

TOWN OF WINNSBORO, LOUISIANA
ANNUAL FINANCIAL STATEMENTS

AS OF JUNE 30, 2017
AND FOR THE YEAR THEN ENDED

WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF WINNSBORO, LOUISIANA

Annual Financial Statements
As of and for the Year Ended June 30, 2017
with Supplementary Information Schedules

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As of and for the Year Ended June 30, 2017
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Jackie Johnson, Mayor
and 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, each major fund, and the aggregate remaining fund information of the Town of Winnsboro, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winnsboro, Louisiana, as of June 30, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 3 through 7, and the Budgetary Comparison Schedules, the Schedule of the Town's Proportionate Share of the Net Pension Liability, the Schedule of the Town's Contributions, and the Schedule of the Funding Progress of the OPEB Plan, on pages 40 through 46, 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 of Winnsboro, Louisiana's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head and the Schedule of Compensation of the Governing Board 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 Agency Head and the Schedule of Compensation of the Governing Board are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head and the Schedule of Compensation of the Governing Board are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2018, on our consideration of the Town of Winnsboro, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Winnsboro's internal control over financial reporting and compliance.

This report is intended for the information of the Mayor, Members of the Board of Aldermen, management of Town of Winnsboro, Louisiana, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Silas Simmons, CPA

Natchez, Mississippi
May 11, 2018

SECTION I
REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WINNSBORO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

The management of the Town of Winnsboro, Louisiana offers readers of the Town of Winnsboro, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017. The management's discussion and analysis (MD&A) is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Overview of the Financial Statements

This section is intended to serve as an introduction to the Town's financial statements. The Town's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement 34 to provide the readers with a concise "entity-wide" statement of net position and statement of activities, which seeks to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private sector businesses.

The statement of net position presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is 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 weakening.

The statement of activities presents information which shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues; for example, the police and fire departments. Business-type activities are functions that are intended to support their costs through charges for services or fees; such as the water and sewer departments.

TOWN OF WINNSBORO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$11,735,184 (net position); this represents a decrease of \$796,531 from last fiscal year. This decrease is due to the operating losses in governmental and business-type activities of \$321,162 and \$475,369, respectively. The Town's net position is comprised of \$7,641,790 from governmental activities and \$4,093,394 from business-type activities.

The following is a condensed statement of the Town of Winnsboro's net position as of June 30, 2017 and 2016:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets						
Current and other assets	\$ 2,237,340	\$ 2,985,955	\$ 739,251	\$ 702,288	\$ 2,976,591	\$ 3,688,243
Capital assets, net	<u>10,519,909</u>	<u>9,943,476</u>	<u>7,495,397</u>	<u>8,141,873</u>	<u>18,015,306</u>	<u>18,085,349</u>
Total assets	<u>\$ 12,757,249</u>	<u>\$ 12,929,431</u>	<u>\$ 8,234,648</u>	<u>\$ 8,844,161</u>	<u>\$ 20,991,897</u>	<u>\$ 21,773,592</u>
Deferred outflows of resources	<u>\$ 1,505,188</u>	<u>\$ 1,181,250</u>	\$ -	\$ -	<u>\$ 1,505,188</u>	<u>\$ 1,181,250</u>
Liabilities						
Current liabilities	\$ 417,306	\$ 530,084	\$ 380,720	\$ 391,560	\$ 798,026	\$ 921,644
Long-term liabilities	<u>5,903,155</u>	<u>5,201,827</u>	<u>3,760,534</u>	<u>3,883,837</u>	<u>9,663,689</u>	<u>9,085,664</u>
Total liabilities	<u>\$ 6,320,461</u>	<u>\$ 5,731,911</u>	<u>\$ 4,141,254</u>	<u>\$ 4,275,397</u>	<u>\$ 10,461,715</u>	<u>\$ 10,007,308</u>
Deferred inflows of resources	<u>\$ 300,186</u>	<u>\$ 415,818</u>	\$ -	\$ -	<u>\$ 300,186</u>	<u>\$ 415,818</u>
Net position						
Invested in capital assets, net	\$ 10,455,697	\$ 9,859,159	\$ 3,615,109	\$ 4,140,595	\$ 14,070,806	\$ 13,999,754
Restricted for customer deposits	-	-	161,139	158,330	161,139	158,330
Restricted for debt service	-	-	528,416	448,594	528,416	448,594
Unrestricted (deficit)	<u>(2,813,907)</u>	<u>(1,896,207)</u>	<u>(211,270)</u>	<u>(178,756)</u>	<u>(3,025,177)</u>	<u>(2,074,963)</u>
Total net position	<u>\$ 7,644,790</u>	<u>\$ 7,962,952</u>	<u>\$ 4,093,394</u>	<u>\$ 4,568,763</u>	<u>\$ 11,735,184</u>	<u>\$ 12,531,715</u>

TOWN OF WINNSBORO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Government-Wide Financial Analysis (continued)

By far the largest portion of the Town's net position (\$14,070,806 or 120%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, Town infrastructure, etc.) less any related debt used to acquire those assets that are 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 capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The combined liabilities of the governmental and business-type activities of the Town were \$10,641,715 including general obligation bonds of \$64,212 in the general government and \$3,880,288 in the business-type activities. The remaining liabilities included \$5,860,093 in OPEB liabilities and net pension liabilities and \$657,122 in other payables and accrued liabilities.

The Town's governmental activities net position decreased by \$321,162. Business-type activities decreased net position by \$475,369.

The following is a summary of the statement of activities:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue						
Program revenue	\$ 286,280	\$ 291,977	\$ 1,710,674	\$ 1,611,462	\$ 1,996,954	\$ 1,903,439
General revenue	<u>3,812,227</u>	<u>3,149,693</u>	<u>678</u>	<u>285,072</u>	<u>3,812,905</u>	<u>3,434,765</u>
Total revenue and transfers	<u>\$ 4,098,507</u>	<u>\$ 3,441,670</u>	<u>\$ 1,711,352</u>	<u>\$ 1,896,534</u>	<u>\$ 5,809,859</u>	<u>\$ 5,338,204</u>
Expenses						
General and administrative	\$ 2,347,849	\$ 2,516,191	\$ -	\$ -	\$ 2,347,849	\$ 2,516,191
Public safety - police	589,562	543,858	-	-	589,562	543,858
Public safety - fire	408,112	409,964	-	-	408,112	409,964
Public works - streets	980,023	952,981	-	-	980,023	952,981
Recreation	91,138	213,286	-	-	91,138	213,286
Combined utility	-	-	2,041,368	1,927,396	2,041,368	1,927,396
Interest on long-term debt	<u>2,985</u>	<u>3,773</u>	<u>145,353</u>	<u>152,033</u>	<u>148,338</u>	<u>155,806</u>
Total expenses	<u>\$ 4,419,669</u>	<u>\$ 4,640,053</u>	<u>\$ 2,186,721</u>	<u>\$ 2,079,429</u>	<u>\$ 6,606,390</u>	<u>\$ 6,719,482</u>
Increase (decrease) in net position	<u>\$ (321,162)</u>	<u>\$ (1,198,383)</u>	<u>\$ (475,369)</u>	<u>\$ (182,895)</u>	<u>\$ (796,531)</u>	<u>\$ (1,381,278)</u>
Net position, beginning	<u>\$ 7,962,952</u>	<u>\$ 9,161,335</u>	<u>\$ 4,568,763</u>	<u>\$ 4,751,658</u>	<u>\$ 12,531,715</u>	<u>\$ 13,912,993</u>
Net position, ending	<u>\$ 7,641,790</u>	<u>\$ 7,962,952</u>	<u>\$ 4,093,394</u>	<u>\$ 4,568,763</u>	<u>\$ 11,735,184</u>	<u>\$ 12,531,715</u>

TOWN OF WINNSBORO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Government-Wide Financial Analysis (continued)

Governmental Activities

The governmental activities of the Town include general government, public safety, public works, recreation, and payment of interest on long-term debt. Revenues normally associated with municipal operations (e.g., sales tax, property tax, franchise fees, license fees, sanitation fees, permits, fines, and operating grants) are sufficient for the funding of these activities.

Business-Type Activities

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has one business-type activity, which is accounted for in the enterprise fund. The Town uses the enterprise fund to account for the revenue and expenses related to the provision of water and sewer services.

Fund Financial Statements - Governmental Funds

The fund financial statements provide more detailed information about the Town's most significant funds - not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

The Town currently maintains three individual governmental fund types. These fund types are the general fund, industrial grant, and sales tax. Information is presented separately in the governmental funds balance sheet (Statement C) and in the governmental fund statement of revenues, expenditures, and changes in fund balances (Statement E) for these general funds, which are considered to be a major fund.

The Town adopts an annual budget for the general fund. A statement of revenues, expenditures, and changes in fund balances for the general fund is presented in the required supplementary information (Section II), which compares actual revenues and expenditures to the original budget and amended budget figures.

Fund Financial Statements - Proprietary Funds

The Town maintains one proprietary fund. Proprietary funds are used to report the same functions as business-type activities. The Town uses an enterprise fund (the first type of proprietary fund) to account for its combined water and sewer operations. This enterprise fund reports the same functions presented as business-type activities in the government-wide financial statements.

General Fund Budgetary Highlights

The original general fund budget was amended during the fiscal year.

Actual revenues were less than budgeted revenues by \$195,955. Expenditures were \$383,206 less than provided for in the budget.

TOWN OF WINNSBORO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2017, was \$18,015,306. The governmental activities included \$10,519,909 in net capital assets and business-type activities included \$7,495,397 in net capital assets.

New major capital assets purchased or constructed in fiscal year 2017 are:

Governmental activities:

Street improvements	\$	1,154,041
Other various improvements	\$	28,800
Police car and radio	\$	47,842
Farmer's market	\$	79,065

Business-type activities:

Plant improvements	\$	14,153
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Requests for Information

This financial report is designed to provide a general overview of the Town of Winnsboro's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Clerk Amanda C. Adams, (318-435-9087), Post Office Box 250, Winnsboro, Louisiana 71295, .

BASIC FINANCIAL STATEMENTS

SECTION II
GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF WINNSBORO, LOUISIANA

STATEMENT OF NET POSITION

JUNE 30, 2017

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash	\$ 1,378,471	\$ 8,330	\$ 1,386,801
Receivables, net	38,818	114,569	153,387
Interest receivable	1,235	486	1,721
Restricted assets	818,816	615,866	1,434,682
Capital assets, net	10,519,909	7,495,397	18,015,306
	<u>\$ 12,757,249</u>	<u>\$ 8,234,648</u>	<u>\$ 20,991,897</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Total deferred outflows of resources	\$ 1,505,188	\$ -	\$ 1,505,188
<u>LIABILITIES</u>			
Bank overdraft	\$ 921	\$ -	\$ 921
Accounts, salaries, and other payables	296,586	41,745	338,331
Accrued compensated absences	98,579	47,102	145,681
Customer deposits	-	161,139	161,139
Accrued interest payable	70	10,980	11,050
Notes payable, due within one year	21,150	119,754	140,904
Notes payable, due beyond one year	43,062	3,760,534	3,803,596
Net OPEB obligation	2,042,753	-	2,042,753
Net pension liability	3,817,340	-	3,817,340
	<u>\$ 6,320,461</u>	<u>\$ 4,141,254</u>	<u>\$ 10,461,715</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Total deferred inflows of resources	\$ 300,186	\$ -	\$ 300,186
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	\$ 10,455,697	\$ 3,615,109	\$ 14,070,806
Restricted for:			
Customer deposits	-	161,139	161,139
Debt service	-	528,416	528,416
Unrestricted	(2,813,907)	(211,270)	(3,025,177)
	<u>\$ 7,641,790</u>	<u>\$ 4,093,394</u>	<u>\$ 11,735,184</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF WINNSBORO, LOUISIANA

STATEMENT B

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	Expenses	Program Revenues		Net (Expenses)/ Revenues	Net (Expenses), Revenues, and Changes		Total
		Charges for Services	Capital Grants and Contributions		Governmental Activities	Business-Type Activities	
Governmental Activities							
General government	\$ 2,347,849	\$ 59,060	\$ 130,876	\$ (2,157,913)	\$ (2,157,913)	\$ -	\$ (2,157,913)
Public safety:							
Police	589,562	96,344	-	(493,218)	(493,218)	-	(493,218)
Fire	408,112	-	-	(408,112)	(408,112)	-	(408,112)
Public works:							
Streets	980,023	-	-	(980,023)	(980,023)	-	(980,023)
Recreation	91,138	-	-	(91,138)	(91,138)	-	(91,138)
Interest paid	2,985	-	-	(2,985)	(2,985)	-	(2,985)
Total governmental activities	\$ 4,419,669	\$ 155,404	\$ 130,876	\$ (4,133,389)	\$ (4,133,389)	\$ -	\$ (4,133,389)
Business-Type Activities							
Sewer and water	\$ 2,166,195	\$ 1,710,674	\$ -	\$ (455,521)	\$ -	\$ (455,521)	\$ (455,521)
Total business-type activities	\$ 2,166,195	\$ 1,710,674	\$ -	\$ (455,521)	\$ -	\$ (455,521)	\$ (455,521)
Total	\$ 6,585,864	\$ 1,866,078	\$ 130,876	\$ (4,588,910)	\$ (4,133,389)	\$ (455,521)	\$ (4,588,910)
General revenue:							
Property taxes					\$ 225,857	\$ -	\$ 225,857
Sales taxes					2,880,870	-	2,880,870
Franchise taxes					130,207	-	130,207
Beer taxes					13,573	-	13,573
Hotel taxes					15,035	-	15,035
Licenses and permits					415,252	-	415,252
Interest earnings					4,685	678	5,363
Other general revenues					106,222	-	106,222
Transfers					20,526	(20,526)	-
Total general revenues and transfers					\$ 3,812,227	\$ (19,848)	\$ 3,792,379
Change in net position					\$ (321,162)	\$ (475,369)	\$ (796,531)
Net position - beginning					\$ 7,962,952	\$ 4,568,763	\$ 12,531,715
Net position - ending					\$ 7,641,790	\$ 4,093,394	\$ 11,735,184

The accompanying notes are an integral part of this financial statement.

SECTION III
FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

TOWN OF WINNSBORO, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2017

	Major Funds			Total Governmental Funds
	General Fund	Industrial Grant	Sales Tax	
<u>ASSETS</u>				
Cash	\$ -	\$ 659,116	\$ 719,355	\$ 1,378,471
Receivables (net of allowance for uncollectibles)	38,818	-	-	38,818
Interest receivable	-	630	605	1,235
Restricted assets	-	-	818,816	818,816
Total assets	<u>\$ 38,818</u>	<u>\$ 659,746</u>	<u>\$ 1,538,776</u>	<u>\$ 2,237,340</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Bank overdraft	\$ 921	\$ -	\$ -	\$ 921
Accounts payable	296,586	-	-	296,586
Total liabilities	<u>\$ 297,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297,507</u>
Fund balances:				
Committed for:				
Special revenue projects	\$ -	\$ 659,746	\$ 1,538,776	\$ 2,198,522
Unassigned	(258,689)	-	-	(258,689)
Total fund balances	<u>\$ (258,689)</u>	<u>\$ 659,746</u>	<u>\$ 1,538,776</u>	<u>\$ 1,939,833</u>
Total liabilities and fund balances	<u>\$ 38,818</u>	<u>\$ 659,746</u>	<u>\$ 1,538,776</u>	<u>\$ 2,237,340</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF WINNSBORO, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

JUNE 30, 2017

Fund Balances, Total Governmental Funds (Statement C)	\$	1,939,833
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital assets, net		10,519,909
Deferred outflows and inflows are not financial resources or currently payable:		
Deferred outflows	\$	1,505,188
Deferred inflows		(300,186)
		1,205,002
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements.		
Notes payable	\$	(64,212)
Accrued interest payable		(70)
Accrued compensated absences liability		(98,579)
Net post-employment benefit obligation		(2,042,753)
Net pension liability		(3,817,340)
		(6,022,954)
Net Position of Governmental Activities (Statement A)	\$	7,641,790

The accompanying notes are an integral part of this financial statement.

TOWN OF WINNSBORO, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	Major Funds			Total Governmental Funds
	General Fund	Industrial Grant	Sales Tax	
<u>REVENUES</u>				
Taxes	\$ 384,672	\$ -	\$ 2,880,870	\$ 3,265,542
Licenses and permits	415,252	-	-	415,252
Intergovernmental:				
State	130,876	-	-	130,876
Charges for services	59,060	-	-	59,060
Fines and forfeitures	96,344	-	-	96,344
Interest income	54	1,535	3,096	4,685
Other	106,222	-	-	106,222
Total revenues	<u>\$ 1,192,480</u>	<u>\$ 1,535</u>	<u>\$ 2,883,966</u>	<u>\$ 4,077,981</u>
<u>EXPENDITURES</u>				
General government	\$ 1,832,790	\$ 13,000	\$ 21,341	\$ 1,867,131
Public safety:				
Police	572,802	-	-	572,802
Fire	342,152	-	-	342,152
Street department	545,029	-	-	545,029
Recreation	76,459	-	-	76,459
Capital outlays	155,707	-	1,154,041	1,309,748
Debt service:				
Principal	20,105	-	-	20,105
Interest	3,007	-	-	3,007
Total expenditures	<u>\$ 3,548,051</u>	<u>\$ 13,000</u>	<u>\$ 1,175,382</u>	<u>\$ 4,736,433</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,355,571)</u>	<u>\$ (11,465)</u>	<u>\$ 1,708,584</u>	<u>\$ (658,452)</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in	\$ 2,498,255	\$ -	\$ -	\$ 2,498,255
Transfers out	-	-	(2,477,729)	(2,477,729)
Total other financing sources	<u>\$ 2,498,255</u>	<u>\$ -</u>	<u>\$ (2,477,729)</u>	<u>\$ 20,526</u>
Net change in fund balance	<u>\$ 142,684</u>	<u>\$ (11,465)</u>	<u>\$ (769,145)</u>	<u>\$ (637,926)</u>
Fund balances - beginning	<u>\$ (401,373)</u>	<u>\$ 671,211</u>	<u>\$ 2,307,921</u>	<u>\$ 2,577,759</u>
Fund balances - ending	<u>\$ (258,689)</u>	<u>\$ 659,746</u>	<u>\$ 1,538,776</u>	<u>\$ 1,939,833</u>

The accompanying notes are an integral part of this financial statement.

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, 2017

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

Net Change in Fund Balances, Total Governmental Funds (Statement E)	\$	(637,926)
<p>Governmental funds report capital outlays as expenditures, however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$ 1,309,748	
Depreciation expense	<u>(733,315)</u>	576,433
Net post-employment obligation expensed		(106,563)
Net accrued compensated absences expensed		3,480
Net changes in deferrals related to pension plans		45,452
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		20,105
Decrease in accrued interest on long-term liabilities		22
<p>Net pension expense is reported in governemtnal funds as expenditures as they are paid, however, in the Statement of Activities, the net position expense is reported according to estimates required by GASB 68:</p>		
Pension expenses paid	\$ 368,475	
Pension expenses per GASB 68	<u>(590,640)</u>	<u>(222,165)</u>
Change in Net Position of Governmental Activities (Statement B)	\$	<u><u>(321,162)</u></u>

The accompanying notes are an integral part of this financial statement.

PROPRIETARY FUNDS

TOWN OF WINNSBORO, LOUISIANA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2017

	Enterprise Fund <u>Utility Fund</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 8,330
Receivables (net of allowance for uncollectibles)	114,569
Interest receivable	<u>486</u>
Total current assets	<u>\$ 123,385</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	\$ 615,866
Capital assets (net of accumulated depreciation)	<u>7,495,397</u>
Total noncurrent assets	<u>\$ 8,111,263</u>
Total assets	<u>\$ 8,234,648</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts, salaries, and other payable	\$ 41,745
Accrued compensated absences	<u>47,102</u>
Total current liabilities	<u>\$ 88,847</u>
Current liabilities payable from restricted assets	
Accrued interest payable	\$ 10,980
Consumer deposits	161,139
Current portion of notes payable	<u>119,754</u>
Total current liabilities payable from restricted assets	<u>\$ 291,873</u>
Long-term liabilities	
Note payable	<u>\$ 3,760,534</u>
Total long-term liabilities	<u>\$ 3,760,534</u>
Total liabilities	<u>\$ 4,141,254</u>
<u>NET POSITION</u>	
Invested in capital assets, net of related debt	\$ 3,615,109
Restricted for customer deposits	161,139
Restricted for debt service	528,416
Unrestricted (deficit)	<u>(211,270)</u>
Total net position	<u>\$ 4,093,394</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF WINNSBORO, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

OPERATING REVENUES

Charges for services:

Water sales	\$	958,482
Water tap fees		5,300
Sewer charges		<u>746,892</u>

Total operating revenues	\$	<u>1,710,674</u>
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OPERATING EXPENSES

Salaries	\$	483,654
Administrative		581,534
Materials and supplies		150,549
Power		144,476
Depreciation		<u>660,629</u>

Total operating expenses	\$	<u>2,020,842</u>
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Operating loss	\$	<u>(310,168)</u>
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Nonoperating revenue and expenses

Interest earnings	\$	678
Interest expense		<u>(145,353)</u>

Total nonoperating revenues	\$	<u>(144,675)</u>
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Other financing sources:

Transfers out	\$	<u>(20,526)</u>
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Total other financing sources	\$	<u>(20,526)</u>
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Change in net position	\$	(475,369)
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Total net position - beginning		<u>4,568,763</u>
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Total net position - ending	\$	<u><u>4,093,394</u></u>
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The accompanying notes are an integral part of this financial statement.

TOWN OF WINNSBORO, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

Cash flows from operating activities	
Receipts from customers and users	\$ 1,690,633
Payments to suppliers	(896,521)
Payments to employees	(479,654)
Net cash provided by operating activities	<u>\$ 314,458</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	\$ (14,153)
Increase in customer deposits	2,809
Transfers	(20,526)
Interest paid on capital debt	(145,353)
Principal paid on capital debt	(120,990)
Net cash used for capital and related financing activities	<u>\$ (298,213)</u>
Cash flows from investing activities	
Interest earnings	\$ 1,027
Net cash provided by investing activities	<u>\$ 1,027</u>
Net increase in cash and cash equivalents	\$ 17,272
Cash, beginning of year	606,924
Cash, end of year	<u>\$ 624,196</u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (310,168)
Depreciation	660,629
Change in assets and liabilities:	
(Increase) decrease in:	
Accounts receivables - customers	(20,041)
Accounts payable	(19,962)
Accrued compensated absences	4,000
Net cash provided by operating activities	<u>\$ 314,458</u>

The accompanying notes are an integral part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

INTRODUCTION

The Town of Winnsboro, Louisiana is a municipal corporation governed by an elected mayor.

1. The Town of Winnsboro, Louisiana was incorporated under provisions of the Lawrason Act as a town in 1902.
2. The purpose of a municipality is to provide utility services (water and sewer), public safety (police and fire), streets, recreation, sanitation, and general administrative services.
3. The Board of Aldermen consists of five elected members that are paid \$300 per month for regular meetings and \$50 for each special meeting.
4. The Town of Winnsboro is located in Franklin Parish, Louisiana.
5. The population of Winnsboro was 4,910 in 2010, according to the census.
6. The Town of Winnsboro had 72 employees as of June 30, 2017.
7. The Town of Winnsboro had approximately 2,600 utility customers as of June 30, 2017. The customers consisted of 2,400 residential customers and 200 commercial customers.

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 a 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 charges, and issue bonded debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Government-Wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF WINNSBORO, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. *Government-Wide and Fund Financial Statements* (continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The general fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The industrial grant fund accumulates funds from certain grants and other sources primarily used for capital outlays.

The sales tax fund collects and disburses to other funds all sales tax revenues.

The municipality reports the following major proprietary fund:

The utility fund is used to account for the provision of water utilities, as well as sewer services, to residents of the Town and some residents of the Parish. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service and billing and collection.

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation* (continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first, then unrestricted resources as they are needed.

C. *Cash and Cash Equivalents*

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition. State law and the municipality's investment policy allow the municipality to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

D. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. *Receivables and Payables* (continued)

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and customer's utility receivables are recognized through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

The Town annually levies ad valorem taxes in accordance with state statute for the fiscal year ended June 30. Tax bills are prepared and delivered in October with payment due from the date of receipt to the last day of February. Because of the due dates noted previously, ad valorem taxes are not considered to be available resources of the fiscal year to which they apply and are, therefore, not accrued at the end of the fiscal year.

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Franklin Parish.

For the year ended June 30, 2017, taxes of 8.16 mills were levied on property with assessed valuations totaling \$28,116,361, after abatements and exemptions, and were dedicated as follows:

General corporate purposes	8.16 mills
Total taxes levied were	\$ 225,677

E. *Inventories*

For both governmental and proprietary funds, purchase of various operating supplies are regarded as expenditures or expenses at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. For the year ending June 30, 2017, these amounts were considered to be immaterial.

F. *Restricted Assets - Utility Fund*

Restricted assets were applicable to the following at June 30, 2017:

Consumer deposits	\$ 87,450
Debt service	528,416
Total restricted assets	\$ 615,866

G. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$1,000 or more for capitalizing capital assets used in the governmental funds.

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. *Capital Assets* (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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 - 20 years
Vehicles	5 years

H. *Compensated Absences*

The liability for compensated absences has been accrued based on accrued vacation time plus a maximum of 480 hours of accrued sick time.

I. *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.

J. *Net Position/Fund Balances*

Invested in Capital Assets, Net of Related Debt - This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of capital assets.

TOWN OF WINNSBORO, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. *Net Position/Fund Balances* (continued)

Unrestricted - This category represents net position not appropriable for expenditures or legally segregated for a specific future use.

Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

K. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

L. *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 amounts 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.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town follows procedures established by Louisiana Revised Statute in the preparation and adoption of its annual operating budgets as follows:

1. The Town Clerk prepares a proposed budget and submits it to the Mayor and the Town Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budget for all funds is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts are as originally adopted, or as amended from time to time by the Town Council.

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2017, the municipality has cash and cash equivalents (book balances) totaling \$2,821,483 as follows:

	Governmental Activities	Business-Type Activities	Totals
Demand deposits	\$ 1,118,131	\$ 95,780	\$ 1,213,911
Time deposits	1,077,702	528,416	1,606,118
Cash on hand	<u>1,454</u>	<u>-</u>	<u>1,454</u>
Total	<u>\$ 2,197,287</u>	<u>\$ 624,196</u>	<u>\$ 2,821,483</u>

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

At June 30, 2017, the municipality had \$2,873,122 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$3,094,170 of pledged securities held by the custodial banks in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 4 - RECEIVABLES

Receivables at June 30, 2017, consisted of the following:

Class of Receivable	General Government Fund	Enterprise Fund	Total
Accounts	\$ 40,371	\$ 134,569	\$ 174,940
Fines	2,447	-	2,447
Less reserve for bad debts	(4,000)	(20,000)	(24,000)
Total	<u>\$ 38,818</u>	<u>\$ 114,569</u>	<u>\$ 153,387</u>

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the receivable.

NOTE 5 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2017, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 704,058	\$ -	\$ -	\$ 704,058
Total capital assets, not being depreciated	<u>\$ 704,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 704,058</u>
Capital assets being depreciated				
Buildings	\$ 3,706,315	\$ 18,800	\$ (14,456)	\$ 3,710,659
Land improvements	2,982,174	1,243,106	-	4,225,280
Machinery and equipment	4,096,508	47,842	(61,945)	4,082,405
Other	9,202,438	-	(60,290)	9,142,148
Total capital assets being depreciated	<u>\$ 19,987,435</u>	<u>\$ 1,309,748</u>	<u>\$ (136,691)</u>	<u>\$ 21,160,492</u>
Less accumulated depreciation for:				
Buildings	\$ (2,213,945)	\$ (102,121)	\$ 14,456	\$ (2,301,610)
Land improvements	(797,992)	(144,125)	-	(942,117)
Machinery and equipment	(3,464,208)	(93,726)	61,945	(3,495,989)
Other	(4,271,872)	(393,343)	60,290	(4,604,925)
Total accumulated depreciation	<u>\$ (10,748,017)</u>	<u>\$ (733,315)</u>	<u>\$ 136,691</u>	<u>\$ (11,344,641)</u>
Total capital assets being depreciated, net	<u>\$ 9,239,418</u>	<u>\$ 576,433</u>	<u>\$ -</u>	<u>\$ 9,815,851</u>
Governmental-type activities capital assets, net	<u>\$ 9,943,476</u>	<u>\$ 576,433</u>	<u>\$ -</u>	<u>\$ 10,520,909</u>

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 5 - CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated				
Land	\$ 16,033	\$ -	\$ -	\$ 16,033
Total capital assets, not being depreciated	<u>\$ 16,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,033</u>
Capital assets being depreciated				
Water plant	\$ 10,910,180	\$ 14,153	\$ (25,416)	\$ 10,898,917
Sewer plant	<u>11,327,598</u>	<u>-</u>	<u>(30,052)</u>	<u>11,297,546</u>
Total capital assets being depreciated	<u>\$ 22,237,778</u>	<u>\$ 14,153</u>	<u>\$ (55,468)</u>	<u>\$ 22,196,463</u>
Less accumulated depreciation for:				
Water plant	\$ (6,405,612)	\$ (338,113)	\$ 25,416	\$ (6,718,309)
Sewer plant	<u>(7,706,326)</u>	<u>(322,516)</u>	<u>30,052</u>	<u>(7,998,790)</u>
Total accumulated depreciation	<u>\$ (14,111,938)</u>	<u>\$ (660,629)</u>	<u>\$ 55,468</u>	<u>\$ (14,717,099)</u>
Total capital assets being depreciated, net	<u>\$ 8,125,840</u>	<u>\$ (646,476)</u>	<u>\$ -</u>	<u>\$ 7,479,364</u>
Business-type activities capital assets, net	<u>\$ 8,141,873</u>	<u>\$ (646,476)</u>	<u>\$ -</u>	<u>\$ 7,495,397</u>

Depreciation expense of \$733,315 for the year ended June 30, 2017, was charged to the following governmental functions:

General government	\$ 197,477
Public safety:	
Police	18,604
Fire	66,726
Public works:	
Streets	435,829
Recreation	14,679
Total	<u>\$ 733,315</u>

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2017, were as follows:

<u>Transfers in</u>	<u>Transfers out</u>		
General Fund	Sales Tax Fund	\$	2,477,729
General Fund	Proprietary Fund	\$	20,526

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

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 7 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$421,467 at June 30, 2017, were as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts	\$ 30,558	\$ 33,816	\$ 64,374
Accrued salaries and payroll tax	266,028	7,929	273,957
Total	<u>\$ 296,586</u>	<u>\$ 41,745</u>	<u>\$ 338,331</u>

NOTE 8 - LONG-TERM LIABILITIES

The following is a summary of changes in governmental activities long-term liabilities in the statement of net position for the year ended June 30, 2017:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 66,460	\$ -	\$ (15,870)	\$ 50,590	\$ 16,516
General obligation bonds	17,857	-	(4,235)	13,622	4,634
Compensated absences	102,059	-	(3,480)	98,579	-
Total	<u>\$ 186,376</u>	<u>\$ -</u>	<u>\$ (23,585)</u>	<u>\$ 162,791</u>	<u>\$ 21,150</u>

Bonds payable at June 30, 2017, 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%.	\$ 50,590
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>13,622</u>
	<u>\$ 64,212</u>

The annual requirements to amortize the general obligation bonds as of June 30, 2017, are as follows:

<u>Year Ended</u>	<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 21,150	\$ 1,962	\$ 23,112
2019	21,920	1,192	23,112
2020	21,142	38	21,180
	<u>\$ 64,212</u>	<u>\$ 3,192</u>	<u>\$ 67,404</u>

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 8 - LONG-TERM LIABILITIES (continued)

The following is a summary of the business-type activities long-term liabilities for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Water and sewer notes	\$ 4,001,278	\$ -	\$ 120,990	\$ 3,880,288	\$ 119,754
Total	<u>\$ 4,001,278</u>	<u>\$ -</u>	<u>\$ 120,990</u>	<u>\$ 3,880,288</u>	<u>\$ 119,754</u>

Long-term debt as of June 30, 2017, is comprised of the following:

Enterprise Fund

Sewer revenue bonds - USDA - \$840,000 in 1996 bonds due in monthly installments totaling \$49,034 annually through May 6, 2034, bearing interest rate of 5%.	\$ 551,726
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%.	2,610,562
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%.	<u>718,000</u>
Total long-term debt	<u>\$ 3,880,288</u>

The annual requirements to amortize all outstanding debt as of June 30, 2017, including interest payments, are as follows:

	Principal	Interest	Total
2018	\$ 119,754	\$ 146,853	\$ 266,607
2019	123,777	143,349	267,126
2020	127,719	139,449	267,168
2021	132,462	135,484	267,946
2022	136,382	131,339	267,721
2023-2027	752,876	589,295	1,342,171
2028-2032	841,020	453,227	1,294,247
2033-2037	612,392	300,570	912,962
2038-2042	670,233	363,673	1,033,906
2043-2047	<u>363,673</u>	<u>19,885</u>	<u>383,558</u>
Totals	<u>\$ 3,880,288</u>	<u>\$ 2,423,124</u>	<u>\$ 6,303,412</u>

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, 2017, the Town of Winnsboro was in compliance with these requirements.

TOWN OF WINNSBORO, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

NOTE 9 - PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS), the Municipal Police Employees Retirement System (MPERS), and the Municipal Firefighters' Retirement System (MFRS), and additions to/deductions from MERS, MPERS, and MFRS's fiduciary net position have been determined on the same basis as they are reported by MERS, MPERS, and MFRS.

NOTE 10 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position reports a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expenditure until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town's deferred outflows and deferred inflows are resources related to pensions.

NOTE 11 - PENSION PLANS

For the year ended June 30, 2015, the Town of Winnsboro, Louisiana adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions*, which revises and establishes new financial reporting requirements for governments that provide their employees with pension benefits. The following note disclosures about the Town's pension plans are required by GASB 68.

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)

Eligible employees of the Town participate in the Municipal Employees' Retirement System, State of Louisiana ("System"), a multiple-employer, public employee retirement system (PERS).

Plan Description. Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least 35 hours per week, and not participating in another publicly funded retirement system and under age 60 at the date of employment. Employees with at least 25 years of Plan A creditable service regardless of age or with at least 10 years of Plan A creditable service and at least 60 years of age are entitled to a retirement benefit.

Generally, the monthly amount of retirement allowance for any member of Plan A shall consist of an amount equal to 3.0% of the member's final compensation multiplied by his/her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

The System also provides for death and disability benefits. Benefits and employer/employee obligations to contribute are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 11 - PENSION PLANS (continued)

Municipal Employees' Retirement System of Louisiana (System) (MERS) (continued)

Funding Policy. Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 22.75%. The contribution requirements of Plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System under Plan A for the years ending June 30, 2017, 2016, and 2015, were \$227,435, \$200,608, and \$168,237, respectively, equal to the required contributions for each year.

Actuarial Assumptions. The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal Cost
Expected remaining service lives	3 years - Plan A
Investment rate of return	7.500%
Inflation rate	2.875%
Salary increase, including inflation and merit increases	5.000%
Annuitant and beneficiary mortality	For annuitant and beneficiary mortality tables used were: 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	For employees, to RP-2000 Disabled Lives Mortality Table set back 2 years for both males and females
Disabled lives mortality	For disabled Annuitants, RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.

The long-term expected real 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 were 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.

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, 2016, 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%	2.6%
Public fixed income	35%	1.8%
Alternatives	15%	0.8%
Totals	<u>100%</u>	<u>5.2%</u>
Inflation		<u>2.5%</u>
Expected arithmetic nominal return		<u>7.6%</u>

Eligible employees of the Town have the option to participate in the Municipal Police Employees' Retirement System, State of Louisiana ("System"), a multiple-employer public employee retirement system (PERS).

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 11 - PENSION PLANS (continued)

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

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

The System also provides for death and disability benefits. Benefits and employer/employee obligations to contribute are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System of Louisiana, 8401 United Plaza Boulevard, Room 270, Baton Rouge, Louisiana 70809.

Funding Policy. Plan members are required by state statute to contribute 10.0% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The current rate is 29.5% of annual covered payroll. The contribution requirements of Plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ending June 30, 2017, 2016, and 2015, were \$96,171, \$88,519, and \$88,519, respectively, equal to the required contributions for each year.

Actuarial assumptions. The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2016	
Actuarial cost method	Entry Age Normal Cost	
Actuarial assumptions:		
Investment rate of return	7.50%, net of investment expense	
Inflation rate	2.875%	
Expected remaining service lives	4 years for 2016, 2015, and 2014	
Salary increases, Including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants RP-2000 Employee Table set back 4 years for males and 3 years for Females for active members.	
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 not yet authorized by the Board of Trustees.	

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

Municipal Police Employees’ Retirement System of Louisiana (System) (MPERS) (continued)

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period 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.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System’s target asset allocation as of June 30, 2016, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Equity	53%	3.69%
Fixed income	21%	.49%
Alternatives	20%	1.11%
Other	6%	.21%
Totals	100%	5.50%
Inflation		2.75%
Expected arithmetic nominal return		8.25%

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

Eligible employees of the Town have the option to participate in the Firefighters’ Retirement System, State of Louisiana (“System”), a multiple-employer public employee retirement system (PERS).

Plan Description: All full-time firemen have the option to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee’s average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination.

The System also provides for death and disability benefits. Benefits and employer/employee obligations to contribute are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters’ Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804.

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 27.25% of annual covered payroll. The contribution requirements of Plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town’s contributions to the System for the years ending June 30, 2017, 2016, and 2015, were \$44,869, \$48,613, and \$48,613, respectively, equal to the required contributions for each year.

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

Firefighters' Retirement System of Louisiana (System) (MFRS) (continued)

Actuarial assumptions. The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal Cost
Estimated remaining service life	7 years
Investment rate of return	7.5% per annum
Projected salary increases	2.875% per annum
Salary increase	Vary from 15.0% in the first two years of service to 4.75% after 25 years
Cost-of-living adjustments	Only those previously granted

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then 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.

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. The long-term expected nominal rate of return was 8.24% as of June 30, 2016. Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2016, 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>
Fixed income	24%	1.85%
Equity	58%	6.77%
Alternatives	8%	6.67%
Other	10%	4.30%
Totals	<u>100%</u>	<u>5.34%</u>
Inflation		<u>3.00%</u>
Expected arithmetic nominal return		<u>8.34%</u>

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 11 - PENSION PLANS (continued)

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

At June 30, 2017, the Town reported a liability of \$2,330,572, \$972,673, and \$514,095, for its proportionate share of the net pension liability for MERS, MPERS, and MFRS, respectively. The net pension liability was measured as of June 30, 2016, 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 Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating cities, actuarially determined. At June 30, 2016, the Town's proportion was .569 percent for MERS, .104 for MPERS, and .079 for MFRS.

For the year ended June 30, 2017, the Town recognized pension expense of \$337,374 and \$81,534, plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$59,291 and \$10,033, for MERS and MFRS, respectively. For the year ended June 30, 2017, the Town recognized pension expense of \$123,338, less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$21,455, for MPERS. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>MERS</u>	<u>MPERS</u>	<u>MFRS</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ -	\$ -	\$ -
Net difference between projected and actual investment earnings on investments	532,240	149,669	123,554
Changes of assumptions	84,838	47,292	4,431
Changes in proportion and differences between Town contributions and proportionate share of contributions	74,991	70,488	49,210
Town contributions subsequent to the measurement date	<u>227,435</u>	<u>96,171</u>	<u>44,869</u>
Total deferred outflows of resources	<u>\$ 919,504</u>	<u>\$ 363,620</u>	<u>\$ 222,064</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 73,671	\$ 15,473	\$ 20,350
Changes of assumptions	-	59	143
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	<u>4,208</u>	<u>186,282</u>	<u>-</u>
Total deferred inflows of resources	<u>\$ 77,879</u>	<u>\$ 201,814</u>	<u>\$ 20,493</u>

\$368,475 reported as deferred outflows of resources related to pensions resulting from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>MERS</u>	<u>MPERS</u>	<u>MFRS</u>
Year ended June 30:			
2017	\$ 248,093	\$ 18,597	\$ 37,983
2018	111,075	(48,026)	37,983
2019	172,457	57,046	45,743
2020	82,564	38,018	28,548
2021	-	-	3,876
2022	-	-	2,569

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.50% for MERS, 7.50% for MPERS, and 7.50% for MFRS. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the Town's net pension liability of the participating employers calculated using the discount rate of 7.50%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.50% or one percentage point higher 8.50% than the current date.

MERS:

	Changes in Discount Rate		
	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 2,962,591	\$ 2,330,572	\$ 1,791,266

MPERS:

	Changes in Discount Rate		
	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 1,296,657	\$ 972,673	\$ 700,660

MFRS:

	Changes in Discount Rate		
	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 700,414	\$ 514,095	\$ 357,405

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 12 - SEGMENT INFORMATION FOR UTILITY 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	\$ 963,782	\$ 746,892	\$ 1,710,674
Salaries	\$ 270,895	\$ 212,759	\$ 483,654
Administrative	295,484	286,050	581,534
Materials and supplies	121,518	29,032	150,549
Power	72,556	71,920	144,476
Depreciation	338,113	322,516	660,629
Total operating expenses	<u>\$ 1,098,566</u>	<u>\$ 922,277</u>	<u>\$ 2,020,842</u>
Operating loss	<u>\$ (134,784)</u>	<u>\$ (175,385)</u>	<u>\$ (310,168)</u>

NOTE 13 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town 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 years.

NOTE 14- CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

NOTE 15 - POST-EMPLOYMENT BENEFITS

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. The plan provisions and contribution rates are contained in the official plan documents.

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 15 - POST-EMPLOYMENT BENEFITS (continued)

Fund Policy. Until 2009, the Town of Winnsboro recognized the cost of providing post-employment medical benefits (the Town of Winnsboro's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, the Town of Winnsboro's portion of health care funding cost for retired employees totaled \$177,593 and \$182,624, respectively.

Effective July 1, 2009, the Town of Winnsboro implemented Government Accounting Standards Board 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution. The Town of Winnsboro's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the normal cost plus the contribution to amortize the unfunded actuarial accrued liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2017	2016
Normal cost	\$ 108,912	\$ 226,291
30-year UAAL amortization amount	245,909	319,513
Annual required contribution (ARC)	\$ 354,821	\$ 545,804

Net Post-Employment Benefit Obligation (Asset). The table below shows the Town of Winnsboro's Net Other Post-Employment Benefit (OPEB) Obligation (Asset) for fiscal years ending June 30:

	2017	2016
1. Beginning net OPEB obligation	\$ 1,936,190	\$ 1,601,566
2. Annual required contribution	\$ 354,821	\$ 545,804
3. Interest on net OPEB obligation	77,448	64,063
4. ARC adjustment	(109,796)	(92,619)
5. OPEB cost	\$ 322,473	\$ 517,248
6. Contribution	-	-
7. Current year retiree premium	(215,910)	(182,624)
8. Change in net OPEB obligation	\$ 106,563	\$ 334,624
9. Ending net OPEB obligation	\$ 2,042,753	\$ 1,936,190

The following table shows the Town of Winnsboro's annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded (PEB) liability for last year and this year. Both years were based on 2016 information, which is the latest available.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2017	\$ 322,473	66.95%	\$ 2,042,753
June 30, 2016	\$ 517,248	35.31%	\$ 1,936,190

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 15 - POST-EMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress. In the fiscal year ending June 30, 2017, the Town of Winnsboro made no contributions to its post-employment benefits plan. The Plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of June 30, 2017, the end of the fiscal year, the Actuarial Accrued Liability (AAL) was \$5,745,998, which is defined as that portion, as determined by a particular actuarial cost method (the Town of Winnsboro uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which are not provided by normal cost.

	<u>2017</u>	<u>2016</u>
Actuarial accrued liability (AAL)	\$ 4,298,454	\$ 5,745,998
Actuarial value of plan assets	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,298,454</u>	<u>\$ 5,745,998</u>
Funded ratio (actuarial valuation assets/AAL)	0.00%	0.00%
Covered payroll (active plan members)	\$ 1,517,433	\$ 1,596,491
UAAL as a percentage of covered payroll	283.27%	359.91%

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate, (2) retirement rate, (3) health care cost trend rate, (4) mortality rate, (5) discount rate (investment return assumption), and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Town of Winnsboro and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Town of Winnsboro and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town of Winnsboro and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method. The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 15 - POST-EMPLOYMENT BENEFITS (continued)

Actuarial Value of Plan Assets. There are not any assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board Actuarial Standards of Practice Number 6 (ASOP 6), as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate. An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%.

Post-Employment Benefit Plan Eligibility Requirements. 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 ten years of service. The three years is to accommodate the D.R.O.P. period. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rates. The 1994 Group Annuity Reserving (94 GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

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 45 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 45.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-Retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 15 - POST-EMPLOYMENT BENEFITS (continued)

Below is a summary of OPEB costs and contributions for the last three fiscal calendar years:

	OPEB Costs and Contributions		
	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
OPEB Cost	\$ 434,491	\$ 517,248	\$ 322,473
Contribution	\$ -	\$ -	\$ -
Retiree premium	174,909	182,624	215,910
Total contribution and premium	<u>\$ 174,909</u>	<u>\$ 182,624</u>	<u>\$ 215,910</u>
Change in net OPEB obligation	<u>\$ 259,582</u>	<u>\$ 334,624</u>	<u>\$ 106,563</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	40.26%	35.31%	55.07%

NOTE 16 - DEFICIT FUND BALANCE

As of June 30, 2017, the fund balance of the General Fund was in a deficit position of \$258,689.

SECTION IV
ADDITIONAL REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WINNSBORO, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 403,000	\$ 403,500	\$ 384,672	\$ (18,828)
Licenses and permits	336,160	336,170	415,252	79,082
Intergovernmental:				
State grant	308,000	308,000	130,876	(177,124)
Charges for services	46,000	46,000	59,060	13,060
Fines and forfeitures	82,800	81,980	96,344	14,364
Interest income	140	140	54	(86)
Other	327,835	212,645	106,222	(106,423)
Total revenues	<u>\$ 1,503,935</u>	<u>\$ 1,388,435</u>	<u>\$ 1,192,480</u>	<u>\$ (195,955)</u>
EXPENDITURES				
General government	\$ 1,883,843	\$ 1,883,843	\$ 1,832,790	\$ 51,053
Public safety:				
Police	560,993	560,993	572,802	(11,809)
Fire	290,000	290,000	342,152	(52,152)
Street department	561,000	561,000	545,029	15,971
Recreation	113,000	113,000	76,459	36,541
Capital outlay	443,309	499,309	155,707	343,602
Debt service:				
Principal	23,112	23,112	20,105	3,007
Interest	-	-	3,007	(3,007)
Total expenditures	<u>\$ 3,875,257</u>	<u>\$ 3,931,257</u>	<u>\$ 3,548,051</u>	<u>\$ 383,206</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (2,371,322)</u>	<u>\$ (2,542,822)</u>	<u>\$ (2,355,571)</u>	<u>\$ 187,251</u>
Other Financing Sources (Uses)				
Transfers in	\$ 2,470,000	\$ 2,526,000	\$ 2,498,255	\$ (27,745)
Total other financing sources (uses)	<u>\$ 2,470,000</u>	<u>\$ 2,526,000</u>	<u>\$ 2,498,255</u>	<u>\$ (27,745)</u>
Net Change in Fund Balance	\$ 98,678	\$ (16,822)	\$ 142,684	\$ 159,506
Fund balances, beginning of year	(401,373)	(401,373)	(401,373)	-
Fund balances, end of year	<u>\$ (302,695)</u>	<u>\$ (418,195)</u>	<u>\$ (258,689)</u>	<u>\$ 159,506</u>

See Independent Auditor's Report.

TOWN OF WINNSBORO, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
INDUSTRIAL GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest income	\$ 50	\$ 50	\$ 1,535	\$ 1,485
Total revenues	\$ 50	\$ 50	\$ 1,535	\$ 1,485
EXPENDITURES				
General government	\$ -	\$ -	\$ 13,000	\$ (13,000)
Total expenditures	\$ -	\$ -	\$ 13,000	\$ (13,000)
Net Change in Fund Balance	\$ 50	\$ 50	\$ (11,465)	\$ (11,515)
Fund balances, beginning of year	671,211	371,211	671,211	-
Fund balances, end of year	\$ 671,261	\$ 371,261	\$ 659,746	\$ (11,515)

See Independent Auditor's Report.

TOWN OF WINNSBORO, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SALES TAX FUND

FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Taxes	\$ 2,919,970	\$ 2,919,970	\$ 2,880,870	\$ (39,100)
Interest	4,637	4,637	3,096	(1,541)
Total revenues	<u>\$ 2,924,607</u>	<u>\$ 2,924,607</u>	<u>\$ 2,883,966</u>	<u>\$ (40,641)</u>
<u>EXPENDITURES</u>				
General government	\$ 29,679	\$ 29,679	\$ 21,341	\$ 8,338
Capital outlay	-	1,000,000	1,154,041	(154,041)
Total expenditures	<u>\$ 29,679</u>	<u>\$ 1,029,679</u>	<u>\$ 1,175,382</u>	<u>\$ (145,703)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>				
	<u>\$ 2,894,928</u>	<u>\$ 1,894,928</u>	<u>\$ 1,708,584</u>	<u>\$ (186,344)</u>
Other Financing Sources (Uses)				
Transfers (out)	\$ (2,470,000)	\$ (2,526,000)	\$ (2,477,729)	\$ 48,271
Total other financing sources (uses)	<u>\$ (2,470,000)</u>	<u>\$ (2,526,000)</u>	<u>\$ (2,477,729)</u>	<u>\$ 48,271</u>
Net Change in Fund Balance	\$ 424,928	\$ (631,072)	\$ (769,145)	\$ (138,073)
Fund balances, beginning of year	2,307,921	2,307,921	2,307,921	-
Fund balances, end of year	<u>\$ 2,732,849</u>	<u>\$ 1,676,849</u>	<u>\$ 1,538,776</u>	<u>\$ (138,073)</u>

See Independent Auditor's Report.

TOWN OF WINNSBORO, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and the actual data.

2. Budget Amendments and Revisions

The budget is adopted by the Town Council. Amendments can be made on the approval of the Town Council. A budgetary comparison is presented for the general fund and each major special revenue fund consistent with accounting principles generally accepted in the United States of America.

TOWN OF WINNSBORO, LOUISIANA
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TOWN OF WINNSBORO'S RETIREMENT PLANS
YEAR ENDED JUNE 30, 2017

MERS:	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	.56861100%	.570738%	.494203%
Town's proportionate share of the net pension liability	\$ 2,330,572	\$ 2,038,766	\$ 1,268,345
Town's covered-employee payroll	\$ 1,015,752	\$ 870,681	\$ 830,286
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	229.44%	234.16%	152.76%
Plan fiduciary net position as a percentage of the total pension liability	62.11%	66.18%	73.99%
 MPERS:			
Town's proportion of the net pension liability	.103776%	.105064%	.151%
Town's proportionate share of the net pension liability	\$ 972,673	\$ 823,067	\$ 945,187
Town's covered-employee payroll	\$ 266,747	\$ 266,747	\$ 322,774
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	364.64%	308.56%	292.83%
Plan fiduciary net position as a percentage of the total pension liability	66.04%	70.73%	75.10%
 MFRS:			
Town's proportion of the net pension liability	.078597%	.07397%	.070488%
Town's proportionate share of the net pension liability	\$ 514,095	\$ 339,224	\$ 313,670
Town's covered-employee payroll	\$ 156,476	\$ 156,476	\$ 144,169
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	328.55%	216.79%	217.57%
Plan fiduciary net position as a percentage of the total pension liability	68.16%	72.45%	76.02%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

TOWN OF WINNSBORO, LOUISIANA
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
TOWN OF WINNSBORO'S RETIREMENT PLANS
YEAR ENDED JUNE 30, 2017

MERS:	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 227,435	\$ 200,608	\$ 168,237
Contributions in relation to the contractually required contribution	<u>(227,435)</u>	<u>(200,608)</u>	<u>(168,237)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 999,713	\$ 1,015,752	\$ 870,687
Contributions as a percentage of covered-employee payroll	22.75%	19.75%	19.32%
MPERS:			
Contractually required contribution	\$ 96,171	\$ 88,518	\$ 88,519
Contributions in relation to the contractually required contribution	<u>(96,171)</u>	<u>(88,518)</u>	<u>(88,519)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 295,338	\$ 266,747	\$ 266,747
Contributions as a percentage of covered-employee payroll	32.56%	33.18%	33.18%
MFRS:			
Contractually required contribution	\$ 44,869	\$ 48,613	\$ 48,613
Contributions in relation to the contractually required contribution	<u>(44,869)</u>	<u>(48,613)</u>	<u>(48,613)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 175,893	\$ 156,476	\$ 156,476
Contributions as a percentage of covered-employee payroll	25.51%	31.07%	31.07%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

TOWN OF WINNSBORO, LOUISIANA
 SCHEDULE OF FUNDING PROGRESS OF THE OPEB PLAN
 YEAR ENDED JUNE 30, 2017

SCHEDULE I

Schedule of Funding Progress

Valuation Date	Value of Assets (a)	Accrued Liability (AL) - Projected Unit Cost (b)	Unfunded AL (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll [(b-a)/c]
6-30-2016	NONE	\$ 4,298,454	\$ 4,298,454	0.00%	\$ 1,517,433	283%
6-30-2015	NONE	\$ 5,745,998	\$ 5,745,998	0.00%	\$ 1,596,491	360%

Note to Schedule:

GASB Statement 45 was implemented prospectively during the fiscal year ended December 31, 2011.

See Independent Auditor's Report.

**SECTION V
OTHER SUPPLEMENTARY INFORMATION**

TOWN OF WINNSBORO, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
YEAR ENDED JUNE 30, 2017

Agency Head Name: Honorable Jackie Johnson, Mayor

Salary	\$	56,000
Reimbursements	\$	9,000

See Independent Auditor's Report

TOWN OF WINNSBORO, LOUISIANA
 SCHEDULE OF COMPENSATION OF GOVERNING BOARD
 YEAR ENDED JUNE 30, 2017

SCHEDULE OF COMPENSATION OF GOVERNING BOARD

The Governing Board of the Town of Winnsboro, Louisiana consists of five Council Members. For the fiscal year ended June 30, 2017, the following compensations were paid:

Jackie Johnson, Mayor	\$	56,000
Kaye Cupp		3,700
Betty Johnson		3,700
Craig Gill		3,650
Louis Jordan		3,700
Rex McCarthy		<u>3,700</u>
Totals	\$	<u>74,450</u>

See Independent Auditor's Report.

**SECTION VI
REPORTS ON INTERNAL CONTROL
AND COMPLIANCE**



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
 REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
 OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
 WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Jackie Johnson, 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, each major fund, and the aggregate remaining fund information of the Town of Winnsboro, Louisiana, as of and for the year ended June 30, 2017, 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 May 11, 2018.

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, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 to be material weaknesses: 2017-1, 2017-6, 2017-7, 2017-8, and 2017-9.

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 to be significant deficiencies: 2017-5, 2017-10, and 2017-11.

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 instances 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 as items 2017-2, 2017-3, and 2017-4.

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. 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.

A handwritten signature in cursive script that reads "Silas Simmons, LLP".

Natchez, Mississippi
May 11, 2018

**SECTION VII
SCHEDULE OF FINDINGS**

TOWN OF WINNSBORO, LOUISIANA
 SCHEDULE OF FINDINGS
 FOR THE YEAR ENDED JUNE 30, 2017

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | | |
|----|--|-------------|
| 1. | Type of auditor's report issued on the financial statements: | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness(es) identified? | Yes |
| | b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | Yes |
| 3. | Material noncompliance relating to the financial statements? | Yes |

TOWN OF WINNSBORO, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

<u>Reference No.</u>	<u>Description of Finding</u>	<u>Status</u>
Section I - Internal Control and Compliance Material to the Financial Statements:		
2016-1	<p><u>Internal Control Deficiencies</u> The following internal control deficiencies are causing the Town's financials to be incorrect during the year:</p> <p>A. <u>Bank Reconciliations</u> The General Fund Operating and Payroll Bank Accounts are not being reconciled to the general ledger.</p> <p>B. <u>Accounts Payable</u> Accounts Payable journal entries are not being made correctly. As expenses are incurred, an entry is being made to debit expense and to credit accounts payable. When accounts payables are paid, expense is debited a second time. As a result, expenses have been recorded twice and accounts payable is overstated.</p>	<p>Not resolved</p> <p>Resolved</p>
2016-2	<p><u>Financial Statements</u> The Town's audited financial statements were not completed and submitted to the Louisiana Legislative Auditor's office by the statutory date of December 31, 2016.</p>	Not resolved
2016-3	<p><u>General Fund Expenditures (Compliance Finding)</u> The Town's General Fund expenditures exceeded its budgeted amount by 17%. The budgeted amount of expenditures was \$3,257,405, and the actual expenditures were \$3,818,207. Louisiana Revised Statute 39:1311 requires that expenditures not exceed the budget by more than 5%.</p>	Resolved

Section II - Internal Control and Compliance Material to Federal Awards:
N/A

Section III - Management Letter:

No management letter issued.

TOWN OF WINNSBORO, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017

Section I - Internal Control and Compliance Material to the Financial Statements:

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.

Criteria

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

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.

Cause

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

The Mayor and Clerk are working to resolve these matters.

2017-2 Financial Statements (Compliance Finding)

Condition

The Town's audited financial statements were not completed and submitted to the Louisiana Legislative Auditor's office by the statutory date of December 31, 2017.

Criteria

To be considered in good standing with the Legislative Auditor, the audited financial statements should be completed and submitted to their office by December 31.

Effect

Material noncompliance relating to the financial statements.

Cause

Management was unable to provide a complete set of books for governmental and proprietary funds in time for the external auditor to complete the audit by its due date.

Recommendation

We recommend that management prepare and submit a complete set of books to the external auditor as soon as possible after year end.

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.

TOWN OF WINNSBORO, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017

Section I – Internal Control and Compliance Material to the Financial Statements: (continued)

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%.

Criteria

Louisiana statute says that government's expenditures must not surpass the budgeted amount by 5% or more.

Effect

Material weakness in internal controls.

Cause

There were unanticipated increases in general operating expenses that the Town was not able to make adjustments for in time.

Recommendation

We recommend that management regularly review the budget to actual during the year and propose amendments to the budget as necessary to ensure that the 5% threshold is not surpassed.

Response

Management will work on this for fiscal year 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%.

Criteria

Louisiana statute says that government's expenditures must not surpass the budgeted amount by 5% or more.

Effect

Material weakness in internal controls.

Cause

The budget did not appear to be amended during the year; therefore, adjustments to the budget were not made in a timely manner.

Recommendation

We recommend that management regularly review the budget to actual during the year and propose amendments to the budget as necessary to ensure that the 5% threshold is not surpassed.

Response

Management will work on this for fiscal year 2018.

TOWN OF WINNSBORO, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017

Section I – Internal Control and Compliance Material to the Financial Statements: (continued)

2017-5 Adjusting Journal Entries (Internal Control)

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.

Effect

Material weakness in internal controls.

Cause

Adjusting journal entries were not recorded.

Recommendation

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

Response

Management will work on this for fiscal year 2018.

2017-6 Accounts Receivable (Internal Control)

Condition

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

Criteria

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

Effect

Material weakness in internal controls.

Cause

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

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.

Response

Management will work on this for fiscal year 2018.

2017-7 Customer Deposits (Internal Control)

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.

TOWN OF WINNSBORO, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017

Section I - Internal Control and Compliance Material to the Financial Statements: (continued)

2017-7 Customer Deposits (Internal Control) (continued)

Effect

Material weakness in internal controls.

Cause

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

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 work on this for fiscal year 2018.

2017-8 Customer Deposit Cash (Internal Control)

Condition

The customer deposit 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.

Criteria

There should be sufficient cash to cover customer deposits.

Effect

Material weakness in internal controls.

Cause

Customer deposits asset and liability accounts are not being reviewed and reconciled appropriately.

Recommendation

We recommend that all customer deposit-related accounts be reviewed and any discrepancies be resolved in a timely manner.

Response

Management will work on this for fiscal year 2018.

2017-9 Transfers (Internal Control)

Condition

Transfers between funds are not being recorded appropriately.

Criteria

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

Effect

Material weakness in internal controls.

Cause

Transfers are not being reconciled to the general ledger appropriately.

TOWN OF WINNSBORO, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017

Section I – Internal Control and Compliance Material to the Financial Statements: (continued)

2017-9 Transfers (Internal Control) (continued)

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 work on this for fiscal year 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.

Criteria

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

Effect

Material weakness in internal controls.

Cause

Payroll taxes were not being paid monthly.

Recommendation

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

Response

Management has already worked to resolve this issue.

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.

Criteria

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

Effect

Material weakness in internal controls.

Cause

Retirement contributions were not being remitted monthly.

Recommendation

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

Response

Management will work on this for fiscal year 2018.

TOWN OF WINNSBORO, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017

Section I – Internal Control and Compliance Material to the Financial Statements: (continued)

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.*

Criteria

The Louisiana Legislative Auditor requires all misappropriations of funds to be reported.

Effect

Misappropriation of funds by a Town employee.

Cause

Fraud by Town employee.

Recommendation

We recommend that management continued to monitor internal controls.

Response

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

Section II – Internal Control and Compliance Material to Federal Awards:

None

Section III – Management Letter:

None

TOWN OF WINNSBORO, LOUISIANA

LOUISIANA LEGISLATIVE AUDITOR'S FINDING TEMPLATE FOR REPORTING
FRAUD AND MISAPPROPRIATIONS

FOR THE YEAR ENDED JUNE 30, 2017

Legislative Auditor's Finding Template for Reporting Fraud and Misappropriations

- 1 **Element of finding:** A general statement describing the fraud or misappropriation that occurred.
Response: Unauthorized withdrawal of funds from the utility system bank account and authorized use of Town credit card.
- 2 **Element of finding:** A description of the funds or assets that were the subject of the fraud or misappropriation.
Response: Walmart credit card and Utility Fund operating bank account.
- 3 **Element of finding:** The amount of funds or approximate value of assets involved.
Response: \$700 unauthorized disbursement; approximately \$1,500 in unauthorized charges.
- 4 **Element of finding:** The department or office in which the fraud or misappropriation occurred.
Response: Town Hall, Utility and General Fund.
- 5 **Element of finding:** The period of time over which the fraud or misappropriation occurred.
Response: Approximately three months
- 6 **Element of finding:** The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.
Response: Assistant Clerk
- 7 **Element of finding:** The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.
Response: N/A
- 8 **Element of finding:** Is the person who committed or is believed to have committed the act of fraud still employed by the agency?
Response: No
- 9 **Element of finding:** If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?
Response: N/A

TOWN OF WINNSBORO, LOUISIANA

LOUISIANA LEGISLATIVE AUDITOR'S FINDING TEMPLATE FOR REPORTING
FRAUD AND MISAPPROPRIATIONS

FOR THE YEAR ENDED JUNE 30, 2017

Legislative Auditor's Finding Template for Reporting Fraud and Misappropriations (continued)

- 10 **Element of finding:** Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?

Response: Yes

- 11 **Element of finding:** What is the status of the investigation at the date of the auditor's/accountant's report?

Response: Completed

- 12 **Element of finding:** If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?

Response: N/A

- 13 **Element of finding:** What is the status of any related adjudication at the date of the auditor's/accountant's report?

Response: Under review in the District Attorney's office.

- 14 **Element of finding:** Has restitution been made or has an insurance claim been filed?

Response: Yes - Restitution

- 15 **Element of finding:** Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523?

Response: Yes

- 16 **Element of Finding:** Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?

Response: Yes

- 17 **Element of finding:** If the answer to the last question is "no", describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.

Response: N/A

- 18 **Element of finding:** Management's plan to ensure that the fraud or misappropriation does not occur in the future.

Response: Management plans to continue to keep a strong system of internal controls in place to deter the committing of fraud or other misappropriation.

SECTION VIII
AGREED-UPON PROCEDURES REPORT



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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Town of Winnsboro, Louisiana
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated on the attached schedules, which were agreed to by the Town of Winnsboro, Louisiana and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended June 30, 2017. The Town's management is responsible for those control and compliance 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 included in the attachment following this report.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Silas Simmons, LLP

Natchez, Mississippi
May 11, 2018

TOWN OF WINNSBORO, LOUISIANA
SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Written Policies and Procedures

1. Procedures: Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.
 - b) *Purchasing*, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the public bid law, and (5) documentation required to be maintained for all bids and price quotes.
 - c) *Disbursements*, including processing, reviewing, and approving.
 - d) *Receipts*, including receiving, recording, and preparing deposits.
 - e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) *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, and (5) monitoring card usage.
 - h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - 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.
 - j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings: We reviewed the written policies and procedures for the related functions listed above in the procedures. Through our review, we were able to determine that the entity has appropriate written policies and procedures for the related topics with the exception of two topics.

During our procedures, we concluded that the Town did not have sufficient policies and procedures related to receipts and debt service activities.

Board (or Finance Committee, if applicable)

2. Procedures: Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.

Findings: We obtained a copy of the Town of Winnsboro's board/committee minutes for the fiscal period. We reviewed the minutes to determine whether the managing board met on a frequency in accordance with the board's enabling legislation, charter, or equivalent document. We reviewed the minutes to determine whether they referenced or included monthly budget-to-actual comparisons on the General Fund and non-budgetary financial information for at least one meeting during the fiscal period.

During our procedures, we noted that the Town did not reference budget-to-actual comparisons on the General Fund or Utility Fund in the board meetings.

Bank Reconciliations

3. Procedures: Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Findings: We reviewed a listing of the client's bank accounts with Franklin State Bank, Winnsboro State Bank, Citizens Progressive Bank and Progressive Bank and compared them to management's representation to verify that management's listing is complete.

No exceptions were noted during the above procedures.

4. Procedures: Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than five accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
- a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

Findings: We randomly selected one-third of the bank accounts on a three-year rotating basis and obtained the related bank statements and reconciliations for all months in the fiscal period. We reviewed the bank reconciliations to report whether they were prepared, included evidence that management or a board member had reviewed each statement, and included documentation that management has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

During our review of the bank reconciliations, we noted that of the three accounts selected, only two included bank reconciliations for each month. Of the three accounts, none of the them were evidenced by signature showing that a review was conducted. The Town did not have evidence reflecting that they researched reconciling items outstanding for more than six months.

Collections

5. Procedures: Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Findings: We reviewed a listing of cash/check/money order collection locations and management's representation to determine that the listing is complete. There were three locations listed, including town hall for utilities, the town court for citations, and the swimming pool during the summer.

No exceptions were noted during the above procedures.

6. Procedures: Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than five locations). For each cash collection location selected:

- a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded; (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party); and (3) not required to share the same cash register or drawer with another employee.
- b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period.
- d) Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
- e) Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Findings: We performed testing for three locations. Locations included were the town hall, the city court, and the municipal swimming pool. During testing, we obtained written documentation verifying whether each person responsible for collecting cash was bonded, had no responsibilities for depositing cash in the bank, recording related transactions or reconciling bank statements, and had a separate cash register or drawer from other employees.

We obtained written documentation to determine whether the entity has a formal process to reconcile cash collections to the general ledger and subsidiary ledgers by a person that was not responsible for cash collections at the location. We selected the highest week of collections from the general ledger and traced daily collections to the deposit date on the bank statement to determine that the deposits were made within one day of collection. We also used sequentially numbered receipts to verify that cash collections were completely supported by documents.

During testing, we noted that the Town was unable to provide a formal policy or procedure for the collection process.

7. Procedures: Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Findings: We reviewed written documentation to determine that the entity has a process specifically defined to determine completeness of collections for each revenue source by a person who is not responsible for collections.

The Town was unable to provide a formal policy or procedure for the collection process.

Disbursements - General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Procedures: Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Findings: We reviewed a management listing of entity disbursements from the general ledger and obtained management's representation that the listing was complete.

No exceptions were noted during the above procedures.

9. Procedures: Using the disbursement population from procedure 8, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-Card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Findings: We randomly selected 25 disbursement transactions during the fiscal period. We obtained and reviewed documentation to determine that the Town utilizes a requisition/purchase order system or an equivalent electronic system for purchases. We reviewed purchase orders or equivalent documentation to determine whether they were approved by a person who did not initiate the purchase. We reviewed documentation to determine whether payments for purchases were processed without an approved requisition, purchase order, or invoice.

Of the 25 transactions selected, only six were properly supported by the documentation mentioned above. None of the other 19 transactions included purchase requisitions with the appropriate signature of the Mayor.

10. Procedures: Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Findings: We reviewed entity documentation to determine whether the party responsible for processing payment is prohibited from adding vendors to the entity's purchasing/disbursement system. We noted no written policy related to this matter.

There was no written policy noted that prohibits the individual responsible for processing payment from adding new vendors.

11. Procedures: Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Findings: We reviewed the Town's policies and inquired of management regarding the process of initiating and approving purchases.

While management asserted that the mayor does not initiate purchases, there was no documentation supporting that claim.

12. Procedures: Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Findings: We observed the supply of unused checks in a locked filing cabinet in the Clerk's office. The Clerk is the only person with access to these checks.

No exceptions were noted during the above procedures.

13. Procedures: If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Findings: We inquired of management to determine whether a signature stamp or signature machine was used. The entity does not use signature stamps. We also inquired of the Mayor; regarding if he kept the signed checks in his possession until mailed.

No exceptions were noted during the above procedures.

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

14. Procedures: Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-Cards (cards), 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.

Findings: We inquired of management and received a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers and the names of the persons who maintained possession of the cards. We also received representation from management that the listing was complete.

No exceptions were noted during the above procedures.

15. Procedures: Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Findings: We obtained the combined monthly statement for the fuel cards used by the entity and selected the month with the largest dollar activity, which was February 2017 with a balance of \$3,881.16. We also obtained the statements for the Wal-Mart credit card along with the bank debit card and selected the highest months. In selecting the highest dollar amount for the Wal-Mart credit card, we omitted the months March to May 2017 because an employee misappropriated funds and destroyed receipts related to purchases. We reviewed the statement to determine whether there was evidence that it was reviewed and approved, in writing, by someone other than the authorized card holder. We also reviewed the statement to determine whether finance charges and/or late fees were assessed on the statement.

We noted no evidence of review, in writing, for any of the three statements reviewed. The Wal-Mart credit card incurred late fees for the month of July 2016, which was the highest month of spending at \$4,784.75.

16. Procedures: Using the monthly statements or combined statements selected under procedure 15, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e., each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Findings: Using the card statements and combined fuel statement from procedure 15, we obtained supporting documentation for all transactions to determine whether there was an original itemized receipt, documentation of the business/public purpose, and other required written documentation. We reviewed the monthly statement to compare the transaction's detail to the Louisiana Public Bid Law. We also compared the entity's documentation of business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution.

During our review of the statements, we did not receive any receipts for the fuel card transactions.

Travel and Expense Reimbursement

17. Procedures: Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Findings: We inquired of management to obtain records of all travel and related expense reimbursements by person during the fiscal period.

No exceptions were noted during the above procedures.

18. Procedures: Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Findings: We obtained the entity's written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration.

No exceptions were noted during the above procedures.

19. Procedures: Using the listing or general ledger from procedure 17, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (procedure 18) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased.
 - Documentation of the business/public purpose.
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: Using the listing from procedure 17, we selected the three persons who incurred the most travel costs during the fiscal period. We reviewed the expense report to compare the documentation to written policies. The board pays each payee 54 cents per mile. We obtained the supporting documentation for each expense to determine the business purpose. We also determined that the Mayor reviews and signs off on each expense report.

Of the three employees selected, only one had adequate documentation for their expenses. The Clerk asserted that the two missing expense reports were for a Clerk's conference, but no evidence was provided.

Contracts

20. Procedures: Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Findings: We obtained a listing of all contracts in effect during the fiscal period and management's representation that the listing was complete.

No exceptions were noted during the above procedures.

21. Procedures: Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Findings: We reviewed the top paid contracts to determine whether they support the service arrangement and amount paid, and compared the contract's detail with Louisiana Public Bid Law. We also reviewed the contract and related documentation to determine if the contract was amended and whether or not the largest payment complied with the terms and conditions of the contract. We also reviewed contract documentation and board minutes to determine whether there was documentation of board approval.

No exceptions were noted during the above procedures.

Payroll and Personnel

22. Procedures: Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Findings: We obtained a listing of employees with their related salaries and randomly selected five employees to determine if compensation paid to them was in compliance with the terms of their employment contract. We also checked for any changes made to hourly pay rates/salaries during the fiscal period. Of the five employees selected, two had changes in their pay rates during the fiscal year.

During our review, we noted that the Town did not have appropriate documentation for the rate changes for the two employees.

23. Procedures: Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Findings: We selected 25 employees to determine if each selected employee documented their daily attendance and leave, whether there was written documentation that supervisors approved the attendance and leave of the selected employees/officials, and whether there is written documentation that the entity maintained written leave record on the selected employees.

No exceptions were noted during the above procedures.

24. Procedures: Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Findings: We inquired with management as to whether any employees/officials were terminated during the fiscal period. Only one employee was terminated during the year and no termination payment was made upon termination.

No exceptions were noted during the above procedures.

25. Procedures: Obtain supporting documentation (e.g., cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Findings: We inquired with management as to whether the entity participates in retirement plans. We reviewed remittances and cancelled checks to verify payroll taxes were remitted timely to appropriate agencies.

The Town did not make retirement payments by the required deadlines for multiple months.

Ethics

26. Procedures: Using the five randomly selected employees/officials from procedure 22 under "Payroll and Personnel", obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Findings: We obtained the personnel files on the five employees selected in procedure 22 from management to determine whether ethics training/compliance documentation was completed.

During our review, we noted that management has not kept record of the ethics documentation for three of the five employees selected. The three noted without documentation had been employed for less than one year.

27. Procedures: Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Findings: We inquired with management whether any alleged ethics violations were reported to the entity during the fiscal year.

The Town had an employee misappropriating funds during the months of March to May of the fiscal year. Management appropriately investigated this matter.

No exceptions were noted during the above procedures.

Debt Service

28. Procedures: If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

29.

Findings: No debt was issued during the fiscal period. Therefore, this procedure was not applicable.

No exceptions were noted during the above procedures.

30. Procedures: If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Findings: We inquired of management regarding whether they had outstanding debt during the fiscal year. Management asserted that debt outstanding for 2017 was due to USDA and DEQ, and that scheduled debt service payments and debt reserves were being maintained appropriately.

No exceptions were noted during the above procedures.

31. Procedures: If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Findings: The entity did not have tax millages related to debt service. Therefore, this procedure was not applicable.

No exceptions were noted during the above procedures.

Other

31. Procedures: Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Findings: We inquired with management whether the entity had any misappropriations of public funds or assets. Management reported the misappropriation of funds by an employee. The information from the legislative auditor and state police was provided and considered during the planning stages of the audit.

No exceptions were noted during the above procedures.

32. Procedures: Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings: We observed whether the entity had posted on its premises and website the notice required by R.S. 24:523.1.

The notice required by R.S. 24:523.1 was posted on the bulletin board in the main walk-way.

33. Procedures: If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Findings: We did not observe or otherwise identify any exceptions regarding management's representations.

No exceptions were noted during the above procedure.

TOWN OF WINNSBORO, LOUISIANA
 SCHEDULE OF FINDINGS
 FOR THE YEAR ENDED JUNE 30, 2017

<u>Reference No.</u>	<u>Description of Finding</u>
<u>Written Policies and Procedures:</u>	
Procedure 1	No sufficient policies and procedures related to receipts and debt service activities were noted.
<u>Board:</u>	
Procedure 2b	No reference or inclusion of budget-to-actual to actual comparison noted in the board minutes.
<u>Bank Reconciliations:</u>	
Procedure 4	Only two of three selected bank accounts included bank reconciliations for each month. We noted no evidence of review by a member of management or the board. We noted no evidence reflecting that items outstanding for more than six months had been researched.
<u>Collections:</u>	
Procedure 6 and 7	No formal process for collections was noted.
<u>Disbursements:</u>	
Procedure 9	Of 25 selected transactions, only six were properly supported by the appropriate documentation.
Procedure 10	There was no written policy noted that prohibits the individual responsible for processing payment from adding new vendors.
Procedure 11	While management asserted that the Mayor (person with signatory authority) does not initiate purchases, there was no supporting documentation noted.
<u>Credit Cards/Debit Cards/Fuel Cards/P-Cards:</u>	
Procedure 15	We noted no evidence of review for any of the three credit card statements reviewed. There were late fees noted on the Wal-Mart credit card for the month of July 2016.
Procedure 16	We were unable to obtain any receipts for fuel card transactions during our review.
<u>Travel and Expense Reimbursement:</u>	
Procedure 19	Of the three employees selected for travel reimbursement testing, only one had adequate documentation for expenses.
<u>Payroll and Personnel:</u>	
Procedure 22	We noted that there was no appropriate documentation of rate changes for two of the five selected employees.
Procedure 25	We noted that the Town did not make retirement and payroll tax payments by the required deadlines for multiple months during the year.

TOWN OF WINNSBORO, LOUISIANA
 SCHEDULE OF FINDINGS
 FOR THE YEAR ENDED JUNE 30, 2017

<u>Reference No.</u>	<u>Description of Finding</u>
<u>Ethics:</u>	
Procedure 26	We noted that management did not have record of the ethics documentation for three of the five employees selected. The three noted without documentation had been employed for less than one year.
Procedure 27	See procedure 31.
<u>Other:</u>	
Procedure 31	Management reported the misappropriation of funds by an employee during the year. The Town properly reported and took all necessary steps in the handling of the misappropriations.

Management Response

Management plans to address the above findings during fiscal year 2018.