

**WINNSBORO ECONOMIC DEVELOPMENT CORPORATION**  
**(A Component Unit of the City of Winnsboro, Texas)**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017**

**WINNSBORO ECONOMIC DEVELOPMENT CORPORATION**  
**SEPTEMBER 30, 2017**  
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### INDEPENDENT AUDITORS' REPORT

Board of Directors  
Winnsboro Economic Development Corporation

We have audited the accompanying financial statements of the governmental activities and each major fund of Winnsboro Economic Development Corporation (WEDC), a component unit of the City of Winnsboro, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the 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. 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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.

#### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Winnsboro Economic Development Corporation as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 15 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 regarding 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.

*Karen A. Jacks & Associates, P.C.*

Karen A. Jacks & Associates, P.C.

Longview, Texas  
April 30, 2018

## Management's Discussion and Analysis

As management of Winnsboro Economic Development Corporation (WEDC), we offer readers of WEDC's financial statements this narrative overview and analysis of the financial activities of WEDC for the fiscal year ended September 30, 2017.

### Financial Highlights

The assets of WEDC exceeded its liabilities at the close of the most recent fiscal year by \$700,272 (net position). All of this amount is restricted by statute and must be used to meet WEDC's ongoing obligation to economic development activities, including the promotion of existing and prospective businesses and the creation of employment opportunities in Winnsboro, Texas.

WEDC'S total net position increased from operations by \$36,645 during the most recent fiscal year. The fund balance increase was partially attributed to an increase in sales tax revenue.

FY2016-17 shows a decrease in economic development grant and incentive expenditures. One new commitment was awarded and funded during FY2017, and three of the commitments awarded in the prior year were funded in the current year. At year end, only one commitment remains totaling \$3,000.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to WEDC's basic financial statements. WEDC's basic financial statements comprise two components: 1) financial statements and 2) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

**Financial statements.** The financial statements are designed to provide readers with a broad overview of WEDC's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of WEDC's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a successful indicator of whether the financial position of WEDC is improving or deteriorating.

The statement of activities presents information showing how the organization'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.

Both of the financial statements distinguish functions of WEDC that are principally supported by sales tax revenue. The governmental activity of WEDC includes economic development.

The financial statements can be found on pages 8 - 9 of this report.

**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. WEDC, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**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. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Governments engaged in a single governmental program may combine their fund financial statements with their government-wide statements by using a columnar format that reconciles individual line items of fund financial data to the government-wide data in a separate column. Winnsboro Economic Development Corporation has chosen this form of presentation for its financial statements.

WEDC adopts an annual appropriated budget. A budgetary comparison statement has been provided on page 16 to demonstrate compliance with this budget.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 10 - 14 of this report.

## Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of WEDC, assets and deferred outflows of resources exceeded liabilities by \$700,272 at the close of the fiscal year.

Winnsboro Economic Development Corporation				
Net Position				
	2017	2016	% Change	
Current and other assets:				
Cash and cash equivalents	\$ 151,629	\$ 80,050	89.42%	
Temporary investments	323,559	439,494	-26.38%	
Sales tax receivable	26,278	28,915	-9.12%	
Note receivable	30,532	-	100.00%	
Total assets	<u>531,998</u>	<u>548,459</u>		
Deferred outflows of resources:				
Performance agreement advances	<u>235,000</u>	<u>160,000</u>	46.88%	
Current liabilities:				
Accounts payable	<u>66,726</u>	<u>44,832</u>	48.84%	
Total liabilities	<u>66,726</u>	<u>44,832</u>		
Net position:				
Restricted for economic development	<u>700,272</u>	<u>663,627</u>	5.52%	
Total net position	<u>\$ 700,272</u>	<u>\$ 663,627</u>		

At the end of the current fiscal year, WEDC is able to report positive balances in all categories of net position.

Winnsboro Economic Development Corporation  
Statements of Activities  
Years Ended September 30

	2017	2016	% Change
Revenues:			
General revenues:			
Sales taxes	\$ 353,008	\$ 327,470	7.80%
Event proceeds	-	2,097	-100.00%
Investment earnings	3,471	3,641	-4.67%
Total revenue	<u>356,479</u>	<u>333,208</u>	
Expenses:			
Economic development	<u>319,834</u>	<u>335,336</u>	-4.62%
Total expenses	<u>319,834</u>	<u>335,336</u>	
Increase (decrease) in net position	36,645	(2,128)	1822.04%
Net position - beginning	663,627	665,755	-0.32%
Net position - ending	<u>\$ 700,272</u>	<u>\$ 663,627</u>	

### Financial Analysis of the Government's Funds

As noted earlier, WEDC uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

At the end of the current fiscal year, total fund balance was \$465,272. As a measure of a fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represented approximately 1.18 times total annual expenditures for the year ended September 30, 2017.

WEDC's fund balance decreased by \$38,355 from operations during the year.

**Long-term debt.** At the end of the current fiscal year, WEDC had no outstanding debt.

### Economic Factors and Next Year's Budgets and Rates

Sales tax revenue and property tax revenue increased during this fiscal year. Increases in sales tax revenue are a result of the opening of Tractor Supply and increase sales in downtown businesses. The WEDC funded several events which has increased tourism in the community. The Wood County property assessments for Fiscal 2017 were higher than for 2016 reflecting a needed increase in property values which resulted in higher property tax revenues without increasing the tax rates.

We anticipate these trends to continue into the next fiscal year. We also believe the passage of the WISD School Bond will spur further economic development in the short and long-term. Increases in sales tax revenues in 2018 and 2019 from the construction of the school; and increases in property values and the tax base in 2019 and 2020 due to have a new high school and campus improvements.

The WEDC and City are also working together to bring a large manufacturing firm to Winnsboro. At the writing of this MD&A we have a verbal commitment from the owners that they will relocate to Winnsboro from McKinney. While the firm would be located outside the city limits there would still be an economic impact on the city. The company would be required to pay Payment in Lieu of Taxes (PILOT). We would also see an increase in sales tax activity from local purchases made on behalf of the company and their

employees. There is also an expected increase in housing activity with the addition of 100 new jobs over three years.

We will also be making more investments in our downtown area as that continues to be a large driver of our economy. The WEDC funded a hotel market feasibility study in early 2018. The study is positive and we will be working with developers to find investment for a hotel in Winnsboro. This will increase economic activity particularly in conjunction with the monthly events held in our community.

The budget for the upcoming year reflects a greater investment in marketing the community in order to increase project activity, ultimately resulting in expansion of the local economy.

### **Requests for Information**

This financial report is designed to provide a general overview of WEDC's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Winnsboro Economic Development Corporation, 501 South Main Street, Winnsboro, Texas 75494.

## **BASIC FINANCIAL STATEMENTS**

**WINNSBORO ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2017**

	Economic Development Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash and cash equivalents	\$ 151,629	\$ -	\$ 151,629
Temporary investments	323,559	-	323,559
Sales tax receivable	26,278	-	26,278
Note receivable	30,532	-	30,532
Total assets	<u>\$ 531,998</u>	<u>-</u>	<u>531,998</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Performance agreement advances		235,000	235,000
Total deferred outflows of resources		<u>235,000</u>	<u>235,000</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 66,726	-	66,726
Total liabilities	<u>66,726</u>	<u>-</u>	<u>66,726</u>
<b>FUND BALANCES/NET POSITION</b>			
Fund balances:			
Nonspendable- note receivable	30,532	(30,532)	-
Restricted for economic development	434,740	(434,740)	-
Total fund balances	<u>465,272</u>	<u>(465,272)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 531,998</u>		
Net position:			
Restricted for economic development		<u>700,272</u>	<u>700,272</u>
Total net position		<u>\$ 700,272</u>	<u>\$ 700,272</u>

(The accompanying notes are an integral part of these financial statements.)

**WINNSBORO ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Economic Development Fund	Adjustments	Statement of Activities
<b>REVENUES:</b>			
Sales tax	\$ 353,008	\$ -	\$ 353,008
Investment earnings	3,471	-	3,471
Total revenues	<u>356,479</u>	<u>-</u>	<u>356,479</u>
<b>EXPENDITURES/EXPENSES:</b>			
Economic Development:			
Advertising	15,462	-	15,462
Administrative	12,066	-	12,066
Auditing	1,900	-	1,900
Bank charges	42	-	42
Capital grants	95,000	(75,000)	20,000
Contract services	26,565	-	26,565
Dues & memberships	585	-	585
Incentives	36,215	-	36,215
Legal & professional fees	8,371	-	8,371
Marketing	16,183	-	16,183
Office supplies and expenses	411	-	411
Social media manager	4,541	-	4,541
Rent	3,000	-	3,000
Salaries & benefits - Administrative	69,636	-	69,636
Salaries & benefits - Main Street coordinator	64,855	-	64,855
Salaries & benefits - Farmers' Market coordinator	29,584	-	29,584
Sponsorships	9,092	-	9,092
Travel & training	1,326	-	1,326
Total expenditures/expenses	<u>394,834</u>	<u>(75,000)</u>	<u>319,834</u>
Excess (deficiency) of revenues over (under) expenditures and other sources/uses	(38,355)	75,000	
Change in net position			36,645
<b>FUND BALANCE/NET POSITION:</b>			
Beginning of year	503,627	160,000	663,627
End of year	<u>\$ 465,272</u>	<u>\$ 235,000</u>	<u>\$ 700,272</u>

(The accompanying notes are an integral part of these financial statements.)

**WINNSBORO ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by Winnsboro Economic Development Corporation conform to generally accepted accounting principles as applied to governmental entities.

**A. FINANCIAL REPORTING ENTITY**

Winnsboro Economic Development Corporation (WEDC) is a nonprofit corporation and is a component unit of the City of Winnsboro, Texas (the "City"). The governing body of WEDC is appointed by the City's Council and WEDC's operating budget is subject to approval of the City Council. WEDC was organized for the purpose of assisting in economic development in Winnsboro and Wood County. WEDC is funded by a one-half percent sales tax levied on taxable sales within the City of Winnsboro, Texas. This tax was enacted by popular vote in September, 1995 and may be repealed by popular vote.

The WEDC is reported as a component unit of the City of Winnsboro, Texas, on the basis of financial and governance interdependence.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all activities of the government. The fund financial statements provide information about WEDC's single fund.

Governments engaged in a single governmental program may combine their fund financial statements with their government-wide statements by using a columnar format that reconciles individual line items of fund financial data to the government-wide data in a separate column. Winnsboro Economic Development Corporation has chosen this form of presentation for the accompanying financial statements.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

WEDC reports the following major fund:

The economic development fund is used to account for specific revenues that are legally restricted to expenditures for particular purposes. WEDC is currently using the economic development fund to account for sales tax revenue that is restricted for economic development.

**D. BUDGETS AND BUDGETARY ACCOUNTING**

The budget is adopted on a basis consistent with the modified accrual basis of accounting. Unexpended budget appropriations lapse at year end and do not carry forward to future periods.

Budget controls are imposed at the fund level and require Board approval for amendment.

**E. ESTIMATES**

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

**WINNSBORO ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. FUND BALANCES - GOVERNMENTAL FUNDS**

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the Board of Directors. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the Board intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board or by an official or body to which the Board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the EDC itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

**G. Deferred Outflows and Inflows of Resources**

In addition to assets, the statements of financial position (the government-wide statement of net position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. During 2017, WEDC funded two Performance Agreement contracts which provided local businesses with advances, in the amount of \$35,000 and \$40,000, for the purchase or renovation of real property within the City of Winnsboro. Each contract provides a timeline for the purchase or renovation of the business property; the establishment and operation of a specified business activity; and certain anticipated levels of employment. These Performance Agreements call for the forgiveness of the advance amount if the recipient business is operated for a minimum of 36 months. The balance of deferred outflows of resources at September 30, 2017 was \$235,000.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The WEDC did not have deferred inflows of resources to report in its governmental funds balance sheet or government-wide financial statements for the current year.

**WINNSBORO ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

H. Net Position Flow Assumptions

Sometimes the WEDC will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the WEDC's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

I. Fund Balance Flow Assumptions

Sometimes the WEDC will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to be reported as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the WEDC's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**NOTE 2 - COMPLIANCE AND ACCOUNTABILITY**

Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

Deficit Fund Balances or Fund Net Position of Individual Funds

Following are funds having deficit fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None	Not applicable	Not applicable

**NOTE 3 - CASH AND TEMPORARY INVESTMENTS**

Cash Deposits

Deposits - At September 30, 2017, the carrying amounts of WEDC's bank balances (checking and certificates of deposit) were \$475,188 and the bank balance was \$476,228. Cash deposits at September 30, 2017 were entirely covered by FDIC insurance and collateral pledged by the depository banks in the corporation's name.

Investments:

Winnsboro Economic Development Corporation is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

**WINNSBORO ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 3 - CASH AND TEMPORARY INVESTMENTS (CONTINUED)**

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, WEDC was not in compliance with all aspects of the Act, in that the investment reports were not provided to the Board quarterly and did not contain all required information.

The Act determines the type of investments which are allowable for WEDC. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

WEDC's investments at September 30, 2017, are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificate of deposit	02/06/18	\$ 119,513
Certificate of deposit	09/01/18	102,023
Certificate of deposit	09/01/18	102,023
Total Investments		<u>\$ 323,559</u>

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in WEDC's name.

At year-end, WEDC was not exposed to custodial credit risk.

**NOTE 4 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Reconciliation of the governmental funds balance sheet to the statement of net position

Total fund balances - governmental funds balance sheet	\$ 465,272
Amounts reported for governmental activities in the statement of net position are different because:	
Capital improvement advances are reported as expenditures in the fund	<u>235,000</u>
Net position - statement of net position	<u>\$ 700,272</u>

Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities

Net change in fund balance - governmental funds	\$ (38,355)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital improvement advances are reported as expenditures in the fund	<u>75,000</u>
Change in net position - statement of activities	<u>\$ 36,645</u>

**WINNSBORO ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 5 - NOTE RECEIVABLE**

The note receivable consists of an amount loaned to a local business to encourage economic development. The note is to be repaid over 30 years with interest at 3%.

Future maturities at September 30, 2017 are as follows:

FYE 9/30/18	657
Subsequent years	29,875
	<u>\$ 30,532</u>

**NOTE 6 - COMMITMENTS**

At September 30, 2017, WEDC had outstanding incentive commitments to local businesses in the amount of \$3,000.

**NOTE 7 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 30, 2018, the date on which the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**WINNSBORO ECONOMIC DEVELOPMENT CORPORATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES:				
Sales tax	\$ 315,000	\$ 315,000	\$ 353,008	\$ 38,008
Investment earnings	2,500	2,500	3,471	971
Grant income	10,000	10,000	-	(10,000)
<b>TOTAL REVENUES</b>	<b>327,500</b>	<b>327,500</b>	<b>356,479</b>	<b>28,979</b>
EXPENDITURES:				
Advertising	12,000	12,000	15,462	(3,462)
Administrative	12,066	12,066	12,066	-
Auditing	2,000	2,000	1,900	100
Bank charges	100	100	42	58
Capital grants	250,000	250,000	95,000	155,000
Contract services	13,500	13,500	26,565	(13,065)
Dues & memberships	2,650	2,650	585	2,065
Incentives	42,500	42,500	36,215	6,285
Legal & professional fees	10,000	10,000	8,371	1,629
Marketing	22,740	22,740	16,183	6,557
Office supplies and expenses	1,950	1,950	411	1,539
Social media manager	4,000	4,000	4,541	(541)
Printing & forms	1,000	1,000	-	1,000
Promotional material	3,000	3,000	-	3,000
Prospect expenses	2,000	2,000	-	2,000
Rent	3,000	3,000	3,000	-
Salaries & benefits - Administrative	84,000	84,000	69,636	14,364
Salaries & benefits - Main Street coordinator	66,222	66,222	64,855	1,367
Salaries & benefits - Farmers' Market coordinator	29,000	29,000	29,584	(584)
Sponsorships	11,400	11,400	9,092	2,308
Travel & training	10,000	10,000	1,326	8,674
<b>TOTAL EXPENDITURES</b>	<b>583,128</b>	<b>583,128</b>	<b>394,834</b>	<b>188,294</b>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(255,628)	(255,628)	(38,355)	217,273
FUND BALANCE, OCTOBER 1, 2016	503,627	503,627	503,627	-
FUND BALANCE, SEPTEMBER 30, 2017	<u>\$ 247,999</u>	<u>\$ 247,999</u>	<u>\$ 465,272</u>	<u>\$ 217,273</u>