

TOWN OF WINNSBORO, LOUISIANA

ANNUAL FINANCIAL REPORT

June 30, 2020

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

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winnsboro, Louisiana (the "Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The schedule of compensation paid to the members of the board of aldermen and the schedule of compensation, benefits and other payments to agency head are the responsibility of management and was 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 recording 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 paid to the members of the board of aldermen and the schedule of compensation, benefits and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The schedule of insurance in force has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020 on our consideration of the Town of Winnsboro, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Winnsboro, Louisiana's internal control over financial reporting and compliance.

J. Walker & Company, APC

Lake Charles, Louisiana

December 23, 2020



MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF WINNSBORO, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

As management of the Town of Winnsboro, we offer readers of the Town of Winnsboro's financial statements this narrative overview and analysis of the financial activities of the Town of Winnsboro for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the Town's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Town's financial performance.

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

- The assets and deferred outflows of resources of the Town of Winnsboro exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$7,463,831. Of this amount, (\$4,847,012) represents unrestricted net position (deficit).
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balances of \$1,864,501 an increase of \$247,109 or 15% in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance (deficit) for the general fund was \$153,251 or approximately 8% of total governmental fund balance.

Government-wide financial statements

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

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

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

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

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

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

TOWN OF WINNSBORO, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

For the Year Ended June 30, 2020

Fund financial statements

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

Governmental funds

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

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

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

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

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

Proprietary funds

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

The Town as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. In the case of the Town of Winnsboro, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,463,830 at the close of the fiscal year ended June 30, 2020.

TOWN OF WINNSBORO, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2020

Table 1
Schedule of Net Position
June 30, 2020

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<u>ASSETS</u>						
Current and other assets	\$ 1,913,895	\$ 1,880,578	\$ 94,686	\$ 508,224	\$ 2,008,581	\$ 2,388,802
Noncurrent assets	10,086,084	10,307,437	6,254,926	6,431,377	16,341,010	16,738,814
TOTAL ASSETS	11,999,979	12,188,015	6,349,612	6,939,601	18,349,591	19,127,616
Deferred outflows of resources	2,784,766	971,478	520,496	317,230	3,305,262	1,288,708
<u>LIABILITIES</u>						
Current and other liabilities	74,777	263,189	245,185	259,385	319,962	522,574
Noncurrent liabilities	7,948,490	6,029,314	4,811,938	4,587,291	12,760,428	10,616,605
Total liabilities	8,023,267	6,292,503	5,057,123	4,846,676	13,080,390	11,139,179
Deferred inflows of resources	1,022,285	797,678	88,348	163,919	1,110,633	961,597
<u>NET POSITION</u>						
Net investment in capital assets	10,060,701	10,286,151	2,117,639	2,601,153	12,178,340	12,887,304
Restricted		21,920	132,503	124,185	132,503	146,105
Unrestricted	(4,321,508)	(4,238,759)	(525,505)	(479,102)	(4,847,013)	(4,717,861)
Total net position	5,739,193	6,069,312	1,724,637	2,246,236	7,463,830	8,315,548
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 14,784,745	\$ 13,159,493	\$ 6,870,108	\$ 7,256,831	\$ 21,654,853	\$ 20,416,324

By far, the largest amount of the Town's net position reflects its investment in capital assets of \$12,178,340 (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves can't be used to liquidate these liabilities.

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

TOWN OF WINNSBORO, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2020

Table 2
Changes in Net Position
For the Years Ended June 30, 2020

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program Revenues						
Charges for Services	\$ 138,242	\$ 192,239	\$ 2,064,601	\$ 1,889,335	\$ 2,202,843	\$ 2,081,574
Operating grants	116,118	146,221	-	-	116,118	146,221
Capital grants	-	699,254	-	-	-	699,254
General Revenues	-	-	-	-	-	-
Taxes	3,348,451	3,438,724	-	-	3,348,451	3,438,724
License and permits	393,661	428,341	-	-	393,661	428,341
Intergovernmental	64,949	37,308	-	-	64,949	37,308
Fines and Forfeitures	68,588	91,392	-	-	68,588	91,392
Rent Income	27,000	14,400	-	-	27,000	14,400
Nonemployer pension contribution	75,449	56,487	-	-	75,449	56,487
Interest income	9,635	12,700	4,370	3,085	14,005	15,785
Miscellaneous	248,277	-	-	-	248,277	-
Other General Revenue	-	76,601	-	-	-	76,601
Total Revenues	4,490,370	5,193,667	2,068,971	1,892,420	6,559,341	7,086,087
EXPENDITURES						
Current:						
General government	2,489,764	1,013,011	1,148,689	1,746,377	3,638,453	2,759,388
Federal grant expense	-	699,254	-	-	-	699,254
Public safety	1,081,440	884,385	-	-	1,081,440	884,385
Public works	-	534,125	-	-	-	534,125
Street department	927,687	-	-	-	927,687	-
Recreation department	91,099	77,050	-	-	91,099	77,050
Animal control department	57,649	-	-	-	57,649	-
NP USDA community center	23,112	-	-	-	23,112	-
Airport	149,738	-	-	-	149,738	-
Water plant	-	-	192,445	-	192,445	-
WWTP	-	-	43,461	-	43,461	-
Water department	-	-	523,163	-	523,163	-
Sewer department	-	-	503,011	-	503,011	-
Shop department	-	-	40,286	-	40,286	-
Interest	-	-	139,515	-	139,515	-
Utilities	-	-	-	1,423,979	-	1,423,979
Miscellaneous	-	91,643	-	146,134	-	237,777
Total Expenditures	4,820,489	3,299,468	2,590,570	3,316,490	7,411,059	6,615,958
NET CHANGE IN NET POSITIONS	(330,119)	1,894,199	(521,599)	(1,424,070)	(851,718)	470,129
Net Position, Beginning	6,069,312	4,175,113	2,246,236	3,670,306	8,315,548	7,845,419
Net Position, Ending	\$ 5,739,193	\$ 6,069,312	\$ 1,724,637	\$ 2,246,236	\$ 7,463,830	\$ 8,315,548

TOWN OF WINNSBORO, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

For the Year Ended June 30, 2020

Governmental activities

In the current year, governmental activities had a decrease of \$330,119 in net position, compared to a \$1,894,202 increase in the prior year.

Taxes, which provided \$3,348,451 or 75% of revenue, were the largest source of general revenues for the Town's governmental activities. Licenses and permits experienced a decrease in collections of \$34,680 over the amounts reported in 2020. Charges for services provided \$138,242 of revenue for governmental activities for fiscal year 2020.

Business-type activities

The decrease in net position for business-type operations for the current year was \$521,599 compared to a decrease of \$1,424,070 in the prior year. Charges for services increased by \$175,266 for the current year.

General Fund Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA - R.S. 39:1301 et seq.), the Town must adopt a budget for the General Fund and all Special Revenue funds prior to June 30. The original budget for the Town was adopted on June 24, 2019 and no amendment in current year. The budgeted revenue does exceed actual amounts by \$121,729 for the year ending June 30, 2020. This difference was primarily because expected revenue collected exceeds actual collections. The budgeted amounts exceed actual expenditure by \$983,607 primarily because of increased capital outlay.

Capital Assets and Debt Administration

Capital assets

As for the year ended June 30, 2020, the Town had \$15,690,520 (net of accumulated depreciation) invested in a broad range of capital assets including land, buildings, improvements, machinery and equipment for its governmental and business-type activities.

TOWN OF WINNSBORO, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2020

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

	Capital Assets					
	June 30, 2020					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Nondepreciable assets:						
Land	\$ 704,058	\$ 704,058	\$ 16,033	\$ 16,033	\$ 720,091	\$ 720,091
Total nondepreciable assets	<u>704,058</u>	<u>704,058</u>	<u>16,033</u>	<u>16,033</u>	<u>720,091</u>	<u>720,091</u>
Depreciable assets, net:						
Buildings	1,245,640	1,327,158	-	-	1,245,640	1,327,158
Land Improvements	3,608,231	2,974,656	-	-	3,608,231	2,974,656
Machinery and Equipment	383,447	482,387	-	-	383,447	482,387
Other/General Government	3,665,130	4,020,582	-	-	3,665,130	4,020,582
Construction in progress	454,195	798,596	-	-	454,195	798,596
Water Distribution system	-	-	3,271,747	3,559,787	3,271,747	3,559,787
Gas Distribution system	-	-	2,342,039	2,664,665	2,342,039	2,664,665
Total depreciable assets, net	<u>9,356,643</u>	<u>9,603,379</u>	<u>5,613,786</u>	<u>6,224,452</u>	<u>14,970,429</u>	<u>15,827,831</u>
Total capital assets, net	<u>\$ 10,060,701</u>	<u>\$ 10,307,437</u>	<u>\$ 5,629,819</u>	<u>\$ 6,240,485</u>	<u>\$ 15,690,520</u>	<u>\$ 16,547,922</u>

Long-term Debt

The Town's business-type activities have three long-term bond debts at June 30, 2020, which was a \$840,000 Sewer revenue bond - USDA dated 1996, \$3,054,000 Water revenue bonds - USDA dated in 2004, and \$851,757 Sewer revenue bonds – LA Department of Environmental Quality dated 1996. Installment for Sewer revenue bond - USDA is due monthly payments of \$4,091 through May 6, 2034, with interest at 5%. Installment for Water revenue bonds – USDA is due monthly payments of 13,866 through May 6, 2041, with an interest at 4.5%. Installment for Sewer revenue bonds – LA Department of Environmental Quality is due monthly payments of \$4,547 through May 6, 2031, with interest at 4.5%. The outstanding balance as of June 30, 2020 is \$3,512,180.

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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

TOWN OF WINNSBORO, LOUISIANA

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 1,809,084	\$ 16,052	\$ 1,825,136
Receivables, net	11,752	498	12,250
Accounts receivables, net	-	171,195	171,195
Internal balances	93,059	(93,059)	-
Total current assets	1,913,895	94,686	2,008,581
Noncurrent assets:			
Restricted cash	-	15	15
Restricted investment	25,383	613,676	639,059
Capital assets, net	10,060,701	5,629,819	15,690,520
Other noncurrent assets	-	11,416	11,416
Total noncurrent assets	10,086,084	6,254,926	16,341,010
Total assets	11,999,979	6,349,612	18,349,591
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension	1,417,020	520,496	1,937,516
Deferred outflows of resources related to OPEB	1,367,746	-	1,367,746
Total deferred outflows of resources	2,784,766	520,496	3,305,262
Total assets and deferred outflows of resources	\$ 14,784,745	\$ 6,870,108	\$ 21,654,853
LIABILITIES			
Current liabilities:			
Cash overdraft	\$ -	\$ 76,698	\$ 76,698
Accrued liabilities	59,835	35,984	95,819
Current portion of bond payable	-	132,503	132,503
Other current liabilities	14,942	-	14,942
Total current liabilities	74,777	245,185	319,962
Noncurrent liabilities:			
Customers deposits	-	171,622	171,622
Noncurrent portion of bond payable	-	3,379,677	3,379,677
Compensated absences	19,686	5,185	24,871
Net pension liability	2,843,856	1,255,454	4,099,310
OPEB liability	5,084,948	-	5,084,948
Total noncurrent liabilities	7,948,490	4,811,938	12,760,428
Total liabilities	8,023,267	5,057,123	13,080,390
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension	400,611	88,348	488,959
Deferred inflows of resources related to OPEB	621,674	-	621,674
Total deferred inflows of resources	1,022,285	88,348	1,110,633
NET POSITION			
Invested in capital asset, net of related debt	10,060,701	2,117,639	12,178,340
Restricted for debt service	-	132,503	132,503
Unrestricted	(4,321,508)	(525,505)	(4,847,013)
Total net position	5,739,193	1,724,637	7,463,830
Total liabilities, deferred inflows of resources, and net position	\$ 14,784,745	\$ 6,870,108	\$ 21,654,853

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

TOWN OF WINNSBORO, LOUISIANA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Activities	Expense	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 2,489,764	\$ 138,242	\$ 116,118	\$ -	\$ (2,235,404)	\$ -	\$ (2,235,404)
Federal grant expense	-	-	-	-	-	-	-
Public safety:							
Police	663,288	-	-	-	(663,288)	-	(663,288)
Fire	418,152	-	-	-	(418,152)	-	(418,152)
Street department	927,687	-	-	-	(927,687)	-	(927,687)
Recreation department	91,099	-	-	-	(91,099)	-	(91,099)
Animal control department	57,649	-	-	-	(57,649)	-	(57,649)
Community center	23,112	-	-	-	(23,112)	-	(23,112)
Airport	149,738	-	-	-	(149,738)	-	(149,738)
Total governmental activities	4,820,489	138,242	116,118	-	(4,566,129)	-	(4,566,129)
Business-type activities:							
Water plant	192,445	-	-	-	-	(192,445)	(192,445)
WWTP	43,461	17,000	-	-	-	(26,461)	(26,461)
Water department	523,163	1,138,035	-	-	-	614,872	614,872
Sewer department	503,011	827,564	-	-	-	324,553	324,553
Shop department	40,286	-	-	-	-	(40,286)	(40,286)
Interest	139,515	-	-	-	-	(139,515)	(139,515)
General government	1,148,689	82,002	-	-	-	(1,066,687)	(1,066,687)
Total business-type activities	2,590,570	2,064,601	-	-	-	(525,969)	(525,969)
Total	7,411,059	2,202,843	116,118	-	(4,566,129)	(525,969)	(5,092,098)
General revenues:							
Taxes					3,348,451	-	3,348,451
Licenses and permits					393,661	-	393,661
Intergovernmental					64,949	-	64,949
Fines and forfeitures					68,588	-	68,588
Rent income					27,000	-	27,000
Interest income					9,635	4,370	14,005
Nonemployer pension contribution					75,449	-	75,449
Miscellaneous					248,277	-	248,277
Total general revenues					4,236,010	4,370	4,240,380
Change in net position					(330,119)	(521,599)	(851,718)
Net position - July 1, 2019					6,069,312	2,246,236	8,315,548
Net position - June 30, 2020					\$ 5,739,193	\$ 1,724,637	\$ 7,463,830

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

FUND FINANCIAL STATEMENTS (FFS)

TOWN OF WINNSBORO, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General Fund	Industrial Fund	Sales Tax Fund	Total Governmental Funds
ASSETS				
Cash	\$ 28,644	\$ 105,830	\$ 1,674,610	\$ 1,809,084
Restricted investments	25,383	-	-	25,383
Receivables, net	11,752	-	-	11,752
Due from other funds	93,059	9,000	228,312	330,371
Total assets	158,838	114,830	1,902,922	2,176,590
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	-	-	-	-
Payroll and related liabilities	59,835	-	-	59,835
Due to other funds	237,312	-	-	237,312
Other liabilities	14,942	-	-	14,942
Total liabilities	312,089	-	-	312,089
Fund balances				
Unassigned	(153,251)	114,830	1,902,922	1,864,501
Total fund balances	(153,251)	114,830	1,902,922	1,864,501
Total liabilities and fund balances	\$ 158,838	\$ 114,830	\$ 1,902,922	\$ 2,176,590

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

TOWN OF WINNSBORO, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2020

Total fund balances for governmental funds at June 30, 2020		\$ 1,864,501
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The assets consist of:		
Land	704,058	
Building, net of \$2,496,749 accumulated depreciation	1,245,640	
Land improvements, net of \$1,415,648 accumulated depreciation	3,608,231	
Machinery and equipment, net of \$3,463,948 accumulated depreciation	383,447	
Other/General Government, net of \$5,780,633 accumulated depreciation	3,665,130	
Construction in progress	<u>454,195</u>	10,060,701
Compensated absences		(19,686)
Deferred outflows related to pension		1,417,020
Deferred inflows related to pension		(400,611)
Net pension liability		(2,843,856)
OPEB liability		(5,084,948)
Deferred outflows related to OPEB		1,367,746
Deferred inflows related to OPEB		<u>(621,674)</u>
Total net position of governmental activities at June 30, 2020		<u>\$ 5,739,193</u>

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

TOWN OF WINNSBORO, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	General Fund	Industrial Fund	Sales Tax Fund	Total
Revenues:				
General Revenue				
Taxes	\$ 268,907	\$ -	\$ 3,079,544	\$ 3,348,451
Licenses and permits	393,661	-	-	393,661
Intergovernmental	64,949	-	-	64,949
Fines and forfeitures	68,588	-	-	68,588
Rent income	-	27,000	-	27,000
Interest income	98	4,275	5,262	9,635
Miscellaneous	180,503	1,359	66,415	248,277
Program Revenue				
Charges for services	77,549	60,693	-	138,242
Operating grants	-	116,118	-	116,118
Total revenues	1,054,255	209,445	3,151,221	4,414,921
Expenditures:				
General government	1,770,703	44,343	37,369	1,852,415
Public safety:				
Police	639,909	-	-	639,909
Fire	373,353	-	-	373,353
Street department	497,794	-	-	497,794
Recreation department	76,272	-	-	76,272
Animal control department	57,649	-	-	57,649
Community center	23,112	-	-	23,112
Airport	-	149,738	-	149,738
Capital outlay projects	497,570	-	-	497,570
Total Expenditures	3,936,362	194,081	37,369	4,167,812
Other financing sources (uses):				
Transfers in	2,645,195	-	-	2,645,195
Transfers out	-	-	(2,645,195)	(2,645,195)
Total other financing sources (uses)	2,645,195	-	(2,645,195)	-
Net changes in fund balances	(236,912)	15,364	468,657	247,109
Fund balances, beginning	83,661	99,466	1,434,265	1,617,392
Fund balances, ending	\$ (153,251)	\$ 114,830	\$ 1,902,922	\$ 1,864,501

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

TOWN OF WINNSBORO, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Total net changes in fund balances for the year ended June 30, 2020 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$	247,109
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	497,570	
Depreciation expense for the year ended June 30, 2020	<u>(744,307)</u>	(246,737)
Change in compensated absences payables		(268)
Nonemployer pension contribution		75,449
Change in net pension obligations are reported only in the Statement of Activities		(260,998)
Change in other post employment benefits obligations		<u>(144,674)</u>
Total changes in net position at June 30, 2020 per Statement of Activities	\$	<u>(330,119)</u>

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

TOWN OF WINNSBORO, LOUISIANA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2020

	Enterprise Fund	Utility System Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$	16,052
Accounts receivables, net		171,195
Other receivables		498
Total current assets		187,745
Noncurrent assets:		
Restricted cash		15
Restricted investments		613,676
Capital assets, net		5,629,819
Other noncurrent assets		11,416
Total noncurrent assets		6,254,926
Total assets		6,442,671
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pension		520,496
Total assets and deferred outflows of resources		6,963,167
LIABILITIES		
Current liabilities:		
Cash overdraft		76,698
Accrued liabilities		35,984
Due to other funds		93,059
Current portion of bonds payable		132,503
Total current liabilities		338,244
Noncurrent liabilities:		
Customers deposits		171,622
Compensated absences		5,185
Net pension liability		1,255,454
Bonds payable		3,379,677
Total noncurrent liabilities		4,811,938
Total liabilities		5,150,182
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pension		88,348
NET POSITION		
Invested in capital assets, net of related debt		2,117,639
Restricted for debt service		132,503
Unrestricted		(525,505)
Total net position		1,724,637
Total liabilities, deferred inflows of resources, and net position	\$	6,963,167

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

TOWN OF WINNSBORO, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 Year Ended June 30, 2020

	Enterprise Fund
	Utility System Fund
Operating revenues:	
Charges for services	\$ 1,982,599
Miscellaneous income	82,002
Total operating revenues	2,064,601
Operating expenses:	
General government	1,148,689
WWTP	43,461
Water plant	192,445
Shop department	40,286
Water department	523,163
Sewer department	503,011
Total operating expenses	2,451,055
Operating loss	(386,454)
Non-operating revenues (expenses):	
Interest income	4,370
Interest expense	(139,515)
Total non-operating revenues (expenses)	(135,145)
Change in net position	(521,599)
Net position, beginning	2,246,236
Net position, ending	\$ 1,724,637

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

TOWN OF WINNSBORO, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2020

Cash flows from operating activities:	
Receipts from customers	\$ 2,064,601
Payments to suppliers	(497,050)
Payments to employees	(284,339)
Other operating payments	<u>(914,311)</u>
Net cash provided by operating activities	368,901
Cash flows from capital and related financing activities:	
Repayment of bonds	(127,151)
Purchases of capital assets	(48,060)
Interest paid on capital debt	<u>(139,515)</u>
Net cash used for capital and related financing activities	(314,726)
Cash flows from investing activities:	
Interest	4,370
Purchases of investments	<u>(80,148)</u>
Net cash (used) provided by investing activities	(75,778)
Net increase (decrease) in cash and cash equivalents	(21,603)
Cash, cash equivalents and restricted cash, beginning of period	<u>37,670</u>
Cash, cash equivalents and restricted cash, end of period (Including restricted cash)	<u>\$ 16,067</u>

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

TOWN OF WINNSBORO, LOUISIANA

STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
For the Year Ended June 30, 2020

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating loss	\$ (386,454)
Adjustments to reconcile operating income to net cash provided (used by) operating activities:	
Depreciation and amortization	658,726
(Increase) decrease in:	
Receivables, net	(67,765)
Other assets	12,573
Increase (decrease) in:	
Cash deficit	76,698
Accounts payable	(267)
Accrued payable	340
Customers deposits	4,721
Compensated absences	5,185
Net pension liability and related deferred inflows and outflows	<u>65,144</u>
Net cash (used) provided by operating activities	<u>\$ 368,901</u>

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

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement Presentation

The financial statements of the Town of Winnsboro, Louisiana (the "Town") have been prepared in conformity with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town follows GASB Statement No.34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant features of the Statement include the following:

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

Financial Reporting Entity

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

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

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

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

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Basis of Presentation

Government-wide Financial Statements (GWFS)

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

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

Fund Financial Statements

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

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

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

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

Governmental Funds

- General Funds - This fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

- Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.
- Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payments of, general long-term debt principal, interest and related costs.
- Capital Projects Funds - These funds are used to account for the financial resources used for the acquisition or construction of major capital facilities.

Proprietary Fund

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

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

Measurement Focus, Basis of Accounting

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

Measurement Focus

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

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

- All governmental funds utilize a "current financial resources" measurement focus, only current financial assets and liabilities are generally included on their balance sheets, their operating statements present sources and uses of available spendable financial resources during a given period, these funds use fund balance as their measure of available spendable financial resources at the end of the period,

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

- The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

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

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

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

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

Cash and Cash Equivalents

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

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

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Investments

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

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

Accounts Receivable and Bad Debts

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

Interfund receivables and payables

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

Restricted Cash

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

Inventory

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

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Capital Assets

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

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

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

Fund Balance and Equity Classifications

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

- *Non-spendable Fund Balance* - Classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact. The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.
- *Restricted Fund Balance* - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Town alderman - the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Town aldermen remove the specified use by taking the same type of

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

- *Assigned Fund Balance* - This classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes but are neither restricted nor committed. The Town's aldermen and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed.
- *Unassigned Fund Balance* - This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

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

Compensated Absences

Allowable annual vacation and sick leave is prescribed by municipal ordinance, based on length of continuous employment by the Town, accrued on an employment anniversary basis, and accrued to specified maximums. Compensatory time is also granted to supervisory personnel in lieu of overtime pay. Employees may accumulate unused compensatory time which is paid to the employee in the form of time off or at the employee's current rate of pay upon separation from service. Estimated accrued compensated absences resulting from unused vacation and compensatory time at the end of the fiscal year are recorded as long-term liabilities in the government-wide financial statements in accordance with GASB Statement No. 16, Accounting for Compensated Absences. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

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

Long-Term Obligations

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

Net Pension Liability

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

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Accounting and Financial Reporting for Pensions

GASB approved Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. GASB Statement No. 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements that meet the criteria established by this standard. GASB Statement 71 requires a government employer to recognize a net pension liability measured as of a date (“measurement date”) no earlier than the end of its prior fiscal year. If the government employer makes a contribution to a defined benefit plan between the measurement date of the reported net pension liability and the end of the government’s reporting period, the government is required to recognize its contribution as a deferred outflow of resources. The provisions of GASB Statement No. 68 and GASB Statement No. 71 were implemented by the Town during the fiscal year ending June 30, 2020.

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

Balance and Equity Classifications

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

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

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

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

Budget Policy and Budgetary Accounting

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

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

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

Estimates

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

NOTE 2 – CASH AND INVESTMENTS

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

Custodial credit risk is the risk that in the event of the financial institution failure, the Town’s deposits may not be returned to them. To mitigate this risk, state law requires deposit to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of June 30, 2020, the Town had no unsecured deposits.

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

At June 30, 2020, the Town had cash and investments totaling \$2,464,210 as follows:

	Governmental Activites	Business-Type Activities	Totals
Demand deposits	\$ 1,809,084	\$ 16,052	\$ 1,825,136
Restricted cash	-	15	15
Restricted investment	-	-	-
Time deposits	<u>25,383</u>	<u>613,676</u>	<u>639,059</u>
Total	<u>\$ 1,834,467</u>	<u>\$ 629,743</u>	<u>\$ 2,464,210</u>

NOTE 3 – PROPERTY TAX

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

The Town is permitted by the Municipal Finance Law of the state to levy taxes up to 8.160 mills on the total assessed value for the Town for governmental services other than the payment of principal and

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

interest on long term debt and in required amounts for the payment of principal and interest on long term debt.

For the year ended June 30, 2020 taxes of 8.160 mills were levied on property with taxable assessed valuations totaling \$28,157,803 for a total of \$229,768. The taxes were dedicated for general corporate purposes.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2020 consisted of the following:

Class of Receivables	Governmental Activities	Business-type Activities	Total
Accounts receivable	\$ -	\$ 176,586	\$ 176,586
Fines	5,416	-	5,416
Garbage fees	6,336	-	6,336
Other receivables	-	12,766	12,766
Less: Allowance for bad debts	-	(17,659)	(17,659)
Total	<u>\$ 11,752</u>	<u>\$ 171,693</u>	<u>\$ 183,445</u>

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 was as follows:

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TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

	Balance 07/01/19	Additions	Deletions	Balance 06/30/20
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 704,058	\$ -	\$ -	\$ 704,058
Other capital assets:				
Building	3,795,843	-	53,455	3,742,388
Land improvements	4,225,283	798,596	-	5,023,879
Machinery and equipment	4,178,314	-	330,919	3,847,395
Other/ general government	9,416,988	43,375	14,600	9,445,763
Construction in progress	798,596	454,195	798,596	454,195
Totals	23,119,082	1,296,166	1,197,570	23,217,678
Less accumulated depreciation				
Building	2,468,685	81,519	53,455	2,496,749
Land improvements	1,250,627	165,021	-	1,415,648
Machinery and equipment	3,695,927	98,940	330,919	3,463,948
Other/ general government	5,396,406	398,827	14,600	5,780,633
Total accumulated depreciation	12,811,645	744,307	398,974	13,156,978
Governmental activities, capital assets, net	\$ 10,307,437	\$ 551,860	\$ 798,596	\$10,060,701

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

General government	\$ 231,409
Police	23,379
Fire	44,799
Streets	429,893
Recreation	14,827
Total Depreciation	\$ 744,307

Capital assets of business-type activities for the year ended June 30, 2020 was as follows:

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Business-type activities:

	Balance 07/01/19	Additions	Deletions	Balance 06/30/20
Capital assets not being depreciated:				
Land	\$ 16,033	\$ -	\$ -	\$ 16,033
Other capital assets:				
Water distribution system	10,933,787	47,560	8,000	10,973,347
Sewer distribution system	11,321,199	500	16,562	11,305,137
Totals	22,271,019	48,060	24,562	22,294,517
Less accumulated depreciation				
Water distribution system	7,374,000	335,600	8,000	7,701,600
Sewer distribution system	8,656,534	323,126	16,562	8,963,098
Total accumulated depreciation	16,030,534	658,726	24,562	16,664,698
Business-type activities, capital assets, net	\$ 6,240,485	\$ (610,666)	\$ -	\$ 5,629,819

Depreciation expenses were charged to business-type activities as follows:

Water	\$ 323,126
Sewer	335,600
Total depreciation expenses	\$ 658,726

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The payables of \$95,818 at June 30, 2020, were as follows:

	Governmental Activities	Business - Type Activities	Total
Accrued payroll and related liabilities	\$ 59,835	\$ 35,984	\$ 95,819

NOTE 7 – LONG -TERM DEBT

The following is a summary of the business-type activities long- term liabilities for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within one Year
Water and sewer notes	\$ 3,639,332	\$ -	\$ 127,152	\$ 3,512,180	\$ 132,503
Total	\$ 3,639,332	\$ -	\$ 127,152	\$ 3,512,180	\$ 132,503

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Business - Type Activities

Long- term debt as of June 30, 2020, is comprised of the following in business:

Sewer revenue bonds – USDA- \$840,000 in 1996 bonds due in monthly installments totaling \$49,092 annually through May 6, 2034, bearing interest rate of 5%.	\$ 486,402
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%.	2,453,778
Sewer revenue bonds – Louisiana Department of Environmental Quality- \$851,757 in 2010 bonds due in monthly installments totaling \$54,561 annually through May 6, 2031, bearing interest rate of 0.45%.	<u>572,000</u>
Total	<u><u>\$ 3,512,180</u></u>

The annual requirements to amortize all outstanding debt as of June 30, 2020 including interest payments, are as follows:

	Principal
2021	\$ 132,503
2022	136,426
2023	140,536
2024	145,846
2025	151,357
2026-2030	727,363
2031-2035	793,825
2036-2040	706,818
2041-2045	<u>577,506</u>
Totals	<u><u>\$ 3,512,180</u></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.

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

At June 30, 2020, the Town of Winnsboro was in compliance with these requirements.

NOTE 8 – COMPENSATED ABSENCES

Compensated absences are absences for which employees will be paid, such as vacation, sick leave. GASB Statement No.16 requires the compensated absences liability generally to be measured using the pay or salary rates in effect at the balance sheet date. It also requires additional amounts to be accrued for certain salary-related payments associated with the payment of compensated absences, for example, the employer's share of social security and Medicare taxes. Under the Town's personnel policies, the Town compensated absences totaling \$24,871 and \$19,418 at June 30, 2020 and 2019, respectively.

NOTE 9 – PENSION PLANS

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

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

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

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

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

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

Plan Description:

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

Benefits provided:

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

Retirement Benefits:

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

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

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

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

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

Survivor Benefits:

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

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

DROP Benefits:

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

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

Disability Benefits:

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

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

Deferred Benefits:

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

Cost of Living Adjustments:

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

Contributions:

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2019, the actual employer contribution rate was 26.00% for Plan A. The actuarially determined rate is the rate calculated to provide employer contributions that, when combined with employee contributions, is expected to finance the cost of benefits earned by the employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. The Town's contributions to the System under Plan A for the years ending June 30, 2020 and 2019 were \$299,646 and 300,227, respectively.

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TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Actuarial Assumptions:

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

Valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Expected remaining service	3 years
Investment rate of return	7.0% net of pension plan investment expense, including inflation
Inflation rate	2.50%
Salary increase, including inflation and merit increases:	
-1 to 4 years of service	6.4%-Plan A and 7.4%-Plan B
-More than 4 years of service	4.5%-Plan A and 4.9%-Plan B
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scales.

Discount rate:

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

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TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

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, 2020 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of
Public equity	50%	2.15%
Public fixed income	35%	1.51%
Alternatives	15%	0.64%
Totals	100%	4.30%
Inflation		2.70%
Expected arithmetic nominal return		7.00%

The discount rate used to measure the total pension liability was 7.00% for the year ended June 30, 2019. 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, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those 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.

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

Plan Description

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

Membership Prior to January 1, 2013:

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are 3½% of average final compensation (average monthly earnings during the highest 36 consecutive months or

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Membership Commencing January 1, 2013:

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

Cost-of-Living Adjustments:

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

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

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

Deferred Retirement Option Plan:

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

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

Employer contribution:

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2020, contributions due from employers and employees were 32.25% and 10%, respectively. The Town's contributions to the system for the years ending June 30, 2020 and 2019 were \$102,130 and \$101,719, respectively.

Actuarial methods and assumptions:

The actuarial assumptions used in the June 30, 2020 valuation were based on the assumptions used in the June 30, 2020 actuarial funding valuation and were based on the results of an actuarial experience study for the period of July 1, 2009 through June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020, are as follows:

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TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

MPERS

Valuation date	June 30, 2019	
Actuarial cost method	Entry age normal cost	
Investment rate of return	7.125% net of investment expense	
Expected Remaining Service lives	2019 - 4 years	
	2018 - 4 years	
	2017 - 4 years	
	2016 - 4 years	
Inflation rate	2.50%	
Salary increase, including inflation and	Years of Service	Salary Growth Rate
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and 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	

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

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2020 are summarized in the following table:

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of
Equity	48.50%	3.28%
Fixed Income	33.50%	0.80%
Alternatives	18.00%	1.06%
Other	0.00%	0.00%
Totals	100.00%	5.14%
Inflation		2.75%
Expected nominal return		7.89%

Discount rate:

The discount rate used to measure the total pension liability was 7.125%. 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 those 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.

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

Plan Description:

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

Benefit provisions are authorized within Act 434 of 1979 and amended by Louisiana Revised Statutes (R.S.) 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general information purpose only. Participants should refer to the appropriated statutes for more complete information.

Eligibility Requirements

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

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Retirement Benefits

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

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

Disability Benefits

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

Death Benefits

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

Deferred Retirement Option Plan:

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

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

Cost-of-Living Adjustments (COLAs):

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase in the form of "X x (A+B),"

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Where “X” is any amount up to \$1 per month, and “A” is equal to the number of years of credited service accrued at retirement or at death of the member or retiree, and “B” is equal to the number of years since retirement or since death of the member or retiree to June 30th of the initial year of such increase.

Contribution:

According to state statute, employer contributions are actuarially-determined each year. For the year ended June 30, 2020, employer and employee contribution rates for members above the poverty line were 27.75% and 10.00%, respectively. The Town’s contributions to the system for the years ending June 30 2020 and 2019 , were \$59,004 and \$59,228, respectively.

Actuarial Assumptions:

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

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return (discount rate)	7.15% per annum (net of investment expenses, including inflation) (decreased from 7.30% in 2018)
Expected Remaining Service Lives	7years, closed period
Inflation Rate	2.50% per annum (decreased from 2.70% in 2018)
Salary Increases	Vary from 14.75% in the first two years of service to 4.50% with 25 or more years of service; includes inflation and merit increases
Cost of living Adjustments (COLAs)	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009, though Jun 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.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.75%. The resulting long-term expected arithmetic nominal rate of return was 7.94% as of June 30, 2020, are summarized in the following table:

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

	Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
	U.S. Equity	21.50%	5.98%
	Non -U.S. Equity	17.50%	7.52%
Equity	Global Equity	10.00%	6.59%
	Fixed Income	31.00%	2.17%
Fixed Income	Real Estate	6.00%	4.14%
Alternatives	Private Equity	4.00%	10.52%
	Global Tactical Asset Allocation	5.00%	4.37%
Multi-Asset Strategies	Risk Party	5.00%	4.67%
	Totals	100.00%	8.09%

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee 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.

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

At June 30, 2020, the Town reported a liability of \$2,601,480, \$920,945, and \$576,885 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Town's proportion was 0.622563% for MERS, 0.101407% for MPERS, and 0.092126% for MFRS.

The following schedule lists each pension plan's recognized pension expense (benefit) for the Town for the year ended June 30, 2020:

	MERS	MPERS	MFRS	TOTAL
Pension expense (benefit)	\$ 560,031	\$ 154,760	\$ 132,842	\$ 847,633

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

Deferred Outflows of Resources:	MERS	MPERS	MFRS	TOTAL
Differences between expected and actual experience	\$ -	\$ 1,932	\$ -	\$ 1,932
Net difference between projected and actual investment earnings on pension plan investment	258,011	59,832	38,794	356,637
Changes of assumptions	65,741	51,608	52,482	169,831
Changes in proportion	428,881	362,167	111,585	902,633
Contributions subsequent to the measurement date	325,908	113,884	66,691	506,483
Total deferred outflows of resources	\$ 1,078,541	\$ 589,423	\$ 269,552	\$ 1,937,516
Deferred Inflows of Resources:	MERS	MPERS	MFRS	TOTAL
Differences between expected and actual experience	\$ 63,473	\$ 28,333	\$ 41,613	\$ 133,419
Net difference between projected and actual investment earnings on investments	-	-	-	-
Changes of assumptions	-	-	42	42
Changes in proportion	119,597	211,069	24,832	355,498
Total deferred inflows of resources	\$ 183,070	\$ 239,402	\$ 66,487	\$ 488,959

The Town reported a total of \$506,483 as deferred outflows of resources related to pension contributions made subsequent to the measurement date will be recognized as reduction in net pension liability in the year ended June 30, 2020.

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

Year ending June 30:	MERS	MPERS	MFRS
2020	\$ 240,357	\$ 48,271	\$ 41,853
2021	274,598	29,745	13,657
2022	32,949	143,184	28,220
2023	21,659	14,937	23,271
2024	-	-	19,002
2025	-	-	10,371
	\$ 569,563	\$ 236,137	\$ 136,374

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Sensitivity to changes in discount rate.

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

MERS:	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Net Pension Liability	\$3,391,865	\$2,601,480	\$1,933,235

MPERS:	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	6.125%	7.125%	8.125%
Net Pension Liability	\$1,283,180	\$920,945	\$617,066

MFRS:	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	6.15%	7.15%	8.15%
Net Pension Liability	\$835,368	\$576,885	\$408,571

Contributions: Proportionate Share

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

Payables to the System

At June 30, 2020, the Town payables to the pension plan for MERS and MPERS were \$15,434 and \$10,287, respectively.

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE 10 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

General Information about the OPEB Plan

Plan description - The Town of Winnsboro (the Town) provides certain continuing health care and life insurance benefits for its retired employees. The City of Winnsboro's OPEB Plan (the OPEB Plan) is a single employer defined benefit OPEB plan administered by the City. The authority to established and/or amend the obligation of the employer, employees and retirees' rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions- Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria- Defined Benefit*.

Benefits Provided- Medical and life insurance 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 as follows: 25 years of service at any age or, age 60 and 10 years of service.

Employees covered by benefit terms. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits payments	24
Inactive employees entitled to but not yet receiving benefit payments	0
Active Employees	58
Total	<u>82</u>

Total OPEB Liability

The Town's total OPEB Liability of \$5,084,948 was measured as of June 30, 2020 and determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs- The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Valuation date	July 1, 2019
Prior Measurement Date	June 30, 2019
Measurement Date	June 30, 2020
	Actuarially determined contributions are calculated as the last day of the fiscal year in which contributions are reported
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level dollar, open
Amortization period	30 years
Asset valuation method	Market value
Inflation	2.5% annually
Healthcare trend	5.5% annually until year 2030, then 4.5%
Salary increase	3.0% annually
Prior Discount Rate	3.50%
Discount Rate	2.21% annually which is the Bond Buyer 20-Bond Buyer-Bond General Obligation Index on the Measurement Date. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years
Retirement age	Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. Employees are covered by Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007 retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service. Retirement is assumed 3 years after D.R.O.P. entry for the 25% that are assumed to elect to receive coverage.
Mortality	SOA RP-2014 Combined Mortality Table
Turnover	Age specific table with an average of 10% when applied to the active census.

<u>Age</u>	<u>Rate of Turnover</u>
18 to 26	20%
26 to 41	12%
41 to 55	10%
55 and over	8%

<u>Medical Claim Cost</u>	<u>Annual Cost/Member</u>	
Pre-Medicare claim cost	\$	8,403.00
Medicare claim cost	100%	\$ 4,008.00

<u>Implied Retiree Subsidy Factors</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
	50/54	104.93%	104.67%
	55 to 59	126.68%	112.91%
	60 to 64	152.96%	121.80%

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Changes in the Total OPEB Liability

Service cost	\$	100,737
Interest cost at 3.50%		151,951
Changes in assumptions/inputs		1,209,790
Changes of benefit terms		-
Difference between actual & expected experience		(473,038)
Benefit payments		<u>(195,574)</u>
Net Change in Total OPEB Liability		793,866
Total OPEB Liability - beginning		<u>4,291,082</u>
Total OPEB Liability - end	\$	<u>5,084,948</u>

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

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
Total OPEB Liability	<u>\$5,935,096</u>	<u>\$5,084,948</u>	<u>\$4,407,897</u>

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

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

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	<u>\$4,392,953</u>	<u>\$5,084,948</u>	<u>\$5,945,289</u>

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

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

For the year ended June 30, 2020, the Town recognized an OPEB expense of \$340,248. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	121,967	(493,703)
Changes of assumptions	1,245,779	(127,971)
Total Deferred Outflows and Inflows	\$ 1,367,746	\$ (621,674)

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

Year Ended June 30:

2021	87,560
2022	87,560
2023	87,560
2024	87,560
2025	87,560
Thereafter	308,272
Total	\$ 746,072

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TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

NOTE 11 – INTERFUND TRANSACTIONS

Due to/from Other funds

	Interfund	
	Receivable	Payable
Governmental Funds:		
General Fund	\$ 93,059	\$ 237,312
Industrial Fund	9,000	-
Sales Tax Fund	228,312	-
Proprietary funds		
Enterprise fund	-	93,059
Total	\$ 330,371	\$ 330,371

Transfer

Transfers consisted of the following at June 30, 2020:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$ 2,645,195	\$ -
Sales Tax Fund	-	2,645,195
Total	\$ 2,645,195	\$ 2,645,195

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The sales tax funds transferred to the general fund cover expenses of general operations.

NOTE 12 – SEGMENT INFORMATION FOR ENTERPRISE FUND

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

TOWN OF WINNSBORO, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

	<u>Water Utility</u>	<u>Sewer Service</u>	<u>Total</u>
Operating revenue	\$ 1,204,236	\$ 860,365	\$ 2,064,601
Salaries	201,257	83,082	284,339
Administrative	606,564	404,376	1,010,939
Power	64,661	22,407	87,068
Depreciation	323,126	335,600	658,726
Supplies and other expenses	241,966	168,016	409,982
Total Operating expense	<u>1,437,574</u>	<u>1,013,481</u>	<u>2,451,055</u>
Operating loss	<u>\$ (233,339)</u>	<u>\$ (153,116)</u>	<u>\$ (386,454)</u>

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Litigation

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

Grants and Loans

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

Risk Management

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

NOTE 14 – COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of impact of the COVID-19 pandemic on the Town's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on its investments, customers, employees and vendors, all of which are uncertain and cannot be predicted or reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WINNSBORO, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
Revenues				
Taxes	\$ 296,460	\$ 296,460	\$ 268,907	\$ (27,553)
Licenses and permits	393,003	393,003	393,661	658
Intergovernmental	269,708	269,708	64,949	(204,759)
Fines and forfeits	100,000	100,000	68,588	(31,412)
Charge for services	55,000	55,000	77,549	22,549
Interest income	770	770	98	(672)
Miscellaneous	61,043	61,043	180,503	119,460
Total Revenues	<u>1,175,984</u>	<u>1,175,984</u>	<u>1,054,255</u>	<u>(121,729)</u>
Other financing sources:				
Transfer in	1,800,000	1,800,000	2,645,195	(845,195)
Total other financing sources	<u>1,800,000</u>	<u>1,800,000</u>	<u>2,645,195</u>	<u>(845,195)</u>
Amounts Available for appropriation	<u>\$ 2,975,984</u>	<u>\$ 2,975,984</u>	<u>\$ 3,699,450</u>	<u>\$ (966,924)</u>
Expenditures:				
Current				
General government	629,006	629,006	1,770,703	(1,141,697)
Public safety:				
Police	553,355	553,355	639,909	(86,554)
Fire	338,442	338,442	373,353	(34,911)
Street department	437,894	437,894	497,794	(59,900)
Recreation department	55,350	55,350	76,272	(20,922)
Capital outlay projects	-	-	497,570	(497,570)
Animal control department	49,440	49,440	57,649	(8,209)
Community center	-	-	23,112	(23,112)
Employee Benefit	866,154	866,154	-	866,154
Notes Payable	23,112	23,112	-	23,112
Other	-	-	-	-
Total Expenditure	<u>2,952,753</u>	<u>2,952,753</u>	<u>3,936,362</u>	<u>(983,609)</u>
Change in fund Balance	23,231	23,231	(236,912)	16,685
Fund balances, beginning	268,471	268,471	83,661	-
Fund balances, ending	<u>\$ 291,702</u>	<u>\$ 291,702</u>	<u>\$ (153,251)</u>	<u>\$ 16,685</u>

See Independent Auditors' Report.

TOWN OF WINNSBORO, LOUISIANA

**INDUSTRIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2020**

	Budget		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Revenues:				
Charge of Services	\$ 62,100	\$ 62,100	\$ 60,693	\$ (1,407)
General Revenue	14,000	14,000	-	(14,000)
Operating Grants	545,000	545,000	116,118	(428,882)
Transfer From Ind Fund Reserve	-	-	-	-
Rent income	-	-	27,000	27,000
Interest income	-	-	4,275	4,275
Miscellaneous	-	-	1,359	1,359
Total Revenues	621,100	621,100	209,445	(444,289)
Expenditure:				
General Government	13,000	13,000	44,343	(31,343)
Airport	58,000	58,000	149,738	(91,738)
Capital Outlay	-	-	-	-
Total Expenditure	71,000	71,000	194,081	(123,081)
Change in fund balances	550,100	550,100	15,364	(321,208)
Fund balances, beginning	534,281	534,281	99,466	-
Fund balances, ending	\$ 1,084,381	\$ 1,084,381	\$ 114,830	\$ (321,208)

See Independent Auditors' Report.

TOWN OF WINNSBORO, LOUISIANA

**SALES TAX SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2020**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
General revenue	\$ -	\$ -	\$ 3,079,544	\$ 3,079,544
Taxes-sales taxes	2,852,139	2,852,139	-	(2,852,139)
Interest income	753	753	5,262	4,509
Miscellaneous	-	-	66,415	66,415
Total Revenues	2,852,892	2,852,892	3,151,221	298,329
Expenditure:				
Street Project	630,000	630,000	-	630,000
General Government	1,820,000	1,820,000	37,369	1,782,631
Capital Outflow	-	-	-	-
Total Expenditure	2,450,000	2,450,000	37,369	2,412,631
Other financing uses:				
Transfer out	-	-	2,645,195	2,645,195
Total other financing uses	-	-	2,645,195	2,645,195
Total charges to appropriation	2,450,000	2,450,000	2,682,564	5,057,826
Change in Fund Balances	402,892	402,892	468,657	(4,759,497)
Fund Balances, beginning	1,861,862	1,861,862	1,434,265	-
Fund balances, ending	\$ 2,264,754	\$ 2,264,754	\$ 1,902,922	\$ (4,759,497)

See Independent Auditors' Report.

TOWN OF WINNSBORO, LOUISIANA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

As of the fiscal year ended	2020		
	MERS (Plan A)	MPERS	MFRS
Employer's Proportion of the Net Pension Liability	0.6226%	0.1014%	0.0921%
Employer's Proportionate Share of the Net Pension Liability	\$ 2,601,480	\$ 920,945	\$ 576,885
Employer's Covered Payroll	\$ 1,154,099	\$ 315,407	\$ 223,501
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	225.41%	291.99%	258.11%
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	64.68%	71.00%	73.96%
As of the fiscal year ended	2019		
	MERS (Plan A)	MPERS	MFRS
Employer's Proportion of the Net Pension Liability	0.4403%	0.0402%	0.0813%
Employer's Proportionate Share of the Net Pension Liability	\$ 1,822,946	\$ 339,904	\$ 467,437
Employer's Covered Payroll	\$ 969,999	\$ 241,395	\$ 209,653
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	187.93%	140.81%	222.96%
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	65.60%	71.89%	74.76%
As of the fiscal year ended	2018		
	MERS (Plan A)	MPERS	MFRS
Employer's Proportion of the Net Pension Liability	0.5459%	0.0860%	0.0702%
Employer's Proportionate Share of the Net Pension Liability	\$ 2,283,579	\$ 750,965	\$ 402,359
Employer's Covered Payroll	\$ 999,713	\$ 295,338	\$ 175,893
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	228.42%	254.27%	228.75%
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	62.49%	70.08%	73.55%

TOWN OF WINNSBORO, LOUISIANA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (CONTINUED)

As of the fiscal year ended	2017		
	MERS (Plan A)	MPERS	MFRS
Employer's Proportion of the Net Pension Liability	0.5686%	0.1038%	0.0786%
Employer's Proportionate Share of the Net Pension Liability	\$ 2,330,572	\$ 972,673	\$ 514,095
Employer's Covered Payroll	\$ 1,015,752	\$ 266,747	\$ 156,476
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	229.44%	364.64%	328.55%
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	62.11%	66.04%	68.16%
 As of the fiscal year ended	2016		
	MERS (Plan A)	MPERS	MFRS
Employer's Proportion of the Net Pension Liability	0.5707%	0.1051%	0.0740%
Employer's Proportionate Share of the Net Pension Liability	\$ 2,038,766	\$ 823,067	\$ 339,224
Employer's Covered Payroll	\$ 870,681	\$ 266,747	\$ 156,476
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	234.16%	308.56%	216.79%
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	66.18%	70.73%	72.45%
 As of the fiscal year ended	2015		
	MERS (Plan A)	MPERS	MFRS
Employer's Proportion of the Net Pension Liability	0.4942%	0.1510%	0.0705%
Employer's Proportionate Share of the Net Pension Liability	\$ 1,268,345	\$ 945,187	\$ 313,670
Employer's Covered Payroll	\$ 830,286	\$ 322,774	\$ 144,169
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	152.76%	292.83%	217.57%
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	73.99%	75.10%	76.02%

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

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

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

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

MFRS = Firefighters' Retirement System of Louisiana

TOWN OF WINNSBORO, LOUISIANA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION CONTRIBUTIONS

	2020		
	MERS (Plan A)	MPERS	MFRS
Contractually Required Contribution	\$ 299,646	\$ 102,130	\$ 59,150
Contributions in Relation to Contractually Required contribuion	<u>325,908</u>	<u>113,883</u>	<u>66,691</u>
Contribution (Excess) Deficiency	\$ (26,262)	\$ (11,753)	\$ (7,541)
Employer's Covered Employee Payroll	1,172,226	350,411	240,328
Contributions as a % of Covered Employee Payroll	27.80%	32.50%	27.75%
	2019		
	MERS (Plan A)	MPERS	MFRS
Contractually Required Contribution	\$ 199,814	\$ 36,486	\$ 51,271
Contributions in Relation to Contractually Required contribuion	<u>300,228</u>	<u>101,719</u>	<u>59,229</u>
Contribution (Excess) Deficiency	\$ (100,414)	\$ (65,233)	\$ (7,958)
Employer's Covered Employee Payroll	1,154,099	315,407	223,501
Contributions as a % of Covered Employee Payroll	26.01%	32.25%	26.50%
	2018		
	MERS (Plan A)	MPERS	MFRS
Contractually Required Contribution	\$ 225,527	\$ 81,530	\$ 41,402
Contributions in Relation to Contractually Required contribuion	<u>239,482</u>	<u>73,752</u>	<u>56,472</u>
Contribution (Excess) Deficiency	\$ (13,955)	\$ 7,778	\$ (15,070)
Employer's Covered Employee Payroll	969,999	241,395	209,653
Contributions as a % of Covered Employee Payroll	24.69%	30.55%	26.94%

TOWN OF WINNSBORO, LOUISIANA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION CONTRIBUTIONS (CONTINUED)

	2017		
	MERS (Plan A)	MPERS	MFRS
Contractually Required Contribution	\$ 227,435	\$ 96,171	\$ 44,869
Contributions in Relation to Contractually Required contribuion	<u>227,435</u>	<u>96,171</u>	<u>44,869</u>
Contribution (Excess) Deficiency	\$ -	\$ -	\$ -
Employer's Covered Employee Payroll	999,713	295,338	175,893
Contributions as a % of Covered Employee Payroll	22.75%	32.56%	25.51%
	2016		
	MERS (Plan A)	MPERS	MFRS
Contractually Required Contribution	\$ 200,608	\$ 88,518	\$ 48,613
Contributions in Relation to Contractually Required contribuion	<u>200,608</u>	<u>88,518</u>	<u>48,613</u>
Contribution (Excess) Deficiency	\$ -	\$ -	\$ -
Employer's Covered Employee Payroll	1,015,752	266,747	156,476
Contributions as a % of Covered Employee Payroll	19.75%	33.18%	31.07%
	2015		
	MERS (Plan A)	MPERS	MFRS
Contractually Required Contribution	\$ 168,237	\$ 88,519	\$ 48,613
Contributions in Relation to Contractually Required contribuion	<u>168,237</u>	<u>88,519</u>	<u>48,613</u>
Contribution (Excess) Deficiency	\$ -	\$ -	\$ -
Employer's Covered Employee Payroll	870,687	266,747	156,476
Contributions as a % of Covered Employee Payroll	19.32%	33.18%	31.07%

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

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

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

TOWN OF WINNSBORO, LOUISIANA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATION

	2018	2019	2020
Total OPEB Liability			
Service Cost	\$ 70,535	\$ 64,132	\$ 100,737
Interest	152,186	154,475	151,951
Changes of benefit terms	-		
Differences between expected and actual experience	(86,954)	137,213	(473,038)
Changes in assumptions or other inputs	(151,965)	191,711	1,209,790
Benefit payments	(204,733)	(215,993)	(195,574)
Net Change in Total OPEB Liability	(220,931)	331,538	793,866
Total OPEB Liability - beginning	4,180,475	3,959,544	4,291,082
Total OPEB Liability - end	\$ 3,959,544	\$ 4,291,082	\$ 5,084,948
Covered Employee Payroll	\$ 1,136,409	\$ 1,170,501	\$ 1,924,389
Total OPEB Liability as a percentage of covered employee payroll	348.43%	366.60%	264.24%
Notes to Schedule:			
<i>Changes of Benefit Terms:</i>	None	None	None
<i>Changes of Assumptions:</i>			
Discount rate	3.87%	3.50%	2.21%
Mortality:	RP-2000	RP-2000	RP-2014
Trend	5.5%	5.5%	Variable

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

TOWN OF WINNSBORO, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

NOTE 1 - BUDGETS

1. Budgetary and Budgetary Accounting

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

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

2. Basis of Accounting

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

NOTE 2 - NET PENSION LIABILITY

1. Changes of Benefit Terms

Municipal Employees' Retirement System (Plan A)

No Changes.

Municipal Police Employees' Retirement System

No Changes.

Firefighters' Retirement System

No Changes.

See Independent Auditors' Report.

TOWN OF WINNSBORO, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

June 30, 2020

2. Changes of Assumptions

Municipal Employees' Retirement System (Plan A)

The investment rate of return and inflation rate decreased from 7.275% to 7% and 2.6% to 2.5%, respectively.

Municipal Police Employees' Retirement System

The investment rate of return and inflation rate decreased from 7.2% to 7.125% and 2.6% to 2.5%, respectively.

Firefighters' Retirement System of Louisiana

The investment rate of return and inflation rate decreased from 7.3% to 7.15% and 2.7% to 2.5%, respectively.

SUPPLEMENTARY INFORMATION

TOWN OF WINNSBORO, LOUISIANA

SCHEDULE OF COMPENSATION PAID TO THE MAYOR AND MEMBERS OF THE BOARD OF
ALDERMAN
Year Ended June 30, 2020

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

<u>Name/Position</u>	<u>Amount</u>
John C. Dumas, Mayor	\$ 60,000
<u>Aldermen:</u>	
Golden Berry	3,700
Tyrone Coleman	3,700
Eddie Dunn	3,700
Jerry Johnson	3,700
Rex McCarthy	<u>3,700</u>
Total Mayor and Council Members Compensation	<u>\$ 78,500</u>

TOWN OF WINNSBORO, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
Year Ended June 30, 2020

Agency Head	<u>Amount</u>
John C. Dumas Mayor	
Purpose	
Salary	\$ 60,000
Retirement	16,650
Insurance	8,403
Automobile Allowance	1,025
Credit Card Allowance	
Food	453
Lodging	154
Cell Phone Allowance	185
Registration for Seminars/Conferences	<u>3,066</u>
 Total	 <u>\$ 89,935</u>

See Independent Auditors' Report.

TOWN OF WINNSBORO, LOUISIANA

SCHEDULE OF INSURANCE IN FORCE

For the Year Ended June 30, 2020

Insurance Company	Expiring Date	Policy Description	Policy Limits	Policy Number
Louisiana Municipal Risk Management Agency	7/1/2020	Commercial General Liability - Bodily Injury and Property Damage	\$500,000 per Occurrence Premises Operations \$500,000 Aggregate Products Completed Operations \$1,000 per Accident Medical Payments \$50,000 per occurrence Fire Legal Liability	100-1295-17175
Louisiana Municipal Risk Management Agency	7/1/2020	Law Enforcement Officer - Personal Injury and Property Damage	\$1,000 Deductible	100-1295-17175
Louisiana Municipal Risk Management Agency	7/1/2020	Errors and Omission	\$1,000 Deductible	100-1295-17175
Louisiana Municipal Risk Management Agency	7/1/2020	Automobile Liability - Property Damage	Non-Deductible	100-1295-17175
Employers Mutual Casualty Company	1/1/2021	Commercial Auto	\$1,094 Deductible	5E2-40-15-21
Employers Mutual Casualty Company	1/1/2021	Commercial Property	\$ 1, 000 Deductible per Occurrence	5A2-40-15-21
Employers Mutual Casualty Company	1/1/2020	Commercial Inland Marine Schedule	\$1,000 Deductible	5C2-40-15-21

See Independent Auditors' Report.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS



J. WALKER & COMPANY^{APC}

— ACCOUNTANTS AND ADVISORS —

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winnsboro, Louisiana, as of and for the year ended June 30, 2020, 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 December 23, 2020.

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.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

J. Walker & Company, APC

Lake Charles, Louisiana
December 23, 2020



TOWN OF WINNSBORO, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2020

I. Summary of Auditors' Results

a. Financial Statements

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Town of Winnsboro, Louisiana.
2. There were no material weakness or significant deficiencies disclosed during the audit of the financial statements and reported in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. There were no instances of noncompliance that are reported in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.

b. Federal Awards

N/A

c. Management Letter

No management letter was issued in connection with the audit for the year ended June 30, 2020.

TOWN OF WINNSBORO, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2020

II. Findings – Financial Statement Audit

There were no current year findings.

TOWN OF WINNSBORO, LOUISIANA

SUMMARY OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2020

III. Summary of Prior Year Findings

2019-01 General accounting

Condition:

During our testing of expenses for the year ended June 30, 2020, we noted that capital outlay totaling \$946,122, and equipment totaling \$131,225 were expensed instead of capitalized in accordance with the Town's \$1,000 threshold policy.

Management's Response:

Beginning July 1, 2019, the Town of Winnsboro will make sure that our accounting statements recognize the difference between fixed assets, day to day expenses and capital outlay expenditures and make sure that they are properly coded in our general ledger.

Current Status:

Resolved.

2019-02 Noncompliance with Public Bid Law

Condition:

During our testing of expenses for the year ended June 30, 2020, we noted a vehicle that was purchased without being advertised in accordance with R.S. 39:1594(C) (1-5) or obtained from the State's procurement list.

Management's Response:

Beginning July 1, 2019, management will purchase equipment in accordance with State Statutes to stay in compliance with Public Bid Law.

Current Status:

Resolved.