

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Annual Financial Report
As of and for the Year Ended June 30, 2018

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-12 and 39-40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 other supplemental schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental schedules, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental schedules, as listed in the table of contents, 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, 2018, 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 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.

Wesley Martin & Cole, LLC

Minden, Louisiana

December 28, 2018

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, 2018. 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 14 and 15) 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 16. 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 14. 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 two governmental funds, the general fund and debt service 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 debt service fund accounts for resources used to service long-term debt. These funds are 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, 2018, net position changed as follows:

Table 1
Net Position

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 3,770,251	\$ 5,024,647	\$ 106,845	\$ 105,868	\$ 3,877,096	\$ 5,130,515
Capital assets	<u>13,695,917</u>	<u>12,591,670</u>	<u>813,985</u>	<u>869,641</u>	<u>14,509,902</u>	<u>13,461,311</u>
Total assets	<u>17,466,168</u>	<u>17,616,317</u>	<u>920,830</u>	<u>975,509</u>	<u>18,386,998</u>	<u>18,591,826</u>
Long-term liabilities	910,911	1,110,217	-	-	910,911	1,110,217
Other liabilities	<u>7,621</u>	<u>388,707</u>	<u>1,920</u>	<u>2,902</u>	<u>9,541</u>	<u>391,609</u>
Total liabilities	<u>918,532</u>	<u>1,498,924</u>	<u>1,920</u>	<u>2,902</u>	<u>920,452</u>	<u>1,501,826</u>
Net position:						
Net investment in capital assets	12,785,917	11,486,670	813,985	869,641	13,599,902	12,356,311
Restricted	174,045	184,531	-	-	174,045	184,531
Unrestricted	<u>3,587,674</u>	<u>4,446,192</u>	<u>104,925</u>	<u>102,966</u>	<u>3,692,599</u>	<u>4,549,158</u>
Total net position	<u>\$16,547,636</u>	<u>\$16,117,393</u>	<u>\$ 918,910</u>	<u>\$ 972,607</u>	<u>\$ 17,466,546</u>	<u>\$ 17,090,000</u>

As mentioned earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2018, the District's assets exceeded liabilities by \$16,547,636 and \$918,910 in the governmental and business type activities, respectively.

The largest portion of the District's net position (78%) 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 to the tenants.

Restricted net position represents amounts available to cover debt service requirements.

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 \$3,587,674 in the governmental activities as of June 30, 2018. The business-type activities report \$104,925 as unrestricted net position.

Table 2
Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program revenues:						
Charges for services	\$ 343,455	\$ 369,888	\$ 22,484	\$ 23,923	\$ 365,939	\$ 393,811
Capital contributions	-	600	-	-	-	600
General revenues:						
Property taxes	544,824	572,825	-	-	544,824	572,825
Royalties	13,560	11,663	-	-	13,560	11,663
Timber sales	-	26,250	-	-	-	26,250
Miscellaneous	-	-	2,108	-	2,108	-
Investment earnings	<u>13,716</u>	<u>12,997</u>	<u>-</u>	<u>-</u>	<u>13,716</u>	<u>12,997</u>
Total revenues	<u>915,555</u>	<u>994,223</u>	<u>24,592</u>	<u>23,923</u>	<u>940,147</u>	<u>1,018,146</u>
Program expenses						
General government	758,228	938,791	-	-	758,228	938,791
Interest on long-term debt	29,217	30,637	-	-	29,217	30,637
Water and sewer	<u>-</u>	<u>-</u>	<u>123,293</u>	<u>141,124</u>	<u>123,293</u>	<u>141,124</u>
Total expenses	<u>787,445</u>	<u>969,428</u>	<u>123,293</u>	<u>141,124</u>	<u>910,738</u>	<u>1,110,552</u>
Excess (deficiency) before special items, extraordinary items and transfers	128,110	24,795	(98,701)	(117,201)	29,409	(92,406)
Special item – buy back of lease	-	(207,453)	-	-	-	(207,453)
Extraordinary item – insurance proceeds	347,137	2,130,122	-	-	347,137	2,130,122
Transfers	<u>(45,004)</u>	<u>(56,267)</u>	<u>45,004</u>	<u>56,267</u>	<u>-</u>	<u>-</u>
Change in net position	430,243	1,891,197	(53,697)	(60,934)	376,546	1,830,263
Net position – beginning	<u>16,117,393</u>	<u>14,226,196</u>	<u>972,607</u>	<u>1,033,541</u>	<u>17,090,000</u>	<u>15,259,737</u>
Net position – ending	<u>\$16,547,636</u>	<u>\$16,117,393</u>	<u>\$918,910</u>	<u>\$972,607</u>	<u>\$17,466,546</u>	<u>\$17,090,000</u>

Governmental-type activities

The net position of the governmental-type activities increased by \$430,243. The increase in net position is mainly attributed to the receipt of the remaining balance of insurance recovery proceeds totaling \$347,137 that was used to fund the costs of rebuilding a District building which had been destroyed by fire in November, 2015.

Comparing the current and prior year revenues of the District’s governmental activities, there was a decrease of approximately \$79,000. The District reported a decrease in lease revenues of approximately \$26,000. The District lease with CSP is connected with the amounts to payback bonds used to construct the CSP building. The remaining lease payments are decreasing as payback of the

bonds progresses. Property tax revenues decreased by approximately \$28,000, due to the decrease in taxable property values. This year, the District did not receive revenue from timber sales as they had in the prior year.

Comparing the current and prior year activity, total governmental expenditures decreased by approximately \$182,000. Explanation of some changes in expenditures include:

- Decrease in the costs of building maintenance expense of \$162,000.
- The Executive director resigned in January, 2018 and was not replaced, this resulted in a decrease in salaries and related payroll tax expense of approximately \$44,000.
- The District incurred approximately \$20,000 to hold the election for the renewal of the ad valorem. This expense does not occur every year.

Business-type activities

Overall, the revenues recognized in the Water and Sewer fund for the District were comparable to the prior year.

Repairs and maintenance accounts for 34% of the total expense of the water and sewer system.

The water and sewer system's cash outflows are covered with funds available from the governmental activities because the system's revenues are not enough to cover the costs of the water and sewer operations. During the year the governmental activities funded \$45,004 of the business-type activities.

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. In particular, 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 16) reported a combined fund balance of \$3,725,077, reflecting a decrease of \$882,095 from the prior fiscal year balance of \$4,607,172.

Overall, General fund expenditures decreased by approximately \$148,000 compared to the prior year expenditures. The District's expenditures increase for the costs of holding a property tax renewal election, adding insurance cover the Spec #5 building, whose rebuild was completed during the year.

Building maintenance was substantially less in the current year. Salaries and related taxes were also less in the current year, due to the resignation of the Executive director.

The decrease in fund balance is due to the fact that the General fund expended insurance recovery proceeds which were received in the prior year to complete the rebuild of the Spec #5 building which was destroyed by fire in November 2015.

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, 2018, the District made one amendment to its budget. The original revenues were decreased by approximately \$14,000. Budget amendments to revenues were made to reflect a \$16,000 decrease in property tax collections due to the decrease in taxable property values and a decrease in rental income of approximately \$3,000. There were increases to projected interest and royalty income of approximately \$5,000. Also, the budgeted insurance recovery proceeds increased by approximately \$162,000 from the original budget. Projected expenditures were amended to reflect a decrease in general government and capital outlay expenditures of over \$300,000.

The final budget for capital outlay did not include the cost of property acquired during the year of \$145,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of June 30, 2018, the District had approximately \$20.9 million invested in capital assets including buildings, park facilities, and the water and sewer system.

	Governmental		Business-type		Totals	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Land	\$ 500,575	\$ 491,575	\$ -	\$ -	\$ 500,575	\$ 491,575
Construction in progress	-	1,465,366	-	-	-	1,465,366
Land improvements	163,400	177,721	-	-	163,400	177,721
Building and improvements	13,031,226	10,455,973	-	-	13,031,226	10,455,973
Improvements other than bldgs.	-	-	813,985	869,641	813,985	869,641
Equipment	716	1,035	-	-	716	1,035
Totals (net of depreciation)	<u>\$13,695,917</u>	<u>\$12,591,670</u>	<u>\$ 813,985</u>	<u>\$869,641</u>	<u>\$14,509,902</u>	<u>\$13,461,311</u>

During the year, District purchased a land and building for approximately \$145,000. In addition, the District completed the rebuild of a building (Spec #5) at a cost of \$2,834,847. The cost of the construction was covered by \$2,477,259 in insurance proceeds, a portion received in the prior year and the balance received in the current year.

DEBT

The North Webster Parish Industrial District issued Industrial Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition, construction and installation of a manufacturing facility deemed to be in the public interest. The bonds are secured by a \$2,900,000 Letter of Credit, revenues received in connection with the leasing of the facility, revenues of the District in excess of the statutory, ordinary and customary expenses, and any economic development tax of the District. As of June 30, 2018, the District had \$910,000 in debt as compared to \$1,105,000 last year. No new debt was issued during the year.

More detailed information about the District's long-term liabilities is presented in Note 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The North Webster Parish Industrial District ("NWPID") ends fiscal year 2018 with the renewal of the millage tax on March 24, 2018. The millage is permitted for a period of ten years and generates income of \$555,000.00. This income generated is used to maintain NWPID infrastructure and the general operating expenses of NWPID. Rental income, royalty income and investments income continue to be stable. This income derives the balance of the income to which NWPID operates.

NWPID has allocated a portion of the income derived from the millage revenues to complete extensive repairs to the building currently leased by Continental Structural Plastics ("CSP"). Plus a portion of the tax generated revenue will also be used to address drainage issues within the industrial park. Total cost included in the budget for fiscal year end 2019 is \$130,000.00. CSP has also exercised their option to extend the spec building lease for another year that will generate \$64,800.00 in revenue. Also, the CSP Revenue Bond of \$2,900,000.00 will be paid off in 2022.

The District applied for a Delta Regional Authority ("DRA") Grant to upgrade the current sewer system of NWPID in August. The total project cost is \$250,000.00 to which 49% would be funded by NWPID and 51% from the grant. The District was encouraged to request a rate study to determine the sustainability rates to be charged moving forward. This study was completed by Louisiana Rural Water Association ("LaRWA") and presented to the Board in September. NWPID approved the following rates starting with the January 2019 readings to be due in February. Water and sewer rates will be \$25.00 minimum up to 2,000 gallons then \$1.55 per thousand gallons thereafter each. Total minimum billing for water and sewer will be \$50.00.

NWPID is actively working with Louisiana Economic Development (LED) and North Louisiana Economic Partnership (NLEP) to attract potential tenants and generate additional jobs. The District currently has a newly constructed 50,000 square foot manufacturing building, a certified site and the Morgan Building that has generated a number of prospects.

NWPID continues to move forward and tenants within the Industrial District continue to have steady growth and are operating as vibrant businesses.

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, 2018

	Primary Government		<u>Total</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,577,745	\$ 105,753	\$ 2,683,498
Investments	1,137,453	-	1,137,453
Receivables	15,783	1,092	16,875
Prepays	28,203	-	28,203
Deposits	11,067	-	11,067
Noncurrent assets:			
Land	500,575	-	500,575
Depreciable capital assets	13,195,342	813,985	14,009,327
Total assets	<u>17,466,168</u>	<u>920,830</u>	<u>18,386,998</u>
LIABILITIES			
Accounts payable and other accrued liabilities	5,105	1,920	7,025
Interest payable	2,516	-	2,516
Noncurrent liabilities:			
Due within one year	205,000	-	205,000
Due in more than one year	705,911	-	705,911
Total liabilities	<u>918,532</u>	<u>1,920</u>	<u>920,452</u>
NET POSITION			
Net investment in capital assets	12,785,917	813,985	13,599,902
Restricted for debt service	174,045	-	174,045
Unrestricted	3,587,674	104,925	3,692,599
Total net position	<u>\$ 16,547,636</u>	<u>\$ 918,910</u>	<u>\$ 17,466,546</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, 2018

	Expenses	Program	Net	Net (Expenses) Revenues and		
		Revenues		Changes of Primary Government		
		Charges for	(Expenses)/	Governmental	Business-type	Total
		Services	Revenue	Activities	Activities	
PRIMARY GOVERNMENT:						
Governmental activities						
General government	\$ 758,228	\$ 343,455	\$ (414,773)	\$ (414,773)	\$ -	\$ (414,773)
Interest on long-term debt	29,217	-	(29,217)	(29,217)	-	(29,217)
Total governmental activities	<u>787,445</u>	<u>343,455</u>	<u>(443,990)</u>	<u>(443,990)</u>	<u>-</u>	<u>(443,990)</u>
Business-type activities						
Water and sewer	123,293	22,484	(100,809)	-	(100,809)	(100,809)
Total business-type activities	<u>123,293</u>	<u>22,484</u>	<u>(100,809)</u>	<u>-</u>	<u>(100,809)</u>	<u>(100,809)</u>
15 Total primary government	<u>\$ 910,738</u>	<u>\$ 365,939</u>	<u>\$ (544,799)</u>	<u>\$ (443,990)</u>	<u>\$ (100,809)</u>	<u>\$ (544,799)</u>
General revenues:						
Property taxes levied for general purposes				544,824	-	544,824
Royalties				13,560	-	13,560
Investment earnings				13,716	-	13,716
Miscellaneous				-	2,108	2,108
Extraordinary Item - Insurance recovery				347,137	-	347,137
Transfers				(45,004)	45,004	-
Total general revenues, special items, extraordinary items, and transfers				<u>874,233</u>	<u>47,112</u>	<u>921,345</u>
Change in net position				430,243	(53,697)	376,546
Net position-beginning				<u>16,117,393</u>	<u>972,607</u>	<u>17,090,000</u>
Net position-ending				<u>\$ 16,547,636</u>	<u>\$ 918,910</u>	<u>\$ 17,466,546</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2018

		Debt Service Fund	
	General Fund	Industrial Revenue Bonds, Series 2001	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,403,700	\$ 174,045	\$ 2,577,745
Investments	1,137,453	-	1,137,453
Receivables (net of allowances for uncollectibles)	15,748	-	15,748
Deposits	11,067	-	11,067
Total assets	<u>\$ 3,567,968</u>	<u>\$ 174,045</u>	<u>\$ 3,742,013</u>
LIABILITIES			
Accounts, salaries, and other payables	\$ 5,105	-	\$ 5,105
Total liabilities	<u>5,105</u>	<u>-</u>	<u>5,105</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	11,831	-	11,831
Total deferred inflows of resources	<u>11,831</u>	<u>-</u>	<u>11,831</u>
FUND BALANCES			
Restricted	-	174,045	174,045
Unassigned	3,551,032	-	3,551,032
Total fund balances	<u>3,551,032</u>	<u>174,045</u>	<u>3,725,077</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,567,968</u>	<u>\$ 174,045</u>	<u>\$ 3,742,013</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, 2018

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

Fund Balances, Total Governmental Funds (Statement C)		\$ 3,725,077	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds			13,695,917
Receivables from tenants are reported as unavailable revenue on the fund financials, and revenues on the Statement of Net Position			11,831
Assets used in governmental activities that are not financial resources and therefore, are not reported in the governmental funds:			
Prepaid assets	\$ 28,203		
Interest receivable	<u>35</u>		28,238
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in governmental funds:			
Compensated absences		(911)	
Interest payable		(2,516)	
Bonds payable	<u>(910,000)</u>		<u>(913,427)</u>
Net Position of Governmental Activities (Statement A)			<u>\$ 16,547,636</u>

The accompanying notes are an integral part of this statement.

STATEMENT E

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

**Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds**

For the Year Ended June 30, 2018

	General Fund	Debt Service Fund Industrial Revenue Bonds, Series 2001	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 544,824	\$ -	\$ 544,824
Rental income	121,753	226,961	348,714
Oil & gas royalty	13,560	-	13,560
Investment earnings	12,730	986	13,716
Total revenues	<u>692,867</u>	<u>227,947</u>	<u>920,814</u>
EXPENDITURES			
Current:			
General government	359,716	-	359,716
Capital outlay	1,506,893	-	1,506,893
Debt service:			
Principal	-	195,000	195,000
Interest and other charges	-	43,433	43,433
Total expenditures	<u>1,866,609</u>	<u>238,433</u>	<u>2,105,042</u>
Excess (deficiency) of revenues over expenditures	(1,173,742)	(10,486)	(1,184,228)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(45,004)	-	(45,004)
Total other financing sources and uses	<u>(45,004)</u>	<u>-</u>	<u>(45,004)</u>
EXTRAORDINARY ITEMS			
Insurance recovery	347,137	-	347,137
Net change in fund balances	(871,609)	(10,486)	(882,095)
Fund balances - beginning	4,422,641	184,531	4,607,172
Fund balances - ending	<u>\$ 3,551,032</u>	<u>\$ 174,045</u>	<u>\$ 3,725,077</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, 2018

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

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$	(882,095)
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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 expense in the current period:

Capital outlay additions	\$ 1,514,481	
Depreciation expense	<u>(410,234)</u>	1,104,247

Unearned revenues reported as revenues in the governmental funds as they become available resources, are not reported in the Statement of Activities	(5,258)
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The repayment of the principal portion long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the Statement of Activities	195,000
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In the Statement of Activities, prepayments for insurance are recorded as expense when incurred. The governmental funds record the expenditure when paid.	13,839
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported in governmental funds:

Decrease in interest payable	205	
Decrease in compensated absences liability	<u>4,305</u>	<u>4,510</u>

Change in Net Position of Governmental Activities, Statement B	\$	<u>430,243</u>
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The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Net Position, Proprietary Funds
June 30, 2018

	Business-Type Activity
	<u>Water and Sewer</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 105,753
Accounts receivable	<u>1,092</u>
Total current assets	<u>106,845</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation)	<u>813,985</u>
Total noncurrent assets	<u>813,985</u>
Total assets	<u>920,830</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>1,920</u>
Total current liabilities	<u>1,920</u>
Total liabilities	<u>1,920</u>
NET POSITION	
Net investment in capital assets	813,985
Unrestricted	<u>104,925</u>
Total net position	<u>\$ 918,910</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activity
	<u>Water and Sewer</u>
Operating revenues:	
Charges for services	
Water and sewer income	\$ 24,592
Total operating revenues	<u>24,592</u>
Operating expenses:	
Contract labor	12,000
Utilities	10,547
Dues & subscriptions	500
Testing fees	2,064
Repairs and maintenance	41,946
Depreciation	55,656
Telephone	580
Total operating expenses	<u>123,293</u>
Operating income (loss) before transfers	(98,701)
Transfers in	<u>45,004</u>
Change in net position	(53,697)
Net position - beginning	<u>972,607</u>
Net position - ending	<u>\$ 918,910</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activity <u>Water and Sewer</u>
Cash flows from operating activities:	
Cash received from customers	\$ 23,614
Cash (payments) for supplies and services	<u>(68,618)</u>
Net cash provided (used) by operating activities	<u>(45,004)</u>
Cash flows from noncapital financing activities:	
Transfer from other funds	<u>45,004</u>
Net cash provided by noncapital financing activities	<u>45,004</u>
Net increase in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	<u>105,753</u>
Cash and cash equivalents at end of year	<u>\$ 105,753</u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:	
Operating (loss)	<u>\$ (98,701)</u>
Depreciation	55,656
Decrease in accounts payable	(982)
Increase in accounts receivable	<u>(977)</u>
Total adjustments	<u>53,697</u>
Net cash provided (used) by operating activities	<u>\$ (45,004)</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, 2018

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.

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

1. Summary of Significant Accounting Policies

A. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the 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. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

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.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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.

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

Property taxes, rental income, royalties 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 two major governmental funds, which include:

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.

Debt Service Fund – The Debt Service Fund is used to account for transactions relating to resources retained and used for the payment of principal and interest on the Industrial Revenue Bonds, Series 2001.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

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.

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.

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

Indirect expenses not allocated to functions are reported separately in the Statement of Activities. The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest expense is considered an indirect expense and is reported separately in the Statement of Activities.

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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

revenues and expenses.

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

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

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.

D. Receivables and payables

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 include grants and lease revenues.

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 and other intergovernmental revenues since they are usually both measurable and available.

E. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

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 an 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 and so will not be recognized as an inflow of resources (revenues) until that time.

In the governmental fund, the District reports deferred inflows of resources from unavailable revenues. Unavailable revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources for unavailable revenue is removed from the fund financial statements and the revenue is recognized.

The governmental fund reports unavailable revenues from an operating lease which is structured to include artificially low rent in certain years of the agreement as an inducement to rent the property and receivable from the sale of furniture whose payment are being made in installments. The lease payments are recognized as receivable, since total payments due under the lease are recorded in a straight-line basis. Therefore in years where no rents are received, the revenues are not considered "available," until payments are received.

F. 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.

G. Capital Assets

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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

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

H. 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.

I. 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 refundings, 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 on refundings.

J. 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-

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

making authority. The District Board 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 established (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. 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.

K. Restricted net position

The governmental activities reports restricted net position for assets accumulated for servicing the North Webster Parish Industrial District Industrial Revenue Bonds, Series 2001.

In the event the District must fund outlays for a particular purpose from restricted (e.g. restricted bond) and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. The District's policy is to consider restricted net position to have been depleted before unrestricted net position is applied.

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 2017 was 5.48 mills of the assessed property valuation on tax rolls as of January 1. For the year ended June 30, 2018, taxes of \$545,815 were levied on property with assessed

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

valuations totaling \$99,601,363.

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 cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP).
- 5) Appropriations lapse at the end of each fiscal year.
- 6) The Board of Commissioners may authorize supplemental appropriations during the year.

Excess of expenditures over appropriations in individual funds:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund	\$ 2,065,118	\$ 2,243,566	\$ (178,448)

The revenues and expenditures, for the year ended June 30, 2018, as shown on Statement E, are reconciled with the amounts reflected on the budget comparisons on Schedule 1 as follows:

Year ended June 30, 2018:	General
	<u>Fund</u>
Net change in fund balance (GAAP basis)	\$ (871,609)
To adjust for:	
Decrease in receivables	1,128,407
(Decrease) in payables	<u>(376,956)</u>
Net change in fund balance (cash basis)	\$ <u>(120,158)</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

4. Cash and Cash Equivalents

At June 30, 2018, the District had cash and cash equivalents totaling \$2,683,498 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, 2018, the District had \$3,848,645 in deposits and certificates of deposit (collected bank balances). These deposits were secured from risk by \$1,279,799 of federal deposit insurance and \$4,422,204 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 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, 2018, the District's investments consisted of \$1,137,453 in certificates of deposits. The District's investments in certificates of deposit are categorized as insured securities held by the District or its agent in the District's name. 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.)

6. Receivables

The receivables at June 30, 2018 are as follows:

	<u>Governmental</u>	<u>Business-type</u>
Oil and gas royalties	\$ 1,457	\$ -
Ad valorem taxes	55	-
Lease payments receivable	14,236	-
Interest receivable	35	-
Water & sewer receivable	-	<u>1,092</u>
Total	<u>\$ 15,783</u>	<u>\$ 1,092</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

All receivables are expected to be collected within one year, and are considered fully collectible and, therefore, no allowance for uncollectible amounts is provided.

7. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2018, for the District is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 491,575	\$ 9,000	\$ -	\$ 500,575
Construction in progress	<u>1,465,366</u>	<u>-</u>	<u>(1,465,366)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>1,956,941</u>	<u>9,000</u>	<u>(1,465,366)</u>	<u>500,575</u>
Capital assets being depreciated				
Land improvements	1,374,959	-	-	1,374,959
Buildings and improvements	13,907,321	2,970,847	-	16,878,168
Machinery and equipment	<u>39,352</u>	<u>-</u>	<u>-</u>	<u>39,352</u>
Total capital assets being depreciated	<u>15,321,632</u>	<u>2,970,847</u>	<u>-</u>	<u>18,292,479</u>
Less accumulated depreciation for:				
Land improvements	1,197,238	14,321	-	1,211,559
Building and improvements	3,451,348	395,594	-	3,846,942
Machinery and equipment	<u>38,317</u>	<u>319</u>	<u>-</u>	<u>38,636</u>
Total accumulated depreciation	<u>4,686,903</u>	<u>410,234</u>	<u>-</u>	<u>5,097,137</u>
Total capital assets being depreciated, net	<u>10,634,729</u>	<u>2,560,613</u>	<u>-</u>	<u>13,195,342</u>
Governmental activities capital assets, net	<u>\$12,591,670</u>	<u>\$2,569,613</u>	<u>\$(1,465,366)</u>	<u>\$13,695,917</u>
Business-type activities:				
Capital assets being depreciated				
Improvements other than buildings	\$ 2,159,130	\$ -	\$ -	\$ 2,159,130
Less accumulated depreciation for:				
Improvements other than buildings	<u>1,289,489</u>	<u>55,656</u>	<u>-</u>	<u>1,345,145</u>
Total accumulated depreciation	<u>1,289,489</u>	<u>55,656</u>	<u>-</u>	<u>1,345,145</u>
Total capital assets being depreciated, net	<u>869,641</u>	<u>(55,656)</u>	<u>-</u>	<u>813,985</u>
Business-type activities capital assets, net	<u>\$ 869,641</u>	<u>\$(55,656)</u>	<u>\$ -</u>	<u>\$ 813,985</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

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

Governmental activities:		Business-type activities:	
General government	\$ <u>410,234</u>	Water & sewer	\$ <u>55,656</u>

8. Accounts payable and other accrued liabilities

The payables of the District at June 30, 2018 are as follows:

	<u>Governmental</u>	<u>Business-type</u>
Accounts payable	\$ 3,697	\$ 1,920
Payroll tax liabilities	<u>1,408</u>	<u>-</u>
Total	\$ <u>5,105</u>	\$ <u>1,920</u>

9. Operating Transfers

Operating transfer balances for the year ended June 30, 2018, were as follows:

	Operating Transfer	
	<u>IN</u>	<u>OUT</u>
General fund	\$ -	\$ 45,004
Enterprise fund	<u>45,004</u>	<u>-</u>
	\$ <u>45,004</u>	\$ <u>45,004</u>

The costs of operating the water system in excess of the water system revenues are funded by the General fund.

10. Leases

The District leases five buildings (including an office facility) to companies operating in the park. The primary terms of the leases range from two years to twenty years with, in some cases, options to renew. The District has granted an option, within the primary term of the lease, for the lessee to purchase said building in all leases except for the operating lease on Building #4 and the clinic.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

The following is the net investment in each building:

	<u>Cost</u>	Accumulated depreciation as of <u>June 30, 2018</u>
Building #3	\$ 5,996,819	\$ 569,374
Building #4	1,297,330	672,222
Compression Building Facility	5,209,392	1,909,264
Building – Clinic	343,820	108,428
CSP – Office facility/Geothermal Cooling System	<u>889,852</u>	<u>456,103</u>
Total	\$ <u>13,737,213</u>	\$ <u>3,715,391</u>

The following is a schedule of future minimum lease payments to be received, as of June 30, 2018:

Year Ended <u>June 30</u>	CSP <u>facility</u>	CSP <u>office</u>	Medical <u>Clinic</u>	Building <u>#3</u>	Building <u>#4</u>	<u>Total</u>
2019	\$ 240,542	\$ 36,141	\$ 9,742	\$ 3	\$ 10,800	\$ 297,228
2020	249,315	34,646	9,742	3	-	293,706
2021	257,675	33,148	2,435	3	-	293,261
2022	22,648	16,009	-	3	-	38,660
2023-2027	-	-	-	15	-	15
2028-2032	-	-	-	15	-	15
2033-2035	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>6</u>
Total minimum lease payments	\$ <u>770,180</u>	\$ <u>119,944</u>	\$ <u>21,919</u>	\$ <u>48</u>	\$ <u>10,800</u>	\$ <u>922,891</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

11. Long-term Obligation

The following is a summary of the change in long-term debt for the year ended June 30, 2018:

<u>Type of debt</u>	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Amount due</u> <u>within one year</u>	<u>Noncurrent</u> <u>liabilities</u>
Governmental activities:						
Industrial revenue bonds	\$ 1,105,000	\$ -	\$ (195,000)	\$ 910,000	\$ 205,000	\$ 705,000
Compensated absences	<u>5,217</u>	<u>911</u>	<u>(5,217)</u>	<u>911</u>	<u>-</u>	<u>911</u>
Total	<u>\$ 1,110,217</u>	<u>\$ 911</u>	<u>\$ (200,217)</u>	<u>\$ 910,911</u>	<u>\$ 205,000</u>	<u>\$ 705,911</u>

Bonds payable at June 30, 2018, are comprised of the following individual issues:

	<u>Principal</u> <u>Outstanding</u>	<u>Interest to</u> <u>Maturity</u>
\$2,900,000 Revenue Bonds, dated July 1, 2001; Due in annual installments of \$85,000-250,000; Interest at an adjustable weekly interest rate based on the prime rate	\$ 910,000	\$ 48,098

The North Webster Parish Industrial District issued Industrial Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition, construction and installation of a manufacturing facility deemed to be in the public interest. The bonds are secured by a \$2,900,000 Letter of Credit, revenues received in connection with the leasing of the facility, revenues of the District in excess of the statutory, ordinary and customary expenses, and any economic development tax of the District.

The annual requirements to amortize all debt outstanding as of June 30, 2018, including interest payments of \$48,098, are as follows:

<u>Year ending</u> <u>June 30</u>	<u>Bonds</u> <u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 205,000	\$ 21,792	\$ 226,792
2020	220,000	15,565	235,565
2021	235,000	8,926	243,926
2022	<u>250,000</u>	<u>1,815</u>	<u>251,815</u>
	<u>\$ 910,000</u>	<u>\$ 48,098</u>	<u>\$ 958,098</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

12. Due to other governments

On June 4, 2004, a contract was executed between the Louisiana Department of Economic Development (LED), Continental Structural Plastics of Louisiana, LLC (CSP), and the North Webster Parish Industrial District (District). The contract was to award a grant of \$1,800,000 through the LED Economic Development Award Program for the purpose of funding the construction of a 37,500 square foot addition to an existing plant facility, owned by the District and leased to CSP.

The contract requires CSP to execute with the District a lease containing a commitment to occupy the addition for its manufacturing purposes, and repay the awarded funds through 144 consecutive monthly lease payments over a 12 year term in the amount of \$12,500 each, beginning with CSP's occupancy of the addition, to be paid to the District, which will act as a "pass through" or a "conduit" and forward all lease payments received from CSP to LED in repayment of the grant.

During the year ended June 30, 2018, the District remitted \$62,500 to LED for the year ended June 30, 2018, representing the remaining balance to be repaid to LED from CSP.

13. Performance grant obligation of the District

Effective March 18, 2014, the District entered into a cooperative endeavor agreement with the State of Louisiana (State), Louisiana Department of Economic Development (LED), and IntegriCo Composites, Inc. (Company). As part of the agreement, the District is obligated to provide the Company with a performance-based grant of \$5.0 million for equipment costs (the "Equipment Costs Grant") subject to an annual limit of \$500,000 on a cost reimbursement basis of \$1 from the District for each \$1 expended by the Company. The initial annual grant payment shall be made upon verification that the Company has filled 75 jobs; the second annual payment shall be made upon verification that the Company has filled 300 jobs; subsequent annual grant payments shall be made upon verification that the Company remains within 90% attainment of required jobs.

The company did not meet the performance requirements; therefore, the District made no payment on the performance-based grant during the year ended June 30, 2018.

14. Commitments

Guarantees of indebtedness

On April 21, 2014, the District entered into a cooperative endeavor agreement with Louisiana Department of Economic Development (LED) and IntegriCo Composites, Inc (Company). A performance-based grant of \$2.5 million was awarded to provide cost reimbursement funding for a portion of the costs related of

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

relocating the company headquarters and manufacturing operations to facilities located in the North Webster Parish Industrial Park. The grant is awarded based on the Company’s achieving specific performance objectives through December 31, 2024. In the event the Company successfully achieves all of the initial and annual performance objectives, the reimbursement or repayment of obligations of this performance based grant award will be considered paid and in effect the obligation to repay the grant will be forgiven, the principal and interest payments will be waived, and no cash repayment will be required of the Company.

The Company is considered the primary obligor on this grant repayment for non-performance, however, the obligation was secured by the in-solido obligation of the District.

For the calendar year, the Company must create and fill 300 new permanent full-time jobs, with minimum annual payroll. As of June 30, 2018, the jobs reported by the Company were less than the required amounts. No liability has been recognized by the District as of June 30, 2018.

15. 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, 2018 by authorized millage is as follows:

<u>Tax code</u>	<u>Millage</u>	<u>Taxable value</u>	<u>Taxpayer exemption</u>
General corporate purposes	5.48 mills	\$ 1,424,290	\$ 7,805

16. Subsequent events

Management has evaluated subsequent events through December 28, 2018, the date that the financial statements were available to be issued and determined that no additional disclosures are necessary.

REQUIRED SUPPLEMENTARY INFORMATION

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
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual (CASH) Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes - ad valorem	\$ 540,000	\$ 523,925	\$ 544,885	\$ 20,960
Rental income	124,582	121,137	120,598	(539)
Oil & gas royalty	11,000	12,954	12,940	(14)
Interest	9,000	12,340	12,730	390
Total revenues	<u>684,582</u>	<u>670,356</u>	<u>691,153</u>	<u>20,797</u>
Expenditures				
General government	573,850	342,431	375,879	(33,448)
Capital outlay	<u>1,793,000</u>	<u>1,722,687</u>	<u>1,867,687</u>	<u>(145,000)</u>
Total expenditures	<u>2,366,850</u>	<u>2,065,118</u>	<u>2,243,566</u>	<u>(178,448)</u>
Excess (deficiency) of revenues over expenditures	(1,682,268)	(1,394,762)	(1,552,413)	(157,651)
Other Financing Sources (Uses)				
Operating transfers out	<u>(60,000)</u>	<u>(52,000)</u>	<u>(45,004)</u>	<u>6,996</u>
Total other financing sources (uses)	<u>(60,000)</u>	<u>(52,000)</u>	<u>(45,004)</u>	<u>6,996</u>
Extraordinary Items				
Insurance recovery	<u>1,315,000</u>	<u>1,477,259</u>	<u>1,477,259</u>	<u>-</u>
Net change in fund balances	(427,268)	30,497	(120,158)	(150,655)
Fund balance - beginning	<u>3,777,095</u>	<u>3,777,095</u>	<u>3,671,288</u>	<u>(105,807)</u>
Fund balance - ending	<u>\$ 3,349,827</u>	<u>\$ 3,807,592</u>	<u>\$ 3,551,130</u>	<u>\$ (256,462)</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

**Notes to Budgetary Comparison Schedule
As of and for the Year Ended June 30, 2018**

Note 1 - Budget basis

- A. The budget for the general fund is adopted on a cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP).
- B. Appropriations lapse at the end of each fiscal year.
- C. Excess of expenditures over appropriations in individual funds:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	\$ 2,065,118	\$ 2,243,566	\$ (178,448)

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 purposes 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, 2018

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, 2018:

Chairman	Denny McMullan	Member	Craig Tripp
Vice-Chairman	Jeff Harper	Member	Lamar Smith
Secretary-Treasurer	Randy Sexton	Member	Terry Revelle
Member	David Smith		

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
 Schedule of General Fund Expenditures
 Year Ended June 30, 2018

With Comparative Amounts for the Year Ended June 30, 2017

General and administrative:	2018	2017
Salaries	\$ 91,288	\$ 127,223
Taxes	7,348	9,723
Penalties	466	3,471
Election expense	20,392	-
Road construction	-	4,975
Building maintenance	56,907	217,675
Board recognition	-	295
EDS marketing & promotional	303	54
Website software	2,835	1,682
Insurance	51,142	28,648
Legal and accounting	29,495	44,817
Office	4,023	4,606
Tax assessor fees	19,222	20,698
Travel	3,264	4,915
Bank fees	130	260
Promotional	1,210	775
Telephone	4,573	6,068
Utilities	8,168	4,617
Dues	4,709	4,552
Printing	4,265	3,191
Commission expense	3,888	6,189
Site certification costs (64 acres)	1,050	-
Total general and administrative	314,678	494,434
 Park expenditures:		
Engineering	-	13,796
Maintenance	45,038	38,720
Total park expenditures	45,038	52,516
 Capital outlay:		
Building purchase	136,000	-
Professional services	31,214	-
Building reconstruction	1,330,679	1,467,916
Land purchase	9,000	-
Total capital outlay	1,506,893	1,467,916
 Total general fund expenditures	 \$ 1,866,609	 \$ 2,014,866

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Schedule of Compensation, Benefits and Other Payments to Agency Head
Year Ended June 30, 2018

<u>Position: Executive Director</u>	<u>Britt</u> <u>Herrin</u>
Purpose:	
Salary	\$ 60,173
Benefits-insurance	3,508
Cell phone	593
Travel	<u>3,264</u>
Total	<u>\$ 67,538</u>

OTHER REPORTS

WISE, MARTIN & COLE, L.L.C.

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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, 2018, 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, 2018.

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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be material weaknesses. However, as described in the accompanying schedule of findings as item 2018-01, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the North Webster Parish Industrial 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 two instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2018-02 and 2018-03.

District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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.

Wesley Martin & Co. LLC

Minden, Louisiana
December 28, 2018

OTHER INFORMATION

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Findings For the Year Ended June 30, 2018

Finding 2018-01 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 over its revenue/receipts and payroll/personnel functions.

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. We found that one person 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.

Due to limited personnel and recent management changes, there is a need to reevaluate the current system of internal controls to ensure that proper monitoring is in place to address the lack of segregation of duties.

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. We recommend the Board consider ways to have someone outside of the clerk and executive director to be involved to mitigate the lack of segregation of duties. We recommend that the Board enforce the formal controls proposed by and in force currently to address those risks. These controls should be clearly communicated to the employees and monitored to ensure controls are being implemented and operating effectively.

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 two employees, 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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Findings For the Year Ended June 30, 2018

members of the board not including staff are allowed to sign checks or access the District's funds.

2018-02 Lack of enforcement of agreements

Specific requirement: Article VII, Section 14 of the Louisiana Constitution of 1974 prohibits the donation of public assets.

The District has entered into agreements with various tenants in an effort to promote job creation. The terms of these agreements identify specific requirements related to job creation and investment in facilities that are to be verified by the District to ensure compliance.

District lease agreements include minimum employment requirements to support annual rental of its buildings, with adjustments to increase rents in the event minimum employment requirements are not met.

Condition found: The District verified minimum employment numbers for its tenants in the current fiscal year. However, one tenant continues to fail to meet the minimum employment required by its lease agreement. The lease agreement has not been adjusted to ensure that the District receives appropriate consideration for facility rentals as stated in the lease agreement.

In the current year, the tenant has been allowed to continue leasing property for approximately \$3 a year, while failing to create a minimum of 300 jobs for 2017.

Possible asserted effect (cause and effect):

Cause: Unknown

Effect or potential effect: Districts failure to verify that tenants comply with requirements stated in the various agreements, may be in effect, a donation of public assets to District tenants, which appears to be a violation of Article VII, Section 14 of the Louisiana Constitution.

Recommendation: We recommend that the District timely enforce the terms of its agreements, documenting decisions made by the board to determine fair market value adjustments, and address delinquents or noncompliance.

Management Response: NWPID is currently working with Mr. John Slattery – legal counsel for the District to amend the current lease agreement with Integrico to raise the monthly lease to the fair market lease rate for this area. Currently as of December 28, 2018, a proposed draft of the amended lease had been presented to the Board in November and December but at this time it has not been approved. Also, NWPID has been notified by LED that any proposed changes to the original lease must be reviewed prior by LED legal department for approval.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Findings
For the Year Ended June 30, 2018

2018-03 – Budget compliance

Specific requirement: Local Government Budget Act (LGBA) governs budget process of the District.

Condition found: The following instances of noncompliance with the LGBA were noted:

- Original budget for 2017/2018 did not include a budget message, was not completed and submitted to the Board and made available for public inspection 15 days prior to the beginning of the fiscal year, and was not adopted in a public hearing before the end of the year.
- Notice of public hearing was not published until June 26, 2017, with the public hearing to be held July 3, 2017. This does not allow the 10 days required between the giving notice to the public and holding the public hearing.
- Actual expenditures exceeded budgeted expenditures by more than 5%.

Possible asserted effect (cause and effect):

Cause: The District did not appropriately monitor adoption of its budget.

Effect or potential effect: The District was not in compliance with the Local Government Budget Act.

Recommendation: We recommend that the District monitor the adoption of its budget as required by the Local Government Budget Act.

Management Response: NWPID acknowledge that the District did not follow the guideline to be in compliance with the Local Government Budget Act. The District has currently implemented procedures and guidelines to be in compliance with the Local Government Budget Act. This includes the timely amendment guidelines and adoption guidelines provided by the Louisiana Legislative Auditors website.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

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

There were four findings for the prior year audit for the year ended June 30, 2017, as follows:

Finding 2017-01 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 over its revenue/receipts and payroll/personnel functions.

Current Status: Not resolved, see current year finding, see 2018-01.

2017-02 Lack of controls over payroll

Significant deficiency: Lack of segregation of duties also indicates lack of oversight over payroll processing, including:

- Late filings state withholding and Louisiana unemployment payroll reports for the first three quarters of the fiscal year. All reports were filed and paid with the fourth quarter filings on August, 3, 2016.
- Late payment of 941 deposits during the year. 7 of 12 monthly deposits were paid late.

Current Status: Resolved.

2017-03 Lack of enforcement of agreements

Significant deficiency: The District has entered into different types of agreements with various tenants of the District in an effort to promote job creation. The terms of these agreements identify specific requirements related to job creation and investment in facilities that are to be verified by the District to ensure compliance.

We noted the following:

We found no documentation indicating that the District had verified minimum employment numbers for one of its tenants in the current fiscal year, which would allow the lease agreements to continue at their current monthly rate. We were unable to verify whether the District was receiving appropriate consideration for facility rentals as stated in its lease agreements.

Current Status: Partially resolved, see current year finding 2018-02

2017-04 – Budget compliance

Finding: District did not hold public hearing to adopt proposed budget and did not complete and make available 15 days prior to the beginning of the fiscal year. Budget was adopted without holding a public hearing and was adopted 3 days before the year began.

Current Status: Not resolved, see current year finding 2018-03.

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by North Webster Parish Industrial District and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

Written policies and procedures were obtained and address all of the functions above.

- 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.

Exception: *Written policies and procedures were obtained and address all of the functions above except for how purchases are initiated, how vendors are added to the vendor list, and the preparation and approval process of purchase requisitions and purchase orders.*

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

Written policies and procedures were obtained and address all of the functions above.

- d) **Receipts/Collections**, including receiving, recording, 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

Exception: *Written policies and procedures were obtained and addressed all of the functions above as it related to customer utility accounts. The policies and procedures provided did not address non-utility receipts and collections, or management's actions to determine completeness of all collections for each type of revenue.*

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

Exception: *Written policies and procedures addressing the above functions for payroll/personnel were not provided.*

- 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

Exception: *Written policies and procedures were obtained and address all of the functions above, except for types of services requiring written contracts, standard terms and conditions, and monitoring process.*

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

Written policies and procedures were obtained and address all of the functions above.

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

Exception: *Written policies and procedures were obtained and address all of the functions above, except for required approvers.*

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

Exception: *Written policies and procedures were obtained and address all of the functions above, except for a system to monitor possible ethics violations.*

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

Exception: *Management did not provide written policy and procedures addressing debt service.*

Management's Response: *Policies and Procedures will be addressed with Wise, Martin & Cole to ensure that listed policies and procedures are being currently followed or the appropriate modifications have been made at this time. Also additional steps needed to address the issues caused by limited staffing will be updated to involve the Board mainly the Chairman to review and verify any action where an employee completes the transaction solely.*

Board (or Finance Committee, if applicable)

- 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:

We obtained and inspected the minutes and enabling legislation and bylaws.

- a) Report whether the managing 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 with a quorum monthly.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General fund and major special revenue funds, as well as monthly financial statements for major proprietary funds.

The minutes which referenced or included monthly budget-to-actual comparisons on the General fund and proprietary funds for all months.

- c) Report whether the prior year audit report's general fund has a negative ending unrestricted fund balance; and if so, report whether at least one meeting referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

The prior year audit report's General fund did not report a negative ending unrestricted fund balance.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management, identifying the entity's main operating account, and management's representation that the listing is complete. Using the listing provided, select the entity's main operating account and 4 additional accounts (if more than 5 accounts). Select one month during the fiscal period and obtain and inspect the corresponding bank statement and reconciliation for the selected accounts. Report whether:

Management provided a complete list of the bank accounts and representation that the listing was complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date;

The bank accounts selected were prepared within two months.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issues checks has reviewed each bank reconciliation; and

Exception: *Two of the four bank reconciliations selected were not reviewed by someone who was not involved in the transactions associated with the bank account.*

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

There were no outstanding reconciling items for all bank accounts selected for testing.

Management's Response: *This has been rectified going forward – Bank Reconciliations will be reviewed by a member of the Board to verify that all transactions have been recorded correctly.*

Collections

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

Management provided listing of deposit sites and representation that listing was complete.

5. For each deposit site selected, obtain a listing of collection location 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 listing of collection locations and representation that listing was complete.

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

Exception: *Inquiry revealed that two employees would be involved in cash collections. If Executive director collected monies received in the mail, these would be given to the Administrative assistant to further process. The District does not employ separate registers/drawers.*

At the time of the observation, the District had only one employee collecting cash.

- 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: *At the time of observation, there was one employee for the District, therefore the employee responsible for collecting cash is also responsible for preparing/making bank deposit and is also responsible for reconciling the bank account. No other employee/official is responsible for reconciling collection documentation to the deposit.*

- 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: *At the time of observation, there was one employee for the District, therefore the employee responsible for collecting cash is responsible for posting collection entries to the general ledger. No other employee/official is responsible for reconciling ledger postings to each other and to the deposit.*

- 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: *There is one employee for the District, therefore the employee responsible for collecting cash is responsible for reconciling cash collections.*

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

Exception: *Before his resignation in January, 2018, the Executive director had access to cash, but was not covered by a bond. The one other employee of the District who accessed cash was covered by a bond.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above. Obtain supporting documentation for each of the 10 deposits and:

Of the four bank accounts tested in procedure #3 under "Bank Reconciliations", only one account had deposits prepared during the fiscal period being tested.

- a) Observe that receipts are sequentially pre-numbered

Does not apply - The District does not use sequentially pre-numbered receipts.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Management's Response: *NWPID will review the current procedures to look at other safeguards that could be put in place by utilizing additional Board member review.*

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 listing of locations that process payments and representation that the general ledger 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:

There is only one employee of the District involved with non-payroll purchasing and payment functions.

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

The Administrative assistant receives and opens bills. Most bills, with the exception of bills that need to be paid before monthly board meetings, are approved at monthly board meetings prior to being paid. A board member with signatory authority initials invoice showing approval.

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

District has only one employee, the Administrative assistant, who prepares the checks. Only board members have check signing authority. All bills are approved by a board member before payment, and by whole board at board meetings.

- 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.

***Exception:** The Administrative assistant who processes payments is not prohibited from adding/modifying vendor files. No other employee periodically reviews changes to vendor files.*

- 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: Checks are signed by two of three board members with signatory authority but are returned to employee who is also responsible for processing payments.

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:

Management provided us with listing of non-payroll disbursement transaction population and representation that the list is complete.

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

No exception 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 exception noted.

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

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

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

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

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.])

No exception noted.

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

No finance charges or late fees were assessed on the items selected.

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

Exceptions: *Two of the four transactions tested did not have an original itemized receipt to identify what was purchased. These two items were also online transactions.*

None of the transactions tested were for meals.

Management's Response: *All credit card purchases will need documentation of the original purchase, receipt of items (on line purchases) and verified or initial by the Board Chairman prior to payment. Original receipts must accompany any credit card purchases by NWPID.*

Travel and Expense Reimbursement

11. 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 a listing of all travel and related expense reimbursements and representation that the listing is complete.

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

Exception: *Two instances where meals were reimbursed using the State of Louisiana per diem rate, which is more than the District's policy, which has a \$35 maximum allowed for meals for a single day travel. Meals were reimbursed at the higher rate.*

Exception: *Two instances where mileage was not reimbursed with the using the IRS approved rate, according to District policy, resulting in an overpayment of \$3.14.*

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

Exception: *One of the five disbursements was not supported by an original itemized receipt that identified precisely what was purchased.*

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

Exception: *One of the five travel reimbursements was a meal charge and it did not provide any documentation of the business purpose.*

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

No exceptions noted.

Management's Response: *NWPID Travel Policy will no longer be in effect and the District will follow the Louisiana State policies for employee travel to be approved per auditor's recommendations.*

Contracts

20. 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 or, alternately, an equivalent selection source. Obtain management's representation that the listing or general ledger is complete. Randomly select 5 contracts and:

Management provided a listing of all contracts that took place during the fiscal year and representation that the list is complete.

- a) Report that the contract was bid in accordance with Louisiana Public Bid Law, if required by law

Does not apply – public bid law not required

- b) Report that the contract was approved by the governing body/board, if required by policy or law

Exception: *One of the five contracts from listing was not supported by a contract approved by the Board.*

- c) If the contract was amended, report whether the original contract terms provided for such amendment.

Exception: *One of the five contracts from listing was not supported by a contract approved by the Board, therefore unable to determine if contract was amended.*

- 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 report whether the invoice and related payment agreed to the terms and conditions of the contract.

All payments agreed to support.

Exception: *One transaction did not have a supporting contract.*

Management's Response: *The item listed as an exception was an added cost for and inspection by Mr. Curtis Sewell - Engineering for the contracted job regarding CSP repairs. This inspection was at the request of the Board and was not part of the bid itself. Board requested that the repair be inspected to assure compliance with drawing due to past problems.*

Payroll and Personnel

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

Management provided us with a listing of employees and management's representation that the listing is complete. Agreed paid salaries to authorized salaries in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Exception: *Daily attendance was not documented for the randomly selected time period.*

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

Exception: *No daily attendance documented or approval.*

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

No exceptions noted.

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

Management provided us with a listing of employees that received termination payments during the fiscal period and management's representation that the listing is complete.

Exception: *District paid the hours and rate calculated per records, however, overpaid employee for 12 hours due to error in calculation of accrued PTO in 2016.*

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

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

Management's Response: *All employees currently are required to submit a weekly time sheet with daily back up to be summarized by a two-week recap and any documents regarding the use of comp time or personal time off plus any additional time earned. All documents to be approved by a member of the Board – Chairman*

Ethics

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above 14, obtain ethics documentation from management, and:

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

Exception: *One of the two employees did not complete an hour of ethics training during the fiscal period.*

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

Exception: *Did not observe signature verification that employees read the entity's ethics policy.*

Management's Response: *The Ethic policy in place within NWPID will be reviewed annually with verification that employees and Board members understanding the policy in effect by a signed statement. Also, employees and Board members must provide a copy of the certificate to verify that they have completed the state mandated annual ethics training. Procedures will be updated regarding ethics training going forward.*

Debt Service (excluding nonprofits)

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

Does not apply - There was no new debt issued during the fiscal year.

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

The District's debt covenant does not require them to maintain debt reserves. The scheduled debt service payments were made.

Other

- 31. 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 report whether the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Obtained representation that no misappropriations of public funds or assets were identified by management.

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

Exception: *Observed the notice was published on the premises but not on the website as of October 8, 2018*

Management's Response: *North Webster Parish Industrial District will be reviewing the various policies and procedures to rectify any exceptions listed above with the stated guidelines as soon as possible.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those 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.

The purpose of this report is 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.

Wesley Martin ½ Cole LLC

Minden, LA
December 28, 2018