,394	11,735,184
Change in accounting principle					(2,137,722)	-	(2,137,722)
Net position - June 30, 2018					\$ 4,175,113	\$ 3,670,306	\$ 7,845,419

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

TOWN OF WINNSBORO, LOUISIANA

Balance Sheet
 Governmental Funds
 For the Year Ended June 30, 2018

	General Fund	Industrial Fund	Sales Tax Fund	Total Governmental Funds
ASSETS				
Cash	\$ 492	\$ 86,141	\$ 390,605	\$ 477,238
Receivables, net	10,595	-	-	10,595
Investments	24,983	552,743	530,331	1,108,057
Due from other funds	<u>66,813</u>	<u>-</u>	<u>-</u>	<u>66,813</u>
Total assets	<u>102,883</u>	<u>638,884</u>	<u>920,936</u>	<u>1,662,703</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Cash overdraft	2,595	-	-	2,595
Accounts payable	153,899	-	-	153,899
Payroll and related liabilities	361,259	-	-	361,259
Other liabilities	<u>2,716</u>	<u>-</u>	<u>-</u>	<u>2,716</u>
Total liabilities	<u>520,469</u>	<u>-</u>	<u>-</u>	<u>520,469</u>
Fund balances				
Unassigned	<u>(417,586)</u>	<u>638,884</u>	<u>920,936</u>	<u>1,142,234</u>
Total fund balances	<u>(417,586)</u>	<u>638,884</u>	<u>920,936</u>	<u>1,142,234</u>
Total liabilities and fund balances	<u>\$ 102,883</u>	<u>\$ 638,884</u>	<u>\$ 920,936</u>	<u>\$ 1,662,703</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WINNSBORO, LOUISIANA

Reconciliation Of The Governmental Funds Balance Sheet
To the Statement Of Net Position
For the Year Ended June 30, 2018

Total fund balances for governmental funds at June 30, 2018		\$ 1,142,234
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The assets consist of:		
Land	704,058	
Building, net of \$2,384,288 accumulated depreciation	1,326,371	
Land improvements, net of \$1,099,341 accumulated depreciation	3,125,939	
Machinery and equipment, net of \$3,598,081 accumulated depreciation	484,324	
Other/General Government, net of \$4,993,094 accumulated depreciation	<u>4,388,579</u>	10,029,271
Notes payable		(43,062)
Deferred outflows related to pension		1,050,224
Deferred inflows related to pension		(380,761)
Net pension liability		(3,436,903)
OPEB liability		(3,959,544)
Deferred inflows related to OPEB		<u>(226,345)</u>
Total net position of governmental activities at June 30, 2018		<u>\$ 4,175,113</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WINNSBORO, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Industrial Fund	Sales Tax Fund	Total
Revenues:				
General Revenue				
Taxes	\$ 290,568	\$ -	\$ 2,636,520	\$ 2,927,088
Licenses and permits	463,057	-	-	463,057
Intergovernmental	146,644	-	-	146,644
Fines and forfeitures	80,050	-	-	80,050
Rent income	-	15,700	-	15,700
Interest income	117	2,226	2,581	4,924
Miscellaneous	227,752	19	-	227,771
Program Revenue				
Charges for services	94,322	-	-	94,322
Total revenues	1,302,510	17,945	2,639,101	3,959,556
Expenditures:				
General government	2,110,854	-	-	2,110,854
Public safety:				
Police	491,772	-	-	491,772
Fire	335,265	-	-	335,265
Street department	384,282	13,000	784,649	1,181,931
Recreation department	72,340	-	-	72,340
Animal control department	60,523	-	-	60,523
Community center	38,520	-	-	38,520
Capital outlay projects	239,525	-	-	239,525
Miscellaneous	-	22,507	203,918	226,425
Total Expenditures	3,733,081	35,507	988,567	4,757,155
Other financing sources (uses):				
Transfers in	2,271,674	-	-	2,271,674
Transfers out	-	(3,300)	(2,268,374)	(2,271,674)
Total other financing sources (uses)	2,271,674	(3,300)	(2,268,374)	-
Net changes in fund balances	(158,897)	(20,862)	(617,840)	(797,599)
Fund balances, beginning	(258,689)	659,746	1,538,776	1,939,833
Fund balances, ending	\$ (417,586)	\$ 638,884	\$ 920,936	\$ 1,142,234

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WINNSBORO, 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, 2018

Total net changes in fund balances for the year ended June 30, 2018 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (797,599)
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The change in net position reported for governmental activities in the Statement of Activities is 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.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	239,525	
Depreciation expense for the year ended June 30, 2018	<u>(730,163)</u>	(490,638)
Pension expense		(573,609)
Retirement contribution		743,038
OPEB expense		<u>(210,146)</u>
Total changes in net position at June 30, 2018 per Statement of Activities		<u>\$ (1,328,955)</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WINNSBORO, LOUISIANA

Statement of Net Position
Proprietary Funds
For the Year Ended June 30, 2018

ASSETS

Current assets:

Cash and cash equivalents	\$ 172,825
Accounts receivables, net	<u>102,938</u>
Total current assets	<u>275,763</u>

Noncurrent assets:

Restricted cash	15
Investments	531,036
Capital assets, net of accumulated depreciation \$15,373,236	<u>6,880,479</u>
Total noncurrent assets	<u>7,411,530</u>
Total assets	<u><u>7,687,293</u></u>

LIABILITIES

Current liabilities:

Accounts payable	12,445
Accrued compensated absences	15,522
Due to other funds	66,813
Current portion of notes payable	<u>124,185</u>
Total current liabilities	218,965

Noncurrent liabilities:

Customers deposits	158,125
Notes payable	<u>3,639,897</u>
Total noncurrent liabilities	<u>3,798,022</u>
Total liabilities	<u>4,016,987</u>

NET POSITION

Invested in capital assets, net of related debt	3,116,397
Restricted for debt service	124,185
Unrestricted	<u>429,724</u>
Total net position	<u>3,670,306</u>
Total liabilities and net position	<u><u>\$ 7,687,293</u></u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WINNSBORO, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended June 30, 2018

Operating revenues:	
Charges for services	\$ 1,838,020
Miscellaneous income	<u>10,132</u>
Total operating revenues	1,848,152
Operating expenses:	
General government	949,113
Water plant	131,543
Public works	39,860
Water department	543,594
Sewer department	<u>606,751</u>
Total operating expenses	<u>2,270,861</u>
Operating loss	(422,709)
Non-operating revenues (expenses):	
Interest income	2,852
Interest expense	<u>(3,231)</u>
Total non-operating revenues (expenses)	<u>(379)</u>
Change in net position	(423,088)
Net position, beginning	<u>4,093,394</u>
Net position, ending	<u>\$ 3,670,306</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WINNSBORO, LOUISIANA

Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2018

Cash flows from operating activities:	
Receipts from customers	\$ 2,007,776
Receipts from other funds	66,813
Other operating receipts	616,337
Payments to suppliers	(21,371)
Payments to employees	(551,846)
Other operating payments	<u>(1,253,446)</u>
Net cash provided by operating activities	864,263
Cash flows from capital and related financing activities:	
Other capital receipts	52
Principal paid on capital debt	(116,206)
Interest paid on capital debt	(14,211)
Other capital payments	<u>(41,219)</u>
Net cash used for capital and related financing activities	(171,584)
Cash flows from investing activities:	
Purchase of investments	(531,036)
Interest	<u>2,852</u>
Net cash (used) provided by investing activities	(528,184)
Net increase (decrease) in cash and cash equivalents	164,495
Cash, cash equivalents and restricted cash, beginning of period	<u>8,330</u>
Cash, cash equivalents and restricted cash, end of period	<u>\$ 172,825</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WINNSBORO, LOUISIANA

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating loss	\$ (422,709)
Adjustments to reconcile operating income to net cash provided (used by) operating activities:	
Depreciation and amortization	656,085
(Increase) decrease in:	
Accounts receivables, net	11,631
Due from other funds	(531,036)
Restricted cash	615,851
Interest receivable	486
Increase (decrease) in:	
Accounts payable	(21,371)
Accrued compensated absences	(31,580)
Due to other funds	66,813
Current portion of notes payable	4,431
Other current liabilities	<u>515,662</u>
Net cash (used) provided by operating activities	<u>\$ 864,263</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement Presentation

The financial statements of the Town of Winnsboro, Louisiana (the "Town") have been 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 Town follows GASB Statement No.34 *Basic Financial Statements – and Management’s Discussion and Analysis –for State and Local Governments*. Certain of the significant features of the Statement include the following:

- A Management’s Discussion and Analysis (“MD&A”) section is provided which includes an analysis of the Town’s overall financial position and results of operations;
- Financial statements are prepared using full accrual accounting for all the Town’s activities, including infrastructure (roads, bridges, etc.); and
- Fund financial statements with a focus on the major funds.

Financial Reporting Entity

The Town of Winnsboro was incorporated under the provisions of the Lawrason Act in 1902. The Town operates under the Mayor-Board of Aldermen form of government. The Town of Winnsboro Is located in Franklin Parish, Louisiana.

This report includes all funds that are controlled by or dependent on the Town's executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined based on budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

GASB Statement 13, *The Reporting Entity*; established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or changes, and issue bonded debt.

Based on the foregoing criteria, there are no component units’ governmental organizations that are included as part of the Town.

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2018

Basis of Presentation

Government-wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2018

All funds of the Town are considered to be major funds and are described below:

Governmental Funds

- General Funds - This fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.
- Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payments of, general long-term debt principal, interest and related costs.
- Capital Projects Funds - These funds are used to account for the financial resources used for the acquisition or construction of major capital facilities.

Proprietary Fund

- Enterprise Fund - This fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Enterprise Fund (Water System) is accounted for on a cost of services or "capital maintenance" basis. This means that all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet. Its reported fund equity (net total position) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Measurement Focus, Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements, Basis of accounting refers to "when" revenues, expenditures, expenses, and transfers - and assets, deferred outflows of resources, liabilities, and deferred inflows of resources - are recognized in the accounts and reported in the financial statements,

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2018

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item, below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- All governmental funds utilize a "current financial resources" measurement focus, only current financial assets and liabilities are generally included on their balance sheets, their operating statements present sources and uses of available spendable financial resources during a given period, these funds use fund balance as their measure of available spendable financial resources at the end of the period,
- The proprietary fund utilizes an "economic resources" measurement focus, The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows, All assets and liabilities (whether current or noncurrent) associated with their activities are reported, Proprietary fund equity is classified as net position,

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are measurable and available only when cash is received by the government.

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2018

Cash and Cash Equivalents

A consolidated bank account has been established into which most monies are deposited and from which most disbursements are made. In addition, investment purchases are charged, and maturities are deposited to the consolidated bank account. The purpose of this consolidation of bank accounts is to provide administrative efficiency and to maximize investment earnings. The account titled "Cash and cash equivalents" is therefore composed of a fund's pro rata share of the cash balance in the consolidated cash account as well as its pro rata share of certificates of deposit with maturities of three months or less and the Louisiana Asset Management Pool ("LAMP") account. Investment earnings are shared by each fund on a pro rata basis according to its average cash balance.

In addition, separated accounts have been established for certain debt service funds as required by bond resolution and state law.

Investments

The Town invests funds in accordance with L.R.S. 39:21211-1245 and 33:2955 which include, but are not limited to, United States treasury bonds, treasury notes, treasury bills, and fully collateralized interest-bearing checking accounts and certificates of deposit. Other provisions require depositories to insure or collateralize all deposits in accordance with state law and require securities collateralizing deposits to be held by an independent third party with whom the Town has a custodial agreement. The Town primary utilizes the Louisiana Assets Management Pool to invest idle funds and records amounts invested at fair value.

Investments which are certificates of deposit with maturities in excess of three months are stated at cost, which is market value. Investments with maturities of three months or less at the time of purchase are classified as cash equivalents.

Accounts Receivable and Bad Debts

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Uncollectible amounts due for receivables are recognized as bad debts directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. In governmental fund types, the uncollectible amount is charged directly to the revenue reported. On the other hand, in proprietary fund types, uncollectible amounts due from utility billings are recognized as bad debts through the use of an allowance account or are directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. The allowance for doubtful accounts for the Waterworks, and Sewerage Funds was collectively \$705,265.75 as of June 30, 2018.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds". Short-term interfund loans are reported as "interfund receivables and payables". Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business type activities are reported in the government-wide financial statements as "internal balance."

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

Restricted Cash

Restricted cash on the Statement of Net Position represents (1) amounts which have been designated to meet unexpected contingencies for property repairs and replacements, (2) funds held for customer deposits, and (3) funds held for retirement of water and sewer revenue bonds and /or public improvement bonds.

Inventory

Inventory of the General Fund consists of expendable supplies held for consumption and is reported at cost. Expenditures are recognized when the items are purchased.

Prepaid Expenses

In the primary government's governmental fund types, insurance expenses are recorded as expenditures at the time of consumption.

Capital Assets

The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Governmental activities:	
Land Improvements:	30 Years
Buildings	40 Years
Vehicles	5-15 Years
Machinery and equipment	5-15 Years
Business-type activities/enterprise fund:	
Buildings	25 Years
Infrastructure	20-50 Years
Machinery and equipment	10-15 Years
Vehicles	5 Years

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2018

Fund Balance and Equity Classifications

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds.

- *Non-spendable Fund Balance* - Classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact. The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.
- *Restricted Fund Balance* - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Town alderman - the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Town aldermen remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- *Assigned Fund Balance* - This classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes but are neither restricted nor committed. The Town's aldermen and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed.
- *Unassigned Fund Balance* - This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use externally restricted resources first, then unrestricted resources - committed, assigned and unassigned - in order as needed.

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2018

Compensated Absences

Allowable annual vacation and sick leave is prescribed by municipal ordinance, based on length of continuous employment by the Town, accrued on an employment anniversary basis, and accrued to specified maximums. Compensatory time is also granted to supervisory personnel in lieu of overtime pay. Employees may accumulate unused compensatory time which is paid to the employee in the form of time off or at the employee's current rate of pay upon separation from service.

Estimated accrued compensated absences resulting from unused vacation and compensatory time at the end of the fiscal year are recorded as long-term liabilities in the government-wide financial statements in

accordance with GASB Statement No. 16, Accounting for Compensated Absences. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Compensated absences are paid from the General Fund that is responsible for all employees' compensation and are recorded in the fund financial statements only when payment is made.

Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension and pension expense, information about the fiduciary net position of the municipal employees' retirement system, and additions to/deductions from the system's fiduciary net position have been determined on the same basis as they are reported by the system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a further period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2018

Accounting and Financial Reporting for Pensions

GASB approved Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. GASB Statement No. 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements that meet the criteria established by this standard. GASB Statement 71 requires a government employer to recognize a net pension liability measured as of a date (“measurement date”) no earlier than the end of its prior fiscal year. If the government employer makes a contribution to a defined benefit plan between the measurement date of the reported net pension liability and the end of the government’s reporting period, the government is required to recognize its contribution as a deferred outflow of resources. The provisions of GASB Statement No. 68 and GASB Statement No. 71 were implemented by the Town during the fiscal year ending June 30, 2018.

The Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures.

Balance and Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted assets - consists of assets with constraints placed on their use either by (1) external groups such as creditors, grantor, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions of enabling legislation.

Unrestricted assets - all other assets that do not meet the definition of "restricted" or "net investment in capital assets".

Budget Policy and Budgetary Accounting

A proposed budget is prepared by the Mayor and submitted to the Town Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the adoption of the budget year.

The annual operating budget, prepared on the accrual basis covers the general, special revenue, debt service, and enterprise funds. At the end of the fiscal year unexpended appropriations automatically lapse. Budget amendments are approved by the Town Council and are included in the financial statements.

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2018

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

New GASB Statement

During the year ended June 30, 2018 the Town of Winnsboro adopted Government Accounting Standards Board (GASB) Statement No. 75-*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("GASB 75")* to replace GASB 45.

NOTE 2- CASH AND INVESTMENTS

The Town may invest in United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana or other qualifying federally insured investments.

Custodial credit risk is the risk that in the event of the financial institution failure, the Town's deposits may not be returned to them. To mitigate this risk, state law requires deposit to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of June 30, 2018, the Town had no unsecured deposits.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pools of assets. Investment earnings are shared by each fund on a pro rata basis according to its average cash balance.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public investments.

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor’s.
- Custodial risk: LAMP participants’ investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist physical or book-entry form. The public entity’s investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments.
- Foreign currency risk: Not applicable.

At June 30, 2018, the Town had cash and investments totaling \$2,289,170 as Follows:

	Governmental Activities	Business-Type Activities	Totals
Demand deposits	\$ 476,988	\$ 172,825	\$ 649,813
Time deposits	1,108,056	531,036	1,639,092
Cash on hand	250	-	250
Restricted cash	-	15	15
 Total	 \$ 1,585,294	 \$ 703,876	 \$ 2,289,170

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

NOTE 3 – PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and payable December 31. The Town collects its own property taxes. Town property tax revenues are recognized when levied to the extent that they result in current receivables.

The Town is permitted by the Municipal Finance Law of the state to levy taxes up to 8.160 mills on the total assessed value for the Town for governmental services other than the payment of principal and interest on long term debt and in required amounts for the payment of principal and interest on long term debt.

For the year ended June 30, 2018 taxes of 8.160 mills were levied on property with taxable assessed valuations totaling \$27,211,027 for a total of \$222,042.34. The taxes were dedicated for general corporate purposes.

NOTE 4 – DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental units at June 30, 2018 was zero.

NOTE 5 – RECEIVABLES

Receivables at June 30, 2018 consisted of the following:

Class of Receivables	General Government Fund	Enterprise Fund	Total
Accounts	\$ -	\$ 808,203	\$ 808,203
Property taxes	16,555	-	16,555
Fines	5,810	-	5,810
Garbage fees	5,127	-	5,127
Less: Allowance for bad debts	<u>(16,897)</u>	<u>(705,265)</u>	<u>(722,162)</u>
Total	<u>\$ 10,595</u>	<u>\$ 102,938</u>	<u>\$ 113,533</u>

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018 was as follows:

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 704,058	\$ -	\$ -	\$ 704,058
Other capital assets:				
Buildings	3,710,659	-	-	3,710,659
Land Improvements	4,225,280	-	-	4,225,280
Machinery and equipment	4,082,405	-	-	4,082,405
Other/ general government	9,142,148	239,525	-	9,381,673
Totals	21,864,550	239,525	-	22,104,075
Less accumulated depreciation				
Buildings	2,301,610	82,678	-	2,384,288
Land Improvements	942,117	157,224	-	1,099,341
Machinery and equipment	3,495,989	102,092	-	3,598,081
Other/ general government	4,604,925	388,169	-	4,993,094
Total accumulated depreciation	11,344,641	730,163	-	12,074,804
Governmental activities, capital assets, net	\$ 10,519,909	\$ (490,638)	\$ -	\$ 10,029,271

Depreciation expense was charged to functions of the primary government as follows:

General government	\$ 196,628
Public safety:	
Police	18,524
Fire	66,439
Public works:	
Streets	433,956
Recreation	14,616
Total depreciation expense	\$ 730,163

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

Capital assets of business-type activities for the year ended June 30, 2018 was as follows:

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
Capital assets not being depreciated:				
Land	\$ 16,033	\$ -	\$ -	\$ 16,033
Other capital assets:				
Water distribution system	10,898,917	34,870	-	10,933,787
Gas distribution system	11,297,546	6,349	-	11,303,895
Totals	<u>22,212,496</u>	<u>41,219</u>	-	<u>22,253,715</u>
Less accumulated depreciation				
Water distribution system	6,718,309	320,945	-	7,039,254
Gas distribution system	7,998,790	335,192	-	8,333,982
Total accumulated depreciation	<u>14,717,099</u>	<u>656,137</u>	-	<u>15,373,236</u>
Business-type activities, capital assets, net	<u>\$ 7,495,397</u>	<u>\$ (614,918)</u>	<u>\$ -</u>	<u>\$ 6,880,479</u>

Depreciation expense was charged to business-type activities as follows:

Water	\$ 320,945
Sewer	<u>335,192</u>
Total depreciation expense	<u>\$ 656,137</u>

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The payables of \$ 522,583 at June 30, 2018, were as follows:

	Governmental Activities	Business - Type Activities	Total
Accounts payable	\$ 153,899	\$ 12,445	\$ 166,344
Accrued payroll and related liabilities	<u>356,239</u>	<u>-</u>	<u>356,239</u>
Total	<u>\$ 510,138</u>	<u>\$ 12,445</u>	<u>\$ 522,583</u>

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

NOTE 8 – LONG -TERM DEBT

Governmental Activities

The following is a summary of changes in governmental activities long-term debt in the statement of net position for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within one Year
General obligation bonds	\$ 50,590	\$ -	\$ (16,516)	\$ 34,074	\$ 17,187
General obligation bonds	<u>13,622</u>	<u>-</u>	<u>(4,634)</u>	<u>8,988</u>	<u>4,733</u>
Total	<u>\$ 64,212</u>	<u>\$ -</u>	<u>\$ (21,150)</u>	<u>\$ 43,062</u>	<u>\$ 21,920</u>

Bonds payable at June 30, 2018, are comprised of the following in governmental activities:

General obligation bonds - \$150,000 general obligation bonds due in installments of \$21,941 to \$21,968 through July 20, 2020, bearing interest at a rate of 4.0%.	\$ 34,074
General obligation bonds- \$40,000 general obligation bonds due in annual installments of \$5,851 through July 20, 2020, bearing interest at a rate of 4.0%	<u>8,988</u>
Total	<u>\$ 43,062</u>

The annual requirements to amortize the general obligation bonds as of June 30, 2018, are as follows:

<u>Year Ended</u>	<u>Principal</u>
2019	\$ 21,920
2020	<u>21,142</u>
Total	<u>\$ 43,062</u>

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

The following is a summary of the business-type activities long-term liabilities for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within one Year
Water and sewer notes	\$ 3,880,228	\$ -	\$ (116,145)	\$ 3,764,083	\$ 124,185
Total	<u>\$ 3,880,228</u>	<u>\$ -</u>	<u>\$ (116,145)</u>	<u>\$ 3,764,083</u>	<u>\$ 124,185</u>

Business - Type Activities

Long-term debt as of June 30, 2018, is comprised of the following in business:

Sewer revenue bonds – USDA- \$840,000 in 1996 bonds due in monthly installments totaling \$49,092 annually through May 6, 2034, bearing interest rate of 5% \$ 533,453

Water revenue bonds – USDA - \$3,054,000 in 2004 bonds due in monthly installments totaling \$166,392 annually through May 6, 2041, bearing interest rate of 4.5% 2,560,630

Sewer revenue bonds – Louisiana Department of Environmental Quality- \$851,757 in 1996 bonds due in monthly installments totaling \$54,561 annually through May 6, 2031, bearing interest rate of 4.5% 670,000

Total \$ 3,764,083

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

The annual requirements to amortize all outstanding debt as of June 30, 2018 including interest payments, are as follows:

	<u>Principal</u>
2019	\$ 124,185
2020	127,760
2021	132,503
2022	136,426
2023	140,536
2024-2028	781,519
2029-2033	819,986
2034-2038	595,050
2039-2043	702,884
2044-2047	203,234
Totals	\$ 3,764,083

The Town of Winnsboro’s proprietary fund bonds are governed by the terms of indenture agreements, under the following terms:

1. The Town shall maintain a sinking fund into which monthly deposits totaling \$19,883 shall be made.
2. The Town shall maintain a reserve fund which when fully funded shall have a total of \$238,596 balance.

At June 30, 2018, the Town of Winnsboro was in compliance with these requirements.

NOTE 9 – COMPENSATED ABSENCES

Compensated absences are absences for which employees will be paid, such as vacation, sick leave. GASB Statement No.16 requires the compensated absences liability generally to be measured using the pay or salary rates in effect at the balance sheet date. It also requires additional amounts to be accrued for certain salary-related payments associated with the payment of compensated absences, for example, the employer’s share of social security and Medicare taxes. Under the Town's personnel policies, the Town compensated absences are as follows:

	Governmental Activities	Business - Type Activities	Total
Compensated absences	\$ 5,020	\$ 15,522	\$ 20,542

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

NOTE 10 – PENSION PLANS

The Town of Winnsboro (the Town) is a participating employer in three cost sharing defined benefit pension plans. These plans are administered by the Municipal Employee’s Retirement System of Louisiana (MERS), Municipal Police Employee’s Retirement System (MPERS) and Firefighters’ Retirement System (MFRS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees. Each of System issues an annual financial report that is available to the public which includes financial statements and required supplementary information for the Systems. These reports may be obtained by writing, calling, or downloading the reports as follows:

MERS: 7937 Office Park Boulevard | Baton Rouge, Louisiana 70809 | www.mersla.com

MPERS: 7722 Office Park Boulevard | Baton Rouge, Louisiana 70809 | www.lampers.org

MFRS: 3100 Brentwood Drive | Baton Rouge, Louisiana 70809 | www.ffret.com

Town employees currently participate in one of three retirement systems, which are described in the following paragraphs:

Municipal Employees' Retirement System of Louisiana (System) (“MERS”)

Plan Description:

Employees of the Town are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan established in accordance with the provisions of Louisiana Revised Statute 11:1731 to provide retirement, disability, and survivor benefits to employees of all incorporated villages, towns and cities throughout the State of Louisiana. Municipal Employees' Retirement System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Town employees participate are members of Plan A.

Benefits provided:

The following is a description of the Plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement Benefits:

Any member of Plan A, who was hired before January 1, 2013, can retire providing the member meets one of the following criteria:

- I. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum often (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2018

4. Survivor's benefits require five (5) or more years creditable service with legal spouse at least last 12 months before death- 40% at age 60 or minimum of 20% immediately (actuarially calculated).
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Eligibility for retirement for Plan A members hired on or after January 1, 2013, is as follows:

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of creditable service with an actuarially reduced early benefit.
5. Survivor's benefits require five or more years of creditable service with legal spouse at least last 12 months before death- 40% at age 60 or minimum of 20% immediately (actuarially calculated).

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. An additional regular retirement benefit can be received for any city marshal or deputy city marshal. See Plan Booklet for further details.

Survivor Benefits:

Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

DROP Benefits:

The System has established a DROP plan. When members enter DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period up to three years.

The election is irrevocable once participation begins. During participation, benefits otherwise payable are fixed and deposited in an individual DROP account. Upon leaving DROP, members must choose among available alternatives for the distribution of benefits that have accumulated in their DROP accounts.

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2018

Disability Benefits:

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average Note compensation or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest nonanal retirement age.

Deferred Benefits:

Plan A provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at the time of withdrawal.

Cost of Living Adjustments:

The System is authorized under state law to grant a cost of living increase (COLA) to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if enough funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional COLA to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Contributions:

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2018, the actual employer contribution rate was 24.75% for Plan A. The actuarially determined rate is the rate calculated to provide employer contributions that, when combined with employee contributions, is expected to finance the cost of benefits earned by the employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. The Town's contributions to the System under Plan A for the years ending June 30, 2018 was \$225,527.

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

Actuarial Assumptions:

A summary of the actual methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation date	June 30, 2017
Actuarial cost method	Entry age normal cost
Expected remaining service	3 years
Investment rate of return	7.40%
Inflation rate	2.78%
Salary increase, including inflation and merit increases	5.00%
Annuitant and beneficiary mortality	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA
Employee mortality	RP-2000 Employees Sex Distinct Table set back 2 years for both males and females
Disabled lives mortality	RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.

Discount rate:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Public equity	50%	2.3%
Public fixed income	35%	1.6%
Alternatives	<u>15%</u>	<u>0.7%</u>
Totals	<u>100%</u>	<u>4.6%</u>
Inflation		2.6%
Expected arithmetic nominal return		7.2%

The discount rate used to measure the total pension liability was 7.40%.

Municipal Police Employees' Retirement System of Louisiana (System) ("MPERS")

Plan Description

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013:

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are 3⅓% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary

Membership Commencing January 1, 2013:

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2018

at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are 3% and 2½%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Cost-of-Living Adjustments:

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan:

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

Employer contribution:

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

the year ended June 30, 2018, contributions due from employers and employees were 30.75% and 10%, respectively. The Town's contributions to the system for the years ending June 2018, was \$81,530.

Actuarial methods and assumptions:

The actuarial assumptions used in the June 30, 2018 valuation were based on the assumptions used in the June 30, 2018 actuarial funding valuation and were based on the results of an actuarial experience study for the period of July 1, 2009 through June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018, are as follows:

Valuation date	June 30, 2017
Actuarial cost method	Entry age normal cost
Expected remaining service	4 years
Investment rate of return	7.325% net of investment expense
Inflation rate	2.70%
Salary increase, including inflation and merit increases	Year of service: 1-2 , Salary Growth 9.75% Year of service: 3-23 , Salary Growth 4.75% Year of service: Over 23, Salary Growth
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table Projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for RP-2000 Employee Table set back 4 years for males and 3 years for females for active
Cost of living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period of July 1, 2009 through June 30, 2014, and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System’s target allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Equity	53%	3.66%
Fixed Income	21%	0.52%
Alternatives	20%	1.10%
Other	<u>6%</u>	<u>0.16%</u>
Totals	<u>100%</u>	<u>5.4%</u>
Inflation		<u>2.75%</u>
Expected nominal return		<u>8.19%</u>

The discount rate used to measure the total pension liability was 7.325%.

Firefighters’ Retirement System of Louisiana (System) (“MFRS”)

Plan Description:

The System is the administrator of a cost-sharing, multiple-employer, defined benefit pension plan. The System provides retirement, disability, and death benefits for its members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Eligibility Requirements

Any person who becomes an employee as defined in R.S. 11:2252 on and after January 1, 1980, shall become a member as a condition of employment. Membership in the System is a condition of employment for any full-time firefighters (or any person in a position as defined in the municipal fire and police civil service system) who earn at least \$375 per month, excluding state supplemental pay and are employed by a fire department of any municipality, parish, or fire protection district of the state of Louisiana, excepting Orleans and Lafayette Parishes, in addition to employees of the Firefighters’ Retirement System.

Retirement Benefits

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2018

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

Disability Benefits

A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S.11:2258(B).

Death Benefits

Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) & (C).

Deferred Retirement Option Plan:

After completing 20 years of creditable service and attaining the age of 50 years, or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

Upon commencement of participation in DROP, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the member's DROP account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit.

Cost-of-Living Adjustments:

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit.

Contribution:

According to state statute, employer contributions are actuarially-determined each year. For the year ended June 30, 2018, employer and employee contribution rates for members above the poverty line were 26.50% and 10.00%, respectively. The Town's contributions to the system for the years ending June 2018, was \$41,402.

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

Actuarial Assumptions:

A summary of the actual methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation date	June 30, 2017
Actuarial cost method	Entry age normal cost
Investment rate of return	7.4% net of investment expense
Expected remaining service	7years, closed period
Inflation rate	2.78%
Salary increase, including inflation and merit increases	Vary from 15% in the first two years of service to 4.75% with 25 or more years of service.
Cost of living Adjustments	Only those previously granted

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.75%. The resulting long-term expected arithmetic nominal rate of return was 8.29% as of June 30, 2017.

	Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Equity	U.S. Equity	27%	6.15%
	Non -U.S. Equity	20%	7.45%
	Global Equity	10%	6.85%
Fixed Income	Fixed Income	23%	2.04%
Alternatives	Real Estate	6%	4.62%
	Private Equity	4%	8.73%
Multi-Asset Strategies	Global Tactical Asset Allocation	5%	4.40%
	Risk Party	<u>5%</u>	4.79%
	Totals	<u>100%</u>	

The discount rate used to measure the total pension liability was 7.4%.

Pension Liabilities, Pension Expense, Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2018, the Town reported a liability of \$2,283,579, \$750,965, and \$ 402,359 for its proportionate share of the net pension liability for MERS, MPERS, and MFRS, respectively. The net pension liability

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Town's proportion was 0.545864% for MERS, 0.086017% for MPERS, and 0.070197% for MFRS.

The following schedule lists each pension plan's recognized pension expense (benefit) for the Town for the year ended June 30, 2018:

	MERS	MPERS	MFRS	TOTAL
Pension expense(benefit)	\$447,866	\$52,369	\$73,374	\$573,609

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Deferred Outflows of Resources:	MERS	MPERS	MFRS	TOTAL
Differences between expected and actual experience	\$ -	\$ 4,917	\$ -	\$ 4,917
Net difference between projected and actual investment earnings on investments	460,489	32,874	34,614	527,977
Changes of assumptions	38,183	53,435	16,829	108,447
Changes in proportion	-	-	39,177	39,177
Town contributions subsequent to the measurement date	239,482	73,752	56,472	369,706
Total deferred outflows of resources	\$ 738,154	\$ 164,978	\$147,092	\$ 1,050,224
Deferred Inflows of Resources:	MERS	MPERS	MFRS	TOTAL
Differences between expected and actual experience	\$ 69,549	\$ 5,772	\$ 22,438	\$ 97,759
Net difference between projected and actual investment earnings on investments	-	-	-	-
Changes of assumptions	-	-	96	96
Changes in proportion	49,766	195,892	37,248	282,906
Total deferred inflows of resources	\$ 119,315	\$ 201,664	\$ 59,782	\$ 380,761

The Town reported a total of \$369,706 as deferred outflows of resources related to pension contributions made subsequent to the measurement date will be recognized as reduction in net pension liability in the year ended June 30, 2018.

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

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

Year ending June 30:	MERS	MPERS	MFRS
2019	\$ 99,892	\$ (94,095)	\$ 17,784
2020	158,902	8,320	24,716
2021	99,913	(7,043)	9,366
2022	20,651	(17,620)	(13,135)
2023	-	-	(2,625)
2024	-	-	(5,268)
	\$ 379,358	\$ (110,438)	\$ 30,838

Sensitivity to changes in discount rate.

The following presents the Town's total net pension liability, as well as what the Town's total net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

MERS:	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	6.40%	7.40%	8.40%
Net Pension Liability	\$2,910,039	\$2,283,579	\$1,749,226

MPERS:	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	6.325%	7.325%	8.325%
Net Pension Liability	\$1,037,530	\$750,965	\$510,557

MFRS:	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	6.40%	7.40%	8.40%
Net Pension Liability	\$578,174	\$402,359	\$254,561

Contributions: Proportionate Share

Differences between contributions remitted to the Fund and the employer's proportionate share are

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the Fund and contributions reported by the participating employer.

Payables to the System

At June 30, 2018, the Town payables to the pension plan was \$108,454.

NOTE 11 – POST RETIREMENT BENEFITS OTHER THAN PENSIONS

Plan description

The Town of Winnsboro's medical benefits are provided to employees upon actual retirement. The employer pays 100% of the medical coverage for the retiree (not dependents). Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age or age 60 and 10 years of service.

Contribution Rates

Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. Retirees contribute to the cost of the Medical plans offered. The plan provisions and contribution rates are contained in the official plan documents.

Method of Determining Value of Benefits

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical benefits for the retiree only (not dependents). The medical rates provided are "blended" rates for active and retired before Medicare eligibility. We have therefore estimated the "unblended" rates as required by GASB 75 for valuation purposes to be 130% of the blended rates prior to Medicare eligibility. The rates provided after Medicare eligibility were unblended as required by GASB.

Employees covered by benefit terms. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits payments	28
Inactive employees entitled to but not yet receiving benefit payments	0
Active Employees	<u>37</u>
Total	<u><u>65</u></u>

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

Total OPEB Liability

The Town total OPEB liability of \$3,959,544 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Prior Measurement date	June 30, 2017
Measurement date	June 30, 2018
Valuation date	June 30, 2017
Actuarial cost method	Individual Entry age normal
Amortization method	Level dollar, open
Amortization period	30 years
Asset valuation method	Market value
Inflation rate	2.5%
Healthcare trend	Flat 5.5% annually
Salary increases	3%
Prior discount rate	4%
Discoun rate	3.87% annually which is the Bond Buyer 20-Bond General Obligation Index. The 20-Bond index consists of 20 general obligation bonds that mature in 20 years
Retirement age	25 year of service at any age or, age 60 and 10 years of service. Historically, employees have tended to enter D.R.O.P. after 30 years of service. We have therefore assumed that employees retire three years after the earlier of that historical retirement age or age 60 and 10 years of service. The three years is to accommodate the D.R.O.P. period.
Mortality	SOA RP-2000 combined mortality table
Turnover	Age specific table with an average of 10% when applied to the active census

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

Changes in the Total OPEB Liability

Total OPEB Liability

Service Cost	\$ 70,535
Interest	152,186
Changes of benefit terms	-
Differences between expected and actual experience	(86,954)
Changes in assumptions or other inputs	(151,965)
Benefit payments	<u>(204,733)</u>
Net Change in Total OPEB Liability	(220,931)
Total OPEB Liability - beginning	<u>4,180,475</u>
Total OPEB Liability - end	<u>\$ 3,959,544</u>

Sensitivity of the total OPEB liability to changes in the discount rate.

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
Total OPEB Liability	<u>\$4,513,472</u>	<u>\$3,959,544</u>	<u>\$3,507,161</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 4.50%	Current Discount Rate 5.50%	1% Increase 6.50%
Total OPEB Liability	<u>\$3,501,111</u>	<u>\$3,959,544</u>	<u>\$4,513,705</u>

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Town recognized an OPEB expense of \$210,146. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	-	(82,378)
Changes of assumptions or other inputs	-	(143,967)
Employer amounts for OPEB subsequent to measurement date	-	-
Total Deferred Outflows and Inflows	\$ -	\$ (226,345)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2019	(12,575)
2020	(12,575)
2021	(12,575)
2022	(12,575)
2023	(12,575)
Thereafter	(163,472)
Total	\$ (226,347)

Payables to the OPEB Plan

At June 30, 2018, the Town did not have any amounts owed to the OPEB plan.

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

NOTE 12 – INTERFUND TRANSACTIONS

Transfer

Transfers consisted of the following at June 30, 2018:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$ 2,271,674	\$ -
Industrial Fund	-	3,300
Sale Tax Fund	-	2,268,374
Proprietary Fund:	-	-
Total	\$ 2,271,674	\$ 2,271,674

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. The sales tax funds transferred to the general fund cover expenses of general operations.

NOTE 13 – SEGMENT INFORMATION FOR ENTERPRISE FUND

The enterprise fund operated by the Town provides water and sewer utility services. The following is a summary of segment information for enterprise funds:

	Water Utility	Sewer Service	Total
Operating revenue	\$ 1,026,142	\$ 822,010	\$ 1,848,152
Salaries	197,039	128,068	325,107
Administrative	526,972	422,141	949,113
Power	35,543	32,312	67,855
Depreciation	320,945	335,192	656,137
Supplies and other expenses	121,610	151,039	272,649
Total Operating expense	1,202,109	1,068,752	2,270,861
Operating loss	\$ (175,967)	\$ (246,742)	\$ (422,709)

TOWN OF WINNSBORO, LOUISIANA

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2018

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Litigation

As of the date of this report, there were no pending or threatening litigation suits involving the Town.

Grants and Loans

The Town receives federal, state and local grants and loans for specific purposes that are subject to audit by the funding agencies. Such audits could lead to requests for reimbursement to the agency for expenditures disallowed under terms of the agreement. It is the opinion of Town management that the Town's compliance with the terms of agreements will result in no disallowed costs

Risk Management

The Town is exposed to risks of loss related to torts; theft of, damaged to, and destruction of assets; errors and omissions; Injuries to employees; and natural disasters. The Town carries commercial insurance for these risks settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal year.

NOTE 15 – DEFICIT FUND BALANCE

As of June 30, 2018, the fund balance of the General Fund was in a deficit position of \$517,586.

NOTE 16 – CHANGE IN ACCOUNTING PRINCIPAL

In June 2015, the Governmental Standards Board (GASB) approved Statement NO.75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. GASB Statement NO.75 will improve accounting and financial reporting by state and local governments for implemented by the Town during the year ended June 30, 2018, The Statement established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

The Statement resulted in a restatement of net position as follows:

	<u>Governmental Activities</u>
Net Positon, June 30, 2017, as previously reported	\$ 7,641,790
Change in accouting principle:	
Net effect of implementing GASB Statement NO.75	<u>(2,137,722)</u>
Net postion, June 30, 2017, as restated	<u>\$ 5,504,068</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WINNSBORO, LOUISIANA

General Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Fund balances, beginning	\$ -	\$ -	\$ (258,689)	-
Revenues				
Taxes	\$ 292,000	\$ 292,000	\$ 290,568	\$ (1,432)
Licenses and permits	559,000	559,000	463,057	(95,943)
Intergovernmental	261,779	261,779	146,644	(115,134)
Fines and forfeits	90,000	90,000	80,050	(9,950)
Charge for services	109,300	109,300	94,322	(14,978)
Interest income	140	140	117	(23)
Miscellaneous	146,494	146,494	227,752	81,258
Total Revenues	<u>1,458,713</u>	<u>1,458,713</u>	<u>1,302,510</u>	<u>(156,203)</u>
Other financing sources:				
Transfer in	<u>2,215,000</u>	<u>2,215,000</u>	<u>2,271,674</u>	<u>(56,674)</u>
Total other financing sources	<u>2,215,000</u>	<u>2,215,000</u>	<u>2,271,674</u>	<u>(56,674)</u>
Amounts Available for appropriation	<u>\$ 3,673,713</u>	<u>\$ 3,673,713</u>	<u>\$ 3,315,495</u>	<u>\$ (212,877)</u>
Expenditures:				
Current				
General government	1,533,535	1,533,535	2,110,854	(577,319)
Public safety:				
Police	641,098	641,098	491,772	149,326
Fire	359,874	359,874	335,265	24,609
Highways and streets	519,537	519,537	384,282	135,255
Culture and recreation	115,000	115,000	72,340	42,660
Capital outlay	309,469	309,469	239,525	69,944
Other	-	-	99,043	(99,043)
Total Expenditure	<u>3,478,514</u>	<u>3,478,514</u>	<u>3,733,081</u>	<u>(155,525)</u>
Total charges to appropriation	<u>3,478,514</u>	<u>3,478,514</u>	<u>3,733,081</u>	<u>(254,568)</u>
Fund balances, ending	<u>\$ 195,199</u>	<u>\$ 195,199</u>	<u>\$ (417,586)</u>	<u>\$ (612,785)</u>

See Independent Auditors' Report

TOWN OF WINNSBORO, LOUISIANA

Industrial Revenue Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2018

	Budget		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Fund balances, beginning	\$ -	\$ -	\$ 659,746	-
Revenues:				
Rent Income	\$ 20,000	\$ 20,000	\$ 15,700	\$ (4,300)
Interest Earned - Investments	1,000	1,000	2,226	1,226
Interest Earned - Checking	130	130		
Other	13,000	13,000	19	(12,981)
Total Revenues	<u>34,130</u>	<u>34,130</u>	<u>17,945</u>	<u>(16,055)</u>
Amount available for appropriation	<u>\$ 34,130</u>	<u>\$ 34,130</u>	<u>\$ 677,691</u>	<u>\$ (16,055)</u>
Expenditure:				
Street Department	13,000	13,000	13,000	-
Other	20,000	20,000	22,507	(2,507)
Total Expenditure	<u>33,000</u>	<u>33,000</u>	<u>35,507</u>	<u>(2,507)</u>
Other financing uses:				
Transfer out	-	-	3,300	3,300
Total other financing uses	<u>-</u>	<u>-</u>	<u>3,300</u>	<u>(3,300)</u>
Total charges to appropriation	<u>33,000</u>	<u>33,000</u>	<u>38,807</u>	<u>(5,807)</u>
Fund balances, ending	<u>\$ 1,130</u>	<u>\$ 1,130</u>	<u>\$ 638,884</u>	<u>\$ (10,248)</u>

See Independent Auditors' Report

TOWN OF WINNSBORO, LOUISIANA

Sales Tax Special Revenue Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2018

	Budget		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Fund balances, beginning	\$ -	\$ -	\$ 1,538,776	-
Revenues:				
Taxes-sales taxes	\$ 2,300,000	\$ 2,300,000	\$ 2,636,520	\$ 336,520
Interest Earned - Investments	2,000	2,000	2,581	581
Interest Earned - Checking	2,500	2,500	-	(2,500)
Total Revenues	<u>2,304,500</u>	<u>2,304,500</u>	<u>2,639,101</u>	<u>334,601</u>
Amount available for appropriation	<u>\$ 2,304,500</u>	<u>\$ 2,304,500</u>	<u>\$ 4,177,877</u>	<u>\$ 334,601</u>
Expenditure:				
Sales Tax Collections Fee	-	-	-	-
Other	-	-	988,567	(988,567)
Total Expenditure	<u>-</u>	<u>-</u>	<u>988,567</u>	<u>(988,567)</u>
Other financing uses:				
Transfer out	<u>2,276,500</u>	<u>2,276,500</u>	<u>2,268,374</u>	<u>(8,126)</u>
Total other financing uses	<u>2,276,500</u>	<u>2,276,500</u>	<u>2,268,374</u>	<u>8,126</u>
Total charges to appropriation	<u>2,276,500</u>	<u>2,276,500</u>	<u>3,256,941</u>	<u>(980,441)</u>
Fund balances, ending	<u>\$ 28,000</u>	<u>\$ 28,000</u>	<u>\$ 920,936</u>	<u>\$ 1,315,042</u>

See Independent Auditors' Report

TOWN OF WINNSBORO, LOUISIANA

Budget to GAAP Basis Reconciliation
For the Year Ended June 30, 2018

	<u>General</u>	<u>Industrial</u>	<u>Sales Tax</u>
<u>Sources/Inflows of resources:</u>			
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 3,315,495	\$ 677,691	\$ 4,177,877
<i>Adjustments:</i>			
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	258,689	(659,746)	(1,538,776)
Transfers from other funds are inflows for budgetary purposes but are not revenue for financial reporting purposes	<u>(2,271,674)</u>	<u>-</u>	<u>-</u>
Total revenues as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 1,302,510</u>	<u>\$ 17,945</u>	<u>\$ 2,639,101</u>
<u>Uses/Outflows of resources:</u>			
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 3,733,081	\$ 38,807	\$ 3,256,941
<i>Adjustments:</i>			
Transfers to other funds are outflows for budgetary purposes but are not expenditures for financial reporting purposes	<u>-</u>	<u>(3,300)</u>	<u>(2,268,374)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 3,733,081</u>	<u>\$ 35,507</u>	<u>\$ 988,567</u>

See Independent Auditors' Report

TOWN OF WINNSBORO, LOUISIANA

Required Supplementary Information

Schedule of Proportionate Share of Net Pension Liability

As of the fiscal year ended	2018		
	MERS (Plan A)	MPERS	MFRS
Employer's Proportion of the Net Pension Liability	0.5459%	0.0860%	0.0702%
Employer's Proportionate Share of the Net Pension Liability	\$ 2,283,579	\$ 750,965	\$ 402,359
Employer's Covered Payroll	\$ 999,713	\$ 295,338	\$ 175,893
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	228.42%	254.27%	228.75%
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	62.49%	70.08%	73.55%
As of the fiscal year ended	2017		
	MERS (Plan A)	MPERS	MFRS
Employer's Proportion of the Net Pension Liability	0.5686%	0.1038%	0.0786%
Employer's Proportionate Share of the Net Pension Liability	\$ 2,330,572	\$ 972,673	\$ 514,095
Employer's Covered Payroll	\$ 1,015,752	\$ 266,747	\$ 156,476
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	229.44%	364.64%	328.55%
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	62.11%	66.04%	68.16%

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

(2) The amounts presented have a measurement date of the previous fiscal year end.

The three Retirement Systems reported in this schedule are as follows:
MERS (Plan A) = Municipal Employees' Retirement System
MPERS = Municipal Police Employees' Retirement System
MFRS = Firefighters' Retirement System of Louisiana

See Independent Auditors' Report

TOWN OF WINNSBORO, LOUISIANA

Required Supplementary Information

Schedule of Proportionate Share of Net Pension Liability (Continued)

As of the fiscal year ended	2016		
	MERS (Plan A)	MPERS	MFRS
Employer's Proportion of the Net Pension Liability	0.5707%	0.1051%	0.0740%
Employer's Proportionate Share of the Net Pension Liability	\$ 2,038,766	\$ 823,067	\$ 339,224
Employer's Covered Payroll	\$ 870,681	\$ 266,747	\$ 156,476
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	234.16%	308.56%	216.79%
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	66.18%	70.73%	72.45%
As of the fiscal year ended	2015		
	MERS (Plan A)	MPERS	MFRS
Employer's Proportion of the Net Pension Liability	0.4942%	0.1510%	0.0705%
Employer's Proportionate Share of the Net Pension Liability	\$ 1,268,345	\$ 945,187	\$ 313,670
Employer's Covered Payroll	\$ 830,286	\$ 322,774	\$ 144,169
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	152.76%	292.83%	217.57%
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	73.99%	75.10%	76.02%

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

(2) The amounts presented have a measurement date of the previous fiscal year end.

The three Retirement Systems reported in this schedule are as follows:
MERS (Plan A) = Municipal Employees' Retirement System
MPERS = Municipal Police Employees' Retirement System
MFRS = Firefighters' Retirement System of Louisiana

See Independent Auditors' Report

TOWN OF WINNSBORO, LOUISIANA

Required Supplementary Information

Schedule of Pension Contributions

	2018		
	MERS (Plan A)	MPERS	MFRS
Contractually Required Contribution	\$ 225,527	\$ 81,530	\$ 41,402
Contributions in Relation to Contractually Required contribuion	<u>239,482</u>	<u>73,752</u>	<u>56,472</u>
Contribution (Excess) Deficiency	\$ (13,955)	\$ 7,778	\$ (15,070)
Employer's Covered Employee Payroll	969,999	241,395	209,653
Contributions as a % of Covered Employee Payroll	24.69%	30.55%	26.94%

	2017		
	MERS (Plan A)	MPERS	MFRS
Contractually Required Contribution	\$ 227,435	\$ 96,171	\$ 44,869
Contributions in Relation to Contractually Required contribuion	<u>227,435</u>	<u>96,171</u>	<u>44,869</u>
Contribution (Excess) Deficiency	\$ -	\$ -	\$ -
Employer's Covered Employee Payroll	999,713	295,338	175,893
Contributions as a % of Covered Employee Payroll	22.75%	32.56%	25.51%

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

The three Retirement Systems reported in this schedule are as follows:

MERS (Plan A) = Municipal Employees' Retirement System
 MPERS = Municipal Police Employees' Retirement System
 MFRS = Firefighters' Retirement System of Louisiana

TOWN OF WINNSBORO, LOUISIANA

Required Supplementary Information

Schedule of Pension Contributions (Continued)

	2016		
	MERS (Plan A)	MPERS	MFRS
Contractually Required Contribution	\$ 200,608	\$ 88,518	\$ 48,613
Contributions in Relation to Contractually Required contribuion	<u>200,608</u>	<u>88,518</u>	<u>48,613</u>
Contribution (Excess) Deficiency	\$ -	\$ -	\$ -
Employer's Covered Employee Payroll	1,015,752	266,747	156,476
Contributions as a % of Covered Employee Payroll	19.75%	33.18%	31.07%

	2015		
	MERS (Plan A)	MPERS	MFRS
Contractually Required Contribution	\$ 168,237	\$ 88,519	\$ 48,613
Contributions in Relation to Contractually Required contribuion	<u>168,237</u>	<u>88,519</u>	<u>48,613</u>
Contribution (Excess) Deficiency	\$ -	\$ -	\$ -
Employer's Covered Employee Payroll	870,687	266,747	156,476
Contributions as a % of Covered Employee Payroll	19.32%	33.18%	31.07%

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

The three Retirement Systems reported in this schedule are as follows:

MERS (Plan A) = Municipal Employees' Retirement System
 MPERS = Municipal Police Employees' Retirement System
 MFRS = Firefighters' Retirement System of Louisiana

TOWN OF WINNSBORO, LOUISIANA

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ration

	2018
Total OPEB Liability	
Service Cost	\$ 70,535
Interest	152,186
Changes of benefit terms	-
Differences between expected and actual experience	(86,954)
Changes in assumptions or other inputs	(151,965)
Benefit payments	<u>(204,733)</u>
Net Change in Total OPEB Liability	(220,931)
Total OPEB Liability - beginning	<u>4,180,475</u>
Total OPEB Liability - end	<u>\$ 3,959,544</u>
Covered Employee Payroll	\$ 1,136,409
Total OPEB Liability as a percentage of covered employee payroll	348.43%

Notes to Schedule:

Changes of Benefit Terms:

There were no changes for the year ended June 30, 2018.

Changes of Assumptions:

The discount rate as of June 30, 2017 was 3.58% and it changed to 3.87% as of June 30, 2018.

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

TOWN OF WINNSBORO, LOUISIANA

Notes to Required Supplementary Information
For the year ended June 30, 2018

NOTE 1 - BUDGETS

1. Budgetary and Budgetary Accounting

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

- a. A proposed budget is prepared and submitted to the Town of Winnsboro for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
- b. A summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- c. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
- d. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
- e. All budgetary appropriations lapse at the end of each fiscal year.
- f. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Town. Such amendments, except for capital outlay, were not material in relation to the original appropriations.

2. Basis of Accounting

All the Town's budgets are prepared on the modified accrual basis of accounting.

NOTE 2 - NET PENSION LIABILITY

1. Changes of Benefit Terms

Municipal Employees' Retirement System (Plan A)

No Changes.

Municipal Police Employees' Retirement System

No Changes.

Firefighters' Retirement System

No changes.

See Independent Auditors' Report

TOWN OF WINNSBORO, LOUISIANA

Notes to Required Supplementary Information (Continued)
For the year ended June 30, 2018

2. Changes of Assumptions

Municipal Employees' Retirement System (Plan A)

The investment rate of return and inflation rate decreased from 7.5% to 7.4% and 2.875% to 2.775%, respectively.

Municipal Police Employees' Retirement System

The investment rate of return and inflation rate decreased from 7.5% to 7.325% and 2.875% to 2.7%, respectively.

Firefighters' Retirement System of Louisiana

The investment rate of return and inflation rate decreased from 7.5% to 7.4% and 2.875% to 2.775%, respectively.

NOTE 3 – POST RETIREMENT BENEFITS OTHER THAN PENSIONS

- a. Town of Winnsboro (the "Town") provides post-employment Medicare supplement, Medicare Part D prescription drug, and life insurance benefits on behalf of its eligible retirees and their dependents. As a result, the Town is required to implement the Governmental Accounting Standards Board ("GASB") Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("GASB 75"), which replaces GASB 45. GASB 75 requires public employers to perform periodic actuarial valuations to measure and disclose their retiree healthcare liabilities for the financial statement of the employer.
- b. GASB 75 allows an actuarial valuation date no earlier than thirty months and one day prior to the fiscal year end reporting date and a measurement date no earlier than one year and one day prior to the fiscal year end reporting date. For the reporting year ending June 30, 2018, we have used an actuarial valuation date of July 1, 2017 and a measurement date of June 30, 2018.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF WINNSBORO, LOUISIANA

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended September 30, 2018

Jackie Johnson, Mayor

July 1, 2017 - June 30, 2018

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 57,600
Travel - Meals	207
Life Insurance Monthly Premium	<u>35</u>
Total Compensation, Benefits, and Other Payments to Agency Head	<u>\$ 57,842</u>

TOWN OF WINNSBORO, LOUISIANA

**Schedule of Compensation Paid to the Mayor and Members of the Board of Alderman
For the Year Ended September 30, 2018**

The schedule of compensation paid to the Mayor and Council Members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the Mayor and Council Members are include in the general administrative expenditures of the General Fund. The Mayor and Council Members receive compensation pursuant to Louisiana Revised Statute 404.1.

	<u>Amount</u>
Jackie Johnson, Mayor	\$ 57,600
<u>Council Members</u>	
Kaye Cupp	3,850.00
Craig Gill	3,800.00
Betty Johnson	3,800.00
Lois Jordan	3,650.00
Rex McCarthy	3,800.00
Rex McCarthy - Travel-Meals	207.00
Rex McCarthy - Travel-Mileage	<u>150.87</u>
Total Mayor and Council Members Compensation	<u>\$ 76,857.87</u>

TOWN OF WINNSBORO, LOUISIANA

Schedule of Insurance in Force
As of and for the Year Ended June 30, 2018

Insurance Company	Expiring Date	Policy Description	Policy Limits	Policy Number
Louisiana Municipal Risk Management Agency	7/1/2019	Commercial General Liability - Bodily Injury and Property Damage	\$500,000 per Occurrence Premises Operations \$500,000 Aggregate Products Completed Operations \$1,000 per Accident Medical Payments \$50,000 per occurrence Fire Legal Liability	100-0200-16036
Louisiana Municipal Risk Management Agency	7/1/2019	Commercial General Liability - Personal injury and Property Damage	\$ 1,000 Deductible	100-0200-16036
Louisiana Municipal Risk Management Agency	7/1/2019	Law Enforcement Officer - Personal Injury and Property Damage	\$1,000 Deductible	100-0200-16036
Louisiana Municipal Risk Management Agency	7/31/2019	Errors and Omission	\$1,000 Deductible	100-0200-16036
Louisiana Municipal Risk Management Agency	7/31/2019	Automobile Liability - Property Damage	Non-Deductible	100-0200-16036
Western Surety Company	6/23/2021	Bond Coverage	\$100,000 Deductible	72132435
Western Surety Company	10/4/2019	Bond Coverage	\$260, 000 Peanalty Amount for Each	69212610
Employers Mutual Casualty Company	1/1/2020	Commercial Inland Marine Schedule	\$1,000 Deductible	5C2-40-15---20
Risk Management Inc.	10/4/2019	Workers' Compensation Coverage	\$100, 000 per Each Accident \$500,000 per Policy Limit \$100,000 per Each Employee	70-0211-2018-16866

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS



J. WALKER & COMPANY^{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' 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*

Honorable John Dumas, Mayor
and Members of the Board of Aldermen
Town of Winnsboro, Louisiana

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Winnsboro, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Winnsboro, Louisiana's basic financial statements and have issued our report thereon dated April 26, 2019.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses [2018-01, 2018-04, 2018-05, 2018-08, 2018-09].

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CERTIFIED PUBLIC ACCOUNTANTS

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies [2018-06, 2018-07].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Winnsboro, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items [2018-02, 2018-03, 2018-08, 2018-09].

Town of Winnsboro, Louisiana's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

J. Walker & Company, APC

Lake Charles, Louisiana
April 26, 2019



TOWN OF WINNSBORO, LOUISIANA

Schedule of Findings and Responses
For the Year Ended June 30, 2018

I. Summary of Auditors' Results

a. Financial Statements

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Town of Winnsboro, Louisiana.
2. There were seven (7) control deficiencies disclosed during the audit of the financial statements and reported in the *Independent Auditors' 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*. Five (5) of these deficiencies are reported as material weaknesses.
3. There were four (4) instance of noncompliance that is reported in the *Independent Auditors' 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*.

b. Federal Awards

N/A

c. Management Letter

No management letter was issued in connection with the audit for the year ended June 30, 2018.

TOWN OF WINNSBORO, LOUISIANA

Schedule of Findings and Responses
For the Year Ended June 30, 2018

INTERNAL CONTROL AND COMPLIANCE FINDINGS

2018-01 Bank Reconciliations

Fiscal Year Finding Originated: 2018

Condition:

The general fund operating, payroll, sales tax operating, and utility fund operating bank accounts are not being reconciled to the general ledger. This internal control deficiency is causing the Town's financials to be incorrect throughout the year.

Criteria:

Reconciliation of bank accounts to the general ledger is a key component of any adequate system of internal control.

Cause:

Bank accounts are not being reconciled to the general ledger on a monthly basis.

Effect:

When accounts are not reconciled, it increases the likelihood that a misstatement will occur and not be prevented or detected on a timely basis.

Recommendation:

We recommend that all bank accounts be reconciled to the general ledger on a monthly basis and that any differences be investigated and resolved at that time. We also recommend that management review, assess collectability, and write off any old outstanding items deemed uncollectible.

Response:

Town of Winnsboro will make sure that all bank accounts are reconciled to the general ledger on a monthly basis and any differences will be investigated and resolved. Management will also review, assess collectability, and write off outstanding items deemed uncollectible. Effective date April 2019.

2018-02 Failure to timely file audit report

Fiscal Year Finding Originated: Unknown

Condition:

The Town failed to submit audit report to LA Legislative Auditor in a timely manner.

TOWN OF WINNSBORO, LOUISIANA

Schedule of Findings and Responses
For the Year Ended June 30, 2018
(Continued)

Criteria:

La. R.S.24.513 states that “all engagements must be completed and transmitted to the legislative auditor within six months of the close of the auditee’s fiscal year.”

Cause:

The organization failed to engage an auditor in a timely manner.

Effect:

The organization was not in compliance with the State Law governing the completion and submission of audit reports.

Recommendation:

The organization should engage independent auditor in a timely manner to ensure adequate time for completion of audit and the timely filing of report.

Response:

Management will prepare and submit a complete set of books to the external auditor as soon as possible after year end.

2018 – 03 Unclaimed Property

Fiscal Year Finding Originated: 2018

Condition:

The Town regularly receives unclaimed property when refunds of water meter deposits are returned as undeliverable. The Town appears to have an unrecorded liability owed to the state as it is currently in possession of unclaimed property.

Criteria:

State law (R.S. 9§159-160) requires that unclaimed property be reported and remitted to the state Treasurer on an annual basis.

Cause:

The Town does not have written policies and procedures to report unclaimed property, such as returned refunds checks, to the state to ensure compliance with State law.

Effect:

The Town is in violation of state law (R.S. 9§159-160). The Town has an unrecorded liability. The Town submitted a schedule of unclaimed property professed liabilities to the State totaling \$2,960.

TOWN OF WINNSBORO, LOUISIANA

Schedule of Findings and Responses
For the Year Ended June 30, 2018
(Continued)

Recommendation:

We recommend that the Town implement written policies and procedures to ensure that unclaimed property such as returned refund checks are properly maintained, reported, and remitted to the state in compliance with state law. The Town should also perform the appropriate reconciliations and reviews to attempt to determine the full amount owed to the state.

Responses:

Management will implement written policies and procedures to ensure that unclaimed property remitted to the state in compliance with state law. All full amount owed to the state will be reconciliations and review and solved immediately. Anticipated date of correction May 2019.

2018-04 Adjusting Journal Entries

Fiscal Year Finding Originated: Unknown

Condition:

The adjusting journal entries proposed by the auditor in the prior year were never recorded.

Criteria:

Proper recording of adjusting journal entries is necessary for sound financial reporting throughout the year.

Cause:

Adjusting journal entries were not recorded.

Effect:

Material weakness in internal controls.

Recommendation:

We recommend that all adjusting journal entries be posted to the general ledger on a timely basis.

Response:

Management will ensure all adjusting journal entries will be posted to the general ledger on a timely basis. Effective date of correction August 2019.

TOWN OF WINNSBORO, LOUISIANA

Schedule of Findings and Responses
For the Year Ended June 30, 2018
(Continued)

2018-05 Accounts Receivable

Fiscal Year Finding Originated: Unknown

Condition:

The accounts receivable, per the general ledger, is not being reconciled to the account receivable subsidiary ledger.

Criteria:

Proper reconciliation of general ledger accounts is necessary for proper internal control.

Cause:

Accounts receivable are not being reconciled to the general ledger on a monthly basis.

Effect:

Material weakness in internal controls.

Recommendation:

We recommend that all accounts receivable be reconciled to the general ledger on a monthly basis and that any differences be investigated and solved at that time.

Management's Response:

Management will ensure all accounts receivable will be reconciled to the general ledger on a monthly basis and any differences will be investigated and solved at that time. Anticipated date of correction May 2019.

2018-06 Customer Deposits

Fiscal Year Finding Originated: Unknown

Condition:

Customer deposits, per the general ledger, are not being reconciled to the customer deposits subsidiary ledger.

Criteria:

Proper reconciliation of general ledger accounts is necessary for proper internal control.

Cause:

Customer deposits are not being reconciled to the general ledger on a timely basis.

TOWN OF WINNSBORO, LOUISIANA

Schedule of Findings and Responses
For the Year Ended June 30, 2018
(Continued)

Effect:

Material weakness in internal controls.

Recommendation:

We recommend that all customer deposits be reconciled to the general ledger on a timely basis and that any differences be investigated and solved at that time.

Response:

Management will ensure all customer deposits will be reconciled to the general ledger on a timely basis and any differences will be investigated and solved immediately. Effective date of correction August 2019.

2018-07 Transfers

Fiscal Year Finding Originated: Unknown

Condition:

Transfers between funds are not being recorded appropriately.

Criteria:

Proper recording of general ledger accounts is necessary for proper internal control.

Cause:

Transfers are not being reconciled to the general ledger appropriately.

Effect:

Material weakness in internal controls.

Recommendation:

We recommend that all transfers be reconciled to the general ledger on a timely basis and that any differences be investigated and solved at that time.

Response:

Management will ensure all transfers will be reconciled to the general ledger on a timely basis and any differences will be investigated and solved at that time. Effective date of correction August 2019.

TOWN OF WINNSBORO, LOUISIANA

Schedule of Findings and Responses
For the Year Ended June 30, 2018
(Continued)

2018-08 Payroll Taxes

Fiscal Year Finding Originated: 2017

Condition:

For several periods during the year, payroll taxes liabilities were not paid by the Town. This resulted in a large amount of penalties and interest being assessed against the Town.

Criteria:

Proper reporting and payment of payroll taxes is necessary for proper internal control.

Cause:

Payroll tax liabilities not being deposited timely causing the Town to be assessed penalties and late fees.

Effect:

Ineffective use of public funds.

Recommendation:

We recommend that the Town review and pay payroll taxes in a timely manner.

Response:

Town of Winnsboro will review and pay payroll tax liability deposits in a timely manner.

2018-09 Retirement Payments

Fiscal Year Finding Originated: Unknown

Condition:

Several months throughout the year, payments to retirement plans were not remitted timely. This resulted in numerous late fees throughout the year.

Criteria:

Timely reporting and payment of retirement contributions is necessary for proper internal control.

Cause:

Retirement contributions were not being remitted monthly.

TOWN OF WINNSBORO, LOUISIANA

Schedule of Findings and Responses
For the Year Ended June 30, 2018
(Continued)

Effect:

Material weakness in internal controls.

Recommendation:

We recommend that the Town review and remit retirement payments in a timely manner.

Management's Response:

Management will review and remit retirement payments in a timely manner.

TOWN OF WINNSBORO, LOUISIANA

Summary of Prior Year Findings
For the Year Ended June 30, 2018

2017-1 Bank Reconciliations (Internal Control Deficiency)

Condition:

The general fund operating, payroll, sales tax operating, and utility fund operating bank accounts are not being reconciled to the general ledger. This internal control deficiency is causing the Town's financials to be incorrect throughout the year.

Management's Response:

The Mayor and Clerk are working to resolve these matters.

Current Status:

Unresolved. See finding 2018-01

2017-2 Failure to timely file audit report

Condition:

The Town failed to submit audit report to LA Legislative Auditor in a timely manner.

Management's Response:

Management will work closely with the external auditors to ensure that the audited financial statements are submitted to the Legislative Auditor by the statutory due date.

Current Status:

Unresolved. See 2018-2

2017-3 Sales Tax Fund Expenditures (Compliance Finding)

Condition:

The Town's Sales Tax Fund's expenditures exceeded its budgeted amount by 14%. The budgeted amount of expenditures was \$1,029,679, and the actual expenditures were \$1,175,382. Louisiana Revised Statute 39:1311 requires that expenditures not exceed the budget by more than 5%.

Management's Response:

Management will work on this for fiscal year 2018.

Current Status:

Resolved

TOWN OF WINNSBORO, LOUISIANA

Summary of Prior Year Findings
For the Year Ended June 30, 2018

2017-4 Industrial Grant Fund Expenditures (Compliance Finding)

Condition:

The Town's Industrial Grant Fund's expenditures exceeded its budgeted amount by 100%. The budgeted amount of expenditures was \$0, and the actual expenditures were \$13,000. Louisiana Revised Statute 39:1311 requires that expenditures not exceed the budget by more than 5%.

Management's Response:

Management will work on this for fiscal year 2018.

Current Status:

Resolved

2017-5 Adjusting Journal Entries (Internal Control)

Condition:

The adjusting journal entries proposed by the auditor in the prior year were never recorded.

Management's Response:

Management will work on this for fiscal year 2018.

Current Status:

Unresolved. See 2018-4

2017-6 Accounts Receivable (Internal Control)

Condition:

The Accounts receivable, per the general ledger, is not being reconciled to the account receivable subsidiary ledger.

Management's Response:

Management will work on this for fiscal year 2018.

Current Status:

Unresolved. See 2018-5

TOWN OF WINNSBORO, LOUISIANA

Summary of Prior Year Findings
For the Year Ended June 30, 2018

2017-7 Customer Deposits (Internal Control)

Condition:

Customer deposits, per the general ledger, are not being reconciled to the customer deposits subsidiary ledger.

Management's Response:

Management will work on this for fiscal year 2018.

Current Status:

Unresolved. See 2018-6

2017-8 Customer Deposit Cash (Internal Control)

Condition:

The customer deposits liability exceeds the amount of cash in the customer deposit bank account. Customer deposits per the general and subsidiary ledger are \$161,139. The Related bank account restricted for these deposits had a balance of \$87,450 at year end, which leaves an underfunded amount of \$73,689.

Management's Response:

Management will work on this for fiscal year 2018.

Current Status:

Resolved.

2017-9 Transfers (Internal Control)

Condition:

Transfers between funds are not being recorded appropriately.

Management's Response:

Management will work on this for fiscal year 2018.

Current Status:

Unresolved. See 2018-7.

TOWN OF WINNSBORO, LOUISIANA

Summary of Prior Year Findings
For the Year Ended June 30, 2018

2017-10 Payroll Taxes (Internal Control)

Condition:

For Several months during the year, payroll taxes were not paid by the Town. This resulted in a large amount of penalties and interest, as well as the Town not being able to furnish the appropriate documentation when requested.

Management's Response:

Management has already worked to resolve this issue.

Current Status:

Unresolved. See 2018-8.

2017-11 Retirement Payments (Internal Control)

Condition:

Several months throughout the year, payments to retirement plans were not remitted timely. This resulted in numerous late fees throughout the year.

Management's Response:

Management will work on thus for fiscal year 2018.

Current Status:

Unresolved. See 2018-9

2017-12 Misappropriation of Funds

Condition:

During the year, the Town internally discovered and properly reported a misappropriation by an employee of the Town. *See Exhibit A for details.*

Management's Response:

Management has taken all necessary precautions and handled the matter appropriately.

Current Status:

Resolved.

Statewide Agreed Upon Procedures



J. WALKER & COMPANY^{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable John Dumas
Town of Winnsboro
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Town of Winnsboro and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Town's management is responsible for those C/C areas identified in the SAUPs. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
We performed the procedures above and noted no exceptions.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
We performed the procedures above and noted no exceptions.
 - c) **Disbursements**, including processing, reviewing, and approving
We performed the procedures above and noted no exceptions.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
We performed the procedures above and noted no exceptions.

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CERTIFIED PUBLIC ACCOUNTANTS

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

We performed the procedures above and noted no exceptions.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

We performed the above procedures and noted the following exceptions:

The policies and procedures do not including the monitoring process.

Management Response: See management’s response letter.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

We performed the procedures above and noted no exceptions.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

We performed the procedures above and noted no exceptions.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity’s ethics policy.

We performed the procedures above and noted no exceptions.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

We performed the procedures above and noted no exceptions.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board’s enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly or on a frequency in accordance with the board’s enabling legislation, charter, bylaws, or other equivalent document.



We performed the above procedures and noted the following exceptions:

No evidence that the board committee met during the months of February and April 2018. The Town was unable to provide written minutes for these months.

Management responses: See management's response letter.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

We performed the procedures above and noted no exceptions.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

We performed the above procedures and noted the following exceptions:

The minutes provided did not reference or include a formal plan to eliminate the negative unrestricted fund balance in the general fund, for at least one meeting during the fiscal period.

Management responses: See management's response letter.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

We performed the above procedures and noted the following exceptions:

Bank reconciliations were not completed during the fiscal period.

Management Response: See management's response letter.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).



We performed the above procedures and noted the following exceptions:

Bank reconciliations did not include evidence that a member of management or council member who does not handle cash, post ledgers, or issue checks reviewed each bank reconciliation.

Management Response: See management's response letter.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

We performed the above procedures and noted the following exceptions:

Bank reconciliations were not completed during the fiscal period.

Management Response: See management's response letter.

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.

We performed the procedures above and noted no exceptions.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

We performed the procedure above and noted no exceptions.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

We performed the procedure above and noted no exceptions.



- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

We performed the procedure above and noted no exceptions.

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

We performed the procedures above and noted no exceptions.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

We performed the procedure above and noted no exceptions.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

We performed the above procedure and noted the following exceptions:

The Town is unable to provide the deposit slip for 1 out of the 10 deposits selected.

Management Response: See management’s response letter.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

We performed the above procedure and noted the following exceptions:

The Town is unable to provide the deposit slip for 1 out of the 10 deposits selected.

Management Response: See management’s response letter.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

We performed the above procedure and noted the following exceptions:

2 out of the 10 deposits selected were not made within one business day of receipt at the collection location.

Management Response: See management’s response letter.

- e) Trace the actual deposit per the bank statement to the general ledger.

We performed the above procedure and noted the following exceptions:

The Town is unable to provide the deposit slip for 1 out of the 10 deposits selected.



Management Response: See management's response letter.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

We performed the above procedure and noted the following exceptions:

No evidence that purchase orders were used for the town.

Management Response: See management's response letter.

- b) At least two employees are involved in processing and approving payments to vendors.

We performed the procedure above and noted no exceptions.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

We performed the procedure above and noted no exceptions.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

We performed the procedure above and noted no exceptions.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

We performed the procedure above and noted no exceptions.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

We performed the procedure above and noted no exceptions.



Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

We performed the above procedures and noted the following exceptions:

No evidence supported whether the purchases were reviewed, in writing, by someone other than the authorized card holder.

Management Response: See management's response letter.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

We performed the above procedure and noted following exceptions.

On one occasion the Town was assessed a finance charge or late fee on statements reviewed.

Management Response: See management's response letter.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

We performed the above procedure and noted following exceptions.

For 10 out the 10 transactions selected, the Town was unable to provided (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Management Response: See management's response letter.



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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

We performed the procedure above and noted no exceptions.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

We performed the procedure above and noted no exceptions.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

We performed the procedure above and noted no exceptions.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We performed the above procedure and noted following exceptions:

All 5 transactions selected did not include evidence that each reimbursement was reviewed and approved, in writing, by someone other than the person that received reimbursement.

Management Response: See management's response letter.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

We performed the procedure above and noted no exceptions.



- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

We performed the above procedures and noted the following exceptions:

3 out of the 5 contracts selected had no written contracts in place.

Management Response: See management's response letter.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
No contract reviewed was amended. Therefore, no procedures were performed.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

3 out of the 5 contracts selected had no written contracts in place. Therefore, we were unable to agree the invoice to the contract terms. No exceptions noted for the 2 contracts provided.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

We performed the above procedure and noted following exceptions:

The personnel files do not reflect that for 5 out of the 5 employees/officials selected documented their daily attendance.

Management's Response: See management's response letter.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

We performed the above procedure and noted following exceptions:



The personnel files do not reflect that supervisors approved the attendance and leave of the 5 out of the 5 employees/officials selected.

Management's Response: See management's response letter.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

We performed the procedure above and noted no exceptions.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

We performed the procedure above and noted no exceptions.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

We performed the above procedure and noted the following exceptions:

Payroll taxes and retirement contributions were not paid timely in each quarter, and no insurance premiums were current during the fiscal period.

Management Response: See management's response letter.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

We performed the above procedures and noted the following exceptions:

No documentation provided to demonstrate that 5 out of the 5 selected officials and employees completed one hour of ethics training during the fiscal period.

Management Response: See management's response letter.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

We performed the above procedures and noted the following exceptions:



No documentation demonstrates each employee and official attested through signature verification that he or she has read the town's ethics policy during the fiscal period.

Management Response: See management's response letter.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

The Town did not issue new debt during the fiscal period. Therefore, these procedures are not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

We performed the procedures above and noted no exceptions.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

We performed the procedures above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

J. Walker & Company, APC

Lake Charles, Louisiana
March 4, 2019



Town of Winnsboro

SEAT OF FRANKLIN PARISH

STARS & STRIPES CAPITAL OF LOUISIANA

JOHN DUMAS

"Not Grown, but Growing"

ALDERMEN:

MAYOR

TYRONE COLEMAN

JULIA JACKSON

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CHIEF OF POLICE

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Management's Response Letter to Statewide Agree-Upon Procedures

Written Policies and Procedures

1f. Beginning July 1, 2018, management will update the policies and procedures to include the monitoring process.

Board or Finance Committee

2a. Beginning July 1, 2018, management will ensure to document and obtain the board meeting minutes for all board meeting during the fiscal period.

2c. Beginning July 1, 2018, if the general fund has a negative ending unrestricted fund balance, management will reference or include a formal plan to eliminate the negative unrestricted fund balance in the general fund, for at least one meeting during the fiscal period.

Bank Reconciliation

3a & c. Beginning July 1, 2018, The Town of Winnsboro will begin working with an outside accountant (CPA) to ensure bank reconciliations are completed in timely manner.

(The Town of Winnsboro Management will ensure the reconciliation including evidences, such as initials and dates, that it was prepared within 2 months of the related statement closing date and all items that have been outstanding for more than 12 months have been searched.)

3b. Beginning July 1, 2018, a member of The Town of Winnsboro Management/board member who does not handle cash, post to ledgers, or issue checks will review each bank reconciliation.

Collection

7b, c & e. Beginning July 1, 2018, management will obtain all deposit slips for each collection.

7d. Beginning July 1, 2018, management will ensure that all collections are deposited within one business day of receipt.

Non-Payroll Disbursement

9a. Beginning July 1, 2018, management will ensure that the Town uses a purchase order when making a purchase.

Credit Card/Debit Cards/Fuel Cards/P-Cards

12a. Beginning July 1, 2018, management will ensure review of the monthly statements or combined statements will be reviewed and documented, in writing, by someone other than the authorized card holder.

12b. Beginning July 1, 2018, management will ensure all bills are paid in a timely manner.

13. Beginning July 1, 2018, management will obtain an original itemized receipt that identifies precisely what was purchased, written documentation of the business/public purpose, and documentation of the individuals participating in meals (for meal charges only), for each card transactions.

Travel and Travel-Related Expense Reimbursements

14d. Beginning July 1, 2018, management will ensure that all travel and travel-related expense reimbursements will be reviewed and approved, in writing, by someone other than the person that received reimbursement.

Contracts

15b & d. Beginning July 1, 2018, management will obtain a written agreement/contracts for professional service or professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period.

Payroll and Personnel

17a. Beginning July 1, 2018, management will ensure all daily attendance and leave is reflected in the personnel file, for all employees and officials.

17b. Beginning July 1, 2018, management will ensure the personnel file reflects that supervisors approve the attendance and leave of the selected employees/officials.

19. Beginning July 1, 2018, management will ensure that the employer and all employee portions of payroll taxes and retirement payments will be paid, and associated forms have been filed, by the required deadline. The Town of Winnsboro Management will ensure that all insurance is up to date.

Ethics

20a & b. Beginning July 1, 2018, management will ensure that all employees and officials complete one hour of training, and attest through signature verification that he or she has read the Town's ethics policy.