

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2019

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Annual Financial Report
As of and for the Year Ended June 30, 2019

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NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
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WISE, MARTIN & COLE, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

601 Main Street P. O. Box 897
Minden, Louisiana 71058-0897
(318) 377-3171 Fax (318) 377-3177

MICHAEL W. WISE, CPA
CARLOS E. MARTIN, CPA
KRISTINE H. COLE, CPA

KRISTIE K. MARTIN, CPA
HANNAH M. COLVIN, CPA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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, 2019, 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, 2019, 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.

Other 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.

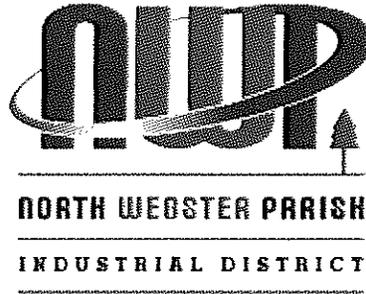
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wise Martin & Co., LLC

Minden, Louisiana
December 31, 2019

**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, 2019. 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, 2019, net position changed as follows:

Table 1
Net Position

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 4,156,177	\$ 3,770,251	\$ 110,818	\$ 106,845	\$ 4,266,995	\$ 3,877,096
Capital assets	<u>13,316,613</u>	<u>13,695,917</u>	<u>778,010</u>	<u>813,985</u>	<u>14,094,623</u>	<u>14,509,902</u>
Total assets	<u>17,472,790</u>	<u>17,466,168</u>	<u>888,828</u>	<u>920,830</u>	<u>18,361,618</u>	<u>18,386,998</u>
Long-term liabilities	706,195	910,911	-	-	706,195	910,911
Other liabilities	<u>45,957</u>	<u>7,621</u>	<u>4,943</u>	<u>1,920</u>	<u>50,900</u>	<u>9,541</u>
Total liabilities	<u>752,152</u>	<u>918,532</u>	<u>4,943</u>	<u>1,920</u>	<u>757,095</u>	<u>920,452</u>
Net position:						
Net investment in capital						
assets	12,611,613	12,785,917	778,010	813,985	13,389,623	13,599,902
Restricted	205,835	174,045	-	-	205,835	174,045
Unrestricted	<u>3,903,190</u>	<u>3,587,674</u>	<u>105,875</u>	<u>104,925</u>	<u>4,009,065</u>	<u>3,692,599</u>
Total net position	<u>\$16,720,638</u>	<u>\$16,547,636</u>	<u>\$ 883,885</u>	<u>\$ 918,910</u>	<u>\$ 17,604,523</u>	<u>\$ 17,466,546</u>

As mentioned earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2019, the District's assets exceeded liabilities by \$16,720,638 and \$883,885 in the governmental and business type activities, respectively.

The largest portion of the District's net position (76%) 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 \$3,903,190 in the governmental activities as of June 30, 2019. The business-type activities report \$105,875 as unrestricted net position.

Table 2
Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program revenues:						
Charges for services	\$ 425,435	\$ 343,455	\$ 37,559	\$ 22,484	\$ 462,994	\$ 365,939
Capital grants & contributions	26,275	-	-	-	26,275	-
General revenues:						
Property taxes	527,443	544,824	-	-	527,443	544,824
Royalties	11,884	13,560	-	-	11,884	13,560
Miscellaneous	3,986	-	-	2,108	3,986	2,108
Investment earnings	<u>18,274</u>	<u>13,716</u>	<u>-</u>	<u>-</u>	<u>18,274</u>	<u>13,716</u>
Total revenues	<u>1,013,297</u>	<u>915,555</u>	<u>37,559</u>	<u>24,592</u>	<u>1,050,856</u>	<u>940,147</u>
Program expenses						
General government	727,365	758,228	-	-	727,365	758,228
Interest on long-term debt	26,030	29,217	-	-	26,030	29,217
Water and sewer	<u>-</u>	<u>-</u>	<u>159,484</u>	<u>123,293</u>	<u>159,484</u>	<u>123,293</u>
Total expenses	<u>753,395</u>	<u>787,445</u>	<u>159,484</u>	<u>123,293</u>	<u>912,879</u>	<u>910,738</u>
Excess (deficiency) before special items, extraordinary items and transfers	259,902	128,110	(121,925)	(98,701)	137,977	29,409
Extraordinary item – insurance proceeds	-	347,137	-	-	-	347,137
Transfers	<u>(86,900)</u>	<u>(45,004)</u>	<u>86,900</u>	<u>45,004</u>	<u>-</u>	<u>-</u>
Change in net position	173,002	430,243	(35,025)	(53,697)	137,977	376,546
Net position – beginning	<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>
Net position – ending	<u>\$16,720,638</u>	<u>\$16,547,636</u>	<u>\$883,885</u>	<u>\$918,910</u>	<u>\$17,604,523</u>	<u>\$17,466,546</u>

Governmental-type activities

The net position of the governmental-type activities increased by \$173,002. The increase in net position is mainly attributed to an increase in lease income for the year. During the audit year, CSP entered into a short-term lease with the District.

Comparing the current and prior year revenues of the District’s governmental activities, there was an increase of approximately \$98,000. The District reported an increase in lease revenues of approximately \$82,000. The District lease with CSP is connected with the amounts to payback bonds used to construct the CSP building. CSP paid more for the current year for the bond this year. Property tax revenues decreased by approximately \$17,000, due to the decrease in taxable property values.

Comparing the current and prior year activity, total governmental expenditures decreased by approximately \$34,000. This is mainly due to a decrease in salaries.

Business-type activities

Overall, the revenues recognized in the Water and Sewer fund for the District increased by \$13,000 from the prior year. This is due to the fact that the water and sewer rates increased in January 2019.

Repairs and maintenance accounts for 46% 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 \$86,900 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 \$4,088,094, reflecting an increase of \$363,017 from the prior fiscal year balance of \$3,725,077.

Overall, General fund expenditures decreased by approximately \$1.6 million compared to the prior year expenditures. The District's expenditures decreased because in the prior year, they incurred expenditures to complete the Spec #5 building.

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, 2019, the District made one amendment to its budget. The original revenues were decreased by approximately \$7,000. Budget amendments to revenues were made to reflect a \$47,000 decrease in property tax collections due to the decrease in taxable property values and an increase in rental income of approximately \$36,000. Projected expenditures were amended to reflect a decrease in general government and capital outlay expenditures of approximately \$132,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of June 30, 2019, the District had approximately \$21 million invested in capital assets including buildings, park facilities, and the water and sewer system.

	Governmental		Business-type		Totals	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Land	\$ 500,575	\$ 500,575	\$ -	\$ -	\$ 500,575	\$ 500,575
Construction in progress	61,275	-	19,680	-	80,955	-
Land improvements	149,079	163,400	-	-	149,079	163,400
Building and improvements	12,600,196	13,031,226	-	-	12,600,196	13,031,226
Improvements other than bldg.	-	-	758,330	813,985	758,330	813,985
Equipment	5,488	716	-	-	5,488	716
Totals (net of depreciation)	<u>\$13,316,613</u>	<u>\$13,695,917</u>	<u>\$ 778,010</u>	<u>\$813,985</u>	<u>\$14,094,623</u>	<u>\$14,509,902</u>

During the year, the District started two construction projects for approximately \$81,000. One project was to add gas heating units to the CSP building. The second project was to expand the wastewater treatment plant. Remaining costs of the expansion will be funded by the District and a DRA Grant. The DRA Grant was approved during the June 30, 2020 year end.

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, 2019, the District had \$705,000 in debt as compared to \$910,000 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 2019 with the renewal of the millage rate of 5.14 mills on June 13, 2019. The millage is permitted for a period of ten years and generates income of \$511,273.00. 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”). 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 2020 is \$81,000.00. CSP renewed the annual lease for spec building # 4 effective September 1, 2019 to September 1, 2020. This lease currently has an option for an additional year, if option is taken, this lease would be renewed September 1, 2021. The spec building lease 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 of 2018. 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 2018. 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. Total minimum billing for water and sewer will be \$50.00. The District did not receive the Grant for 2018 due to the need to show sustainability.

The District in 2019 again applied for the Delta Regional Authority (DRA) grant for improvements to NWPID wastewater treatment facility. The grant referenced as Project #LA-53922 was authorized and the District received the notice to proceed on November 7, 2019. The investment details for this project is as follows: DRA Investment \$150,000.00; Other public or project investment (NWPID) is \$166,000.00; total investment is \$316,000.00. The District will utilize the funds currently listed in the Citizens-Public Funds (DRA) funds for \$105,753.24. The balance of \$60,246.76 will come from the general account and is budgeted.

NWPID is actively working with Louisiana Economic Development (LED) and North Louisiana Economic Partnership (NLEP) on a prospect referred to as “Project Pony”. The prospect has stated that within five years “Project Pony” will have generated 100 jobs. The representatives for “Project Pony” have visited the District’s newly constructed 50,000 square foot manufacturing building. Currently legal documents are being drafted regarding the lease of building and Cooperative Endeavor Agreements. The District has committed \$500,000.00 to be used for improvements or modifications. Louisiana Economic Department (LED) has offered a EDAP grant of \$250,000.00 for building improvements also to be issued to the District. The project has a tentative date to be functional in March 2020.

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, 2019

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,965,600	\$ 105,753	\$ 3,071,353
Investments	1,151,018	-	1,151,018
Receivables	10,950	5,065	16,015
Prepays	17,542	-	17,542
Deposits	11,067	-	11,067
Noncurrent assets:			
Land and construction in progress	561,850	19,680	581,530
Depreciable capital assets, net of depreciation	<u>12,754,763</u>	<u>758,330</u>	<u>13,513,093</u>
Total assets	<u>17,472,790</u>	<u>888,828</u>	<u>18,361,618</u>
LIABILITIES			
Accounts payable and other accrued liabilities	43,969	4,943	48,912
Interest payable	1,988	-	1,988
Noncurrent liabilities:			
Due within one year	220,000	-	220,000
Due in more than one year	<u>486,195</u>	<u>-</u>	<u>486,195</u>
Total liabilities	<u>752,152</u>	<u>4,943</u>	<u>757,095</u>
NET POSITION			
Net investment in capital assets	12,611,613	778,010	13,389,623
Restricted for debt service	205,835	-	205,835
Unrestricted	<u>3,903,190</u>	<u>105,875</u>	<u>4,009,065</u>
Total net position	<u>\$ 16,720,638</u>	<u>\$ 883,885</u>	<u>\$ 17,604,523</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, 2019

	Expenses	Program Revenues		Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
		Charges for Services	Capital Grants & Contributions		Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities							
General government	\$ 727,365	\$ 425,435	26,275	\$ (275,655)	\$ (275,655)	\$ -	\$ (275,655)
Interest on long-term debt	26,030	-	-	(26,030)	(26,030)	-	(26,030)
Total governmental activities	<u>753,395</u>	<u>425,435</u>	<u>26,275</u>	<u>(301,685)</u>	<u>(301,685)</u>	<u>-</u>	<u>(301,685)</u>
Business-type activities							
Water and sewer	159,484	37,559	-	(121,925)	-	(121,925)	(121,925)
Total business-type activities	<u>159,484</u>	<u>37,559</u>	<u>-</u>	<u>(121,925)</u>	<u>-</u>	<u>(121,925)</u>	<u>(121,925)</u>
15 Total primary government	<u>\$ 912,879</u>	<u>\$ 462,994</u>	<u>\$ 26,275</u>	<u>\$ (423,610)</u>	<u>\$ (301,685)</u>	<u>\$ (121,925)</u>	<u>\$ (423,610)</u>
General revenues:							
Property taxes levied for general purposes					527,443	-	527,443
Royalties					11,884	-	11,884
Investment earnings					18,274	-	18,274
Miscellaneous					3,986	-	3,986
Transfers					(86,900)	86,900	-
Total general revenues, special items, extraordinary items, and transfers					<u>474,687</u>	<u>86,900</u>	<u>561,587</u>
Change in net position					173,002	(35,025)	137,977
Net position-beginning					<u>16,547,636</u>	<u>918,910</u>	<u>17,466,546</u>
Net position-ending					<u>\$ 16,720,638</u>	<u>\$ 883,885</u>	<u>\$ 17,604,523</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2019

		Debt Service Fund	
	General Fund	Industrial Revenue Bonds, Series 2001	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,759,765	\$ 205,835	\$ 2,965,600
Investments	1,151,018	-	1,151,018
Receivables (net of allowances for uncollectibles)	10,950	-	10,950
Deposits	<u>11,067</u>	<u>-</u>	<u>11,067</u>
Total assets	<u>\$ 3,932,800</u>	<u>\$ 205,835</u>	<u>\$ 4,138,635</u>
LIABILITIES			
Accounts, salaries, and other payables	<u>\$ 43,969</u>	<u>\$ -</u>	<u>\$ 43,969</u>
Total liabilities	<u>43,969</u>	<u>-</u>	<u>43,969</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>6,572</u>	<u>-</u>	<u>6,572</u>
Total deferred inflows of resources	<u>6,572</u>	<u>-</u>	<u>6,572</u>
FUND BALANCES			
Restricted	-	205,835	205,835
Unassigned	<u>3,882,259</u>	<u>-</u>	<u>3,882,259</u>
Total fund balances	<u>3,882,259</u>	<u>205,835</u>	<u>4,088,094</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,932,800</u>	<u>\$ 205,835</u>	<u>\$ 4,138,635</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, 2019

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

Fund Balances, Total Governmental Funds (Statement C)	\$ 4,088,094
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	13,316,613
Receivables from tenants are reported as unavailable revenue on the fund financials, and revenues on the Statement of Net Position	6,572
Assets used in governmental activities that are not financial resources and therefore, are not reported in the governmental funds:	
Prepaid assets	17,542
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Compensated absences	(1,195)
Interest payable	(1,988)
Bonds payable	(705,000)
	<u>(708,183)</u>
Net Position of Governmental Activities (Statement A)	<u>\$16,720,638</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, 2019

		Debt Service Fund	
	General Fund	Industrial Revenue Bonds, Series 2001	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 527,443	\$ -	\$ 527,443
Rental income	158,705	271,988	430,693
Oil & gas royalty	11,884	-	11,884
Investment earnings	16,103	2,206	18,309
Miscellaneous income	3,986	-	3,986
Total revenues	718,121	274,194	992,315
 EXPENDITURES			
Current:			
General government	259,514	-	259,514
Capital outlay	40,480	-	40,480
Debt service:			
Principal	-	205,000	205,000
Interest and other charges	-	37,404	37,404
Total expenditures	299,994	242,404	542,398
Excess (deficiency) of revenues over expenditures	418,127	31,790	449,917
 OTHER FINANCING SOURCES (USES)			
Transfers (out)	(86,900)	-	(86,900)
Total other financing sources and uses	(86,900)	-	(86,900)
Net change in fund balances	331,227	31,790	363,017
Fund balances - beginning	3,551,032	174,045	3,725,077
Fund balances - ending	\$ 3,882,259	\$ 205,835	\$ 4,088,094

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, 2019

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

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$	363,017
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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:

Construction in progress	61,275	
Capital outlay additions	\$ 5,452	
Depreciation expense	<u>(446,031)</u>	(379,304)

Unearned revenues reported as revenues in the governmental funds as they become available resources, are not reported in the Statement of Activities	(5,259)
--	---------

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	205,000
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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.	(10,662)
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Interest Receivable	(35)
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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	529	
Decrease in compensated absences liability	<u>(284)</u>	<u>245</u>

Change in Net Position of Governmental Activities, Statement B	\$	<u>173,002</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, 2019

	Business-Type Activity
	<u>Water and Sewer</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 105,753
Accounts receivable	<u>5,065</u>
Total current assets	<u>110,818</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation)	<u>778,010</u>
Total noncurrent assets	<u>778,010</u>
Total assets	<u>888,828</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>4,943</u>
Total current liabilities	<u>4,943</u>
Total liabilities	<u>4,943</u>
NET POSITION	
Net investment in capital assets	778,010
Unrestricted	<u>105,875</u>
Total net position	<u>\$ 883,885</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, 2019

	Business-Type Activity
	<u>Water and Sewer</u>
Operating revenues:	
Charges for services	
Water and sewer income	\$ 37,559
Total operating revenues	<u>37,559</u>
Operating expenses:	
Contract labor	12,420
Tank Rental-Chlorine Cylinder	400
Utilities	12,323
Dues & subscriptions	400
Testing fees	3,771
Repairs and maintenance	73,974
Depreciation	55,656
Telephone	540
Total operating expenses	<u>159,484</u>
Operating income (loss) before transfers	(121,925)
Transfers in	<u>86,900</u>
Change in net position	(35,025)
Net position - beginning	<u>918,910</u>
Net position - ending	<u><u>\$ 883,885</u></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, 2019

	Business-Type Activity
	<u>Water and Sewer</u>
Cash flows from operating activities:	
Cash received from customers	\$ 33,586
Cash (payments) for supplies and services	<u>(100,806)</u>
Net cash provided (used) by operating activities	<u>(67,220)</u>
Cash flows from noncapital financing activities:	
Transfer from other funds	<u>86,900</u>
Net cash provided by noncapital financing activities	<u>86,900</u>
Cash flows from capital and related activities:	
Construction of capital assets	<u>(19,680)</u>
Net cash provided	<u>(19,680)</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>\$ (121,925)</u>
Depreciation	55,655
Increase in accounts payable	3,023
Increase in accounts receivable	<u>(3,973)</u>
Total adjustments	<u>54,705</u>
Net cash provided (used) by operating activities	<u>\$ (67,220)</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, 2019

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.

I. 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, 2019

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, 2019

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 revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

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 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.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

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 are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

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-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.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

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 report 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 2018 was 5.48 mills of the assessed property valuation on tax rolls as of January 1. For the year ended June 30, 2019, taxes of \$536,011 were levied on property with assessed valuations totaling \$97,812,193.

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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

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	\$ 254,511	\$ 260,864	\$ (6,353)

The revenues and expenditures, for the year ended June 30, 2019, as shown on Statement E, are reconciled with the amounts reflected on the budget comparisons on Schedule 1 as follows:

	<u>General Fund</u>
Year ended June 30, 2019:	
Net change in fund balance (GAAP basis)	\$ 331,227
To adjust for:	
Increase in receivables	(461)
Increase in payables	<u>39,133</u>
Net change in fund balance (cash basis)	<u>\$ 369,899</u>

4. Cash and Cash Equivalents

At June 30, 2019, the District had cash and cash equivalents totaling \$3,071,353 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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

custodial bank that is mutually acceptable to both parties.

At June 30, 2019, the District had \$4,224,165 in deposits and certificates of deposit (collected bank balances). These deposits were secured from risk by \$1,311,588 of federal deposit insurance and \$7,026,351 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, 2019, the District's investments consisted of \$1,151,018 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, 2019 are as follows:

	<u>Governmental</u>	<u>Business-type</u>
Oil and gas royalties	\$ 868	\$ -
Lease payments receivable	10,082	-
Water & sewer receivable	<u>-</u>	<u>5,065</u>
Total	<u>\$ 10,950</u>	<u>\$ 5,065</u>

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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

7. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2019, for the District is as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2019</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 500,575	\$ -	\$ -	\$ 500,575
Construction in progress	<u>-</u>	<u>61,275</u>	<u>-</u>	<u>61,275</u>
Total capital assets, not being depreciated	<u>500,575</u>	<u>61,275</u>	<u>-</u>	<u>561,850</u>
Capital assets being depreciated				
Land improvements	1,374,959	-	-	1,374,959
Buildings and improvements	16,878,168	-	-	16,878,168
Machinery and equipment	<u>39,352</u>	<u>5,452</u>	<u>2,830</u>	<u>41,974</u>
Total capital assets being depreciated	<u>18,292,479</u>	<u>5,452</u>	<u>2,830</u>	<u>18,295,101</u>
Less accumulated depreciation for:				
Land improvements	1,211,559	14,321	-	1,225,880
Building and improvements	3,846,942	431,030	-	4,277,972
Machinery and equipment	<u>38,636</u>	<u>680</u>	<u>2,830</u>	<u>36,486</u>
Total accumulated depreciation	<u>5,097,137</u>	<u>446,031</u>	<u>2,830</u>	<u>5,540,338</u>
Total capital assets being depreciated, net	<u>13,195,342</u>	<u>(440,579)</u>	<u>-</u>	<u>12,754,763</u>
Governmental activities capital assets, net	<u>\$13,695,917</u>	<u>\$ (379,304)</u>	<u>\$ -</u>	<u>\$13,316,613</u>
Business-type activities:				
Capital assets, not being depreciated				
Construction in progress	\$ -	\$ 19,680	\$ -	\$ 19,680
Total capital assets, not being depreciated	<u>-</u>	<u>19,680</u>	<u>-</u>	<u>19,680</u>
Capital assets being depreciated				
Improvements other than buildings	<u>2,159,130</u>	<u>-</u>	<u>-</u>	<u>2,159,130</u>
Total capital assets being depreciated	<u>2,159,130</u>	<u>-</u>	<u>-</u>	<u>2,159,130</u>
Less accumulated depreciation for:				
Improvements other than buildings	<u>1,345,145</u>	<u>55,655</u>	<u>-</u>	<u>1,400,800</u>
Total accumulated depreciation	<u>1,345,145</u>	<u>55,655</u>	<u>-</u>	<u>1,400,800</u>
Total capital assets being depreciated, net	<u>813,985</u>	<u>(55,655)</u>	<u>-</u>	<u>758,330</u>
Business-type activities capital assets, net	<u>\$ 813,985</u>	<u>\$ (35,975)</u>	<u>\$ -</u>	<u>\$ 778,010</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

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

Governmental activities:		Business-type activities:	
General government	\$ <u>446,031</u>	Water & sewer	\$ <u>55,655</u>

8. Accounts payable and other accrued liabilities

The payables of the District at June 30, 2019 are as follows:

	<u>Governmental</u>	<u>Business-type</u>
Accounts payable	\$ 42,247	\$ 4,943
Wages payable	615	-
Payroll tax liabilities	<u>1,107</u>	<u>-</u>
Total	\$ <u>43,969</u>	\$ <u>4,943</u>

9. Operating Transfers

Operating transfer balances for the year ended June 30, 2019, were as follows:

	Operating Transfer	
	<u>IN</u>	<u>OUT</u>
General fund	\$ -	\$ 86,900
Enterprise fund	<u>86,900</u>	<u>-</u>
	\$ <u>86,900</u>	\$ <u>86,900</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, 2019

The following is the net investment in each building:

	<u>Cost</u>	Accumulated depreciation as of <u>June 30, 2019</u>
Building #3	\$ 5,996,819	\$ 719,294
Building #4	1,297,330	704,655
Compression Building Facility	5,209,392	2,039,499
Building – Clinic	343,820	117,565
CSP – Office facility/Geothermal Cooling System	<u>889,852</u>	<u>484,862</u>
Total	\$ <u>13,737,213</u>	\$ <u>4,065,875</u>

The following is a schedule of future minimum lease payments to be received, as of June 30, 2019:

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>
2020	\$ 249,315	\$ 34,646	\$ 9,742	\$ 3	\$ 10,800	\$ 304,506
2021	257,675	33,148	2,435	3	-	293,261
2022	22,648	16,009	-	3	-	38,660
2023	-	-	-	3	-	3
2024-2028	-	-	-	15	-	15
2029-2033	-	-	-	15	-	15
2034-2035	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>3</u>
Total minimum lease payments	\$ <u>529,638</u>	\$ <u>83,803</u>	\$ <u>12,177</u>	\$ <u>45</u>	\$ <u>10,800</u>	\$ <u>636,463</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

11. Long-term Obligation

The following is a summary of the change in long-term debt for the year ended June 30, 2019:

<u>Type of debt</u>	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Amount due</u> <u>within one year</u>	<u>Noncurrent</u> <u>liabilities</u>
Governmental activities:						
Notes from direct placement:						
Industrial revenue bonds	\$ 910,000	\$ -	\$ (205,000)	\$705,000	\$ 220,000	\$ 485,000
Compensated absences	<u>911</u>	<u>1,195</u>	<u>(911)</u>	<u>1,195</u>	<u>-</u>	<u>1,195</u>
Total	<u>\$ 910,911</u>	<u>\$ 1,195</u>	<u>\$ (205,911)</u>	<u>\$ 706,195</u>	<u>\$ 220,000</u>	<u>\$ 486,195</u>

Bonds payable at June 30, 2019, 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	\$ 705,000	\$ 26,306

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, 2019, including interest payments of \$26,306, are as follows:

<u>Year ending</u> <u>June 30</u>	<u>Notes from Direct Placement</u> <u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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>\$ 705,000</u>	<u>\$ 26,306</u>	<u>\$ 731,306</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

12. 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, 2019.

13. 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 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, 2019, the jobs reported by the Company were less than the required amounts. No liability has been recognized by the District as of June 30, 2019.

14. Tax abatements

The District is subject to tax abatements granted by the Louisiana Department of Economic Development (LED). Louisiana has a ten-year industrial exemption law that provides any manufacturing establishment entering Louisiana, or any manufacturing establishment expanding its

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

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, 2019 by authorized millage is as follows:

<u>Tax code</u>	<u>Millage</u>	<u>Taxable value</u>	<u>Taxpayer exemption</u>
General corporate purposes	5.14 mills	\$ 1,192,060	\$ 6,127

15. Subsequent events

Management has evaluated subsequent events through December 31, 2019, 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, 2019

	<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	\$ 555,000	\$ 507,798	\$ 527,498	\$ 19,700
Rental income	117,882	154,328	157,601	3,273
Oil & gas royalty	13,000	11,825	12,475	650
Interest	12,300	13,591	16,103	2,512
Miscellaneous	-	3,986	3,986	-
Total revenues	<u>698,182</u>	<u>691,528</u>	<u>717,663</u>	<u>26,135</u>
Expenditures				
General government	286,118	202,176	255,384	(53,208)
Capital outlay	100,000	52,335	5,480	46,855
Total expenditures	<u>386,118</u>	<u>254,511</u>	<u>260,864</u>	<u>(6,353)</u>
Excess (deficiency) of revenues over expenditures	312,064	437,017	456,799	19,782
Other Financing Sources (Uses)				
Operating transfers out	<u>(175,000)</u>	<u>(75,000)</u>	<u>(86,900)</u>	<u>(11,900)</u>
Total other financing sources (uses)	<u>(175,000)</u>	<u>(75,000)</u>	<u>(86,900)</u>	<u>(11,900)</u>
Net change in fund balances	137,064	362,017	369,899	7,882
Fund balance - beginning	<u>3,807,592</u>	<u>3,551,130</u>	<u>3,551,130</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,944,656</u>	<u>\$ 3,913,147</u>	<u>\$ 3,921,029</u>	<u>\$ 7,882</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, 2019**

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	\$ 254,511	\$ 260,864	\$ (6,353)

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, 2019

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, 2019:

Chairman	Craig Tripp	Member	Denny McMullan
Vice-Chairman	Jeff Harper	Member	Lamar Smith
Secretary-Treasurer	Randy Sexton	Member	Jeffery Barnard
Member	John "Darryl" Vercher		

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
 Schedule of General Fund Expenditures
 Year Ended June 30, 2019

With Comparative Amounts for the Year Ended June 30, 2018

	2019	2018
General and administrative:		
Salaries	\$ 40,615	\$ 91,288
Taxes	3,307	7,348
Penalties	49	466
Election expense	-	20,392
Building maintenance	67,828	56,907
EDS marketing & promotional	-	303
Website software	180	2,835
Insurance	29,713	51,142
Legal and accounting	34,504	29,495
Office	9,680	4,023
Tax assessor fees	19,329	19,222
Travel	70	3,264
Bank fees	-	130
Promotional	6,259	1,210
Telephone	4,789	4,573
Utilities	9,424	8,168
Dues	540	4,709
Printing	3,568	4,265
Commission expense	3,888	3,888
Miscellaneous expense	14	-
Site certification costs (64 acres)	-	1,050
Total general and administrative	233,757	314,678
Park expenditures:		
Engineering	-	-
Maintenance	25,757	45,038
Total park expenditures	25,757	45,038
Capital outlay:		
Building purchase	-	136,000
Professional services	5,480	31,214
Building reconstruction	-	1,330,679
Building improvement	35,000	-
Land purchase	-	9,000
Total capital outlay	40,480	1,506,893
Total general fund expenditures	\$ 299,994	\$ 1,866,609

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, 2019

<u>Position: Executive Assistant</u>	Cindy L. <u>Scheer</u>
Purpose:	
Salary	\$ 40,000
Travel	<u>70</u>
Total	<u>\$ 40,070</u>

OTHER REPORTS

WISE, MARTIN & COLE, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

601 Main Street P. O. Box 897
Minden, Louisiana 71058-0897
(318) 377-3171 Fax (318) 377-3177

MICHAEL W. WISE, CPA
CARLOS E. MARTIN, CPA
KRISTINE H. COLE, CPA

KRISTIE K. MARTIN, CPA
HANNAH M. COLVIN, CPA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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, 2019, 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 31, 2019.

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 2019-01, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2019-02 and 2019-03.

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.

Wise Martin & Cole LLC

Minden, Louisiana
December 31, 2019

OTHER INFORMATION

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Findings
For the Year Ended June 30, 2019

Finding 2019-01 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 executive assistant 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.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Findings For the Year Ended June 30, 2019

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

2019-02 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 2018.

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.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Findings For the Year Ended June 30, 2019

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. The amended lease has been drafted and has also been approved by LED. The District has tried numerous ways to contact representatives of Integrico but have had no response. The District will begin to charge \$15,000.00 per month starting in January 2020 due to non-compliance in lieu of terminating the lease.

2019-03 – 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:

- 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 guidelines to be in compliance with the Local Government Budget Act. The District has currently implemented procedures and guideline to be compliance with the Local Government Budget Act. This includes the timely amendment guidelines, public notice 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, 2019

There were three findings for the prior year audit for the year ended June 30, 2018, as follows:

Finding 2018-01 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 revenues/receipts and payroll/personnel functions.

Current Status: Not resolved. See current year finding, 2019-01.

2018-02 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 the agreement 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:

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.

Current Status: Not resolved. See current year finding, 2019-02

2018-03 – Budget compliance

Finding: District did not complete and make available the budget for public inspection 15 days prior to the beginning of the fiscal year and the notice of the public hearing did not allow the 10 days required between giving notice to the public and holding the public meeting. Actual expenditures exceeded budgeted expenditures by more than 5%.

Current Status: Partially resolved. See current year finding, 2019-03

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CERTIFIED PUBLIC ACCOUNTANTS

601 Main Street P. O. Box 897
Minden, Louisiana 71058-0897
(318) 377-3171 Fax (318) 377-3177

MICHAEL W. WISE, CPA
CARLOS E. MARTIN, CPA
KRISTINE H. COLE, CPA

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2018 through June 30, 2019. The District'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 and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

Written 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. Purchase orders are not used by the District.*

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

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

- 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 standard term and conditions.*

- 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 (e.g., determining the reasonableness of fuel card purchases)

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

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

- 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 and the requirement that all employees, included executive officials, annually attest through signature verification that they have read the entity's ethic policy.*

- 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.*

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software

patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Exception: *Management did not provide written policy and procedures addressing disaster recovery/business continuity.*

Management 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.*

The District will review policies with the guidelines listed on the LLA website for best practices.

Bank Reconciliations

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

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 (e.g., initialed and dated, electronically logged);

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 issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

The bank reconciliations selected were reviewed by someone who does not handle cash, post ledgers, or issue checks.

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

There were no reconciling items that have been outstanding for more than 12 months for all bank accounts selected for testing.

Collections (excluding EFTs)

3. 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.

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

Management provided listing of collection locations and representation that listing was complete.

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

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 posting 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: *At the time of observation, there is one employee for the District, therefore the employee responsible for collecting cash is responsible for reconciling cash collections.*

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

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

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #2 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

Of the two bank accounts tested in procedure #2 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 statement.

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).

Exception: *A deposit for an amount greater than \$100.00 was deposited on 5/14/19 when money was received on 4/26/19 and 5/2/19.*

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

No exceptions noted.

Management Response: *NWPID will review the current procedures to look at other safeguards that could be put in place by utilizing additional Board member review. The District will review the guidelines or recommendation listed on the LLA website for best practices.*

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

- 7. 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.

- 8. For each location selected under #7 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.

The Administrative assistant who processes payment is not prohibited from adding/modifying vendor files. Two board members approve new vendors and review 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.*

9. For each location selected under #7 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 #8, as applicable.

No exception noted.

Management Response: *NWPID will review the guidelines or recommendation listed on the LLA website for best practices. The Board will update procedures from the States recommendation due to the limited staff and processing payments.*

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

10. 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.

11. 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 (or electronically approved), 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 exceptions noted.

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

No exceptions noted.

12. Using the monthly statements or combined statements selected under #11 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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Exception: *One item tested did not have an original itemized receipt to identify what was purchased.*

Management Response: *All credit card purchases will need documentation of the original purchase, receipt of items (online purchases) and verified or initial by the Board Chairman prior to payment. Original receipts must accompany any credit card purchases by NWPID. Management will also review the guidelines listed on LLA website for best practice to assure the District is in compliance.*

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

13. 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).

No exceptions noted.

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

No exceptions noted.

- 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).

No exceptions noted.

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

No exceptions noted.

Contracts

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

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

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

Does not apply. The Public Bid Law was not required.

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

No exceptions noted.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Does not apply. None of the contracts were 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 observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

Payroll and Personnel

- 15. 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.

16. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #15 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.)

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

17. 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 payment during the fiscal period and management's representation that the listing is complete. No employees were terminated during the fiscal period.

18. 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 and workers' compensation premiums have been paid, and associated forms have been filed by required deadlines. Retirement and health insurance benefits are not provided by the District.

Ethics

19. Using the 5 randomly selected employees/officials from procedure #15 under "Payroll and Personnel" above, 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.

No exceptions noted.

- 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.

No exceptions noted.

Other

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

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

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

Exception: *Observed the notice was published on the premises but not on the website as of December 20, 2019.*

Management Response: *NWPID will be reviewing the various policies and procedures to rectify any exceptions listed above by following the LLA guidelines for best practices.*

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.

Wise Martin & Cole LLC

Minden, LA

December 31, 2019