

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2020

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
Annual Financial Report  
As of and for the Year Ended June 30, 2020

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## INDEPENDENT AUDITORS' REPORT

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

### 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, 2020, 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, 2020, 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 5-11 and 37-48 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***

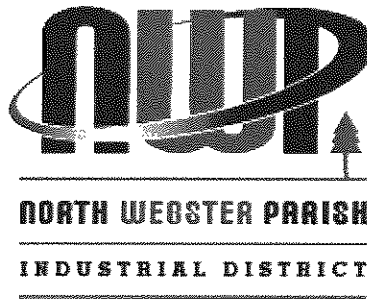
In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements 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 Marten & Cole LLC*

Minden, Louisiana  
December 31, 2020

**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, 2020. The intent of this discussion and analysis is to look at the District’s financial performance as a whole. Readers should also review the notes to the financial statements and the financial statements to enhance their understanding of the North Webster Parish Industrial District’s financial performance.

### **USING THIS ANNUAL REPORT**

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

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

#### **The Statement of Net Position and the Statement of Activities**

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

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

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

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

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

### **Fund financial statements**

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

- *Governmental funds* – The District's report includes 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, 2020, net position changed as follows:

**Table 1**  
**Net Position**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Primary</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current and other assets	\$ 4,259,873	\$ 4,156,177	\$ 158,121	\$ 110,818	\$ 4,417,994	\$ 4,266,995
Capital assets	<u>12,942,980</u>	<u>13,316,613</u>	<u>768,371</u>	<u>778,010</u>	<u>13,711,351</u>	<u>14,094,623</u>
Total assets	<u>17,202,853</u>	<u>17,472,790</u>	<u>926,492</u>	<u>888,828</u>	<u>18,129,345</u>	<u>18,361,618</u>
Long-term liabilities	488,762	706,195	-	-	488,762	706,195
Other liabilities	<u>45,451</u>	<u>45,957</u>	<u>8,294</u>	<u>4,943</u>	<u>53,745</u>	<u>50,900</u>
Total liabilities	<u>534,213</u>	<u>752,152</u>	<u>8,294</u>	<u>4,943</u>	<u>542,507</u>	<u>757,095</u>
Net position:						
Net investment in capital assets	12,942,980	12,611,613	768,371	778,010	13,711,351	13,389,623
Restricted	220,110	205,835	-	-	220,110	205,835
Unrestricted	<u>3,505,550</u>	<u>3,903,190</u>	<u>149,827</u>	<u>105,875</u>	<u>3,655,377</u>	<u>4,009,065</u>
Total net position	<u>\$16,668,640</u>	<u>\$16,720,638</u>	<u>\$ 918,198</u>	<u>\$ 883,885</u>	<u>\$ 17,586,838</u>	<u>\$ 17,604,523</u>

As mentioned earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2020, the District's assets exceeded liabilities by \$16,668,640 and \$918,198 in the governmental and business type activities, respectively.

The largest portion of the District's net position (78%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide infrastructure and buildings to tenants operating within the industrial park. These assets are not available for future spending, unless sold to the tenants.

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

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation, debt covenants, or other legal requirements – is \$3,505,550 in the governmental activities as of June 30, 2020. The business-type activities report \$149,827 as unrestricted net position.

**Table 2**  
**Changes in Net Position**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Primary</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>Government</u>	<u>2020</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 365,154	\$ 425,435	\$ 44,759	\$ 37,559	\$ 409,913	\$ 462,994
Capital grants & contributions	38,253	26,275	45,633	-	83,886	26,275
General revenues:						
Property taxes	516,899	527,443	-	-	516,899	527,443
Royalties	7,733	11,884	-	-	7,733	11,884
Miscellaneous	-	3,986	-	-	-	3,986
Investment earnings	<u>25,049</u>	<u>18,274</u>	<u>-</u>	<u>-</u>	<u>25,049</u>	<u>18,274</u>
Total revenues	<u>953,088</u>	<u>1,013,297</u>	<u>90,392</u>	<u>37,559</u>	<u>1,043,480</u>	<u>1,050,856</u>
<b>Program expenses</b>						
General government	935,284	727,365	-	-	935,284	727,365
Interest on long-term debt	16,592	26,030	-	-	16,592	26,030
Water and sewer	<u>-</u>	<u>-</u>	<u>109,289</u>	<u>159,484</u>	<u>109,289</u>	<u>159,484</u>
Total expenses	<u>951,876</u>	<u>753,395</u>	<u>109,289</u>	<u>159,484</u>	<u>1,061,165</u>	<u>912,879</u>
Excess (deficiency) before special items, extraordinary items and transfers	1,212	259,902	(18,897)	(121,925)	(17,685)	137,977
Transfers	<u>(53,210)</u>	<u>(86,900)</u>	<u>53,210</u>	<u>86,900</u>	<u>-</u>	<u>-</u>
Change in net position	(51,998)	173,002	34,313	(35,025)	(17,685)	137,977
Net position – beginning	<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>
Net position – ending	<u>\$16,668,640</u>	<u>\$16,720,638</u>	<u>\$918,198</u>	<u>\$883,885</u>	<u>\$17,586,838</u>	<u>\$17,604,523</u>

**Governmental-type activities**

The net position of the governmental-type activities decreased by \$51,998. While revenues exceeded expenses by \$1,212, approximately \$53,000 of governmental resources was transferred to help cover the costs of the business-type activities not covered by its own resources.

Comparing the current and prior year revenues of the District’s governmental activities, there was a decrease of approximately \$60,000. Revenues decreased due to changes in lease payments contracted to be received during the year. In the prior year, \$42,000 was recognized on a short-term lease agreement, which was not renewed in the current year. Property tax revenues decreased by approximately \$11,000, due to the decrease in taxable property values.

When comparing the current and prior year activity, total governmental expenses increased by approximately \$199,000. While expenses decreased for building repairs and maintenance and accounting fees, new expenses were incurred in the current year to provide a signing bonus to a new tenant of the park, who received a signing bonus of \$250,000.

### **Business-type activities**

Overall, the revenues recognized in the Water and Sewer fund for the District increased by approximately \$53,000 over the prior year. While charges for water services increased This is due to the fact that the water and sewer rates increased in the prior year.

Expenditures for the Water and Sewer fund decreased by approximately \$50,000 from the prior year. There were fewer repairs done by the District than done in the prior year.

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 \$53,210 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 15) reported a combined fund balance of \$4,182,378, reflecting an increase of \$94,285 from the prior fiscal year balance of \$4,088,093.

Overall, General fund expenditures increased by approximately \$320,000 compared to the prior year expenditures. The District's expenditures increased because in the current year, they incurred expenditures to improve the leased building for a new tenant and also paid them a signing bonus of \$250,000.

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, 2020, the District made one amendment to its budget. The original revenues were increased by approximately \$80,000. Budget amendments to revenues were made to reflect a \$90,000 increase in rental income. Projected expenditures were amended to reflect an increase in general government and capital outlay expenditures of approximately \$156,000. A large portion of the increase was to budget a \$250,000 sign on bonus paid to a new tenant, which was offset by decreases in budgeted amounts for repairs and maintenance and capital outlay for the park.

## CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of June 30, 2020, the District had over \$21 million invested in capital assets including buildings, park facilities, and the water and sewer system.

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 500,575	\$ 500,575	\$ -	\$ -	\$ 500,575	\$ 500,575
Construction in progress	72,000	61,275	65,570	19,680	137,570	80,955
Land improvements	134,758	149,079	-	-	134,758	149,079
Building and improvements	12,231,569	12,600,196	-	-	12,231,569	12,600,196
Improvements other than bldg.	-	-	702,801	758,330	702,801	758,330
Equipment	4,078	5,488	-	-	4,078	5,488
Totals (net of depreciation)	<u>\$12,942,980</u>	<u>\$13,316,613</u>	<u>\$ 768,371</u>	<u>\$778,010</u>	<u>\$13,711,351</u>	<u>\$14,094,623</u>

During the year, the District started construction to improve one of its newly leased buildings, incurring approximately \$72,000. The District has committed to spend up to \$700,000 to further improve this building. See more information in Note 14. The District continued a project to expand the wastewater treatment plant incurring approximately \$46,000. A portion of the construction costs will be funded by the District and a grant from the Delta Regional Authority.

## 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, 2020, the District had \$485,000 in debt as compared to \$705,000 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") adopted the millage rate of 5.18 mills on August 17, 2020. The millage is permitted for a period of ten years and generates income of approximately \$517,171. This represents the first year after the renewal in 2019. The income generated is used to maintain NWPID infrastructure and the general operating expenses of NWPID. Rental income and investments income continue to be stable. This income derives the balance of the income to which NWPID operates.

NWPID 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"). Also, 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 2021 is \$42,728. 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 and was exercised to renew September 1, 2021. The spec building lease will generate \$64,800 in revenue. Also, the CSP Revenue Bond of \$2,900,000.00 will mature and be paid off in September 2021.

The District in 2019 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 are 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 signed a building lease and Cooperative Endeavor Agreement with E.I. Williams, a Canadian company on February 10, 2020. The lease is for the newly constructed 50,000 square foot manufacturing building for twenty-five (25) years at \$1.00 per year. The company has committed to generating 100 jobs within five years and maintain that level of employment for the term of the lease. The District has committed \$700,000 to be used for improvements or modifications to the company. Louisiana Economic Department (LED) has offered a EDAP grant of \$250,000 for building improvements also to be issued to the District. Also, the District has committed to an additional amount of \$540,000 for the repair of the current parking lot, loading dock, and drainage. These funds will come from the general account and are included in the budget for FYE 2021. The project has a tentative date to be functional of January 2021.

NWPID continues to operate within the restrictions and changes caused by the COVID-19 pandemic.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

## **BASIC FINANCIAL STATEMENTS**



**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Statement of Net Position**  
**June 30, 2020**

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,812,240	\$ 105,753	\$ 2,917,993
Restricted cash and cash equivalents	220,110	-	220,110
Investments	1,170,918	-	1,170,918
Receivables, net of allowances	14,776	48,406	63,182
Prepays	30,762	3,962	34,724
Deposits	11,067	-	11,067
Noncurrent assets:			
Land and construction in progress	572,575	65,570	638,145
Depreciable capital assets, net of depreciation	<u>12,370,405</u>	<u>702,801</u>	<u>13,073,206</u>
Total assets	<u>17,202,853</u>	<u>926,492</u>	<u>18,129,345</u>
<b>LIABILITIES</b>			
Accounts payable and other accrued liabilities	44,611	8,294	52,905
Interest payable	840	-	840
Noncurrent liabilities:			
Due within one year	235,807	-	235,807
Due in more than one year	<u>252,955</u>	<u>-</u>	<u>252,955</u>
Total liabilities	<u>534,213</u>	<u>8,294</u>	<u>542,507</u>
<b>NET POSITION</b>			
Net investment in capital assets	12,942,980	768,371	13,711,351
Restricted for debt service	220,110	-	220,110
Unrestricted	<u>3,505,550</u>	<u>149,827</u>	<u>3,655,377</u>
Total net position	<u>\$ 16,668,640</u>	<u>\$ 918,198</u>	<u>\$ 17,586,838</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, 2020

	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
<b>PRIMARY GOVERNMENT:</b>							
<b>Governmental activities</b>							
General government	\$ 935,284	\$ 365,154	38,253	\$ (531,877)	\$ (531,877)	\$ -	\$ (531,877)
Interest on long-term debt	16,592	-	-	(16,592)	(16,592)	-	(16,592)
Total governmental activities	<u>951,876</u>	<u>365,154</u>	<u>38,253</u>	<u>(548,469)</u>	<u>(548,469)</u>	<u>-</u>	<u>(548,469)</u>
<b>Business-type activities</b>							
Water and sewer	109,289	44,759	45,633	(18,897)	-	(18,897)	(18,897)
Total business-type activities	<u>109,289</u>	<u>44,759</u>	<u>45,633</u>	<u>(18,897)</u>	<u>-</u>	<u>(18,897)</u>	<u>(18,897)</u>
Total primary government	<u>\$ 1,061,165</u>	<u>\$ 409,913</u>	<u>\$ 83,886</u>	<u>\$ (567,366)</u>	<u>\$ (548,469)</u>	<u>\$ (18,897)</u>	<u>\$ (567,366)</u>
General revenues:							
Property taxes levied for general purposes					516,899	-	516,899
Royalties					7,733	-	7,733
Investment earnings					25,049	-	25,049
Transfers					(53,210)	53,210	-
Total general revenues, special items, extraordinary items, and transfers					496,471	53,210	549,681
Change in net position					(51,998)	34,313	(17,685)
Net position-beginning					16,720,638	883,885	17,604,523
Net position-ending					<u>\$ 16,668,640</u>	<u>\$ 918,198</u>	<u>\$ 17,586,838</u>

The accompanying notes are an integral part of this statement.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2020**

		Debt Service Fund	
	General Fund	Industrial Revenue Bonds, Series 2001	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,812,240	\$ -	\$ 2,812,240
Restricted cash and cash equivalents	-	220,110	220,110
Investments	1,170,918	-	1,170,918
Receivables (net of allowances for uncollectibles)	14,776	-	14,776
Deposits	11,067	-	11,067
 Total assets	 <u>\$ 4,009,001</u>	 <u>\$ 220,110</u>	 <u>\$ 4,229,111</u>
<b>LIABILITIES</b>			
Accounts, salaries, and other payables	\$ 45,418	\$ -	\$ 45,418
Total liabilities	<u>45,418</u>	<u>-</u>	<u>45,418</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	1,315	-	1,315
Total deferred inflows of resources	<u>1,315</u>	<u>-</u>	<u>1,315</u>
<b>FUND BALANCES</b>			
Restricted	-	220,110	220,110
Unassigned	3,962,268	-	3,962,268
Total fund balances	<u>3,962,268</u>	<u>220,110</u>	<u>4,182,378</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 4,009,001</u>	 <u>\$ 220,110</u>	 <u>\$ 4,229,111</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, 2020

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

Fund Balances, Total Governmental Funds (Statement C)	\$ 4,182,378
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	12,942,980
Receivables from tenants are reported as unavailable revenue on the fund financials, and revenues on the Statement of Net Position	1,315
Assets used in governmental activities that are not financial resources and therefore, are not reported in the governmental funds:	
Prepaid assets	30,762
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Compensated absences	(2,955)
Interest payable	(840)
Bonds payable	<u>(485,000)</u>
	<u>(488,795)</u>
Net Position of Governmental Activities (Statement A)	<u>\$16,668,640</u>

The accompanying notes are an integral part of this statement.

**STATEMENT E**

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**

**Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2020**

	General Fund	Debt Service Fund Industrial Revenue Bonds, Series 2001	Total Governmental Funds
<b>REVENUES</b>			
Ad valorem taxes	\$ 516,899	\$ -	\$ 516,899
Rental income	115,465	254,948	370,413
Oil & gas royalty	7,733	-	7,733
Investment earnings	23,273	1,776	25,049
Total revenues	<u>663,370</u>	<u>256,724</u>	<u>920,094</u>
<b>EXPENDITURES</b>			
Current:			
General government	492,279	-	492,279
Capital outlay	37,872	-	37,872
Debt service:			
Principal	-	220,000	220,000
Interest and other charges	-	22,448	22,448
Total expenditures	<u>530,151</u>	<u>242,448</u>	<u>772,599</u>
 Excess (deficiency) of revenues over expenditures	 133,219	 14,276	 147,495
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	<u>(53,210)</u>	<u>-</u>	<u>(53,210)</u>
Total other financing sources and uses	<u>(53,210)</u>	<u>-</u>	<u>(53,210)</u>
 Net change in fund balances	 80,009	 14,276	 94,285
Fund balances - beginning	<u>3,882,259</u>	<u>205,834</u>	<u>4,088,093</u>
Fund balances - ending	<u>\$ 3,962,268</u>	<u>\$ 220,110</u>	<u>\$ 4,182,378</u>

The accompanying notes are an integral part of this statement.

## NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

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

**For the Year Ended June 30, 2020**

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

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$	94,285
<p>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:</p>		
Construction in progress	72,000	
Capital outlay additions	\$ 4,125	
Depreciation expense	<u>(449,758)</u>	(373,633)
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		220,000
In the Statement of Activities, prepayments for insurance are recorded as expense when incurred. The governmental funds record the expenditure when paid.		13,221
<p>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:</p>		
Decrease in interest payable	1,148	
Increase in compensated absences liability	<u>(1,760)</u>	<u>(612)</u>
Change in Net Position of Governmental Activities, Statement B	\$	<u>(51,998)</u>

The accompanying notes are an integral part of this statement.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2020**

	Business-Type Activity
	<u>Water and Sewer</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 105,753
Accounts receivable	48,406
Prepays	<u>3,962</u>
Total current assets	<u>158,121</u>
Noncurrent assets:	
Capital assets:	
Construction in progress	65,570
Plant and equipment	2,159,130
less: accumulated depreciation	<u>(1,456,329)</u>
Total noncurrent assets	<u>768,371</u>
Total assets	<u>926,492</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	<u>8,294</u>
Total current liabilities	<u>8,294</u>
Total liabilities	<u>8,294</u>
<b>NET POSITION</b>	
Net investment in capital assets	768,371
Unrestricted	<u>149,827</u>
Total net position	<u>\$ 918,198</u>

The accompanying notes are an integral part of this statement.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2020**

	Business-Type Activity <u>Water and Sewer</u>
<b>Operating revenues:</b>	
Charges for services	
Water and sewer income	\$ 44,759
Total operating revenues	<u>44,759</u>
<b>Operating expenses:</b>	
Contract labor	12,000
Tank rental	960
Utilities	13,466
Dues & subscriptions	391
Testing fees	2,084
Repairs and maintenance	24,252
Depreciation	55,529
Telephone	<u>607</u>
Total operating expenses	<u>109,289</u>
<b>Operating income (loss) before contributions and transfers</b>	<b>(64,530)</b>
Capital contributions	45,633
Transfers in	<u>53,210</u>
<b>Change in net position</b>	<b>34,313</b>
<b>Net position - beginning</b>	<u>883,885</u>
<b>Net position - ending</b>	<u><u>\$ 918,198</u></u>

The accompanying notes are an integral part of this statement.



**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2020**

	Business-Type Activity
	<u>Water and Sewer</u>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 47,052
Cash (payments) for supplies and services	<u>(54,372)</u>
Net cash provided (used) by operating activities	<u>(7,320)</u>
<b>Cash flows from noncapital financing activities:</b>	
Transfer from other funds	<u>53,210</u>
Net cash provided by noncapital financing activities	<u>53,210</u>
<b>Cash flows from capital and related activities:</b>	
Construction of capital assets	<u>(45,890)</u>
Net cash provided	<u>(45,890)</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>
<b>Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:</b>	
Operating (loss)	<u>\$ (64,530)</u>
Depreciation	55,529
Increase in accounts payable	3,352
Increase in accounts receivable	2,293
Increase in prepaid expenses	<u>(3,964)</u>
Total adjustments	<u>57,210</u>
Net cash provided (used) by operating activities	<u>\$ (7,320)</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, 2020**

**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.

**1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

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

**B. Reporting Entity**

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

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

**C. Government-wide and Fund Financial Statements**

The 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.

## NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

### Notes to the Financial Statements

As of and for the Year Ended June 30, 2020

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.

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

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

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

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, 2020**

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.

**E. Cash, cash equivalents and investments**

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

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2020**

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.

**F. Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities 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.

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

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

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time.

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

The governmental fund reports unavailable revenues from an operating lease which is structured to include artificially low rent in certain years of the agreement as an inducement to rent the property and

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2020**

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.

**H. Prepays**

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

**I. Capital Assets**

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

The District maintains a threshold level of \$2,500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

**J. Compensated Absences**

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

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**K. Long-term obligations**

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund financial statements. Bond premiums and discounts, and gains/losses on 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.

**L. Fund balances**

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

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

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

**Committed** – Amounts constrained to specific purposes by the District, using its highest level of decision-making authority. The District Board is the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.

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

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

The District established (and modifies or rescinds) fund balance commitments by formal approval during open meetings of the District board, which is the District's highest level of decision-making authority. The District has not adopted a policy to maintain the General Fund's unassigned fund balance above a certain minimum level.

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

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**M. 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.

**N. Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

**O. Bad Debts**

Uncollectible amounts for lease payment receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the receivable. Accounts receivable for the General fund is shown net of an allowance of \$90,000.

**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 2019 was 5.14 mills of the assessed property valuation on tax rolls as of January 1. For the year ended June 30, 2020, taxes of \$516,899 were levied on property with assessed valuations totaling \$100,616,993.

**3. Stewardship, Compliance, and Accountability**

*Budget information.* The District uses the following budget practices:

- 1) The administrative assistant prepares a proposed budget and submits same to the Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year.
- 2) After formal review and public inspection, the budget is adopted by the Board of Commissioners prior to June 30 of the year end.
- 3) Formal budgetary integration is employed as a management control device during the year for the General fund. Budgetary amendments require the approval of the Board of Commissioners. The Board of Commissioners is authorized to transfer amounts between line items within any fund.



**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**

**Notes to the Financial Statements**

**As of and for the Year Ended June 30, 2020**

- 4) The budget for the General fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts, as originally adopted, are amended from time to time by the District.
- 5) Appropriations lapse at the end of each fiscal year.
- 6) The Board of Commissioners may authorize supplemental appropriations during the year.

**Excess of expenditures over appropriations in individual funds:**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund	\$ 467,593	\$ 530,151	\$ (62,558)

**4. Cash and Cash Equivalents**

At June 30, 2020, the District had cash and cash equivalents totaling \$3,138,103 in interest-bearing and non-interest-bearing demand deposits. These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times at least equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2020, the District had \$4,309,517 in deposits and certificates of deposit (collected bank balances). These deposits were secured from risk by \$1,325,864 of federal deposit insurance and \$4,970,624 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, 2020, the District's investments consisted of \$1,170,918 in certificates of deposits. Certificates of deposits are secured from risk by federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3.)

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**6. Receivables**

The receivables at June 30, 2020 are as follows:

	<u>Governmental</u>	<u>Business-type</u>
Lease payments receivable	\$ 104,776	\$ -
Water & sewer receivable	-	2,772
Grant receivable	-	45,634
Less: Allowance for uncollectible accounts	<u>(90,000)</u>	<u>-</u>
Total	<u>\$ 14,776</u>	<u>\$ 48,406</u>

**7. Capital Assets**

Capital assets and depreciation activity as of and for the year ended June 30, 2020, for the District is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 500,575	\$ -	\$ -	\$ 500,575
Construction in progress	<u>61,275</u>	<u>72,000</u>	<u>(61,275)</u>	<u>72,000</u>
Total capital assets, not being depreciated	<u>561,850</u>	<u>72,000</u>	<u>(61,275)</u>	<u>572,575</u>
Capital assets being depreciated				
Land improvements	1,374,959	-	-	1,374,959
Buildings and improvements	16,878,168	65,400	-	16,943,568
Machinery and equipment	<u>41,974</u>	<u>-</u>	<u>-</u>	<u>41,974</u>
Total capital assets being depreciated	<u>18,295,101</u>	<u>65,400</u>	<u>-</u>	<u>18,360,501</u>
Less accumulated depreciation for:				
Land improvements	1,225,880	14,321	-	1,240,201
Building and improvements	4,277,972	434,027	-	4,711,999
Machinery and equipment	<u>36,486</u>	<u>1,410</u>	<u>-</u>	<u>37,896</u>
Total accumulated depreciation	<u>5,540,338</u>	<u>449,758</u>	<u>-</u>	<u>5,990,096</u>
Total capital assets being depreciated, net	<u>12,754,763</u>	<u>(384,358)</u>	<u>-</u>	<u>12,370,405</u>
Governmental activities capital assets, net	<u>\$13,316,613</u>	<u>\$ (312,358)</u>	<u>\$ (61,275)</u>	<u>\$12,942,980</u>

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2020**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Business-type activities:				
Capital assets, not being depreciated				
Construction in progress	\$ 19,680	\$ 45,890	\$ -	\$ 65,570
Total capital assets, not being depreciated	<u>19,680</u>	<u>45,890</u>	<u>-</u>	<u>65,570</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>1,400,800</u>	<u>55,529</u>	<u>-</u>	<u>1,456,329</u>
Total accumulated depreciation	<u>1,400,800</u>	<u>55,529</u>	<u>-</u>	<u>1,456,329</u>
Total capital assets being depreciated, net	<u>758,330</u>	<u>(55,529)</u>	<u>-</u>	<u>702,801</u>
Business-type activities capital assets, net	<u>\$ 778,010</u>	<u>\$ (9,639)</u>	<u>\$ -</u>	<u>\$ 768,371</u>

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

Governmental activities:		Business-type activities:	
General government	\$ <u>449,758</u>	Water & sewer	\$ <u>55,529</u>

**8. Accounts payable and other accrued liabilities**

The payables of the District at June 30, 2020 are as follows:

	<u>Governmental</u>	<u>Business-type</u>
Accounts payable	\$ 42,889	\$ 8,294
Wages payable	615	-
Payroll tax liabilities	<u>1,107</u>	<u>-</u>
Total	<u>\$ 44,611</u>	<u>\$ 8,294</u>

**9. Operating Transfers**

Operating transfer balances for the year ended June 30, 2020, were as follows:

	<u>Operating Transfer</u>	
	<u>IN</u>	<u>OUT</u>
General fund	\$ -	\$ 53,210
Enterprise fund	<u>53,210</u>	<u>-</u>
	<u>\$ 53,210</u>	<u>\$ 53,210</u>

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

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**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.

The following is the net investment in each building:

	<u>Cost</u>	Accumulated depreciation as of <u>June 30, 2020</u>
Building #3	\$ 5,996,819	\$ 869,215
Building #4	1,297,330	737,088
Compression Building Facility	5,209,392	2,169,734
Building – Clinic	343,820	126,701
CSP – Office facility/Geothermal Cooling System	<u>889,852</u>	<u>519,617</u>
Total	<u>\$ 13,737,213</u>	<u>\$ 4,422,355</u>

The following is a schedule of future minimum lease payments to be received, as of June 30, 2020:

Year Ended <u>June 30</u>	CSP <u>facility</u>	CSP <u>office</u>	Medical <u>Clinic</u>	Building <u>#3</u>	<u>Total</u>
2021	\$ 257,675	\$ 33,148	\$ 2,435	\$ 3	\$ 293,261
2022	22,648	16,009	-	3	38,660
2023	-	-	-	3	3
2024	-	-	-	3	3
2025-2029	-	-	-	15	15
2030-2034	<u>-</u>	<u>-</u>	<u>-</u>	<u>15</u>	<u>15</u>
Total minimum lease payments	<u>\$ 280,323</u>	<u>\$ 49,157</u>	<u>\$ 2,435</u>	<u>\$ 42</u>	<u>\$ 331,957</u>

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**11. Long-term Obligation**

The following is a summary of the change in long-term debt for the year ended June 30, 2020:

<u>Type of debt</u>	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</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	\$705,000	\$ -	\$ (220,000)	\$485,000	\$ 235,000	\$ 250,000
Compensated absences	<u>1,195</u>	<u>3,762</u>	<u>(1,195)</u>	<u>3,762</u>	<u>807</u>	<u>2,955</u>
Total	<u>\$ 706,195</u>	<u>\$ 3,762</u>	<u>\$ (221,195)</u>	<u>\$488,762</u>	<u>\$ 235,807</u>	<u>\$ 252,955</u>

Bonds payable at June 30, 2020, 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	\$ 485,000	\$ 10,741

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, 2020, including interest payments of \$10,741, are as follows:

<u>Year ending</u> <u>June 30</u>	<u>Notes from Direct Placement</u> <u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 235,000	\$ 8,926	\$ 243,926
2022	<u>250,000</u>	<u>1,815</u>	<u>251,815</u>
	<u>\$ 485,000</u>	<u>\$ 10,741</u>	<u>\$ 495,741</u>

## NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

### Notes to the Financial Statements

As of and for the Year Ended June 30, 2020

#### **12. Risk Management**

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

#### **13. Performance grant obligation of the District**

Effective March 18, 2014, the District entered into a cooperative endeavor agreement with the State of Louisiana (State), Louisiana Department of Economic Development (LED), and IntegriCo Composites, Inc. (Company). As part of the agreement, the District was 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.

For the current year, 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, 2020. The District is currently working on an amended agreement with the Company which may eliminate any further payments of the equipment costs grant. As of June 30, 2020, no agreement was reached.

#### **14. Commitments**

##### *Guarantees of indebtedness*

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

Under the existing agreements in place, the Company must create and fill 300 new permanent full-time jobs, with minimum annual payroll. As of June 30, 2020, the jobs reported by the Company were less than the required amounts. No liability has been recognized by the District as of June 30, 2020.

On February 13, 2020, the District entered into a cooperative endeavor agreement with E.I. Williams (Tenant). The District agreed to pay the Tenant a signing bonus of \$250,000 in unrestricted funding

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**

**Notes to the Financial Statements**

**As of and for the Year Ended June 30, 2020**

upon execution of the lease and a commitment to reimburse the Tenant up to \$700,000 for building improvements. For the year ended June 30, 2020, the District paid the signing bonus of \$250,000. No building improvements were incurred as of June 30, 2020, that were eligible for reimbursement.

**15. Tax abatements**

The District is subject to tax abatements granted by the Louisiana Department of Economic Development (LED). Louisiana has a ten-year industrial exemption law that provides any manufacturing establishment entering Louisiana, or any manufacturing establishment expanding its Louisiana facilities is eligible to receive exemption on buildings and equipment from state, parish and local property taxes for a period of ten years. The exemption is for the “contract” value of buildings or equipment used by the business. When the exemption expires, the property is to be placed on the tax roll at 15% of its current market value. The amount of tax abatement under this program during the fiscal year ended June 30, 2020 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	\$ 4,784,156	\$ 24,591

**16. Subsequent events**

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact financial resources. While the duration of the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

Management has evaluated subsequent events through December 31, 2020, the date that the financial statements were available to be issued and determined that no additional disclosures are necessary.

**17. Litigation and claims**

At June 30, 2020, the District was involved in one lawsuit. In the opinion of legal counsel for the District, the outcome of the lawsuit is not presently determinable.

## **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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Ad valorem taxes	\$ 511,275	\$ 498,682	\$ 516,899	\$ 18,217
Rental income	116,848	204,878	115,465	(89,413)
Oil & gas royalty	11,900	7,835	7,733	(102)
Investment earnings	13,700	23,299	23,273	(26)
Miscellaneous	1,500	-	-	-
Total revenues	<u>655,223</u>	<u>734,694</u>	<u>663,370</u>	<u>(71,324)</u>
<b>Expenditures</b>				
General government	261,513	467,593	492,279	(24,686)
Capital outlay	26,000	-	37,872	(37,872)
Total expenditures	<u>287,513</u>	<u>467,593</u>	<u>530,151</u>	<u>(62,558)</u>
Excess (deficiency) of revenues over expenditures	367,710	267,101	133,219	(133,882)
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	<u>(30,000)</u>	<u>(6,100)</u>	<u>(53,210)</u>	<u>(47,110)</u>
Total other financing sources (uses)	<u>(30,000)</u>	<u>(6,100)</u>	<u>(53,210)</u>	<u>(47,110)</u>
Net change in fund balances	337,710	261,001	80,009	(180,992)
Fund balance - beginning	<u>3,882,259</u>	<u>3,882,259</u>	<u>3,882,259</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,219,969</u>	<u>\$ 4,143,260</u>	<u>\$ 3,962,268</u>	<u>\$ (180,992)</u>

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**

**Notes to Budgetary Comparison Schedule  
As of and for the Year Ended June 30, 2020**

Note 1 - Budget basis

- A. The budget for the General fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).
- B. Appropriations lapse at the end of each fiscal year.
- C. Excess of expenditures over appropriations in individual funds:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund	\$ 467,593	\$ 530,151	\$ (62,558)

## **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, 2020

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, 2020:

Chairman	Craig Tripp	Member	Elizabeth Taylor
Vice-Chairman	Jeff Harper	Member	Lamar Smith
Secretary-Treasurer	Randy Sexton	Member	Gerald Holland
Member	John "Darryl" Vercher		

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
 Schedule of General Fund Expenditures  
 Year Ended June 30, 2020

With Comparative Amounts for the Year Ended June 30, 2019

General and administrative:	<u>2020</u>	<u>2019</u>
Salaries	\$ 40,750	\$ 40,615
Taxes	3,350	3,307
Penalties	110	49
Building maintenance	9,046	67,828
Signing bonus	250,000	-
Board recognition	48	-
EDS marketing & promotional	1,252	-
Website software	396	180
Insurance	50,746	29,713
Legal and accounting	19,707	34,504
Office	8,314	9,680
Tax assessor fees	18,087	19,329
Travel	314	70
Bank fees	354	-
Promotional	372	6,259
Telephone	4,901	4,789
Utilities	6,551	9,424
Dues	40,215	540
Printing	547	3,568
Commission expense	3,888	3,888
Miscellaneous expense	-	14
Total general and administrative	<u>458,948</u>	<u>233,757</u>
Park expenditures:		
Engineering	6,500	-
Maintenance	<u>26,831</u>	<u>25,757</u>
Total park expenditures	<u>33,331</u>	<u>25,757</u>
Capital outlay:		
Professional services	37,872	5,480
Building improvement	<u>-</u>	<u>35,000</u>
Total capital outlay	<u>37,872</u>	<u>40,480</u>
Total general fund expenditures	<u>\$ 530,151</u>	<u>\$ 299,994</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
 Schedule of Compensation, Benefits and Other Payments to Agency Head  
 Year Ended June 30, 2020

<u>Position: Executive Assistant</u>	<u>Cindy L. Scheer</u>
<b>Purpose:</b>	
Salary	\$ 40,000
Reimbursement	10
Dues	250
Travel	92
Registration Fees	650
Conference Travel	<u>824</u>
 Total	 <u>\$ 41,826</u>

## **OTHER REPORTS**

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

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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, 2020, 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, 2020.

**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 be material



weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of current year findings as item 2020-01, that we consider to be a material weakness.

### **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 current year findings as items 2020-02 and 2020-03.

### **District's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of current year 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 Marten & Cole, LLC*

Minden, Louisiana  
December 31, 2020

## **OTHER INFORMATION**

## NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

### Schedule of Current Year Findings For the Year Ended June 30, 2020

#### **Finding 2020-01 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.

**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.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Current Year Findings  
For the Year Ended June 30, 2020

**2020-02 – 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:

- Budgeted revenues exceeded actual revenues by more than 5%.
- Actual expenditures and other uses exceeded budgeted expenditures and other uses by more than 5%.
- Public hearing was held 5 days after the notice of hearing was published.

**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 set forth by the Local Government Budget Act. The District has implemented procedures and guidelines of review to be compliance with the Local Government Budget Act. This includes implementing timely amendment guidelines, public notice guidelines and adoption guidelines provided by the Louisiana Legislative Auditors website.

This repeat finding was due to timing of Board meetings, timeline demands of securing the new tenant, and budget items overlapping the proposed 2021 budget on a construction project. The Board adopted and changed the presentation to GAAP format and a line item was missed when amending the 2020 budget and was included in the 2021 budget accounting for a large portion of the 5% variance and has been corrected at this time.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Current Year Findings  
For the Year Ended June 30, 2020

**2020-03 – Bonus to tenant**

**Specific requirement:** Louisiana Constitution Article VII, Section 14 states that funds of a political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

**Condition found:** As part of an arrangement to create jobs in Webster Parish, the District entered into a lease agreement and cooperative endeavor agreement to bring a new tenant to its park. In addition to favorable leasing arrangements, and funding assistance to make building improvements to accommodate the new tenant's manufacturing requirements, the cooperative endeavor included an additional \$250,000 payment with no restriction or requirement for its stated use by the new tenant. We were unable to determine whether this \$250,000 payment was a proper use of public funds.

**Possible asserted effect (cause and effect):**

Cause: The District board approved an offer to pay an unrestricted \$250,000 payment identified as a sign on bonus.

Effect or potential effect: The District may have donated public funds.

**Recommendation:** We recommend that the District determine that all components of lease agreements to promote economic development be considered to ensure that public property is not being donated. Payments for sign on bonuses with no restriction as to their use, should clearly identify how the value of the benefit is greater than the value of the property being transferred.

**Management Response:** NWPID had drafted by legal counsel a Cooperative Endeavor Agreement stating that the District shall commit to tenant (Williams) a Tenant Improvement Allowance as follows: NWPID shall, upon execution of Lease and this agreement give tenant (Williams) \$250,000.00 in unrestricted funding. The District was acting on the recommendations of interim legal counsel, as Mr. John Slattery was battling cancer and thought they were acting in good faith. Discussion that has taken place after with LED, NLEP, and CDC has caused the District concern for future incentive packages and lease agreements and will be reviewed with additional caution in structuring possible funding going forward.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Prior Year Findings  
For the Year Ended June 30, 2020

**There were three findings for the prior year audit for the year ended June 30, 2019, as follows:**

**Finding 2019-01 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, 2020-01.**

**2019-02 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 been adjusted to ensure that the District receives appropriate consideration for facility rentals as stated in the lease agreement. It is currently still being reviewed by both parties and no final agreement has been signed. The District is continually pursuing payment from the tenant.

**Current Status: Resolved. The District is actively working with tenant to reach a new agreement.**

**2019-03 – Budget compliance**

**Finding:** Actual expenditures exceeded budgeted expenditures by more than 5%.

**Current Status: Not resolved. See current year finding, 2020-02**