

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2023

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Annual Financial Report
As of and for the Year Ended June 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of the
North Webster Parish Industrial District
Springhill, Louisiana

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of North Webster Parish Industrial District (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of June 30, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 17 to the financial statements, in 2023, the District adopted new accounting guidance, GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 5-11 and 37-38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Webster Parish Industrial District's basic financial statements. The schedule of compensation paid to board members, schedule of general fund expenditures, and the schedule of compensation, benefits and other payments are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation paid to board members, schedule of general fund expenditures, and the schedule of compensation, benefits and other payments are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

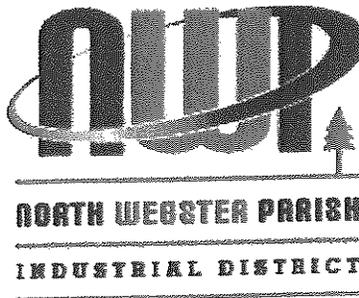
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023, on our consideration of the District'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 District's internal control over financial reporting and compliance.

Wise Martin & Cole, LLC

Minden, Louisiana
December 28, 2023

**REQUIRED SUPPLEMENTAL INFORMATION
(PART I)**



MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) of the North Webster Parish Industrial District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the financial statements and the financial statements to enhance their understanding of the North Webster Parish Industrial District's financial performance.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13 and 14) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements begin on page 15. For governmental activities, fund statements tell how activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole – Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities

Our analysis of the District as a whole begins on page 13. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets, liabilities and deferred outflows/inflows, using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. One could think of net position—the difference between assets, liabilities and deferred outflows/inflows, as a measure of the District's financial health, or financial position. Over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating.

One also needs to consider nonfinancial factors, however, such as changes in the District's property tax base and the occupancy and expansion of the industrial park, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- **Governmental activities** – Most of the District’s basic services are reported here, which includes general administration and park maintenance. Property taxes, building leases, and state grants finance most of these activities.
- **Business-type activities** – The District charges a fee to its tenants to help it cover the water and sewer services it provides. The District’s water and sewer system activities are reported here.

Fund financial statements

Fund financial statements provide detailed information regarding the District’s most significant activities and are not intended to provide information for the District as a whole. Funds are accounting devices that are used to account for specific sources of funds. The District’s two kinds of funds – *governmental and proprietary* – use different accounting approaches.

- *Governmental funds* – The District’s report includes one governmental fund, the General fund. The primary operations are reported in the General fund which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The fund is reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.
- *Proprietary funds* – When the District charges its tenants for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District’s Enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE DISTRICT AS A WHOLE

For the year ended June 30, 2023, net position changed as follows:

Table 1
Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 3,892,483	\$ 4,265,257	\$ 9,802	\$ 6,082	\$ 3,902,285	\$ 4,271,339
Capital assets	18,151,665	18,714,769	1,023,976	982,322	19,175,641	19,697,091
Total assets	<u>22,044,148</u>	<u>22,980,026</u>	<u>1,033,778</u>	<u>988,404</u>	<u>23,077,926</u>	<u>23,968,430</u>
Long-term liabilities	4,357	1,889	-	-	4,357	1,889
Other liabilities	3,377	645,360	20,361	34,560	23,738	679,920
Total liabilities	<u>7,734</u>	<u>647,249</u>	<u>20,361</u>	<u>34,560</u>	<u>28,095</u>	<u>681,809</u>
Deferred inflows of resources	1,181,503	1,339,776	-	-	1,181,503	1,339,776
Total deferred inflows of resources	<u>1,181,503</u>	<u>1,339,776</u>	<u>-</u>	<u>-</u>	<u>1,181,503</u>	<u>1,339,776</u>
Net position						
Net investment in capital assets	18,151,665	18,714,769	1,023,976	982,322	19,175,641	19,697,091
Unrestricted	<u>2,703,246</u>	<u>2,278,232</u>	<u>(10,559)</u>	<u>(28,478)</u>	<u>2,692,687</u>	<u>2,249,754</u>
Total net position	<u>\$ 20,854,911</u>	<u>\$ 20,993,001</u>	<u>\$ 1,013,417</u>	<u>\$ 953,844</u>	<u>\$ 21,868,328</u>	<u>\$ 21,946,845</u>

As mentioned earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2023, the District's assets exceeded liabilities by \$20,854,911 and \$1,013,417 in the governmental and business type activities, respectively.

The largest portion of the District's net position (88%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide infrastructure and buildings to tenants operating within the industrial park. These assets are not available for future spending, unless sold.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation, debt covenants, or other legal requirements – is \$2,703,246 in the governmental activities as of June 30, 2023. The business-type activities report (\$10,559) as unrestricted net position.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 197,324	\$ 334,965	\$ 46,133	\$ 32,996	\$ 243,457	\$ 367,961
Capital grant & contributions	-	3,409,171	2,589	2,746	2,589	3,411,917
General revenues:						
Property taxes	496,931	501,936	-	-	496,931	501,936
Investment earnings	72,352	32,031	-	-	72,352	32,031
Insurance recovery	-	-	6,607	-	6,607	-
Total revenues	<u>766,607</u>	<u>4,278,103</u>	<u>55,329</u>	<u>35,742</u>	<u>821,936</u>	<u>4,313,845</u>
Program expenses						
General government	764,753	740,777	-	-	764,753	740,777
Interest on long-term debt	-	850	-	-	-	850
Water and sewer	-	-	135,700	113,987	135,700	113,987
Total expenses	<u>764,753</u>	<u>741,627</u>	<u>135,700</u>	<u>113,987</u>	<u>900,453</u>	<u>855,614</u>
Excess (deficiency) before transfers	1,854	3,536,476	(80,371)	(78,245)	(78,517)	3,458,231
Transfers	(139,944)	69,053	139,944	(69,053)	-	-
Change in net position	(138,090)	3,605,529	59,573	(147,298)	(78,517)	3,458,231
Net position – beginning	20,993,001	17,387,472	953,844	1,101,142	21,946,845	18,488,614
Net position – ending	<u>\$20,854,911</u>	<u>\$20,993,001</u>	<u>\$1,013,417</u>	<u>\$ 953,844</u>	<u>\$21,868,328</u>	<u>\$21,946,845</u>

Governmental-type activities

The net position of the governmental-type activities decreased by \$138,090.

When comparing the current and prior year revenues of the District’s governmental activities, there was a decrease of approximately \$3,500,000. The majority of this decrease is attributable to a decrease in capital contributions of \$3,400,000. In the prior year, the District received capital contributions from a tenant for a building expansion. There were no capital contributions for the current year. Rental income decreased by approximately \$100,000 in the current year.

Total governmental expenses were approximately \$20,000 more in the current year, due to building repairs. The District’s debt was paid off in 2022, therefore, no interest on long-term debt was incurred in the current year.

Business-type activities

Overall, the revenues recognized in the Water and Sewer fund for the District increased by approximately \$19,000 over the prior year. Water and sewer income increased by approximately \$13,000 due to an increase in tenant usage. Also, in the current year, the District received insurance recovery funds to repair well damaged by lightning.

The expenses for the Water and Sewer fund increased by approximately \$22,000 from the prior year. In the current year, the increase occurred mainly repairs and tank rentals expense.

THE DISTRICT'S FUNDS

The focus of the District's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful for assessing the District's financing requirements. Unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As the District completed the year, its governmental funds (as presented in the balance sheet on page 15) reported a combined fund balance of \$2,560,428, reflecting an increase of \$450,868 from the prior fiscal year balance of \$2,109,560.

Revenues decreased by approximately \$500,000. The net decrease is mainly from a \$600,000 EDAP grant provided by the State of Louisiana to make improvements to a building in the prior year. In the current year, no EDAP grant was received. Rental income and investment earnings also increased during the year by approximately \$100,000 due to the changes in accounting principles related to leases.

Compared to last year, the General fund expenditures decreased by approximately \$2,000,000. The District did not incur any expenditure related to capital outlay, which caused the \$2,000,000 decrease.

The District's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year ended June 30, 2023, the District made one amendment to its budget. The original revenues were increased by approximately \$15,000. Budget amendments to revenues were made to reflect a \$1,000 increase in investment income, a \$14,000 increase in rental income, and a \$29,000 decrease in ad valorem taxes. Projected expenditures were amended to reflect an increase in general government expenditures of \$28,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of June 30, 2023, the District had approximately \$19.2 million invested in capital assets including buildings, park facilities, and the water and sewer system.

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 500,575	\$ 500,575	\$ -	\$ -	\$ 500,575	\$ 500,575
Construction in progress	-	4,460,683	-	378,843	-	4,839,526
Land improvements	497,843	521,566	-	-	497,843	521,566
Building improvements	17,149,117	13,225,798	-	-	17,149,117	13,225,798
Improvements other than bldg.	-	-	1,023,976	603,479	1,023,976	603,479
Equipment	4,130	6,147	-	-	4,130	6,147
Totals (net of depreciation)	<u>\$ 18,151,665</u>	<u>\$ 18,714,769</u>	<u>\$ 1,023,976</u>	<u>\$ 982,322</u>	<u>\$ 19,175,641</u>	<u>\$ 19,697,091</u>

During the year, the District placed in service an expansion of one of the buildings for approximately

\$4.5 million and is shown in building improvements. The District's wastewater treatment plant was placed in service during June 30, 2023.

DEBT

The North Webster Parish Industrial District incurred no new debt as of June 30, 2023.

More detailed information about the District's long-term liabilities is presented in Note 12 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The North Webster Parish Industrial District ("NWPID") adopted the millage rate of 5.18 mills on August 21, 2023. The millage is permitted for a period of ten years and generates income of approximately \$495,496. This will be the fifth year for the renewal that was adopted in 2019. The income generated is used to maintain NWPID infrastructure and the general operating expenses of NWPID. Rental income and investments income continue to be stable. This income derives the balance of the income to which NWPID operates.

NWPID renewed the annual lease with Teijin for the Spec Building #4 effective September 1, 2023. The lease currently has an option for an additional year. The spec building lease will generate \$64,800 in revenue. The Spec Building #4 requires an additional 10 full time employees on payroll. Teijin signed a 15-year building lease effective January 1, 2022, and Teijin will pay rent in the amount of \$12,000 annually if they have a minimum of 175 full time employees on payroll.

NWPID signed a building lease with E.I. Williams, a Canadian company on February 10, 2020. The lease is for the newly constructed 50,000 square foot manufacturing building for twenty-five (25) years at \$1 per year with the commencement date effective 2.1.21. The company has committed to generating 100 jobs within five years and maintain that level of employment for the term of the lease. Construction has been completed and E. I. Williams Industries is operational.

NWPID executed a 1st amendment to Integrico's lease effective May 19, 2021. The terms are that Integrico will maintain 55 full-time permanent jobs. The 2020 annual rent in the amount of \$60,000 will be paid in 16 equal quarterly installments. The 2021 annual rent in the amount of \$120,000 will be paid in 16 equal quarterly installments. Commencing on January 1, 2022, annual rent in the amount of \$120,000 will be paid in quarterly installments. NWPID executed a 2nd amendment to Integrico's lease effective August 8, 2022, which removed the CEA Agreement. NWPID executed a Consent to Sublease and Estoppel to Integrico's lease effective December 27, 2022.

NWPID signed a 5-year building lease with Springhill Medical Center on September 1, 2020, for \$1,250 per month which will generate \$15,000 in annual revenue.

NWPID signed a 1-year building lease with CB Morgan Machine, LLC on June 20, 2023, at \$650 per month which will generate \$7,800 in annual revenue.

NWPID signed a Lease Option Agreement with ACE DEVCO NC, LLC effective on August 29, 2023, for a five-year period which will generate \$3,007 in annual revenue.

NWPID continues to move forward and tenants within the Industrial District continue to have steady growth and are operating within the restrictions and changes caused by the Covid-19 pandemic.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District's office at PO Box 176, Springhill, Louisiana, 71075, (318) 539-5058.

BASIC FINANCIAL STATEMENTS

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Net Position
June 30, 2023

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,733,746	\$ -	\$ 1,733,746
Investments	781,688	-	781,688
Receivables	1,346,259	5,237	1,351,496
Prepays	30,318	4,565	34,883
Deposits	472	-	472
Noncurrent assets:			
Land	500,575	-	500,575
Depreciable capital assets, net of depreciation	<u>17,651,090</u>	<u>1,023,976</u>	<u>18,675,066</u>
Total assets	<u>22,044,148</u>	<u>1,033,778</u>	<u>23,077,926</u>
LIABILITIES			
Accounts payable and other accrued liabilities	4,357	20,211	24,568
Customer meter deposits	-	150	150
Noncurrent liabilities:			
Due within one year	<u>3,377</u>	<u>-</u>	<u>3,377</u>
Total liabilities	<u>7,734</u>	<u>20,361</u>	<u>28,095</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on leases	<u>1,181,503</u>	<u>-</u>	<u>1,181,503</u>
Total deferred inflows of resources	<u>1,181,503</u>	<u>-</u>	<u>1,181,503</u>
NET POSITION			
Net investment in capital assets	18,151,665	1,023,976	19,175,641
Unrestricted	<u>2,703,246</u>	<u>(10,559)</u>	<u>2,692,687</u>
Total net position	<u>\$ 20,854,911</u>	<u>\$ 1,013,417</u>	<u>\$ 21,868,328</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Activities
For the Year Ended June 30, 2023

STATEMENT B

	Expenses	Program Revenues		Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
		Charges for Services	Capital Grants & Contributions		Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities							
General government	\$ 764,753	\$ 197,324	\$ -	\$ (567,429)	\$ (567,429)	\$ -	\$ (567,429)
Total governmental activities	<u>764,753</u>	<u>197,324</u>	<u>-</u>	<u>(567,429)</u>	<u>(567,429)</u>	<u>-</u>	<u>(567,429)</u>
Business-type activities							
Water and sewer	135,700	46,133	2,589	(86,978)	-	(86,978)	(86,978)
Total business-type activities	<u>135,700</u>	<u>46,133</u>	<u>2,589</u>	<u>(86,978)</u>	<u>-</u>	<u>(86,978)</u>	<u>(86,978)</u>
Total primary government	<u>\$ 900,453</u>	<u>\$ 243,457</u>	<u>\$ 2,589</u>	<u>\$ (654,407)</u>	<u>\$ (567,429)</u>	<u>\$ (86,978)</u>	<u>\$ (654,407)</u>
General revenues:							
Property taxes levied for general purposes					496,931	-	496,931
Investment earnings					72,352	-	72,352
Insurance recoveries					-	6,607	6,607
Transfers					(139,944)	139,944	-
Total general revenues and transfers					<u>429,339</u>	<u>146,551</u>	<u>575,890</u>
Change in net position					(138,090)	59,573	(78,517)
Net position-beginning					<u>20,993,001</u>	<u>953,844</u>	<u>21,946,845</u>
Net position-ending					<u>\$ 20,854,911</u>	<u>\$ 1,013,417</u>	<u>\$ 21,868,328</u>

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The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2023

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,733,746
Investments	781,688
Receivables	1,346,259
Deposits	472
Total assets	<u>\$ 3,862,165</u>
LIABILITIES	
Accounts, salaries, and other payables	<u>\$ 7,734</u>
Total liabilities	<u>7,734</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows on leases	<u>1,294,003</u>
Total deferred inflows of resources	<u>1,294,003</u>
FUND BALANCES	
Unassigned	<u>2,560,428</u>
Total fund balances	<u>2,560,428</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,862,165</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position

June 30, 2023

Fund Balances, Total Governmental Funds (Statement C)	\$ 2,560,428
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	18,151,665
Some receivables are not available to pay the current period expenditures and, therefore are not reported in the fund financial statements	112,500
Assets used in governmental activities that are not financial resources and therefore, are not reported in the governmental funds:	
Prepaid assets	<u>30,318</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 20,854,911</u>

The accompanying notes are an integral part of this statement.

STATEMENT E

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

**Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023**

	<u>General Fund</u>
REVENUES	
Ad valorem taxes	\$ 496,931
Rental income	231,074
Investment earnings	<u>72,352</u>
Total revenues	<u>800,357</u>
 EXPENDITURES	
Current:	
General government	<u>209,545</u>
Total expenditures	<u>209,545</u>
 Excess (deficiency) of revenues over expenditures	 590,812
 OTHER FINANCING SOURCES (USES)	
Transfers in	<u>(139,944)</u>
Total other financing sources and uses	<u>(139,944)</u>
 Net change in fund balances	 450,868
 Fund balances - beginning	 <u>2,109,560</u>
Fund balances - ending	<u>\$ 2,560,428</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities**

For the Year Ended June 30, 2023

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ 450,868
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(563,104)
Revenues in the Statement of Activities that do not provide available current financial resources are not reported as revenues in the funds.	(33,750)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	.
Increase in prepaid expense	<u>7,896</u>
Change in Net Position of Governmental Activities, Statement B	<u>\$ (138,090)</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2023

	<u>Business-Type Activity</u>
	<u>Water and Sewer</u>
ASSETS	
Current assets:	
Accounts receivable	\$ 5,237
Prepays	4,565
Total current assets	<u>9,802</u>
Noncurrent assets:	
Capital assets:	
Plant and equipment	2,630,468
less: accumulated depreciation	<u>(1,606,492)</u>
Total noncurrent assets	<u>1,023,976</u>
Total assets	<u>1,033,778</u>
LIABILITIES	
Current liabilities:	
Accounts payable	20,211
Customer meter deposits	<u>150</u>
Total current liabilities	<u>20,361</u>
Total liabilities	<u>20,361</u>
NET POSITION	
Net investment in capital assets	1,023,976
Unrestricted	<u>(10,559)</u>
Total net position	<u>\$ 1,013,417</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

	Business-Type Activity
	Water and Sewer
	<u> </u>
Operating revenues:	
Charges for services	
Water and sewer income	\$ 46,133
Insurance recovery	6,607
Total operating revenues	<u>52,740</u>
Operating expenses:	
Contract labor	12,000
Tank rental	9,642
Utilities	20,797
Dues and subscriptions	766
Testing fees	2,281
Repairs and maintenance	39,373
Depreciation	50,841
Total operating expenses	<u>135,700</u>
Operating income (loss) before contributions and transfers	(82,960)
Capital contributions	2,589
Transfers in	<u>139,944</u>
Change in net position	59,573
Net position - beginning	<u>953,844</u>
Net position - ending	<u>\$ 1,013,417</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2023

	<u>Business-Type Activity</u>
	<u>Water and Sewer</u>
Cash flows from operating activities:	
Cash received from customers	\$ 42,842
Other operating cash receipts	6,607
Cash (payments) for supplies and services	<u>(99,487)</u>
Net cash (used) by operating activities	<u>(50,038)</u>
Cash flows from noncapital financing activities:	
Transfer from other funds	<u>139,944</u>
Net cash used by noncapital financing activities	<u>139,944</u>
Cash flows from capital and related activities:	
Capital contributions	2,589
Construction of capital assets	<u>(92,495)</u>
Net cash (used) by capital and related activities	<u>(89,906)</u>
Net decrease in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ -</u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:	
Operating (loss)	\$ (82,960)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	50,841
Change in assets and liabilities:	
Accounts receivable	(3,291)
Prepaid expenses	(429)
Accounts payable	<u>(14,199)</u>
Net cash provided (used) by operating activities	<u>\$ (50,038)</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

INTRODUCTION

The North Webster Parish Industrial District was created as a political subdivision of the state, under the provisions of Act No. 422 of the 1978 regular session of the Louisiana Legislature. Its territorial limits and jurisdiction extend throughout Ward Two of Webster Parish in the northwest corner of the State of Louisiana.

The governing authority of the District is a Board of Commissioners consisting of seven members, two of whom are appointed by the City of Springhill, one each is appointed by the municipalities of Cullen, Sarepta, Shongaloo, and Cotton Valley, and one is appointed by the Webster Parish Police Jury. Each commissioner serves for an indefinite term of office at the pleasure of the appointing authority.

The District is provided the powers and duties to incur debt and issue bonds to encourage industrial enterprises through the operation of an industrial park. In addition, the District operates a water and sewer system to provide water to tenants of the industrial park.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

Governmental Accounting Standards Board (GASB) Statements establish criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Oversight responsibility is determined on the basis of appointment of governing body, ability to significantly influence operations, accountability for fiscal matters, and the nature and significance of an organization's relationship with the primary government.

Based on the criteria of GASB Statement No 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14, and No. 34, the District is deemed to be a separate reporting entity and there are no component units for which the District is considered to be financially accountable.

C. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds.) Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's industrial park and general administrative services are classified as governmental

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

activities. The District water services are classified as business-type activities.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the North Webster Parish Industrial District. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Depreciation expense is specifically identified by function and is included in the direct expense of each function.

Indirect expenses not allocated to functions are reported separately in the Statement of Activities. Interest expense is considered an indirect expense and is reported separately in the Statement of Activities.

Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, interest income and other items not properly included among program revenues are reported instead as general revenues.

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

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related claims and judgments, are recorded only when payment is due.

Property taxes, rental income, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports one major governmental fund, which includes:

General fund – The General fund is the entity’s primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund.

The District reports one proprietary fund. The Enterprise fund (Water & Sewer) 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 (expenses, including depreciation) 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 the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

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

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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

E. Cash, cash equivalents and investments

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts considered in time deposits and investments with original maturities of 90 days or less. If the original maturities of investments exceed 90 days, they are classified as investments.

State law and the District's investment policy allow the District to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. The District's investment policy goals are (1) safety of principal, (2) liquidity, and (3) yield.

For purposes of the Statement of Cash Flows, the District considers highly liquid investments with original maturities of 90 days or less (including restricted assets) to be cash equivalents.

Investments in certificates of deposit and money market mutual funds are stated at amortized cost.

F. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities are lease revenues, property taxes, and reimbursements on amounts overpaid to tenants.

Business-type activities report utilities as their major receivable. The District considers substantially all customers' utility receivables and other receivables to be fully collectible; accordingly, an allowance for doubtful accounts is not required. If amounts become uncollectible, in the opinion of management, they are charged to operations at that time.

In the fund financial statements, material receivables in governmental funds include revenue accruals for lease payments, a reimbursement on amounts overpaid to tenants, and other intergovernmental revenues since they are usually both measurable and available.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows or resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District does not have any item that qualifies for reporting in this category.

In addition to liabilities, the Statement of Net Position or Balance Sheet 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 a future period(s) and so will not be recognized as an inflow of resources (revenues) until then. The District has one item that qualifies for reporting in this category. The Statement of Net Position reports the deferral of revenue related to leases due to the adoption of GASB 87. See Note 6 for more information.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

The governmental funds balance sheet reports unavailable revenues from amounts which are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

H. Prepaids

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses and are accounted for on the consumption method. The balance in prepaids is recognized in the government-wide financial statements.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation.

The District maintains a threshold level of \$2,500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset nor materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20-40 years
Buildings and building improvements	10-40 years
Equipment	5-20 years

J. Compensated Absences

The District's policy for paid-time off permits full-time employees to accumulate earned but unused vacation/sick time. The amount of paid-time off an employee is eligible for is determined by amount of time of service for the District. The employee is allowed to carryforward to the next calendar year up to 15 days of earned paid time off if workload dictates and with approval by the manager.

K. Long-term obligations

In the government-wide financial statements and proprietary funds 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, and proprietary fund financial statements. Bond premiums and discounts, and gains/losses on refunding, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount or gains/losses

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

on refunding.

L. Fund balances

The North Webster Parish Industrial District implemented the provisions of Governmental Accounting Standards Board Statement 54, which redefined how fund balances are presented in the fund financial statements. In the fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of state or federal laws, or externally-imposed conditions by grantors or creditors.

Committed – Amounts constrained to specific purposes by the District, using its highest level of decision-making authority. The District establishes (and modifies or rescinds) fund balance commitments by formal approval during open meetings of the District board, which is the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.

Assigned - Amounts the District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned – amounts that are available for any purpose and not included in other spendable classifications.

The District has not adopted a policy to maintain the General Fund's unassigned fund balance above a certain minimum level.

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

M. Restricted net position

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources when expenses are incurred for a purpose for which both restricted and unrestricted net position are available.

N. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

2. Ad valorem tax

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied and collected by the tax collector of the Parish of Webster. Taxes are levied in September or October, and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. The tax levy for 2022 was 5.18 mills of the assessed property valuation on tax rolls as of January 1. For the year ended June 30, 2023, taxes of \$496,931 were levied on property with assessed valuations totaling \$96,239,768.

3. Stewardship, Compliance, and Accountability

Budget information. The District uses the following budget practices:

- 1) The administrative assistant prepares a proposed budget and submits same to the Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year.
- 2) After formal review and public inspection, the budget is adopted by the Board of Commissioners prior to June 30 of the year end.
- 3) Formal budgetary integration is employed as a management control device during the year for the General fund. Budgetary amendments require the approval of the Board of Commissioners. The Board of Commissioners is authorized to transfer amounts between line items within any fund.
- 4) The budget for the General fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts, as originally adopted, are amended from time to time by the District.
- 5) Appropriations lapse at the end of each fiscal year.
- 6) The Board of Commissioners may authorize supplemental appropriations during the year.

4. Cash and Cash Equivalents

At June 30, 2023, the District had cash and cash equivalents totaling \$1,733,746 in interest-bearing and non-interest-bearing demand deposits. These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times at least equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2023, the District had \$2,518,175 in deposits and certificates of deposit (collected bank

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

balances). These deposits were secured from risk by \$1,552,295 of federal deposit insurance and \$6,140,943 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

The District deposit policies do not address custodial credit risk.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

5. Investments

As of June 30, 2023, the District's investments consisted of \$781,688 in certificates of deposits. Certificates of deposits are secured from risk by federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3.)

The District-adopted investment policy does not address credit risk or custodial credit risk.

6. Lessor tenant agreements

The District has entered into agreements with various tenants for the use of District buildings for space needed for operations, storage, parking and office facilities. The terms of the various tenant agreements are as follows:

Building - Clinic is leased by Springhill Medical Center, Inc. The terms of this agreement include a fixed minimum payment of \$1,250 per month. This lease commenced on September 1, 2020, with a term of 60 months, with no options to renew. There are no termination options in this lease.

Building #4 is leased by Teijin Automotive Technologies, LLC (formerly Continental Structural Plastics of Louisiana, LLC.). The term of this agreement includes a fixed minimum payment of \$5,400 per month. The lease commenced on September 1, 2021, with a term of one year lease with the option to renew for an additional one-year term. There are no termination options in this lease.

Compression Building Facility is leased by Teijin Automotive Technologies, LLC (formerly Continental Structural Plastics of Louisiana, LLC.) The term of this agreement includes a minimum payment of \$1,000 per month or \$12,000 per year. The lease agreement also provides for job performance penalties assessed against the lessee for failure to meet a minimum of 175 employees on payroll at the physical location being leased. This lease commenced on January 1, 2022, for a term of 15 years, with no option to renew. There are no termination options in this lease.

Building #3 is leased by Integrigo Composites, Inc. (Integrigo). The term of this agreement includes annual rent of \$120,000 payable in equal quarterly installments. The lease commenced on January 1, 2022, for a term of 11 years, with last payment due April 1, 2034. Integrigo has an option to renew for an additional 20 years, but the District does not anticipate Integrigo renewing the lease. The District has

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

the option to terminate the lease if Integrico does not meet the jobs requirements as stipulated in the lease agreement; however, the District does not anticipate terminating the lease.

Upon implementation of GASB No. 87 for the year ended June 30, 2022, the District measured the lease receivables as of July 1, 2021, discounting to a net present value on July 1, 2021 using 4.8% interest rate, which was the District incremental borrowing rate from its last bond issue.

The following is a schedule of future payments due to the District under non-cancelable agreements as of June 30, 2023:

Year Ending June 30,	Principal	Interest
2024	\$ 103,269	\$ 54,531
2025	97,060	49,940
2026	89,079	45,421
2027	90,827	41,173
2028	95,268	36,732
2029-2033	550,924	109,076
2034-2037	155,076	6,924
Total	\$ 1,181,503	\$ 343,797

7. Receivables

The receivables at June 30, 2023 are as follows:

	Governmental	Business- type
Lease receivable	\$ 1,181,503	\$ -
Due from other governments	1,434	-
Due from tenants	163,322	-
Water and sewer receivable	-	5,237
Total	\$ 1,346,259	\$ 5,237

Lease receivable

The District is reporting leases receivable of \$1,181,503 as of June 30, 2023. The District reported lease revenue of \$158,273 and interest revenue of \$61,027 related to the payments received. These leases are summarized as follows:

Leased facility	Lease Receivable	Lease Revenue	Lease interest
Building - Clinic	\$ 30,809	\$ 13,176	\$ 1,824
Building #4	10,736	62,644	2,156
Compression Building Facility	119,057	13,536	5,964
Building #3	1,020,901	68,917	51,083
Total	\$ 1,181,503	\$ 158,273	\$ 61,027

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

Other receivables

The total reported as due from tenants is made up of \$47,322 that the District is pursuing collection from a tenant for an overpayment of reimbursed costs and \$116,000 owed to the District as of June 30, 2023, for delinquent lease payments from 2020 and 2021. An arrangement has been made with the tenant to collect the \$180,000 owed in delinquent lease payments in sixteen quarterly installments commencing on January 1, 2022. No allowance has been recognized because the District considers the amounts collectible.

8. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2023, for the District is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 500,575	\$ -	\$ -	\$ 500,575
Construction in progress	<u>4,460,683</u>	<u>-</u>	<u>(4,460,683)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>4,961,258</u>	<u>-</u>	<u>(4,460,683)</u>	<u>500,575</u>
Capital assets being depreciated				
Land improvements	1,792,057	-	-	1,792,057
Buildings and improvements	18,878,078	4,460,683	-	23,338,761
Machinery and equipment	<u>42,068</u>	<u>-</u>	<u>-</u>	<u>42,068</u>
Total capital assets being depreciated	<u>20,712,203</u>	<u>4,460,683</u>	<u>-</u>	<u>25,172,886</u>
Less accumulated depreciation for:				
Land improvements	(1,270,491)	(23,723)	-	(1,294,214)
Building and improvements	(5,652,280)	(537,364)	-	(6,189,644)
Machinery and equipment	<u>(35,921)</u>	<u>(2,017)</u>	<u>-</u>	<u>(37,938)</u>
Total accumulated depreciation	<u>(6,958,692)</u>	<u>(563,104)</u>	<u>-</u>	<u>(7,521,796)</u>
Total capital assets being depreciated, net	<u>13,753,511</u>	<u>3,897,579</u>	<u>-</u>	<u>17,651,090</u>
Governmental activities capital assets, net	<u>\$18,714,769</u>	<u>\$ 3,897,579</u>	<u>\$ (4,460,683)</u>	<u>\$18,151,665</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

	Beginning Balance	Additions	Deletions	Ending Balance
Business-types activities:				
Capital assets, not being depreciated				
Construction in progress	\$ 378,843	\$ 13,930	\$ (392,773)	\$ -
Total capital assets, not being depreciated	378,843	13,930	(392,773)	-
Capital assets being depreciated				
Improvements other than buildings	2,159,130	471,338	-	2,630,468
Total capital assets being depreciated	2,159,130	471,338	-	2,630,468
Less accumulated depreciation for:				
Improvements other than buildings	(1,555,651)	(50,841)	-	(1,606,492)
Total accumulated depreciation	(1,555,651)	(50,841)	-	(1,606,492)
Total capital assets being depreciated, net	603,479	420,497	-	1,023,976
Business-type activities capital assets, net	\$ 982,322	\$ 434,427	\$ (392,773)	\$ 1,023,976

Depreciation expense was charged as a direct expense of the primary government as follows:

Governmental activities:		Business-type activities:	
General government	\$ <u>563,104</u>	Water & sewer	\$ <u>50,841</u>

9. Accounts payable and other accrued liabilities

The payables of the District at June 30, 2023, are as follows:

	Governmental	Business-type
Accounts payable	\$ 1,365	\$ 20,211
Wages payable	1,123	-
Payroll tax liabilities	1,869	-
Total	\$ 4,357	\$ 20,211

10. Customer Meter Deposits

As of June 30, 2023, the District began charging a meter deposit for new accounts of the water and sewer system. The total deposits held for customers as of June 30, 2023, was \$150.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

11. Operating Transfers

Operating transfer balances for the year ended June 30, 2023, were as follows:

	Operating Transfer	
	In	Out
General fund	\$ 139,944	\$ -
Enterprise fund	-	139,944
Total	\$ 139,944	\$ 139,944

The General fund bank account covers the excess costs of Water and Sewer fund not covered by the water system revenue.

12. Long-term Obligation

The following is a summary of the change in long-term debt for the year ended June 30, 2023:

Type of debt	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Amount due within one year
Governmental activities:					
Compensated absences	\$ 1,889	\$ 4,500	\$ (3,012)	\$ 3,377	\$ 3,377
Total	\$ 1,889	\$ 4,500	\$ (3,012)	\$ 3,377	\$ 3,377

13. Risk Management

The District purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the previous year.

14. Tax abatements

The District is subject to tax abatements granted by the Louisiana Department of Economic Development (LED). Louisiana has a ten-year industrial exemption law that provides any manufacturing establishment entering Louisiana, or any manufacturing establishment expanding its Louisiana facilities is eligible to receive exemption on buildings and equipment from state, parish and local property taxes for a period of ten years. The exemption is for the “contract” value of buildings or equipment used by the business. When the exemption expires, the property is to be placed on the tax roll at 15% of its current market value. The amount of tax abatement under this program during the fiscal year ended June 30, 2023 by authorized millage is as follows:

<u>Tax code</u>	<u>Millage</u>	<u>Taxable value</u>	<u>Taxpayer exemption</u>
General corporate purposes	5.18 mills	\$ 2,826,277	\$ 14,640

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

15. Subsequent events

Management has evaluated subsequent events through December 28, 2023, the date that the financial statements were available to be issued and determined that no additional disclosures are necessary.

16. Litigation and claims

The District is currently not involved in litigation.

17. New GASB standard

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for governments. This Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition will result in greater consistency in practice. This Statement will also enhance the relevance and reliability of a government's financial statements by requiring recognition of a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The adoption of this standard had no impact on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered part of the basic financial statements. This information includes the Budgetary Comparison Schedule for the General fund and notes to the budgetary comparison schedule.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Budgetary Comparison Schedule -
General Fund
For the Year Ended June 30, 2023

Schedule 1

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Ad valorem taxes	\$ 510,000	\$ 496,000	\$ 496,931	\$ 931
Rental income	264,601	292,101	231,074	(61,027)
Investment earnings	10,000	11,075	72,352	61,277
Total revenues	<u>784,601</u>	<u>799,176</u>	<u>800,357</u>	<u>1,181</u>
Expenditures				
General government	<u>183,967</u>	<u>211,620</u>	<u>209,545</u>	<u>2,075</u>
Total expenditures	<u>183,967</u>	<u>211,620</u>	<u>209,545</u>	<u>2,075</u>
Excess (deficiency) of revenues over expenditures	600,634	587,556	590,812	3,256
Other Financing Sources (Uses)				
Operating transfers out	<u>(153,500)</u>	<u>(126,500)</u>	<u>(139,944)</u>	<u>13,444</u>
Total other financing sources (uses)	<u>(153,500)</u>	<u>(126,500)</u>	<u>(139,944)</u>	<u>13,444</u>
Net change in fund balances	447,134	461,056	450,868	16,700
Fund balance - beginning	<u>2,072,916</u>	<u>1,332,251</u>	<u>2,109,560</u>	<u>777,309</u>
Fund balance - ending	<u>\$ 2,520,050</u>	<u>\$ 1,793,307</u>	<u>\$ 2,560,428</u>	<u>\$ 767,121</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

**Notes to Budgetary Comparison Schedule
As of and for the Year Ended June 30, 2023**

Note 1 - Budget basis

- A. The budget for the General fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).
- B. Appropriations lapse at the end of each fiscal year.

OTHER SUPPLEMENTAL SCHEDULES

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for the purpose of additional analysis.

Such statements include:

- Schedule of Compensation Paid Board Members
- Schedule of General fund Expenditures
- Schedule of Compensation, Benefits and Other Payments to Agency Head

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Compensation Paid Board Members
June 30, 2023

The Board of Commissioners of the North Webster Parish Industrial District meets each month. They do not receive any compensation. The following were members of the Board as of June 30, 2023:

Chairman	Randy Sexton	Member	Jeff Harper
Vice-Chairman	John "Darryl" Vercher	Member	Terry Lewis
Secretary-Treasurer	Craig Tripp	Member	Lamar Smith
Member	James Heath Harvey		

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
 Schedule of General Fund Expenditures
 For the Year Ended June 30, 2023

With Comparative Amounts for the Year Ended June 30, 2022

	<u>2023</u>	<u>2022</u>
General and administrative:		
Salaries	\$ 59,673	\$ 53,880
Taxes	4,817	4,381
Building maintenance	28,005	65,225
Website software	2,745	2,152
Insurance	32,733	27,474
Legal and accounting	20,923	22,669
Office	2,238	2,745
Tax assessor fees	17,392	17,469
Bank fees	101	-
Promotional	1,487	1,615
Telephone	3,841	3,855
Utilities	4,856	4,428
Dues	5,300	15,300
Printing	821	1,447
Commission expense	3,888	3,888
Bad debt expense	-	650
Total general and administrative	<u>188,820</u>	<u>227,178</u>
Park expenditures:		
Maintenance	<u>20,725</u>	<u>18,547</u>
Total park expenditures	<u>20,725</u>	<u>18,547</u>
Capital outlay:		
Professional services	-	2,250
Building improvement	-	2,070,999
Total capital outlay	<u>-</u>	<u>2,073,249</u>
Total general fund expenditures	<u>\$ 209,545</u>	<u>\$ 2,318,974</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Schedule of Compensation, Benefits and Other Payments to Agency Head
Year Ended June 30, 2023

<u>Position: Chairman</u>	<u>Randy Sexton</u>
Purpose: Salary	\$ -

OTHER REPORTS

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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

To the Board of Commissioners of the
North Webster Parish Industrial District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of North Webster Parish Industrial District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 28, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 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 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 by material

weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of current year findings as item 2023-01, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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*.

District's Response to Findings

Governmental Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of current year finding. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended purpose of these reports is limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Wise, Martin & Co., LLC

Minden, Louisiana
December 28, 2023

SCHEDULES FOR LOUISIANA LEGISLATIVE AUDITOR

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Current Year Findings
For the Year Ended June 30, 2023

Finding 2023-01 Lack of segregation of duties

Specific requirement: Proper internal control requires segregation of duties. An adequate system of internal accounting controls provides for the segregation of duties of employees such that no one employee is in a position to both initiate and approve transactions.

Condition found: Management for the North Webster Parish Industrial District does not have proper segregation of duties to ensure adequate internal accounting controls such that no one employee is in a position to both initiate and approve transactions.

The District has one employee who is responsible for receiving checks, endorsing checks, preparing deposit slips, making the deposits, recording transactions in the accounting records, and preparing the bank reconciliation. That same person also prepares payroll, files payroll reports, maintains paid time off and comp time calculations.

Possible asserted effect (cause and effect)

Cause: The District staff consist of a limited number of employees and therefore it is not feasible to maintain an adequate segregation of duties.

Effect or potential effect: Intentional or unintentional errors could be made and not be detected.

Recommendation to prevent future occurrences: Although it may not be practical to segregate accounting and reporting duties due to limited personnel, we recommend that members of the Board continue their involvement in monitoring, review and oversight.

Management Response: NWPID Management has taken every step available to provide for segregation of duties with a limited staff, especially as it relates to good financial control. With only one employee, this is difficult to achieve. NWPID involves the board members, primarily the Chairman, in reviewing and approving bank reconciliations, payroll, payroll reports, and approving leave and comp time. Additionally, board approval is required for all expenditures, and only members of the board not including staff can sign checks or access the District's funds. The District will review possible documents or recommendations for the best business practices found on the Louisiana Legislative Auditors website.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Prior Year Findings
For the Year Ended June 30, 2023

There were three findings for the prior year audit for the year ended June 30, 2022, as follows:

Finding 2022-01 Lack of segregation of duties

Material weakness: Management for the North Webster Parish Industrial District does not have proper segregation of duties to ensure adequate internal accounting controls.

Current Status: Not resolved. See current year finding, 2023-01.

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the North Webster Parish Industrial District
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The North Webster Parish Industrial District's management is responsible for those C/C areas identified in the SAUPs.

The North Webster Parish Industrial District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

- a. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

Written policy and procedures were obtained and addressed all areas listed above that applied to the District's operations.

- b. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Written policy and procedures were obtained and addressed all areas listed above that applied to the District's operations.

- c. **Disbursements**, including processing, reviewing, and approving.

Written policy and procedures were obtained and addressed all areas listed above that applied to the District's operations.

- d. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Exception: Written policy and procedures were obtained and addressed all areas listed above that applied to the District's operations except there was no procedures to address the completeness of all collections.

Management response: Receipts/collections policy will be updated to include procedures to address the completeness of all collections.

- e. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Written policy and procedures were obtained and addressed all areas listed above that applied to the District's operations.

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

Written policy and procedures were obtained and addressed all areas listed above that applied to the District's operations.

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

Written policy and procedures were obtained and addressed all areas listed above that applied to the District's operations.

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

Written policy and procedures were obtained and addressed all areas listed above that applied to the District's operations.

- i. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Written policy and procedures were obtained and addressed all areas listed above that applied to the District's operations.

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

Written policy and procedures were obtained and addressed all areas listed above that applied to the District's operations.

- k. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Written policy was obtained and addressed all areas listed above that applied to the District's operations.

- l. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Written policy and procedures were obtained and addressed all areas listed above that applied to the District's operations.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The board met monthly in accordance with their enabling legislation.

- b. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

Minutes referred to a monthly budget-to-actual comparisons on all funds.

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

Obtained prior year audit report and observed a positive ending unassigned fund balance.

- d. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Not applicable – only finding related to lack of segregation of duties which the board does not feel the cost of hiring additional employees is beneficial and has opted to monitor themselves.

Bank Reconciliation

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

Management provided us with a list of bank accounts and representation that the list is complete.

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

Bank reconciliations selected included evidence that reconciliations were prepared within 2 months of the related statement closing date.

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

Bank reconciliations selected included evidence of review by a member of management or a board member with no involvement in the transactions associated with the bank account.

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

Not applicable. There were no reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Management provided us with the required list and representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Management provided us with the required list and representation that the listing is complete.

- a. Employees responsible for cash collections do not share cash drawers/registers.

This procedure does not apply. The District has one employee and no cash drawer/register is used by the District.

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

***Exception:** The employee responsible for collecting cash is also responsible for preparing/making bank deposits. No other reconciliation is performed by another employee/official.*

***Management response:** NWPID Management has taken every step available to provide for segregations of duties with a limited staff. With only one employee, this is difficult to achieve. The Chairman or a Board Member will review the monthly deposit report for any discrepancies.*

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

***Exception:** The employee responsible for collecting cash is also responsible for posting entries to the general ledger. No other reconciliation is performed by another employee/official.*

***Management response:** NWPID Management has taken every step available to provide for segregations of duties with a limited staff. With only one employee, this is difficult to achieve. The Chairman or a Board Member will review the general ledger for any discrepancies.*

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

***Exception:** The District has one employee who is responsible for reconciling cash collections to the general ledger and is also responsible for collecting cash. No other employee/official verifies the reconciliation.*

***Management response:** NWPID Management has taken every step available to provide for segregations of duties with a limited staff. With only one employee, this is difficult to achieve. The Chairman or a Board Member will review the reconciliations for any discrepancies.*

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was in force during the fiscal period.

All employees who have access to cash are covered by a bond or insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a. Observe that receipts are sequentially pre-numbered.
Not applicable - Receipts are not used by the District.
 - b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exception noted.
 - c. Trace the deposit slip total to the actual deposit per the bank statement.
No exception noted.
 - d. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
No exceptions noted.
 - e. Trace the actual deposit per the bank statement to the general ledger.
No exceptions noted.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
Management provided us with the required list and representation that the listing is complete.
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
Management provided us with the required list and representation that the listing is complete.
 - a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
Not applicable - The Commission does not utilize a requisition/purchase order system. Purchases receive advance Commission approval through budgetary allocations, except when state law or Commission policy require formal bids.
 - b. At least two employees are involved in processing and approving payments to vendors.

No exception noted.

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

No exception noted.

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

Exception: *The employee who is responsible for processing payments is also responsible for mailing the payments.*

Management response: *NWPID Management has taken every step available to provide for segregations of duties with a limited staff. With only one employee, this is difficult to achieve.*

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

- a. Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions noted.

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

No exceptions noted.

11. Using the entity's main operating account and the month selected in Bank reconciliations procedure above, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g. sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exceptions noted.

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

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided us with a list of credit cards/debit cards/ fuel cards/p-cards and representation that the list is complete.

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

No exceptions noted.

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

No exceptions noted.

14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Observed all required supporting documentation for all above except for number 2.

Exception: *No written documentation of the business/public purpose was provided.*

Management response: *The NWPID Park manager will make notations on all credit card statements listing items purchased.*

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

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

Management provided us with the required list and representation that the list is complete.

- a. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Not applicable, no travel reimbursements made during the fiscal year.

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

Not applicable, no travel reimbursements made during the fiscal year.

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

Not applicable, no travel reimbursements made during the fiscal year.

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

Not applicable, no travel reimbursements made during the year.

Contracts

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

Management provided us with the required list and representation that the listing is complete.

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

Not applicable – no contracts were initiated or renewed during the fiscal period.

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

Not applicable – no contracts were initiated or renewed during the fiscal period.

- c. If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Not applicable – no contracts were initiated or renewed during the fiscal period.

- d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Not applicable – no contracts were initiated or renewed during the fiscal period.

Payroll and Personnel

17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Management provided us with the required list and representation that the listing is complete.

18. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:

- a. Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

No exception noted.

- b. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exception noted.

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

No exception noted.

- d. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exception noted.

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

Not applicable – no employees were terminated during the fiscal period.

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Management provided us with the required representation.

Ethics

21. Using the 5 randomly selected employees/officials from procedure #17 under “Payroll and Personnel” above, obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exception noted.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

No exception noted.

22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exception noted.

Debt Service

23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management’s representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

Not applicable - No debt was issued during the fiscal period.

24. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Not applicable - No debt was outstanding at the end of the fiscal period.

Fraud Notice

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

Management provided us with the required list and representation that the listing is complete. There were no misappropriations reported.

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

No exception noted.

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- a. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- b. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- c. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed for disabled from the network.

Not applicable – no employees were terminated during the fiscal year.

Sexual Harassment

29. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exception noted.

30. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

No exception noted.

31. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a. Number and percentage of public servants in the agency who have completed the training requirements;
- b. Number of sexual harassment complaints received by the agency;

- c. Number of complaints which resulted in a finding that sexual harassment occurred;
- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e. Amount of time it took to resolve each complaint.

No exceptions noted.

We were engaged by the North Webster Parish Industrial District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the North Webster Parish Industrial District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Wise, Martin & Cole, LLC

Minden, Louisiana
December 28, 2023