

**JEFFERSON DAVIS PARISH SANITARY
LANDFILL COMMISSION**

JENNINGS, LOUISIANA

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2018

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

**Annual Financial Statements
As of and for the Year Ended December 31, 2018**

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J. Aaron Cooper, CPA, LLC

P.O. Box 918 • 106 West Nezpique Street • Jennings, Louisiana 70546

Member of the American Institute of Certified Public Accountants and the Society of Louisiana Certified Public Accountants.

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INDEPENDENT AUDITOR'S REPORT

To The Jefferson Davis Parish Sanitary Landfill Commission
Jennings, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and the major fund of the Jefferson Davis Parish Sanitary Landfill Commission as of December 31, 2018, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Commission'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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Jefferson Davis Parish Sanitary Landfill as of December 31, 2018, and the respective changes in financial position for the year ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 32 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. I 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 my inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government 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. My opinion on the basic financial statements is not affected by this missing information.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jefferson Davis Parish Sanitary Landfill Commission's basic financial statements. The schedule of compensation and benefits paid to the Landfill Director is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The supplemental schedule is the responsibility of management and was derived and related 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 my opinion, based on my audit, the procedures performed as described above, the Landfill Director's compensation and benefits are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated May 29, 2019, on my consideration of the Jefferson Davis Parish Sanitary Landfill Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

A handwritten signature in blue ink that reads "J. Aaron Coogan, CPA, LLC". The signature is written in a cursive style.

May 29, 2019

BASIC FINANCIAL STATEMENTS

STATEMENT A

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

Statement of Net Position

December 31, 2018

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	\$ 1,101,457
Investments	2,594,606
Receivables (net of allowances for uncollectibles)	445,817
Net pension asset	23,242
Capital assets (net)	1,920,441
TOTAL ASSETS	<u>6,085,563</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferrals	<u>52,743</u>
LIABILITIES	
Accounts, salaries, and other payables	<u>16,188</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related deferrals	<u>68,772</u>
NET POSITION	
Invested in capital assets, net of related debt	1,920,441
Unrestricted	<u>4,132,905</u>
NET POSITION	<u>\$ 6,053,346</u>

The accompanying notes are an integral part of this financial statement.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

Statement of Activities

For the Year Ended December 31, 2018

	Expenses	Program Revenues		Net (Expenses) Revenues and Change in Net Position Governmental Activities
		Charges for Services and Use	Operating Grants and Contributions	
Governmental Activities				
Sanitary landfill	\$ 684,899	\$ 3,325,248	\$ -	\$ -
				\$ 2,640,349
General revenues:				
Investment earnings				24,161
Other general revenue				156,498
Special items:				
Distributions to member governments				(2,695,562)
Total general revenues and special items				(2,514,903)
Change in net position				125,446
Net position-beginning				5,927,900
Net position-ending				\$ 6,053,346

The accompanying notes are an integral part of this financial statement.

STATEMENT C

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

Balance Sheet – Governmental Fund

December 31, 2018

	<u>GENERAL FUND</u>
ASSETS	
Cash and cash equivalents	\$ 1,101,457
Investments	2,594,606
Receivables (net of allowances for uncollectibles)	<u>445,817</u>
TOTAL ASSETS	<u>\$ 4,141,880</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts, salaries, and other payables	<u>\$ 16,188</u>
Fund balance:	
Committed	2,430,773
Unassigned	<u>1,694,919</u>
Total Fund Balance	<u>4,125,692</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,141,880</u>

The accompanying notes are an integral part of this financial statement.

STATEMENT D

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

Reconciliation of the Balance Sheet – Governmental Fund
to the Statement of Net Position

December 31, 2018

Fund balance, total governmental fund (Statement C) \$ 4,125,692

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

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the governmental
funds.

Capital assets	\$ 4,274,376	
Accumulated depreciation	(2,353,935)	<u>1,920,441</u>

In accordance with Governmental Accounting Standards Board
Statement No. 68, the net pension liability related to pension plans,
deferred outflows of resources, and deferred inflows of resources
are not recorded in the governmental funds.

Net pension related deferrals	<u>7,213</u>
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Net Position of Governmental Activities (Statement A)	<u><u>\$ 6,053,346</u></u>
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The accompanying notes are an integral part of this financial statement.

STATEMENT E

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

Statement of Revenues, Expenditures and
and Changes in Fund Balance – Governmental Fund

For the Year Ended December 31, 2018

	GENERAL FUND
REVENUES	
Contract royalties	\$ 1,153,656
Methane gas sales	2,171,592
DEQ fee reimbursement	147,284
Investment earnings	24,161
Other revenues	9,214
Total revenues	<u>3,505,907</u>
EXPENDITURES	
Sanitary landfill:	
Personnel costs	288,161
Operating costs	261,977
Recycling program	7,629
Excess waste fees	48,108
Materials and supplies	1,524
Travel and other charges	3,630
Capital outlays	243,412
Total expenditures	<u>854,441</u>
Excess of revenues over expenditures	2,651,466
OTHER FINANCING SOURCES (USES)	
Distributions to member governments	<u>(2,695,562)</u>
Net change in fund balance	(44,096)
Fund balance – beginning	<u>4,169,788</u>
Fund balance – ending	<u><u>\$ 4,125,692</u></u>

The accompanying notes are an integral part of this financial statement.

STATEMENT F

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance – Governmental Fund
to the Statement of Activities**

For the Year Ended December 31, 2018

Net change in fund balance, governmental fund, Statement E	\$	(44,096)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		243,412
Depreciation		(73,354)

In accordance with Governmental Accounting Standards Board Statement No. 68, the net pension liability related pension is not required to be recorded in the governmental fund financial statements. Adjustments to pension expense related to changes in deferred outflows of resources and deferred inflows of resources are reflected in the Statement of Activities:

Net change in pension expense		(516)
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Change in net position of governmental activities, Statement B	\$	<u>125,446</u>
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The accompanying notes are an integral part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

**Notes to the Financial Statements
For the Year Ended December 31, 2018**

INTRODUCTION

The Jefferson Davis Parish Sanitary Landfill Commission (Commission) was chartered February 17, 1984. The Commission was created by the joint action of the following political subdivisions: the City of Jennings, the Town of Welsh, the Town of Lake Arthur, and the Jefferson Davis Parish Police Jury. These governing bodies joined efforts for the purpose of establishing a long term plan for disposal of solid wastes in Jefferson Davis Parish. According to the charter, the operations of the Commission are not to be financed by user charges but by direct assessment of the member governing bodies. Each member governing body is assessed directly in the proportion of the number of households within each member unit to the total number of households within all member units. These proportions were determined by the figures obtained from the 1980 U. S. Census. Based upon the information available from the 1980 U. S. Census, the following percentages for each member governing body were determined:

<u>LOCALITY</u>	<u>NUMBER OF HOUSEHOLDS</u>	<u>PERCENTAGES</u>
Jennings	4,161	.421196
Welsh	1,167	.118129
Lake Arthur	1,212	.122684
Parish (excluding Jennings, Welsh, Lake Arthur & Elton)	<u>3,339</u>	<u>.337991</u>
Totals	<u>9,879</u>	<u>1.000000</u>

In 1989, the Commission entered into a contract with Browning-Ferris, Inc. (BFI) to operate the facility and pay the Commission a royalty for its use. BFI also agreed to pay the normal operating costs, except for those items specifically allocated to the Commission, and assume responsibility for closure of the facility and any post-closure care, maintenance, and monitoring.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accounting and reporting policies of the Jefferson Davis Parish Sanitary Landfill Commission conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*, published by the American Institute of Certified Public Accountants; and are also made in accordance with the provisions of *Government Auditing Standards*, promulgated by the United States Comptroller General, as they pertain to financial and compliance audits.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

Notes to the Financial Statements For the Year Ended December 31, 2018

The Commission has adopted the provisions of GASB Statement 34 and GASB Statement No. 37. These statements established standards for external financial reporting for all state and governmental entities, which includes a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. It requires the classification of net position into three components - invested in capital assets, net of related debt, restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt: This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. The Commission has no debt attributable to its capital assets.
- Restricted net position: This component of net position consists of constraints imposed by creditors (such as through debt covenants), contributors, laws or regulations of other governments, or through constitutional provisions or enabling legislation. The Commission has no restricted net position.
- Unrestricted net position: This component of net position consists of net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

B. Government-Wide and Fund Financial Statements

Government-Wide 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 Jefferson Davis Parish Sanitary Landfill Commission. 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 are 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.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

Notes to the Financial Statements For the Year Ended December 31, 2018

Fund Financial Statements

The Commission uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Commission functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. Various funds are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Commission or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10% of the corresponding total for all governmental funds. The funds of the Commission are described below:

Governmental fund. The general fund is the only governmental fund of the Commission. It is the general accounting fund of the Jefferson Davis Sanitary Landfill Commission. It accounts for all financial resources of the Commission.

C. 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. Grants and similar items are recognized as revenue 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 to compensated absences and claims and judgments, are recorded only when payment is due.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so it has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Amounts reported as program revenues included 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.

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

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

Notes to the Financial Statements For the Year Ended December 31, 2018

D. Reporting Entity

The financial statements of the Commission consist only of the funds of the Commission. The Commission has no financial accountability for any other governmental entity since no other entities are considered to be component units of the Commission. GASB Statement No. 14 established criteria for determining which component units should be considered part of the Jefferson Davis Parish Sanitary Landfill Commission for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Commission to impose its will on the organization and/or,
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Commission.
2. Organizations for which the Commission does not appoint a voting majority but are fiscally dependent on the Commission.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Commission has determined that it has no component units.

E. Budgetary Practices

For the year ended December 31, 2018, the Commission adopted a budget on November 15, 2017, at a public hearing for the general fund on a basis consistent with generally accepted accounting principles (GAAP). Periodic budget comparisons were made during the year and amendments are made when deemed necessary. The budget was amended on December 20, 2018. All budgetary appropriations lapse at the end of each fiscal year. Formal encumbrance accounting is not utilized by the Commission.

F. Cash, Cash Equivalents and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law the Commission may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. Investments may include instruments or obligations issued by the United States Government or its agencies, or any other federally issued investment.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

**Notes to the Financial Statements
For the Year Ended December 31, 2018**

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 column 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 fair market value at the date of donation. The Jefferson Davis Parish Sanitary Landfill Commission maintains as a threshold level of \$1,000 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 assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	30 years
Buildings and building improvements	30 years
Furniture and fixtures	5 years
Vehicles	5 years
Equipment and landscaping	7 years
Miscellaneous improvements	10 years

H. Compensated Absences

The Commission adopted a personnel policy during 1994. The policy states that all full-time employees shall be allowed vacation time, provided they have been employed full-time for a period of at least six months. Vacation time allowed varies from five to twenty days per year depending on length of service. Under similar circumstances part-time employees will also be allowed vacation time but on a ratio of part-time hours scheduled and working to a normal forty hour work week. Vacation time may not be carried over to the following year.

Full-time employees shall be entitled to utilize one sick day for each month of active full-time employment up to a maximum sixty days. Regular part-time employees shall be entitled to utilize sick days at the same rate as full-time employees with a maximum accumulation of thirty days. This benefit for regular part-time employees applies only to absences lasting more than one week with the first week being an unpaid waiting period. Unless utilized, sick leave will not be paid as cash compensation, comp time or otherwise.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

Notes to the Financial Statements For the Year Ended December 31, 2018

I. Risk Management

The Commission is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions: injuries to employees; and natural disasters. The Commission manages these losses through the purchase of commercial insurance.

J. Fund Equity

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

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances of the governmental funds are classified as follows:

- a. 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.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal decision of the Commission's Board, which is the highest level of decision-making authority for the Commission.
- d. Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- e. Unassigned - all other spendable amounts.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

**Notes to the Financial Statements
For the Year Ended December 31, 2018**

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commission has provided otherwise in their commitment or assignment actions.

K. Estimates

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

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents

The year ended balances of deposits are as follows:

<u>Deposit Type</u>	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash-demand deposits	<u>\$1,315,820</u>	<u>\$1,101,457</u>

Under state laws, 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 equal the amount on deposit with the fiscal agent.

Investments

At December 31, 2018, the commission had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investments Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
Certificate of deposits- non-negotiable	<u>\$2,594,606</u>	<u>\$2,091,959</u>	<u>\$ 502,647</u>

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

**Notes to the Financial Statements
For the Year Ended December 31, 2018**

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The commission does not have a written investment policy, but does adhere to state laws regarding allowable investments. The above investments are not rated.

For cash and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the commission will not be able to recover the value of its cash, investments or collateral securities that are in the possession of an outside party. The deposits and investments are secured from risk by \$750,000 of federal deposit insurance and \$4,130,000 of pledged securities held by a custodial bank listing the Jefferson Davis Parish Sanitary Landfill Commission as pledgee. As such, these deposits are not considered subject to custodial credit risk.

R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the commission that the fiscal agent has failed to pay deposited funds upon demand.

The Commission has a concentration of credit risk in that it places no limit on the amount it may invest in any one issuer. More than 5 percent of the Commission's investments at December 31, 2018 are invested in certificates of deposit held at Jeff Davis Bank. These investments are 80% of the Commission's total investments at December 31, 2018. The remaining certificate of deposit investment is in The Bank.

3. RECEIVABLES

Receivables for fund financial statements at December 31, 2018, are as follows:

Contracts	\$ 74,720
Gas sales	367,657
Accrued interest receivable	<u>3,440</u>
	<u>\$ 445,817</u>

These receivables are normally collected within 30 to 60 days. Due to past collection history and short duration of outstanding amounts, no allowance for doubtful accounts has been established.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

**Notes to the Financial Statements
For the Year Ended December 31, 2018**

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2018, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,242,370	\$ -	\$ -	\$ 1,242,370
Capital assets being depreciated:				
Building	422,499	-	-	422,499
Improvements other than buildings	2,197,506	235,045	-	2,432,551
Machinery and equipment	168,589	8,367	-	176,956
Total capital assets being depreciated	<u>2,788,594</u>	<u>243,412</u>	<u>-</u>	<u>3,032,006</u>
Less accumulated depreciation for:				
Building and improvements	2,120,330	66,795	-	2,187,125
Machinery and equipment	160,251	6,559	-	166,810
Total accumulated depreciation	<u>2,280,581</u>	<u>73,354</u>	<u>-</u>	<u>2,353,935</u>
Total capital assets being depreciated, net	<u>508,013</u>	<u>170,058</u>	<u>-</u>	<u>678,071</u>
Total capital assets	<u>\$ 1,750,383</u>	<u>\$ 170,058</u>	<u>\$ -</u>	<u>\$ 1,920,441</u>

Depreciation expense of \$73,354 for the year ended December 31, 2018, was charged to the Landfill.

5. ACCOUNTS, SALARIES AND OTHER PAYABLES

The accounts, salaries, and other payables consisted of the following at December 31, 2018:

Accounts	\$ 3,908
Retirement plan	9,949
Salaries and payroll liabilities	<u>2,331</u>
	<u>\$ 16,188</u>

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

Notes to the Financial Statements For the Year Ended December 31, 2018

6. COMPENSATION PAID TO BOARD MEMBERS

The Commission paid no compensation to board members for the year ended December 31, 2018.

7. LITIGATION AND CLAIMS

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonable estimated. No claim expenditures or liabilities are reported in the accompanying financial statements. The Commission is not presently involved in any litigation as defendant.

8. LANDFILL OPERATOR AND SIGNIFICANT CONTRACT PROVISIONS

On July 26, 1989, the Commission entered into an exclusive contract with Browning Ferris Industries, Inc. (BFI) for the daily operations of waste disposal at the landfill site. The Commission will receive a royalty on all waste deposited into landfill for which BFI is compensated. The more significant outstanding provisions of that contract are as follows:

- a. BFI shall be responsible for all law violations that are caused by BFI's performance of its tasks at the landfill.
- b. Unless this contract is earlier terminated, BFI is responsible for closure in accordance with the permit and for appropriate seeding of the sanitary landfill for erosion control. BFI's post-closure care, maintenance and monitoring responsibility shall be 3 years, or as required by law, following closure. Afterwards, the Commission is responsible for all post-closure care.
- c. BFI shall take all necessary precautions to prevent receipt of and deposit into the landfill regulated "hazardous waste", wet sludge, and oilfield wastes.
- d. BFI will maintain all liability insurance as set forth in the contract.

Contract is scheduled to expire in 2027.

9. PENSION PLAN

A. Parochial Employees Retirement System of Louisiana (PERS)

Plan Description. Employees of the Commission's office are members of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All participating employees of the Commission are members of Plan A.

All permanent parish government employees (except those employed by Orleans, Lafourche, and East

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

Notes to the Financial Statements For the Year Ended December 31, 2018

Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

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

Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty or more years of creditable service.
2. Age 55 with twenty-five years of creditable service.
3. Age 60 with a minimum of ten years of creditable service.
4. Age 65 with a minimum of seven years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with thirty years of service.
2. Age 62 with ten years of service.
3. Age 67 with seven years of service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Deferred Retirement Option Plan (DROP) Benefits: Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan A who is eligible to retire may elect to participate in the DROP in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

Notes to the Financial Statements For the Year Ended December 31, 2018

the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits: For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

Survivor's Benefits: Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes. Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

Cost-of-Living Increases: The Board is authorized to provide a cost-of-living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost-of-living adjustment commencing at age 55.

Contributions: According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2017, the actuarially determined contribution rate was 9.35% of member's compensation for Plan A. However, the actual rate for the fiscal year ended December 31, 2017 was 12.5%. According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. Contributions to the pension plan from the Commission were \$23,311, for the year ended December 31, 2018.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

**Notes to the Financial Statements
For the Year Ended December 31, 2018**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The Commission's proportionate share of the Net Pension Liability is allocated based on the December 31, 2017 measurement date. The Commission uses this method to record its Net Pension Liability and associated amounts as of December 31, 2018, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at December 31, 2017, along with the change compared to the December 31, 2016 rate. The Commission's proportion of the Net Pension Liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension (Asset) at <u>December 31, 2018</u>	Rate at <u>December 31, 2017</u>	Increase (Decrease) to <u>December 31, 2016</u>
Jefferson Davis Parish Sanitary Landfill Commission's Retirement System	\$ <u>(23,242)</u>	<u>0.0310%</u>	<u>0.0001%</u>

The following list the Commission's recognized pension expense for the Parochial Employees' Retirement System of Louisiana:

Jefferson Davis Parish Sanitary Landfill Commission's Retirement System	\$ <u>29,204</u>
--	------------------

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

**Notes to the Financial Statements
For the Year Ended December 31, 2018**

At December 31, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Jefferson Davis Parish Sanitary Landfill Commission's Retirement System		
Differences between expected and actual experience	\$ -	\$ (15,045)
Change of assumptions	29,335	-
Net difference between projected and actual earnings on pension plan investments	-	(53,696)
Changes in proportion and differences between employer contributions and proportionate share of contributions	97	(31)
Employer contributions subsequent to the measurement date	<u>23,311</u>	<u>-</u>
Total	<u>\$ 52,743</u>	<u>\$ (68,772)</u>

Deferred outflows of resources of \$23,311 related to PERS resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS will be recognized in pension expense as follows:

	<u>Year</u>	<u>Amount</u>
Jefferson Davis Parish Sanitary Landfill Commission's Retirement System		
	2019	\$ 3,502
	2020	(3,512)
	2021	(18,044)
	2022	<u>(21,286)</u>
		<u>\$ (39,340)</u>

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

**Notes to the Financial Statements
For the Year Ended December 31, 2018**

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability of PERS as of December 31, 2018, are as follows:

Valuation Date	December 31, 2017
Actuarial Cost Method	Plan A - Entry Age Normal
Investment Rate of Return	6.75% (net of investment expense, including inflation)
Expecting Remaining Service Lives	4 years
Projected Salary Increases	Plan A - 5.25% (2.75% Merit/2.50% Inflation)
Costs-of-Living Adjustment	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Inflation Rate	2.50%

The discount rate used to measure the total pension liability was 6.75% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

**Notes to the Financial Statements
For the Year Ended December 31, 2018**

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62% for the year ended December 31, 2017.

Best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of December 31, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed income	35%	1.24%
Equity	52%	3.57%
Alternatives	11%	0.69%
Real assets	2%	0.12%
	<u>100%</u>	<u>5.62%</u>
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>7.62%</u>

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System’s liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The RP-2000 Healthy Annuitant Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back five years for males and three years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back four years for males and three years for females was used.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

**Notes to the Financial Statements
For the Year Ended December 31, 2018**

Sensitivity to Changes in Discount Rate: The following presents the Commission’s proportionate share of the PERS net pension liability calculated using the discount rate of 6.75%, as well as what the Commission’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate:

	PLAN A		
	Changes in Discount Rate		
	2017		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	5.75%	6.75%	7.75%
Net Pension Liability (Asset)	<u>\$ 114,591</u>	<u>\$ (23,242)</u>	<u>\$ (145,973)</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Parochial Employees' Retirement System of Louisiana Annual Financial Report at www.persla.org or www.lla.state.la.us.

Payables to Pension Plan: The Commission recorded accrued liabilities to the System for the year ended December 31, 2018. The amount due was \$9,949, which included both employer and employee contributions.

10. RELATED PARTY TRANSACTIONS

During 2018, the Commission voted to distribute \$300,000 to the four local government bodies that participate in the Landfill Commission and funded its construction and early operations. Additionally, the Commission distributed \$2,180,562 related to sales of methane. The distributions were made in the same proportions as the original investments by the governments (see Note 1). In addition, the Commission distributed an additional \$40,000 (\$10,000 each) to the members for special projects. Effective January 1, 2016, the Commission and the Jefferson Davis Parish Economic Development Commission entered into a Cooperative Endeavor Agreement, whereby the Commission would pay the Economic Development Commission \$43,750 per quarter to provide the Parish with functions and activities necessary to create economic benefits to the people and business of the Parish. The total amount paid during the year was \$175,000. This agreement was renewed for the year ending 2019. There are no amounts due to the member governments at December 31, 2018.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

Notes to the Financial Statements For the Year Ended December 31, 2018

11. CONTINGENCIES

The Landfill Commission as owner of a sanitary landfill is subject to Environmental Protection Agency (EPA) regulations that require monitoring the landfill site for 30 years following closure of the site in addition to other closure requirements. These regulations also mandate that landfill owners provide financial assurances that they will have the resources available to satisfy the post-closure standards. These guarantees can be third-party trusts, surety bonds, letters of credit, insurance, or state sponsored plans. According to the Commission's contract with the site operator, "...the contractor shall be responsible for closure in accordance with the permit..." Additionally, "...the contractor's post-closure care, maintenance and monitoring responsibility shall be three (3) years, or as required by law,...". In the event the operator is for whatever reason unwilling or unable to fulfill this requirement, the responsibility for closure and post closure monitoring will revert back to the Commission. Additionally, because of the industry the Commission participates in, certain potential liabilities are always present. These include, but are not limited to, environmental cleanup costs and EPA penalties for violation of its regulations. The EPA is empowered by law (through the Superfund legislation) to seek recovery from anyone who ever owned or operated a particular contaminated site, or anyone who ever generated or transported hazardous materials to a site (these parties are commonly referred to as potentially responsible parties, or PRPs). Potentially, the liability can extend to subsequent owners or to the parent company of a PRP. While there are no asserted or unasserted potential costs or penalties at the date of this report that the Commission is aware of, the potential is present.

12. LEASES

The Commission entered into a site lease with South-Tex Treaters, LP in June, 2007 for the purpose of recovering and selling methane gas produced by the decomposing waste in the landfill. The lease is for an initial period of twenty (20) years, with an option to extend the lease for an additional ten (10) years. The commission is to receive rent of \$1 per month plus a royalty ranging from 13% to 25% depending on volumes produced and the sales price of gas per thousand cubic feet (mcf), less certain agreed-upon costs. The facility began operations in April, 2008.

13. COMMITTED FUND BALANCE

The Commission has established a policy of annually designating three percent (3%) of the beginning committed fund balance, or the total interest earned on investments, whichever is lesser, for potential post-closure contingencies. However, the Commission changed the policy in 2004 to eliminate annually committing 3% and freezing the committed fund balance at the December 31, 2003, level of \$2,930,773. In 2006, the Commission approved reducing the committed balance by \$500,000 to \$2,430,773 to provide for an additional distribution to its members.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

**Notes to the Financial Statements
For the Year Ended December 31, 2018**

14. SUBSEQUENT EVENTS

On January 16, 2019, the Commission distributed \$300,000 to the members in proportion to each member's original contribution amount. The Commission also distributed an additional \$40,000 (\$10,000 each) to the members for special projects. Subsequent events were evaluated through May 29, 2019, which is the date the financial statements were available to be issued. Management has determined that there are no additional events that occurred subsequent to year end that are required to be disclosed.

REQUIRED SUPPLEMENTAL INFORMATION

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

**Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
General Fund**

For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Over(Under)
	Original	Final		
REVENUES				
Contract royalties	\$ 960,000	\$ 1,060,000	\$ 1,153,656	\$ 93,656
Methane gas sales	1,800,000	2,000,000	2,171,592	171,592
DEQ fee reimbursement	85,000	135,000	147,284	12,284
Investment earnings	15,000	15,000	24,161	9,161
Other revenues	15,000	15,000	9,214	(5,786)
Total Revenues	<u>2,875,000</u>	<u>3,225,000</u>	<u>3,505,907</u>	<u>280,907</u>
EXPENDITURES				
Personnel costs	309,415	309,415	288,161	21,254
Operating costs	216,800	266,800	261,977	4,822
Recycling program	10,000	10,000	7,629	2,371
Excess waste fees	80,000	50,000	48,108	1,892
Materials and supplies	5,000	5,000	1,524	3,476
Travel and other charges	5,000	5,000	3,630	1,370
Capital outlay	300,000	250,000	243,412	6,588
Total Expenditures	<u>926,215</u>	<u>896,215</u>	<u>854,441</u>	<u>41,774</u>
Excess of revenues over expenditures	1,948,785	2,328,785	2,651,466	322,681
OTHER FINANCING SOURCES (USES)				
Distributions to member governments	<u>(2,315,000)</u>	<u>(2,515,000)</u>	<u>(2,695,562)</u>	<u>(180,562)</u>
Net change in fund balance	(366,215)	(186,215)	(44,096)	142,119
Fund balance – beginning	<u>4,169,788</u>	<u>4,169,788</u>	<u>4,169,788</u>	<u>-</u>
Fund balance – ending	<u>\$ 3,803,573</u>	<u>\$ 3,983,573</u>	<u>\$ 4,125,692</u>	<u>\$ 142,119</u>

See accompanying notes to the budgetary comparison schedule.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

**Notes to Budgetary Comparison Schedule
For the Year Ended December 31, 2018**

Budget Basis of Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted and as finally amended by the Commission. State statutes require the Commission to amend its budget when revenues plus projected revenues are expected to be less than five percent or more of budgeted revenues and/or expenditures are expected to exceed budgeted expenditures by five percent or more.

SUPPLEMENTAL INFORMATION

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

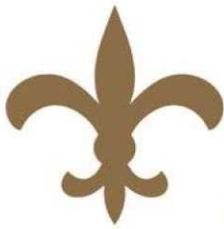
Schedule of Compensation, Benefits, and Other Payments to the
Landfill Director

For the Year Ended December 31, 2018

Daniel B. Hylton
Landfill Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 90,035
Benefits-insurance	8,151
Benefits-retirement	11,254
Benefits-dues	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

OTHER REPORTS



J. Aaron Cooper, CPA, LLC

P.O. Box 918 • 106 West Nezpique Street • Jennings, Louisiana 70546

Member of the American Institute of Certified Public Accountants and the Society of Louisiana Certified Public Accountants.

Recipient of Advanced Single Audit Certificate

INDEPENDENT AUDITOR'S 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 Jefferson Davis Parish Sanitary Landfill Commission
Jennings, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of American 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, and major fund of the Jefferson Davis Parish Sanitary Landfill Commission, as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued my report thereon dated May 29, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Jefferson Davis Parish Sanitary Landfill Commission's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Jefferson Davis Parish Sanitary Landfill Commission's internal control. Accordingly, I do not express an opinion on the effectiveness of the Jefferson Davis Parish Sanitary Landfill Commission's internal controls.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jefferson Davis Parish Sanitary Landfill Commission's financial statements are free of material misstatement. I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, I do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Jefferson Davis Parish Sanitary Landfill Commission'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 Jefferson Davis Parish Sanitary Landfill Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "J. Aaron Coogan, CPA, LLC". The signature is written in a cursive style.

Jennings, Louisiana
May 29, 2019

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018**

Management's Status of Prior Year Audit Findings

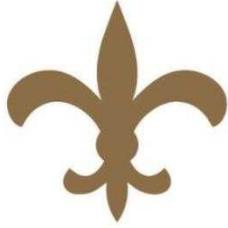
<u>Ref No</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>
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No prior year findings.

Management's Status of Current Year Audit Findings

<u>Ref No</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>
---------------	-------------------------------	--------------------------------

No current year findings.



J. Aaron Cooper, CPA, LLC

P.O. Box 918 • 106 West Nezpique Street • Jennings, Louisiana 70546

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Jefferson Davis Parish Sanitary Landfill Commission
Jennings, Louisiana

I have performed the procedures enumerated below, which were agreed to by the Jefferson Davis Parish Sanitary Landfill Commission 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 year ended December 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I 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:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - 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.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - 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) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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.
- 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, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Landfill Commission maintains written policies for Payroll/Personnel and Budgeting. Written procedures are not maintained for the other policies and procedures.

Board (or Finance Committee, if applicable)

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

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

The Commissioners meet monthly. Meetings without a quorum were not noted.

- b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund, as well as monthly financial statements.

Budget-to-actual financial reports are provided monthly to the commissioners at their meetings.

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

Not applicable.

Bank Reconciliations

3. 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 and randomly select 4 additional accounts. Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date;
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation; and
 - 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.

I obtained listing of client bank accounts from management and management's representation that the listing is complete. Only one operating account exists.

I obtained bank statements and reconciliations for all months in the fiscal period noting that monthly reconciliations have been timely prepared.

Accounts tested did contain evidence that management or management separate from involvement of transactions reviewed the bank reconciliations.

No items over 12 months were noted.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete.

Obtained listing of collection locations and management's representation that listing is complete. The Commission has two primary customers from which it

receives payments. These payments are received monthly by check. No cash receipts were noted. The facility has one location.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection such that:

- a) Employees that are responsible for cash collection do not share cash drawers/registers.
- 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 to the deposits.
- 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.
- 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.

Cash drawers/registers are not utilized. At various times, the same person collecting receipts may also be responsible for depositing in the bank. Recording the deposit and reconciling bank statements is performed by a separate accounting service.

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

The person responsible for collections is bonded.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.

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

Sequential numbering is not utilized for receipts. There are normally no more than 3 to 5 receipts per month. The person who collects the receipts prepares a deposit slip and deposits the amount timely. No exceptions were noted between deposit slips and bank statement deposits.

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

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Only one location exists for processing payments.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - 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.
 - 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.

No written policies or procedures regarding job descriptions and responsibilities exists, but employees are knowledgeable of their assigned duties. Two employees are not always involved in the above procedures due to staffing restrictions. The person responsible for processing payments is not prohibited from adding vendors to the entity's purchasing/disbursement system. Persons with signature authority or who

make final authorization for disbursements do have responsibility for initiating purchases.

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

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

Selected disbursements matched original invoices. Segregation of duties is not evident.

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

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

Listing was obtained along with management's representation that it is complete.

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

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

Monthly statements were obtained and address the functions noted above.

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

No finance charges or late fees were noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each

card should have 10 transactions subject to testing). For each transaction, observe that it is supported by

- (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

No exceptions were noted.

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

14. 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:

- 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).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No travel and expense reimbursements were noted.

Contracts

15. 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. 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:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law¹ (e.g., solicited quotes or bids, advertised), if required by law.
- 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).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- 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 were noted.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

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

No exceptions were noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 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.
 - 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.

Ethics training was not completed on all employees.

Management concurs and will require training in the future.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Not applicable.

Other

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

Management has asserted that the entity did not have any misappropriations of public funds.

24. 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.

Required notices are posted on the entity's premises. Entity does not maintain a website.

I was 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 and 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.

J. Aaron Cozart, CPA, LLC

May 29, 2019