

WASHINGTON PARISH GOVERNMENT

ANNUAL FINANCIAL REPORT

Year Ended December 31, 2017

WASHINGTON PARISH GOVERNMENT

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INDEPENDENT AUDITORS' REPORT

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Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington Parish Government (the Parish), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Parish's primary government Aas 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. 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 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 entity'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.

Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information

The financial statements referred to above do not include financial data for the Parish's legally separate component units. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported with the financial data of the Parish's primary government unless the Parish also issues financial statements for the financial reporting entity that include the financial data for its component units. The Parish has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component units are indeterminable. In addition, the assets, liabilities, fund balances, revenues, and expenditures of the aggregate remaining fund information is indeterminable.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the Parish as of December 31, 2017, or the changes in financial position thereof for the year then ended.

Qualified Opinion on Aggregate Remaining Fund Information

In our opinion, except for the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the Parish as of December 31, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified 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 Parish as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the other required supplementary information on pages 4 through 14 and 58 through 67, be presented to supplement the basic financial statements. Such information, although not a required 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, and 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 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 Parish's basic financial statements. The accompanying schedule of expenditures of federal awards, combining nonmajor fund financial statements, and schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.

The schedule of expenditures of federal awards, the combining nonmajor fund financial statements, and schedule of compensation, benefits, and other payments to agency head, are the responsibility of management and were derived from 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In our opinion, the schedule of expenditures of federal awards, the combining nonmajor fund financial statements, and schedule of compensation, benefits, and other payments to agency head 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*, we have issued our report dated May 24, 2018, on our consideration of the Parish'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 to describe the scope of our testing of internal control over financial reporting or on compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Parish's internal control over financial reporting and compliance.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
May 24, 2018

WASHINGTON PARISH GOVERNMENT MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2017

As management of the Washington Parish Government, we offer readers of Washington Parish Government's financial statements this narrative overview and analysis of the financial activities of the Washington Parish Government for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information contained in this report.

FINANCIAL HIGHLIGHTS

- The assets of the Washington Parish Government exceeded its liabilities at the close of the most recent fiscal year by \$50,688,992 (net position). Of this amount, \$259,351 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The Washington Parish Government's total net position increased \$3,477,958 due to various capital projects. The Washington Parish DPW road crews blacktopped 26.7 miles of Parish roads during 2017. The Road Maintenance department added \$475,616 of new and used equipment to its fleet. The Parish completed renovation projects at the Bogalusa Health Unit, Courthouse 2nd floor, Enon Library and Parish Jail, at a total cost of \$219,615. The Courthouse renovation was predominately funded from LGAP funding from the Governor's Office of Community Development, while other projects were financed by the appropriate Fund's excess or current revenues. In November 2014, the Parish entered into an Intergovernmental Cooperative Endeavor Agreement with the Louisiana Department of Transportation and Development (DOTD), for mutual promises and consideration, for the DOTD to transfer all of its rights, titles and interests, in and to the roadways, including but not limited to, all right-of-ways, and/or servitudes to Washington Parish for the following two roadways: (1) 2.58 miles of Highway LA 438 from Old Columbia Road to Highway 21, in the community of Angie, and (2) .88 miles of Highway LA 3124 from the corporate city limit of the City of Bogalusa to the intersection with LA 21 south. In exchange for the transfer of these roads to the Parish, DOTD contracted the asphalt resurfacing of two parish roads: (1) 4.09 miles of Choctaw Road (from LA 10 to its intersection with LA 436 in the community of Pine), and (2) 1.74 miles of Dummyline Road (from LA 1072 to the intersection with John Jones Road in the community of Enon). These projects were completed and accepted by the Parish in late 2017. The increased asset value to the Parish totaled of \$2,299,809.
- At the close of the current fiscal year, the Washington Parish Government's funds reported combined fund balances of \$11,757,031, an increase of \$457,011 in comparison with the prior year. The majority of this amount is restricted for specific purposes.
- At the end of the current fiscal year, unrestricted fund balance (total *unassigned* components of *fund balance*) for the general fund was \$647,499, or 25% of total general fund expenditures.

WASHINGTON PARISH GOVERNMENT MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

For the Year Ended December 31, 2017

- The Washington Parish Government's total outstanding long-term debt decreased by \$1,078,288 during the current fiscal year, due to principal payments made during the year to pay off the revenue bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the Washington Parish Government's basic financial statements. The Washington Parish Government's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Washington Parish Government's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents financial information on all of the Washington Parish Government's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Washington Parish Government is improving or deteriorating.

The *Statement of Activities* presents information showing how the Washington Parish Government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Washington Parish Government that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Washington Parish Government include general government, public safety, highways and streets, health and welfare, culture and recreation, sanitation and hurricane relief and restoration. The business-type activities of the Washington Parish Government consist of a revolving loan program funded by the United States Department of Agriculture.

The government-wide financial statements can be found on pages 15-17 of this report.

WASHINGTON PARISH GOVERNMENT MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

For the Year Ended December 31, 2017

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Washington Parish Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Washington Parish Government can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Washington Parish Government maintains seven major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for all major funds. Data from the other fifteen governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Nonmajor Governmental Funds section, under OTHER SUPPLEMENTARY INFORMATION, of this report.

The Washington Parish Government adopts an annual appropriated budget for its general fund and each special revenue fund, as required by the Louisiana Local Government Budget Act. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-23 of this report.

Proprietary Funds. Washington Parish Government maintains one type of proprietary fund, an *Enterprise fund*. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Washington Parish Government uses an enterprise fund to account for its revolving loan fund and the Housing Authority of Washington Parish. The revolving loan fund is funded by the United States Department of Agriculture. The purpose of this fund is to assist individuals in the Parish with an additional source of funding for restricted business projects with the hope of aiding economic development in Washington Parish. The Housing Authority of Washington Parish was formed to administer housing programs and is funded by the United States Department of Housing and Urban Development. Effective July 1, 2017, the Housing Authority was transferred to the Tangipahoa Parish Government Housing Authority.

WASHINGTON PARISH GOVERNMENT MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

For the Year Ended December 31, 2017

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-56 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplemental information* concerning the Washington Parish Government's budgetary comparison information. Required supplemental information can be found on pages 57-67 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplemental information. Combining fund statements and schedules can be found on pages 71-76 of this report.

WASHINGTON PARISH GOVERNMENT'S NET POSITION

A condensed statement of net position is presented below in Table A-1.

TABLE A-1

	Governmental Activities		Business-Type Activities		Totals	
	2016	2017	2016	2017	2016	2017
Current assets	\$ 16,083,565	\$ 16,710,712	\$ 279,368	\$ 204,632	\$ 16,362,933	\$ 16,915,344
Capital Assets	35,223,283	37,475,799	1,056	-	35,224,339	37,475,799
TOTAL ASSETS	51,306,848	54,186,511	280,424	204,632	51,587,272	54,391,143
DEFERRED OUTFLOWS OF RESOURCES:	1,964,455	1,460,250	-	-	1,964,455	1,460,250
Current Liabilities	3,800,694	2,803,682	57,027	1	3,857,721	2,803,683
Non-current liabilities	2,263,200	2,164,429	-	-	2,263,200	2,164,429
TOTAL LIABILITIES	6,063,894	4,968,111	57,027	1	6,120,921	4,968,112
DEFERRED INFLOWS OF RESOURCES:	219,772	194,289	-	-	219,772	194,289
Net invested in capital assets	33,677,410	37,475,799	-	-	33,677,410	37,457,799
Restricted:						
Capital Projects	518,453	2,303,185	-	-	518,453	2,303,185
Health & Welfare	1,000,036	1,005,522	1,285	-	1,001,321	1,005,522
Solid waste disposal	2,978,822	3,394,601	-	-	2,978,822	3,394,601
Debt service	2,486,872	-	-	-	2,486,872	-
Highways & bridges	3,719,553	4,159,283	-	-	3,719,553	4,159,283
Other purposes	1,851,430	1,886,620	222,112	204,631	1,851,430	2,091,251
Unrestricted net position	755,061	259,351	-	-	977,173	259,351
TOTAL NET POSITION	\$ 46,987,637	\$ 50,484,361	\$ 223,397	\$ 204,631	\$ 47,211,034	\$ 50,688,992

WASHINGTON PARISH GOVERNMENT MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

For the Year Ended December 31, 2017

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of Washington Parish Government, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$50,688,992, at the close of the most recent fiscal year.

The General Fund incurred a deficit of expenditures and other financing uses over revenues and other financing sources of \$29,018, resulting in an ending fund balance of \$647,499. This deficit in operations occurred due to unforeseen major repairs at the Parish Jail Facility for a new roof and elevator renovations.

By far, the largest portion of the Washington Parish Government's net position (74%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, roads, bridges and other infrastructure), less any related outstanding debt that was used to acquire those assets. The Washington Parish Government uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Washington Parish Government's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Washington Parish Government's net position (26%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$259,351 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Washington Parish Government is able to report positive balances in all reported categories of net position for the government as a whole, as well as for its business-type activities. The same situation held true for the prior fiscal year.

The Washington Parish Government's overall net position increased by \$3,477,958 from the prior year. This is due to several factors: The Parish Department of Public Works road crews blacktopped 26.7 miles of Parish roads during 2017, of which, 11.35 miles were previously gravel roads and 15.35 miles were blacktop surfaces with significant deterioration. These cost incurred during the year ended December 31, 2017 totaled \$669,312, which were funded by sales and property taxes dedicated to road maintenance and construction, (2) Washington Parish Government experienced a .34% - 2.65% (average of 1.39%, depending on taxing jurisdiction) increase in sales tax collections for the calendar year, (3) Ad Valorem Taxes increased 2.57% from the prior year due to new construction and renovations added to the tax roll, and (4) in 2017, the Parish liquidated Revenue Road Bonds financed by a .33% sales tax which is dedicated for constructing, improving, maintaining and resurfacing parish roads and bridges, including incidental drainage and the acquisition of equipment. On December 5, 2016, the Council adopted Resolution 16-742 authorizing future collection of these funds to be deposited into the Road Capital Project Fund, subsequent to the liquidation of the related debt.

**WASHINGTON PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

For the Year Ended December 31, 2017

CHANGES IN NET POSITION

A condensed statement of changes in net position is presented below in Table A-2.

TABLE A-2

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
REVENUES						
Program revenues						
Charges for services	\$ 682,658	\$ 772,220	\$ -	\$ -	\$ 682,658	\$ 772,220
Operating Grants & Contributions	2,096,471	1,357,359	621,599	318,533	2,718,070	1,675,892
Capital Grants & Contributions	450,499	3,725,723	-	-	450,499	3,725,723
General revenues:						
Property taxes	4,660,425	4,772,967	-	-	4,660,425	4,772,967
Sales taxes	6,092,694	6,214,571	-	-	6,092,694	6,214,571
Other taxes	16,444	16,547	-	-	16,444	16,547
Other	1,279,641	2,603,328	3,045	2,579	1,282,686	2,605,907
TOTAL REVENUES	15,278,832	19,462,715	624,644	321,112	15,903,476	19,783,827
EXPENSES						
General Government	3,627,212	4,352,991	-	-	3,627,212	4,352,991
Public Safety	1,488,099	1,153,738	-	-	1,488,099	1,153,738
Highway & streets	4,400,675	8,235,468	-	-	4,400,675	8,235,468
Health & welfare	674,938	315,851	-	-	674,938	315,851
Culture & recreation	879,581	955,295	-	-	879,581	955,295
Sanitation	1,609,270	801,709	-	-	1,609,270	801,709
Disaster relief & restoration	805,007	134,713	-	-	805,007	134,713
Interest on long-term debt	38,533	10,873	-	-	38,533	10,873
Loss on disposal	2,410,328	5,353	-	-	2,410,328	5,353
Housing authority	-	-	627,774	339,878	627,774	339,878
TOTAL EXPENSES	15,933,643	15,965,991	627,774	339,878	16,561,417	16,305,869
CHANGE IN NET POSITION	(654,811)	3,496,724	(3,130)	(18,766)	(657,941)	3,477,958
NET POSITION – BEGINNING	47,642,448	46,987,637	226,527	223,397	47,868,975	47,211,034
NET POSITION – ENDING	\$ 46,987,637	\$ 50,484,361	\$ 223,397	\$ 204,631	\$ 47,211,034	\$ 50,688,992

WASHINGTON PARISH GOVERNMENT MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

For the Year Ended December 31, 2017

CHANGES IN NET POSITION – CONTINUED

Expenditure categories of each of Washington Parish Governments seven largest programs, described as - (1) General government includes the funding of the legislative, executive and the administrative office of the Parish government, building permit office operations, community services along with the funding of the following state mandated expenses: Court System (Judges, District Attorney, Court Reporters, Jurors and Witnesses), Justice of the Peace, Clerk of Court, Registrar of Voters, Assessor, (2) Highways and streets including both routine maintenance and capital projects for roads, drainage, bridges and road related equipment, (3) Public safety including state mandated expenses for the Sheriff along with those pertaining to the Parish jail and expenditures pertaining to Constables and 4th Ward Marshall, (4) Health and welfare including funding of the administrative and operational expense of both Health Unit facilities in Bogalusa and Franklinton, and state mandated expenses for the Coroner's office, (5) Culture and recreation including the administrative and operational expenses of both main branches and all smaller branches (located in various areas of the Parish) of the Library and the purchase, pre-construction and maintenance of the Recreation District #1, (6) Sanitation costs relating to the construction and operation of the landfill, (7) Disaster relief expenditures relating to Hurricanes Katrina and Isaac and the historic flooding that occurred during 2016, and (8) Costs related to the Washington Parish Housing Authority.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the Washington Parish Government used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Washington Parish Government's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Washington Parish Government's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Washington Parish Government itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Washington Parish Government's Council.

At December 31, 2017, the Washington Parish Government's governmental funds reported combined fund balances of \$11,757,031, an increase of \$457,011 in comparison with the prior year. The unassigned portion of the fund balance is \$647,499 of the total balance. The remainder of the fund balance of \$11,109,532 is restricted for particular purposes. See Note 14 to the financial statements.

**WASHINGTON PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**
For the Year Ended December 31, 2017

TABLE A-3
WASHINGTON PARISH GOVERNMENT FUND BALANCES

FUND NAME	FUND BALANCE		% OF TOTAL	
	2016	2017	2016	2017
General Fund	\$ 676,517	\$ 647,499	.0599	.0551
Parish Transportation	3,700,103	4,066,756	.3274	.3459
Sales Tax Split .67%	690,281	924,022	.0611	.0786
Criminal Justice Sales Tax	(1,246)	5,620	(.0001)	.0005
Road Improvement	449,339	2,302,995	.0398	.1959
Debt Service – 032	2,010,997	-	.1780	.0000
Courthouse Maintenance	23,078	10,243	.0020	.0009
Health Unit Maintenance	995,754	985,161	.0881	.0838
Criminal Court	7,765	20,916	.0007	.0018
Library	1,756,077	1,749,927	.1554	.1488
Special Witness	40,627	46,643	.0036	.0040
Sales Tax Split 1%	475,875	490,424	.0421	.0417
Hurricane Katrina	314,507	296,268	.0278	.0252
Disaster Relief	10,813	6,564	.0010	.0006
Criminal Jury Fund	13,417	14,655	.0012	.0012
Homeland Security & OEP	16,133	22,032	.0014	.0018
LCDBG Roads	10	10	.0000	.0000
LCDBG	156	180	.0000	.0000
Recreation District # 1	119,817	167,116	.0106	.0142
TOTAL	\$ 11,300,020	\$ 11,757,031	1.0000	1.0000

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget.

The 2017 Budget was prepared based on 2016 projected actuals without any projected increases. Sales tax revenues were estimated on 2016 actuals which were down from 2015 by 9-15%. The General Fund and Criminal Justice Fund were amended early in 2017, in an effort to fully fund the Parish's statutorily mandated expenditures, with a transfer of excess revenues from 2016's ending General Fund Balance. Only budgets with significant variances due to unforeseen circumstances were amended later in the year.

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows:

- Ad Valorem taxes were 3.9% more than expected.

**WASHINGTON PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

For the Year Ended December 31, 2017

GENERAL FUND BUDGETARY HIGHLIGHTS - CONTINUED

- Parish Transportation funds received from the State of Louisiana were \$71,556., 14.3% more than expected. Road Capital Projects sales tax collections, were 14.9% more than expected. Revenue Sharing revenue across all funds was 3.5% less than budget. Criminal Court Fund revenues were 19% more than projected. Recreation District #1's revenue was \$49,903 more than budgeted, due to an unexpected sale of harvested timber.
- Overall, expenditures were less than expected. General Fund's expenditures were 6.1% less than expected, while the Road Capital Project Fund's expenditures were 22.97% less than anticipated. The Road Maintenance Fund's expenditures were 4.6% greater than budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Washington Parish Government's investment in capital assets for its governmental activities as of December 31, 2017, amounts to \$77,701,066. This investment in capital assets includes land, buildings, equipment, vehicles, roads, bridges and culverts. The total increase in capital assets for the current fiscal year was approximately 6%.

TABLE A-4
WASHINGTON PARISH GOVERNMENT'S CAPITAL ASSETS

	2016	2017	Total Change 2016-2017
Capital Assets Not Being Depreciated:			
Land	\$ 2,514,789	\$ 2,501,793	\$ (12,996)
Construction-in-progress	786,516	1,596,740	801,224
 TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	 3,301,305	 4,098,533	 797,228
Other Capital Assets:			
Buildings	9,478,025	9,697,638	219,613
Equipment	6,447,235	6,861,071	413,836
Books	1,391,013	1,391,013	-
Asphalt roads	20,959,772	23,259,581	2,299,809
3-shot roads	8,483,369	9,061,027	577,658
Bridges and culverts	23,263,057	23,332,203	69,146
 TOTAL OTHER CAPITAL ASSETS	 70,022,471	 73,602,533	 3,580,062
 TOTAL CAPITAL ASSETS	 \$ 73,323,776	 \$ 77,701,066	 \$ 4,377,290

**WASHINGTON PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**
For the Year Ended December 31, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION - CONTINUED

There was a net increase in capital assets in the amount of \$4,377,290 for the year ended December 31, 2017. Major capital asset events during the current fiscal year included the following:

- Transfer of ownership to Washington Parish of 2.58 miles of LA 438 and .88 miles of LA 3124 through the Road Transfer Program valued at \$1,404,620. Asphalt resurfacing of 6.09 miles of Parish roads by DOTD at a cost of \$1,445,674., also through the Road Transfer Program.
- Blacktop (2 or 3 shot) surfacing of 26.7 miles of zipped up blacktop (15.35) and gravel (11.35) roads at a cost of \$669,312.
- Building renovations at Bogalusa Health Unit, Enon Library, 2nd Floor of Parish Courthouse and Parish Jail at a cost of \$219,615.
- New and used road maintenance and construction equipment at a cost of \$475,616

Additional information on the Washington Parish Government's capital assets can be found in Note 8 on pages 44-45 of this report.

LONG-TERM DEBT

At year-end, the Washington Parish Government had no bonds outstanding as shown in table A-5. More information about the Washington Parish Government's long-term liabilities is provided in Notes 11 and 12 on page 46 of this report.

TABLE A-5
WASHINGTON PARISH GOVERNMENT'S BONDS PAYABLE

	Balance 12-31-16	Balance 12-31-17
Road Improvement Revenue Bonds, Series 2006	\$ 1,535,000	\$ -
TOTAL	\$ 1,535,000	\$ -

**WASHINGTON PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

For the Year Ended December 31, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

All funds of the Washington Parish Government were budgeted based on the revenues and expenditures of 2017.

- Sales tax revenues were budgeted based on 2017 projected actual which indicates an increase of 1.3 – 2.43% (varying by jurisdiction) from the original 2016 actual revenues.
- Ad Valorem taxes were budgeted based on the 2017 Assessor millage report with a 2.4% increase projected.
- Hospitalization insurance premiums increased 11.9%, a significant increase and the 3rd increase in as many years. In an effort to control rising premium cost, we increased our deductible and out of pocket costs avoiding a 17% increase.
- Parochial Employees Retirement System, employer rate decreased from 12.5% to 11.5% for 2018; District Attorney Retirement System, employer rate remains 0.0% for 2018.

The Parish has budgeted conservatively for 2018, continuing to cut expenditures where possible, however, given only a slight increase in sales tax revenues, namely for the Criminal Justice Fund, the General Fund will be required to supplement the statutorily required expenditures receiving funding from these revenues, however, not as much as the previous year. We will continue to monitor the General Fund balance very closely to avoid a serious decline or the possibly of placing the Fund in financial jeopardy.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Washington Parish Government's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 909 Pearl Street, Washington Parish Government, Franklinton, LA 70438, telephone number (985) 839-7825.

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

WASHINGTON PARISH GOVERNMENT
STATEMENT OF NET POSITION
December 31, 2017

	<u>Primary Government</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 7,030,978	\$ 197,241	\$ 7,228,219
Investments	1,074,718	-	1,074,718
Receivables	4,861,007	-	4,861,007
FEMA receivable	7,291	-	7,291
Notes receivable	-	7,391	7,391
Due from other governments	1,172,725	-	1,172,725
Equity in Choctaw Road Landfill	2,563,993	-	2,563,993
Capital assets:			
Land	2,501,793	-	2,501,793
Construction in progress	1,596,740	-	1,596,740
Other capital assets, net of depreciation	33,377,266	-	33,377,266
TOTAL ASSETS	54,186,511	204,632	54,391,143
DEFERRED OUTFLOWS OF RESOURCES			
Changes in proportion and differences between contributions and proportionate share of contributions	616	-	616
Changes in assumptions	209,806	-	209,806
Net difference between projected and actual investment earnings on pension plan investments	857,586	-	857,586
Contributions subsequent to the measurement date	392,242	-	392,242
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,460,250	-	1,460,250
LIABILITIES			
Accounts payable	1,999,879	1	1,999,880
Due to other governments	803,803	-	803,803
OPEB liability	964,420	-	964,420
Net Pension Liability	1,105,083	-	1,105,083
Long-term liabilities			
Portion due within one year	94,926	-	94,926
TOTAL LIABILITIES	4,968,111	1	4,968,112
DEFERRED INFLOWS OF RESOURCES			
Changes in proportion and differences between contributions and proportionate share of contributions	910	-	910
Differences between expected and actual experience	193,379	-	193,379
TOTAL DEFERRED INFLOWS OF RESOURCES	194,289	-	194,289
NET POSITION			
Net investment in capital assets	37,475,799	-	37,475,799
Restricted for:			
Capital projects	2,303,185	-	2,303,185
Health and welfare	1,005,522	-	1,005,522
Solid waste disposal	3,394,601	-	3,394,601
Highways and bridges	4,159,283	-	4,159,283
Other purposes	1,886,620	204,631	2,091,251
Unrestricted	259,351	-	259,351
TOTAL NET POSITION	\$ 50,484,361	\$ 204,631	\$ 50,688,992

WASHINGTON PARISH GOVERNMENT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue & Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 4,358,344	\$ 767,904	\$ 431,940	\$ -	\$ (3,158,500)	\$ -	\$ (3,158,500)
Public Safety	1,153,738	-	-	3,312,848	2,159,110	-	2,159,110
Highways and Streets	8,235,468	-	611,807	412,875	(7,210,786)	-	(7,210,786)
Health and Welfare	315,851	-	223,412	-	(92,439)	-	(92,439)
Culture and Recreation	955,295	4,316	59,878	-	(891,101)	-	(891,101)
Sanitation	801,709	-	-	-	(801,709)	-	(801,709)
Disaster relief and restoration	134,713	-	30,322	-	(104,391)	-	(104,391)
Interest on long-term debt	10,873	-	-	-	(10,873)	-	(10,873)
Total	<u>15,965,991</u>	<u>772,220</u>	<u>1,357,359</u>	<u>3,725,723</u>	<u>(10,110,689)</u>	<u>-</u>	<u>(10,110,689)</u>
Business-type Activities:							
Housing Authority	339,878	-	318,533	-	-	(21,345)	(21,345)
Total business-type activities	<u>339,878</u>	<u>-</u>	<u>318,533</u>	<u>-</u>	<u>-</u>	<u>(21,345)</u>	<u>(21,345)</u>
Total Primary Government	<u>\$ 16,305,869</u>	<u>\$ 772,220</u>	<u>\$ 1,675,892</u>	<u>\$ 3,725,723</u>	<u>(10,110,689)</u>	<u>(21,345)</u>	<u>(10,132,034)</u>
General Revenues:							
Property taxes, levied for general purpose					4,772,967	-	4,772,967
Sales taxes					6,214,571	-	6,214,571
State revenue sharing					130,675	-	130,675
Timber severance					140,487	-	140,487
Mineral severance					2,828	-	2,828
Other tax					16,547	-	16,547
Fire insurance rebate					201,886	-	201,886
Licenses and permits					551,702	-	551,702
Unrestricted interest					10,674	2,579	13,253
Donated assets					1,404,620	-	1,404,620
Pension contributions from non-employer contributing entities					39,636	-	39,636
Miscellaneous					120,820	-	120,820
Total general revenues					<u>13,607,413</u>	<u>2,579</u>	<u>13,609,992</u>
Change in net position					3,496,724	(18,766)	3,477,958
Net position-beginning					46,987,637	223,397	47,211,034
Net position-ending					<u>\$ 50,484,361</u>	<u>\$ 204,631</u>	<u>\$ 50,688,992</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

WASHINGTON PARISH GOVERNMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	General Fund	Criminal Justice Sales Tax	Parish Transportation Fund	Sales Tax Split .67%	HMGP Grant Fund	Road Improvements Fund	Library Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS									
Cash	\$ 6,639,147	\$ -	\$ -	\$ -	\$ 86,995	\$ -	\$ 126,322	\$ 178,514	\$ 7,030,978
Investments	-	-	201,116	-	-	-	310,660	562,942	1,074,718
Receivables	581,419	130,879	2,285,757	178,952	-	169,930	690,035	654,191	4,691,163
FEMA Receivable	-	-	-	-	-	-	-	7,291	7,291
Net investment in joint venture	-	-	-	583,838	-	-	-	-	583,838
Due from other funds	8,268	23,904	1,675,664	1,087,741	-	2,280,909	646,204	879,066	6,601,756
Due from other governmental units	27,477	-	-	-	1,053,582	-	-	91,666	1,172,725
TOTAL ASSETS	\$ 7,256,311	\$ 154,783	\$ 4,162,537	\$ 1,850,531	\$ 1,140,577	\$ 2,450,839	\$ 1,773,221	\$ 2,373,670	\$ 21,162,469
LIABILITIES									
Accounts payable	\$ 303,074	\$ 149,163	\$ 95,781	\$ 124,800	\$ 1,122,447	\$ 147,844	\$ 23,294	\$ 33,476	\$ 1,999,879
Due to other funds	6,305,738	-	-	-	18,130	-	-	277,888	6,601,756
Due to other governmental units	-	-	-	801,709	-	-	-	2,094	803,803
TOTAL LIABILITIES	6,608,812	149,163	95,781	926,509	1,140,577	147,844	23,294	313,458	9,405,438
FUND BALANCES									
Restricted	-	5,620	4,066,756	924,022	-	2,302,995	1,749,927	2,060,212	11,109,532
Unassigned	647,499	-	-	-	-	-	-	-	647,499
TOTAL FUND BALANCES	647,499	5,620	4,066,756	924,022	-	2,302,995	1,749,927	2,060,212	11,757,031
TOTAL LIABILITIES, AND FUND BALANCES	\$ 7,256,311	\$ 154,783	\$ 4,162,537	\$ 1,850,531	\$ 1,140,577	\$ 2,450,839	\$ 1,773,221	\$ 2,373,670	\$ 21,162,469

WASHINGTON PARISH GOVERNMENT
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2017

Total fund balances reported on the Balance Sheet of Governmental Funds	\$ 11,757,031
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Amounts reported for *governmental activities* in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	37,475,799
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Other assets not available for current resources.	169,844
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Other liabilities not due and payable in the current period.	(964,420)
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The portion of an equity interest in a joint venture that consists of capital assets and long-term debt in governmental activities are not reported in the funds.	1,980,155
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Compensated absences for current period	(94,926)
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In accordance with Governmental Accounting Standards Board Statement No. 68, the net pension liability related to the pension plans, deferred outflows of resources and deferred inflows of resources are not recorded in governmental funds

Net pension liability	(1,105,083)
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Deferred outflows of resources:

Change in assumptions	209,806
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Net difference between projected and actual investment earnings	
On pension plan investments	857,586

Contributions subsequent to the measurement date	392,242
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Change in proportions	616
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Deferred inflows of resources:

Differences between expected and actual experience	(193,379)
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Change in proportions	(910)
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Total net position of governmental activities	<u>\$ 50,484,361</u>
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WASHINGTON PARISH GOVERNMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	General Fund	Criminal Justice Sales Tax	Parish Transportation Fund	Sales Tax Split .67	HMGP Grant Fund	Road Improvement Fund	Library Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES									
Taxes									
Ad valorem	\$ 513,079	\$ -	\$ 2,526,986	\$ -	\$ -	\$ -	\$ 822,662	\$ 740,396	\$ 4,603,123
Sales	-	1,252,811	1,448,657	1,868,718	-	1,644,385	-	-	6,214,571
Other	10,348	-	6,199	-	-	-	-	-	16,547
Licenses and permits	551,702	-	-	-	-	-	-	-	551,702
Intergovernmental federal funds									
Federal grants	216,462	-	-	-	3,312,848	-	-	498,731	4,028,041
FEMA reimbursement	-	-	-	-	-	-	-	30,322	30,322
State funds									
Parish transportation funds	-	-	571,557	-	-	-	-	-	571,557
State revenue sharing	26,456	-	33,444	-	-	-	37,250	33,525	130,675
Other	612,222	-	-	-	-	-	45,268	56,100	713,590
Fees, charges, etc.	450,898	-	-	-	-	-	22,401	111,089	584,388
Fines and penalties	750	-	-	-	-	-	3,005	182,766	186,521
Interest income	6,352	160	25,364	8,209	-	14,886	14,488	21,853	91,312
Investment earnings	-	-	-	-	-	-	-	5,446	5,446
Other	10,172	13,110	35,067	-	-	-	11,779	50,692	120,820
TOTAL REVENUES	2,398,441	1,266,081	4,647,274	1,876,927	3,312,848	1,659,271	956,853	1,730,920	17,848,615
EXPENDITURES									
Current									
General government									
Legislative	171,841	-	-	-	-	-	-	-	171,841
Judicial	206,466	859,332	-	-	-	-	-	396,586	1,462,384
Executive	246,826	-	-	-	-	-	-	-	246,826
Elections	237,002	-	-	-	-	-	-	-	237,002
Finance and administrative	568,760	18,631	274,560	101,677	-	86,643	63,355	57,020	1,170,646
Other	595,778	-	-	-	-	-	-	-	595,778
Public Safety	307,462	589,252	-	-	-	-	-	197,476	1,094,190
Health and welfare	143,842	-	-	-	-	-	-	528,224	672,066
Highway and streets	-	-	3,598,974	-	-	-	-	-	3,598,974
Culture and recreation	50,263	-	-	-	-	-	878,478	4,704	933,445
Disaster relief and restoration	-	-	-	-	-	-	-	134,713	134,713

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS - Continued
For the Year Ended December 31, 2017

	General Fund	Criminal Justice Sales Tax	Parish Transportation Fund	Sales Tax Split .67	HMGP Grant Fund	Road Improvement Fund	Library Fund	Nonmajor Governmental Funds	Total Governmental Funds
Debt service									
Principal	-	-	-	-	-	-	-	1,078,288	1,078,288
Interest	-	-	-	-	-	-	-	21,746	21,746
Capital outlay	10,989	-	74,730	-	3,312,848	1,034,376	21,170	600,726	5,054,839
TOTAL EXPENDITURES	<u>2,539,229</u>	<u>1,467,215</u>	<u>3,948,264</u>	<u>101,677</u>	<u>3,312,848</u>	<u>1,121,019</u>	<u>963,003</u>	<u>3,019,483</u>	<u>16,472,738</u>
Excess (deficiency) of revenues over expenditures	(140,788)	(201,134)	699,010	1,775,250	-	538,252	(6,150)	(1,288,563)	1,375,877
OTHER FINANCING SOURCES (USES)									
Operating transfers in	505,000	208,000	110,000	-	-	1,394,396	-	264,222	2,481,618
Operating transfers (out)	(393,230)	-	(450,000)	(615,000)	-	(78,992)	-	(944,396)	(2,481,618)
Subsidy in joint venture	-	-	-	(801,709)	-	-	-	-	(801,709)
Excess sales tax split with other government entities	-	-	-	(124,800)	-	-	-	-	(124,800)
Sale of general capital assets	-	-	7,643	-	-	-	-	-	7,643
Total other financing sources (uses)	<u>111,770</u>	<u>208,000</u>	<u>(332,357)</u>	<u>(1,541,509)</u>	<u>-</u>	<u>1,315,404</u>	<u>-</u>	<u>(680,174)</u>	<u>(918,866)</u>
Net change in fund balance	(29,018)	6,866	366,653	233,741	-	1,853,656	(6,150)	(1,968,737)	457,011
Fund balances, beginning	676,517	(1,246)	3,700,103	690,281	-	449,339	1,756,077	4,028,949	11,300,020
Fund balances, ending	<u>\$ 647,499</u>	<u>\$ 5,620</u>	<u>\$ 4,066,756</u>	<u>\$ 924,022</u>	<u>\$ -</u>	<u>\$ 2,302,995</u>	<u>\$ 1,749,927</u>	<u>\$ 2,060,212</u>	<u>\$ 11,757,031</u>

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Net change in fund balances – total governmental funds \$ 457,011

Amounts reported for *governmental activities* in the statement of activities are different because:

Other revenues not available as current resources. 169,844

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$5,094,205) exceeded depreciation (\$2,828,693) in the current period. 2,265,512

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,078,288

Increase in post-employment benefits obligation is reported in the statement of activities but does not require the use of current resources and is not reported as an expenditure in governmental funds. (74,721)

In accordance with Governmental Accounting Standards Board Statement No. 68, the net pension liability related to pension plans is not required to be reported 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 271,000
Contributions from non-employer contributing entities (39,636)

Some expenses reported in the statement of activities do not require the use of current financial sources and therefore are not reported as expenditures in the governmental funds. (630,574)

Change in net position of governmental activities \$ 3,496,724

WASHINGTON PARISH GOVERNMENT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017

ASSETS

	Housing Authority of Washington Parish	USDA Revolving Loan Fund	Total Enterprise Funds
CURRENT ASSETS			
Cash	\$ 1	\$ 197,240	\$ 197,241
Notes Receivable			
Breedlove Farm, L.L.C.	-	872,188	872,188
Smith Creamery, L.L.C.	-	7,391	7,391
TOTAL NOTES RECEIVABLE	-	879,579	879,579
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	-	(872,188)	(872,188)
NET NOTES RECEIVABLE	-	7,391	7,391
TOTAL ASSETS	\$ 1	\$ 204,631	\$ 204,632

LIABILITIES AND NET POSITION

CURRENT LIABILITIES			
Accounts Payable	\$ 1	\$ -	\$ 1
TOTAL LIABILITIES	1	-	1
NET POSITION			
Restricted	-	204,631	204,631
TOTAL NET POSITION	-	204,631	204,631
TOTAL LIABILITIES AND NET POSITION	\$ 1	\$ 204,631	\$ 204,632

WASHINGTON PARISH GOVERNMENT
STATEMENT OF REVENUE, EXPENSES,
AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Housing Authority of Washington Parish	USDA Revolving Loan Fund	Total Enterprise Funds
OPERATING REVENUES			
HUD Operating Grants	\$ 284,826	\$ -	\$ 284,826
Administrative Fee	33,707	-	33,707
	<u>318,533</u>	<u>-</u>	<u>318,533</u>
Total Operating Revenues	318,533	-	318,533
OPERATING EXPENSES			
Housing Assistance Payments	252,678	-	252,678
Utility Assistance Payments	8,860	-	8,860
General and Administrative	42,293	-	42,293
Depreciation Expense	241	-	241
	<u>304,072</u>	<u>-</u>	<u>304,072</u>
Total Operating Expenses	304,072	-	304,072
OPERATING INCOME	<u>14,461</u>	<u>-</u>	<u>14,461</u>
NONOPERATING REVENUES			
Funds transferred to the Tangipahoa Parish			
Government	(9,417)	-	(9,417)
Funds transferred to the United States			
Department of Housing and Urban Development	(26,389)	-	(26,389)
Interest	-	2,579	2,579
	<u>(35,806)</u>	<u>2,579</u>	<u>(33,227)</u>
Total Nonoperating Revenues (Expenses)	(35,806)	2,579	(33,227)
CHANGE IN NET POSITION	(21,345)	2,579	(18,766)
NET POSITION, BEGINNING OF YEAR	<u>21,345</u>	<u>202,052</u>	<u>223,397</u>
NET POSITION, END OF YEAR	<u>\$ -</u>	<u>\$ 204,631</u>	<u>\$ 204,631</u>

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Housing Authority of Washington Parish	USDA Revolving Loan Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments from borrowers	\$ 1,004	\$ 13,886	\$ 14,890
Receipts from federal subsidies	318,533	-	318,533
Payments to landlords & tenants	(261,538)	-	(261,538)
Payments to suppliers	(98,504)	-	(98,504)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(40,505)	13,886	(26,619)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	2,579	2,579
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	2,579	2,579
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITY			
Funds transferred to other governments	(35,806)	-	(35,806)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(35,806)	-	(35,806)
NET INCREASE (DECREASE) IN CASH	(76,311)	16,465	(59,846)
BALANCES – BEGINNING OF THE YEAR	76,312	180,775	257,087
BALANCES – END OF THE YEAR	\$ 1	\$ 197,240	\$ 197,241
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 14,461	\$ -	\$ 14,461
Adjustments to reconcile operating income to net cash provided by (used in) operating activities			
Depreciation	241	-	241
Decrease in notes receivable	1,004	13,886	14,890
Decrease in due to outside sources	(1,232)	-	(1,232)
Decrease in advanced revenue	(52,754)	-	(52,754)
Decrease in accrued liabilities	(2,225)	-	(2,225)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (40,505)	\$ 13,886	\$ (26,619)

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

INTRODUCTION

The Washington Parish Government is the governing authority for Washington Parish and is a political subdivision of the State of Louisiana. On November 17, 1998, a home rule charter became effective which provides for a Parish President (elected Parish-wide) and seven elected Councilmen representing the various districts within the Parish.

Louisiana Revised Statute (R.S.) 33:1236 gives the Parish government various powers in regulating and directing the affairs of the Parish and its inhabitants. The more notable of those is the power to make regulations for its own government; to regulate the construction and maintenance of roads, bridges, and drainage systems; to regulate the sale of alcoholic beverages; and to provide for the health and welfare of the poor, disadvantaged, and unemployed in the Parish. Funding to accomplish these tasks is provided by ad valorem taxes, sales taxes, beer and alcoholic beverage permits, state revenue sharing, and various other state and federal grants.

Washington Parish covers an area of 676 square miles with a population of approximately 47,168. The Parish Government maintains 1,007 miles of roads, of which 288 miles are asphalt, 490 miles are 3-shot, and 229 miles are gravel.

As the governing authority of the Parish, for reporting purposes, the Washington Parish Government is the financial reporting entity for Washington Parish. The financial reporting entity consists of (a) the primary government (Parish Government), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 61 and GASB Statement No. 80, establishes criteria for determining which component units should be considered part of the Washington Parish Government 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:

- I. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Parish Government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the Parish Government.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2017

INTRODUCTION (Continued)

2. Organizations for which the Parish Government does not appoint a voting majority but are fiscally dependent and provide the potential for specific financial benefits to, or impose specific financial burdens on the Parish Government.
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 Parish Government has determined that the following component units are part of the reporting entity. They have been blended because the Parish Government has operational responsibility for the component unit.

BLENDED COMPONENT UNITS

The Criminal Court Fund (the Fund) was established under Section 571.11 of Title 15 of the Louisiana Revised Statutes of 1950, which provides that fines and forfeitures imposed by district courts and district attorney conviction fees in criminal court cases be transferred to the Parish treasurer and deposited into a special Criminal Court Fund account to be used for the expenses of the criminal court of the Parish. Expenditures are made from the Fund on motion of the district attorney and approval of the district judges or on motion of the district judges and approval of the district attorney. The Parish Government adopts a budget for the Fund. Separate financial statements are not issued for the Fund since it has been historically included as a fund within the Parish Government's financial statements.

The Washington Parish Library (the Library) was established by the Parish Government on November 14, 1945, under provisions of Louisiana Revised Statute 25:211. The Library is governed by a board of control, which is appointed by the Parish Government in accordance with the provisions of Louisiana Revised Statute 25:214. Although the Library is legally separate, the Parish Government approves its budget and levies and collects ad valorem taxes dedicated to the operation of the library system. Separate financial statements are not issued for the Library since it has been historically included as a fund within the Parish Government's financial statements.

The Washington Parish Office of Emergency Preparedness (OEP) was established by state law (R.S. 29:728) and is responsible for emergency mitigation, preparedness, response and recovery. The director is appointed by the Parish President and must be commissioned by the director of the state office of emergency preparedness. Operating expenses are partially reimbursed by the state office.

The Washington Parish Recreation District # 1 (the District) was established by the Parish government on May 11, 2009 under provisions of Louisiana Revised Statute Chapter 11, Title 33 to be a body corporate in law and a political subdivision of the State of Louisiana. The District is governed by a commission, which is appointed by the Parish Government. The District obtains

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2017

BLENDING COMPONENT UNITS (Continued)

funding from fundraisers and donations and covers all the costs of its expenses. Although the District is legally separate, separate financial statements are not issued for the District and the Parish Government is responsible for the accounting and financial reporting and will therefore include the District as a special revenue fund.

Housing Authority of Washington Parish (Housing Authority) is a legally separate government entity formed to administer housing programs funded by the U.S. Department of Housing and Urban Development (HUD). Effective January 1, 2015, the Commission was terminated and the Parish Government assumed responsibility for the Housing Authority. Separate financial statements are not issued. The fund is included as an enterprise fund in the Parish Government's financial statements. In July 2017, the Housing Authority was transferred to the Tangipahoa Parish Government.

OTHER COMPONENT UNITS

The Parish Government has chosen to issue financial statements of the primary government (Parish Government) and blended component units only; therefore, none of the following listed component units are presented in the accompanying financial statements.

Component Unit	Fiscal Year End	Criteria Used
Riverside Medical Center-		
Hospital Service District No. 1	December 31	
Washington Parish Gas District No. 1	December 31	
Washington Parish Gas District No. 2	December 31	
Bogue Lusa Waterworks District	December 31	
Varnado Waterworks District	December 31	
Washington Parish Fire Protection District No. 1	December 31	
Washington Parish Fire Protection District No. 2	December 31	
Washington Parish Fire Protection District No. 3	December 31	
Washington Parish Fire Protection District No. 4	December 31	
Washington Parish Fire Protection District No. 5	December 31	
Washington Parish Fire Protection District No. 6	December 31	
Washington Parish Fire Protection District No. 7	December 31	
Washington Parish Fire Protection District No. 8	December 31	
Washington Parish Fire Protection District No. 9	December 31	
Washington Parish Communications District	December 31	
Washington Parish Tourism Commission	December 31	

Primary government officials may appoint some, or all, governing board members of organizations that are not included as component units in the primary government's reporting entity. These organizations are classified as (a) related organization and (b) joint venture, as follows:

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2017

JOINT VENTURE

Choctaw Road Landfill (the Joint Venture) - The Parish Government is a participant with the City of Bogalusa (the City) in a joint venture to construct and operate the Choctaw Road Landfill, a solid waste disposal landfill. The Joint Venture was opened in July of 1989. The agreed upon percentages of sharing of construction costs and operating losses were 58.1% for the Parish Government and 41.9% for the City. The Parish Government's share of costs is funded by a dedicated .67 percent sales tax in Washington Parish, excluding Ward 4. The City's share of costs is funded by an ad valorem tax.

Complete financial statements for the Joint Venture can be obtained from the Washington Parish Government at the Parish courthouse in Franklinton, LA.

GASB Statement No. 14 as amended by GASB Statement No. 61 and GASB Statement No. 80, provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (Parish Government) financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. These financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the primary government (Parish Government).

Considered in the determination of component units of the reporting entity were the Washington Parish School Board and various municipalities in the Parish. It was determined that these governmental entities are not component units of the Washington Parish Government reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Washington Parish Government.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) promulgates accounting principles generally accepted in the United States of America and reporting standards for state and local governments. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by GASB. The accompanying financial statements of the Washington Parish Government have been prepared in conformity with such principles.

The financial statements include the following:

- Fund financial statements changed to focus on the major funds.
- Financial statements prepared using full accrual accounting for all of the Parish's activities, including infrastructure.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. 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 segments 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.

Separate financial statements are provided for governmental funds and propriety funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

During the year ended December 31, 2015, the Parish adopted GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68". These statements changed the accounting and financial reporting for pensions that are provided to the employees of the state and local governmental employers through pension plans that are administered through trusts.

The Statements require governments providing defined benefit plans to report the net pension liability in their Statement of Net Position. This net pension liability is the difference between the present value of the pension liability and the fair value of the pension assets, set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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 revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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. The government considers revenues to be available if they are collected within 120 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. Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Washington Parish Government reports the following major governmental funds:

The **General Fund** is the Parish Government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Parish Transportation Fund** is a special revenue fund which accounts for constructing, improving, and maintaining public roads and bridges in the Parish. Financing is provided by the State of Louisiana Parish Transportation Fund, ad valorem taxes, and state revenue sharing funds. The 4.13 mill ad valorem tax expires in 2026 and the 10 mill ad valorem tax expires in 2021.

The **Sales Tax Split .67% Fund** is a special revenue fund which accounts for the rededication of a 1992 sales tax of 1% that was reduced to .67% by voters on April 6, 2002 that also rededicated the proceeds of the tax in excess of that needed for solid waste.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The **Criminal Justice Sales Tax Fund** is a special revenue fund which accounts for the .33% sales and use tax dedicated solely for providing, maintaining, administering and operating services and facilities in the civil, juvenile and criminal justice systems mandated by state statute, approved by voters on October 19, 2013, and effective January 1, 2014.

The **Library Fund** was established by the Washington Parish Government on November 14, 1945, under provisions of Louisiana Revised Statute 25:211. The library provides citizens of the Parish access to library materials, computers, books, magazines, records, and films. The library is governed by a board of control, which is appointed by the Washington Parish Government in accordance with the provisions of Louisiana Revised Statute 21:214. The members of the board of control serve without pay. Primary financing is provided by ad valorem taxes and state revenue sharing. The ad valorem tax expires in 2026.

The **Road Improvement Fund** accounts for the constructing, improving and resurfacing of public roads and bridges in the Parish including incidental drainage and the acquisition of equipment thereof. These activities are funded through sales and ad valorem tax revenues accounted for in the Parish Transportation Fund. The .33% sales and use tax is the primary source of funding as approved by Washington Parish Resolution 16-742.

The **HMGP Grant Fund** accounts for the receipts and expenditures of funds to raise or elevate homes and buildings in flood plain areas and other Hazard Mitigation Grant projects, received from the State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness.

The Washington Parish Government reports the following major proprietary funds:

The **USDA Revolving Loan Fund** is an enterprise fund that accounts for a grant from the U.S. Department of Agriculture to establish a revolving loan fund to facilitate the development of small and emerging private business, industry, and related employment for improving the economy in rural communities.

The **Housing Authority of Washington Parish** is an enterprise fund that accounts for grants from the U.S. Department of Housing and Urban Development to fund housing programs.

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 interest income and grant funds. Operating expenses for enterprise funds include the administrative expenses and housing assistance. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Deposits and Investments

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash and cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Parish may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana, mutual funds and bonds, debentures and notes or other evidence of indebtedness issued or guaranteed by Federal agencies provided such obligations are backed by full faith and credit of the United States of America.

D. Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal years is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental activity's 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 following table states the Parish's thresholds for capitalizing capital assets and the estimated useful lives of capital assets:

<u>Description</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Lives</u>
Buildings	\$5,000	40 years
Building Improvements	\$5,000	5-20 years
Office Equipment	\$5,000	5 years
Other Equipment	\$5,000	7 years
Vehicles	\$5,000	5-7 years
Heavy Equipment	\$5,000	10-15 years
Infrastructure:		
Roads	\$25,000	15-20 years
Bridges	\$25,000	15-70 years

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets (Continued)

All capital assets, other than land, are depreciated using the straight-line method. 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.

Bridges were valued using estimated historical cost. The Louisiana Department of Transportation and Development maintains a listing of Parish Bridges that includes the construction date and estimated replacement cost. Using this list, along with the consumer price index, historical cost was estimated by Parish Government's Engineer.

The Parish began the majority of the reconstruction of Parish roads after the voters of Washington Parish approved the following additional taxes:

- 10 mill ad valorem tax
- 1% sales tax (unincorporated areas of the Parish)
- .33% sales tax (Parish wide)

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation, is not utilized in the governmental funds.

G. Compensated Absences

The Parish adopted a vacation & sick leave policy in 1986. Vacation paid is earned the year prior to it being taken. Vacation is earned by the number of years an employee has been with the Parish. In order for an employee to take vacation time the employee must have one year service with the Parish.

	<u>8 hour days</u>
1 year	5 days
2-7 years	10 days
8-14 years	15 days
15 years & greater	20 days

Employees are allowed to carryover up to 80 hours of vacation leave, under a use or lose assumption, however an employee may be paid unused vacation time upon retirement, voluntary or involuntary termination of employment.

Sick leave does accumulate at one day per month with a maximum of 60 days and is not paid upon termination, but is paid out at retirement.

WASHINGTON PARISH GOVERNMENT
NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Long-Term Liabilities

In the government-wide financial statements, and the propriety fund types in the fund financial statements, long-term liabilities are reported as liabilities.

I. Fund Equity

In the governmental fund financial statements, fund balances are classified as follows:

1. Non-spendable Fund Balances – amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted Fund Balance – amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed by grantors, creditors, or citizens.
3. Committed Fund Balance – amounts that can be used only for specific purposes determined by a formal action by the Parish Council ordinance or resolution.
4. Assigned Fund Balance – amounts that are constrained by the Parish's intent that they will be used for specific purposes.
5. Unassigned Fund Balance – all amounts not included in the other spendable classifications.

The Parish considers restricted fund balances spent for governmental expenditures first when both restricted and unrestricted resources are available. The Parish also considers committed fund balances to be spent first when other unrestricted fund balance classifications are available for use.

J. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Parish, which are either unusual in nature or infrequent in occurrence.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

M. Sales Taxes Changes

On September 27, 1986 the voters of Washington Parish outside the corporate limits of the City of Bogalusa approved for an indefinite period of time, a 1% sales tax. The proceeds of the sales tax, after administrative expenses, were dedicated to the costs of acquiring, operating, and maintaining solid waste disposal facilities.

On April 11, 1992 the voters decided to rededicate and reallocate the above-mentioned sales tax so that the proceeds in excess of those needed for the solid waste disposal facilities would go to:

1. 45% to pay the costs of services which the Parish is legally obligated to pay under the laws of Louisiana;
2. 44.14% to be placed in the Parish Transportation Fund to be used for constructing, maintaining and improving public roads, highways and bridges in the Parish, to the extent that such projects qualify as allowable Parish Transportation Fund projects;
3. 9.72% to be used for constructing, maintaining and improving public roads, highways and bridges, for constructing, maintaining and improving drainage facilities and for economic development in the Town of Franklinton (provided that for five years after the effective date of this rededication, 80% of the portion described in this part (3) shall be used for economic development);

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Sales Taxes Changes (Continued)

4. 0.57% to be used for constructing, maintaining and improving public roads, highways and bridges in the Village of Angie; and
5. 0.57% to be used for constructing, maintaining and improving public roads, highways and bridges in the Village of Varnado.

These tax proceeds were recorded in the Sales Tax Split 1% fund until 2002, at which time the voters reduced the tax to .67% which is now recorded in a separate fund. The remaining fund balance of the 1% fund is restricted for sanitation and other state mandated costs. The fund only records interest income on investments as revenues and transfers out for state mandated costs.

On April 6, 2002 the voters decided to reduce the 1.00% sales tax, Parish-wide except Bogalusa, to .67% and rededicate the proceeds of the tax in excess of that needed for solid waste disposal facilities as follows:

- 68% for cost of services, Parish is legally obligated to pay,
- 15% for Parish roads and bridges,
- 15% to the Town of Franklinton,
- 1% to the Village of Angie, and
- 1% to the Village of Varnado.

Washington Parish Government Collections on Behalf of Other Taxing Authorities

	<u>Annual Totals – 2017 Tax Period</u>	
	<u>Total</u>	<u>Final</u>
	<u>Collections</u>	<u>Distribution</u>
Town of Franklinton (15%)	\$ 110,000	\$ 110,000
Village of Angie (1%)	7,400	7,400
Village of Varnado (1%)	<u>7,400</u>	<u>7,400</u>
Totals	<u>\$ 124,800</u>	<u>\$ 124,800</u>

The Parish does not charge a collection cost on taxes collected on behalf of other taxing authorities.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Sales Taxes Changes (Continued)

On April 6, 2002 the voters, also, approved a Parish-wide .33% sales and use tax dedicated solely for constructing, improving, maintaining and resurfacing Parish roads and bridges, including incidental drainage and the acquisitions of equipment thereof. The tax was levied beginning July 1, 2002. On November 5, 2002, the voters approved a 1% sales and use tax for all unincorporated areas of the Parish dedicated solely for constructing, improving, maintaining and resurfacing Parish roads and bridges, including incidental drainage and the acquisitions of equipment thereof. The tax was levied beginning January 1, 2003.

On October 19, 2013, the voters approved a .33% sales and use tax dedicated solely for providing, maintaining, administering and operating services and facilities in the civil, juvenile and criminal justice systems mandated by state statute. The tax was levied beginning January 1, 2014.

N. Intangible Assets

Intangible assets include easements, computer software, patents, copyrights, trademarks and goodwill. The Parish records reportable intangible assets that meet the capitalization threshold for intangible assets in accordance with Governmental Accounting Standards Board (GASB) Statement No. 51 "Accounting and Financial Reporting for Intangible Assets".

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Parish follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The President submits to the Council a proposed operating budget at least sixty days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and total anticipated revenues.
2. At the meeting of the Council at which the operating budget is submitted, the Council orders a public hearing.
3. At least ten days prior to the date of such hearing the Council publishes in the official journal a general summary of the proposed budget.
4. The budget is adopted not later than 30 days before the end of the fiscal year.
5. At any time during the year the President may transfer part or all of any unencumbered appropriation within programs, except that no transfer can be made to or from the salary account unless approved by the Council by ordinance.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2017

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

6. Every appropriation, except an appropriation for a capital expenditure, lapses at the close of the fiscal year to the extent that it has not been expended or encumbered.

Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted or as amended from time to time by the Parish Council.

3. LEVIED TAXES

The following is a listing of levied millages for ad valorem taxes:

	<u>Levied Millage</u>	<u>Expiration Date</u>
Parish-wide Taxes:		
General Fund:		
Inside	1.85	Indefinite
Outside	3.70	Indefinite
Special Revenue Funds:		
Library	4.60	2026
Parish Transportation	4.13	2026
Road Improvement	10.00	2021
Courthouse Maintenance	1.03	2026
Health Unit Maintenance	<u>3.11</u>	2026
	<u>28.42</u>	

4. CASH AND INVESTMENTS

Cash

At December 31, 2017, the Parish Government had cash and cash equivalents (book balances) totaling \$7,228,219 as follows:

Interest-bearing demand deposits	\$ 7,228,119
Petty cash	<u>100</u>
Total	<u>\$ 7,228,219</u>

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2017

4. CASH AND INVESTMENTS (Continued)

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 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 December 31, 2017, the Parish Government had \$7,964,708 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$11,950,000 pledged securities.

Even though the pledged securities are considered uncollateralized, (State Law 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 Parish Government that the fiscal agent has failed to pay deposited funds upon demand.

Investments

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the Parish will be able to recover the value of its investments or collateral securities that are in the possession of an outside party investment. The Parish investment policy requires that all repurchase agreement investments be fully collateralized and held by the counterparty's trust department or agent in the Parish's name. Investments in external investment pools, mutual funds, and other pooled investments are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission. At year-end, the Parish investments were not exposed to any custodial credit risk.

Whitney – Certificates of Deposits	\$	575,228
Resource Bank:		
Cash held in Money Market Investment		97,502
Stiffler, Nicolaus & Co, Inc.:		
U.S. Government Agencies		388,298
Cash held in Money Market Investment		<u>13,690</u>
Total	\$	<u>1,074,718</u>

Interest Rate Risk - Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. The Parish's investment policy limits interest rate risk by generally limiting maturities of its investments to one year or less.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2017

4. CASH AND INVESTMENTS (Continued)

Credit Risk and Concentration of Credit Risk - The credit risk of investments is the risk that an issuer or other counterparty will not meet its obligations. This credit risk is measured by credit quality ratings as described by ratings agencies such as Standard & Poor's (S&P) and Moody's. The concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools). The Parish's investment policy does not place a limit on the amount the Parish may invest in any one issuer.

The following table illustrates the Parish's investment exposure to credit risk as of December 31, 2017:

<u>S&P RATING</u>	<u>FAIR VALUE</u>
AAA	\$ 388,298

5. RECEIVABLES

Governmental Activities

The receivables of \$6,041,023 at December 31, 2017, were as follows:

Class of Receivable	Governmental Activities								Total
	General Fund	Criminal Justice Sales Tax	Parish Transportation Fund	Sales Tax Split .67%	HMGP Fund	Road Improvement Fund	Library Fund	Other Governmental Funds	
Taxes:									
Ad Valorem	\$ 446,111	\$ -	\$ 2,171,699	\$ -	\$ -	\$ -	\$ 720,151	\$ 648,136	\$ 3,986,097
Sales and Use	-	129,415	130,438	178,952	-	169,930	-	-	608,735
Intergovernmental:									
Federal	-	-	-	-	1,053,582	-	-	7,291	1,060,873
State	165,358	-	47,319	-	-	-	-	91,666	304,343
Local	17,524	1,464	28,828	-	-	-	-	33,159	80,975
TOTAL	<u>\$ 628,993</u>	<u>\$ 130,879</u>	<u>\$ 2,378,284</u>	<u>\$ 178,952</u>	<u>\$ 1,053,582</u>	<u>\$ 169,930</u>	<u>\$ 720,151</u>	<u>\$ 780,252</u>	<u>\$ 6,041,023</u>

The Parish uses the direct write-off method to write off the majority of general uncollectible accounts receivable. This method approximates methods in accordance with generally accepted accounting principles.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2017

6. NOTES RECEIVABLE

In 2002, the Parish received a Federal grant of \$975,000 to establish a revolving loan fund to businesses to improve the economy in rural parts of the Parish. The entire \$975,000 was loaned to Richard and Penny Breedlove Farm, L.L.C. on October 18, 2002, at an interest rate of 2.75%. The Breedlove's were to repay the loan in 120 monthly payments of \$9,320 including interest. Collection of the loan has become doubtful. In 2006 the property was seized in foreclosure proceedings. In 2008, all movable and immovable property was transferred to the Washington Parish Government. Currently, the Parish is in the process of selling the property.

Notes receivable, December 31, 2017:

Breedlove Farm, L.L.C.	\$ 872,188
Smith Creamery, L.L.C.	7,391
Allowance for doubtful account	<u>(872,188)</u>
Notes receivable, net of allowance for doubtful account	<u>\$ 7,391</u>

7. NET INVESTMENT IN JOINT VENTURE

The Parish's share of their investment in Choctaw Road Landfill is accounted for in the Sales Tax Split .67% Fund which is a governmental fund. The equity interest in the joint venture represents equity primarily in capital assets and otherwise does not meet the definition of a current financial resource. GASB Statement No. 14, as amended by GASB Statement No. 61 and GASB Statement No. 80, states that it is inappropriate to report the entire "Net Investment in Joint Venture" as an asset in a governmental fund; only the amount that is a current financial resource should be reported.

Accordingly, the Parish's "equity in Joint Venture" of Choctaw Road Landfill at December 31, 2017, is shown in the financial statements as follows:

Sales Tax Split .67% Fund:

Current financial resource in the Fund	\$ 583,838
Economic resources:	
Restricted assets for closure and post closure care costs and other noncurrent assets	1,592,869
Capital assets	4,487,541
Accumulated depreciation	<u>(3,333,104)</u>
Landfill closure and post closure care costs	<u>(767,151)</u>
Net economic resources	<u>1,980,155</u>
Equity in Joint Venture in the Government-Wide Statement of Net Position	<u>\$ 2,563,993</u>

WASHINGTON PARISH GOVERNMENT
NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2017

8. CAPITAL ASSETS

The following is a summary of the changes in capital assets for the year ended December 31, 2017:

	Balance <u>12/31/16</u>	Increases	Decreases	Balance <u>12/31/17</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,514,789	\$ -	\$ (12,996)	\$ 2,501,793
Construction in progress	<u>786,516</u>	<u>810,224</u>	<u>-</u>	<u>1,596,740</u>
 Total capital assets not being depreciated	 3,301,305	 810,224	 (12,996)	 4,098,533
Other capital assets:				
Buildings	9,478,025	219,613	-	9,697,638
Equipment	6,447,235	475,616	(61,780)	6,861,071
Books	1,391,013	-	-	1,391,013
Asphalt roads	20,959,772	2,850,294	(550,485)	23,259,581
3-shot roads	8,483,369	669,312	(91,654)	9,061,027
Bridges and culverts	<u>23,263,057</u>	<u>69,146</u>	<u>-</u>	<u>23,332,203</u>
	70,022,471	4,283,981	(703,919)	73,602,533
Less accumulated depreciation for:				
Buildings	(5,023,751)	(253,235)	-	(5,276,986)
Equipment	(5,299,479)	(215,598)	61,780	(5,453,297)
Books	(1,391,013)	-	-	(1,391,013)
Asphalt roads	(16,643,008)	(1,523,055)	550,485	(17,615,578)
3-shot roads	(3,025,298)	(391,343)	91,654	(3,324,987)
Bridges and culverts	<u>(6,717,944)</u>	<u>(445,462)</u>	<u>-</u>	<u>(7,163,406)</u>
Total accumulated depreciation	<u>(38,100,493)</u>	<u>(2,828,693)</u>	<u>703,919</u>	<u>(40,225,267)</u>
Other capital assets, net	<u>31,921,978</u>	<u>1,455,288</u>	<u>-</u>	<u>33,377,266</u>
 Totals	 <u>\$ 35,223,283</u>	 <u>\$ 2,265,512</u>	 <u>\$ (12,996)</u>	 <u>\$ 37,475,799</u>
Business-type Activities:				
	Balance <u>12/31/16</u>	Increases	Decreases	Balance <u>12/31/17</u>
Property, plant & equipment	\$ 2,411	\$ -	\$ (2,411)	\$ -
Less accumulated depreciation	<u>(1,355)</u>	<u>(241)</u>	<u>1,596</u>	<u>-</u>
 Totals	 <u>\$ 1,056</u>	 <u>\$ (241)</u>	 <u>\$ (815)</u>	 <u>\$ -</u>

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2017

8. CAPITAL ASSETS (Continued)

Depreciation expense of \$2,828,693 for the year ended December 31, 2017, was charged to the following governmental functions:

General government	\$ 60,466
Public safety	154,778
Highways and streets	2,495,631
Health and welfare	56,660
Culture and recreation	61,158
	<u>\$ 2,828,693</u>

The State of Louisiana through their Off-System Bridge Replacement Program, did not replace bridges and culverts throughout Washington Parish during the year ended December 31, 2017.

Depreciation expense of \$241 was charged to the Business-type Activities for the year ended December 31, 2017.

9. INTERFUND TRANSFERS

Details about interfund transfers from other funds during 2017 follow:

Transfers Out:	Transfers In:					Total
	General Fund	Parish Transportation Fund	Criminal Justice Fund	Road Improvement Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ 208,000	\$ -	\$ 185,230	\$ 393,230
Parish Transportation Fund	-	-	-	450,000	-	450,000
Sales Tax Split .67 Fund	505,000	110,000	-	-	-	615,000
Road Improvement Fund	-	-	-	-	78,992	78,992
Nonmajor Governmental Funds	-	-	-	944,396	-	944,396
TOTAL	<u>\$ 505,000</u>	<u>\$ 110,000</u>	<u>\$ 208,000</u>	<u>\$ 1,394,396</u>	<u>\$ 264,222</u>	<u>\$ 2,481,618</u>

Transfers are used to 1) move revenues from the fund for sanitation and other state mandated costs, 2) move revenues from the general fund, with collection authorization, to the fund accounting for the activity (Parish government mandated responsibility), 3) move funds to the Road Improvement Fund to finance road maintenance costs in accordance with budgetary authorizations.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2017

10. ON-BEHALF PAYMENTS

GASB Statement No. 24 establishes accounting and financial reporting standards for passthrough grants, food stamps, and on-behalf payments for fringe benefits and salaries. During the year 2017, the state paid salaries of \$195,919 directly to Parish Government employees on behalf of Parish Government. This amount has been included in the financial statements in intergovernmental revenues and salaries expenditures.

11. ROAD IMPROVEMENT REVENUE BONDS

Pursuant to a request through a Resolution dated December 8, 2005 of Washington Parish Government, the Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA) issued \$11,855,000 of its Revenue Bonds (Washington Parish Road Project) Series 2006. The following sales tax revenue has been pledged to secure the debt:

- .33% sales and use tax (Parish-wide) effective for 2002 and
- 1% sales and use tax (all unincorporated areas of the Parish) effective January 1, 2003.

The proceeds of the Bonds are dedicated for the purpose of refunding the Series 2003 Bonds outstanding principal of \$11,750,000, funding a reserve fund and paying costs of issuance of the Series 2006 Bonds.

Final payment of the bonds was made in May 2017.

12. CHANGES IN GENERAL LONG-TERM LIABILITIES

The following is a summary of the long-term liability transactions:

	<u>Balance</u> <u>01/01/17</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/17</u>	<u>Current</u> <u>Portion</u>
Road Improvement Revenue					
Bonds, Series 2006	\$ 1,535,000	\$ -	\$ (1,535,000)	\$ -	\$ -
Accrued interest payable	10,873	-	(10,873)	-	-
Compensated absences	<u>102,781</u>	<u>3,122</u>	<u>(10,977)</u>	<u>94,926</u>	<u>94,926</u>
TOTAL	<u>\$ 1,648,654</u>	<u>\$ 3,122</u>	<u>\$(1,556,850)</u>	<u>\$ 94,926</u>	<u>\$ 94,926</u>

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2017

13. PENSION PLAN

Substantially all employees of the Parish are members of the Parochial Employees' Retirement System (PERS). The plan is administered by a separate board of trustees and is a cost-sharing, multiple-employer defined benefit pension plan. The system issues annual, publicly-available financial reports that include financial statements and required supplementary information for the system. The report for PERS may be obtained at www.persla.org.

General Information about the Pension Plan

Plan Description – Employees of the Parish are eligible for participation in the Parochial Employees' Retirement System of Louisiana (the "System") – a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 205 of the 1952 Regular Session of the Louisiana Legislature. The System issues a publicly available financial report that can be obtained at www.persla.org. The report may also be obtained by writing to the Parochial Employees' Retirement System of Louisiana, 7905 Wrenwood Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 928-1361.

Benefits Provided – The System provides retirement, disability, and death benefits. Retirement benefits are determined as 3.0% of the employee's final compensation multiplied by the employee's years of creditable service. Employees who retire at or after age 65 with at least 7 years of creditable service, age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3.0% of their final-average compensation multiplied by his/her years of creditable service. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Under state law, cost of living increases to benefits are allowable only if sufficient funds are available from investment income in excess of normal requirements. Cost of living increases cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement. Contributions – Per Act 765 of the 1979 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the System's Board of Trustees. Employees are required to contribute 9.50% of their annual pay. The Parish's contractually required contribution rate was 12.50% for the period ended December 31, 2017.

Contributions to the System from the Parish for December 31, 2017, 2016, and 2015, were \$392,242, \$401,625 and \$422,972, respectively, equal to the required contributions for each year.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2017

13. PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the Parish reported a liability of \$1,105,083 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Parish's proportion of the net pension liability was based on a projection of the Parish's December 31, 2017 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016, the Parish's proportion was 0.533675%, which was an increase of 0.014785% from its proportion measured as of December 31, 2015. For the year ended December 31, 2017, the Parish recognized pension expense of \$231,634. At December 31, 2017, the Parish reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 193,379
Net difference between projected and actual investment earnings on pension plan investments	857,586	-
Changes in assumptions	209,806	-
Changes in proportion and differences between contributions and proportionate share of contributions	616	910
Contributions subsequent to the measurement date	<u>392,242</u>	<u>-</u>
	<u>\$ 1,460,250</u>	<u>\$ 194,289</u>

\$392,242 reported as deferred outflows of resources related to pensions resulting from the Parish's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended:

December 31, 2018	\$ 324,440
December 31, 2019	346,418
December 31, 2020	226,030
December 31, 2021	(23,168)

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2017

13. PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.50%
Projected Salary Increases:	5.25% (2.50% Inflation, 2.75% Merit)
Investment Rate of Return:	7.00%, net of investment expense

Mortality Rate: RP-2000 Employee Sex Distinct Table for employees; RP-2000 Healthy Annuitant Sex Distinct Table for annuitants and beneficiaries; RP-2000 Disabled Lives Mortality Tables for disabled annuitants.

Discount Rate – The discount rate used to measure the total pension liability was 7.00% for the year ended December 31, 2016. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee ("PRSAC") taking into consideration the recommendation of the System's actuary. 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.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset 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 7.66% for the year ended December 31, 2016.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2017

13. PENSION PLAN (Continued)

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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	35.00%	1.24%
Equity	52.00%	3.63%
Alternatives	11.00%	0.67%
Real Assets	<u>2.00%</u>	<u>0.12%</u>
Total	100.00%	5.66%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.66%

Mortality Rate - The mortality rate assumption used in the December 31, 2016, valuation 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. 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 a 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.

Sensitivity to Changes in the Discount Rate - The following presents the Parish's proportionate share of the net pension liability calculated using the discount rate of 7.00% as well as what the Parish's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	<u>1.0% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1.0% Increase (8.00%)</u>
The Parish's Proportionate Share of the Net Pension Liability	\$ 3,305,748	\$ 1,105,083	\$ (755,645)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued System financial report.

Payables to the Pension Plan - As of December 31, 2017, the Parish did not have any payables due to the System.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2017

14. FUND BALANCES

Governmental Funds:

Description:	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Funds	Capital Projects Fund		
Fund Balances:					
Restricted for:					
Sales taxes	\$ -	\$ 929,642	\$ -	\$ -	\$ 929,642
Ad valorem taxes	-	1,749,927	-	-	1,749,927
Road improvement	-	-	2,302,995	-	2,302,995
Emergency preparedness	-	-	-	22,032	22,032
Disaster relief	-	-	-	303,022	303,022
Health services	-	-	-	985,161	985,161
Landfill	-	-	-	490,424	490,424
Courthouse maintenance	-	-	-	10,243	10,243
Criminal court	-	-	-	20,916	20,916
Parish transportation	-	4,066,756	-	-	4,066,756
Recreation	-	-	-	167,116	167,116
Special witnesses	-	-	-	46,643	46,643
Criminal jury	-	-	-	14,655	14,655
Unassigned:	647,499	-	-	-	647,499
Total Fund Balances	\$ 647,499	\$ 6,746,325	\$ 2,302,995	\$ 2,060,212	\$ 11,757,031

15. RISK MANAGEMENT

Washington Parish Government is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Parish attempts to minimize risk from significant losses through the purchase of commercial insurance.

16. COMPENSATION PAID TO PARISH PRESIDENT AND PARISH COUNCIL

Name	Title	Amount
Richard N. Thomas, Jr.	Parish President	\$ 152,565
Jacob "Perry" Talley	Parish Council District 1	12,000
Michael Fussell	Parish Council District 2	12,000
Christopher Workman	Parish Council District 3	12,000
Levi Lewis, Sr.	Parish Council District 4	11,700
Juston "Pete" Thomas	Parish Council District 5	9,700
Phillipp Bedwell	Parish Council District 5	1,500
Reginald McMasters	Parish Council District 6	14,400
David Anthony	Parish Council District 7	11,550

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2017

17. LITIGATION

The attorney for the Parish Government has advised that several lawsuits have been filed against the Parish, mainly for roadway damage.

The attorney advised that the provisions of the present Louisiana Constitution do not permit a person holding a judgment against the Parish Government to levy or collect that judgment against any assets of the Parish in a judicial fashion. He also said that no funds have been allocated by Parish Government to pay any outstanding judgments or to make offers in settlement of pending litigation.

18. CONTINGENT LIABILITY

In the audit report of Washington Parish Government for the year ended December 31, 2003, there was a "questioned cost" concerning an \$872,188 bad debt expense on a loan made with the proceeds of a U.S. Department of Agriculture (USDA) revolving loan fund grant. In 2005, the USDA and the Office of the Louisiana Legislative Auditor began looking into this matter. Because of the inherent nature of "questioned costs," the USDA could possibly ask the Parish Government for partial or full reimbursement sometime in the future. However, the ultimate outcome is unknown at this time. Accordingly, no liability has been recorded in these financial statements.

19. GRANTS FROM OTHER GOVERNMENTAL UNITS

Federal and state governmental units represent an important source of supplementary funding used to finance construction and road maintenance programs, and other activities beneficial to the community. A grant receivable is recorded when the Parish Government has a right to reimbursement under the related grant.

Some of the grants received by the Parish Government specify the purpose for which the grant monies are to be used and such grants are subject to audit by the granting agency. This audit report contains the following significant grant expenditures which have been expended as of December 31, 2017:

Section 8 Housing Choice Vouchers	\$	303,751
Hazard Mitigation Grant		3,312,848
Community Development Block Grant expenditures		412,875
U.S. Department of Transportation – Washington Parish Council on Aging expenditures		216,462

WASHINGTON PARISH GOVERNMENT

*NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2017*

20. POST EMPLOYMENT BENEFITS

HEALTH INSURANCE

Plan Description

The Parish provides health care benefits to its employees upon retirement as authorized by Resolution No. 07-394 adopted in 2007 with an effective date of January 1, 2008. This Resolution was then amended by Ordinance No. 09-489 adopted in 2009. Health coverage includes a fully insured group health maintenance plan (PPO).

Medical benefits are provided to employees upon retirement according to the retirement eligibility provisions as follows: an employee who has met the eligibility requirements of the Louisiana Parochial Retirement System, and is at least 62 years old, and has a minimum of 25 years of service with the Washington Parish Government will continue to carry hospitalization insurance on said employee only and the cost shall be paid for by the Parish until the employee reaches the age of 65. The plan is fully insured.

Fund Policy

During 2017, the Parish did not contribute for retired employees.

Effective with the fiscal year beginning January 1, 2008, the Parish implemented Government Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions (GASB No. 45). The provisions of GASB No. 45 may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded liability is required to be amortized over future periods. The Parish applied GASB No. 45 prospectively, therefore it established its OPEB liability at zero beginning January 1, 2008.

The Parish has fewer than 100 plan members and meets the requirements to use the alternative measurement method and elects to do so. The Parish will use the following method:

Calculation of the ARC Using the Entry Age Cost Method with Level Percentage of Payroll Normal Costs and the UAAL Amortized as a Level Percentage of Payroll.

Annual Required Contribution (ARC)

The Parish's Annual Required Contribution (ARC) is the sum of the normal cost plus the contribution to amortize the projected liability. An amortization period not to exceed thirty years has been used for the medical insurance benefits. The total ARC for medical benefits for the fiscal year beginning January 1, 2017 is \$82,432, which includes \$19,477 of amortization and \$643 of interest. Currently this amount is unfunded.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2017

20. POST EMPLOYMENT BENEFITS (Continued)

The following schedule presents components of the Parish's annual OPEB costs for the fiscal year 2017, the amount actually contributed to the plan, and changes in the Parish's net OPEB obligation to the OPEB plan:

Annual Required Contribution	\$	82,432
Interest on net OPEB obligation		29,360
ARC Adjustment		<u>(37,071)</u>
Annual OPEB Cost		74,721
Contributions made by employer		<u>-</u>
Increase in net OPEB obligation		74,721
Beginning net OPEB obligation, December 31, 2016		<u>889,699</u>
Ending net OPEB obligation, December 31, 2017	\$	<u>964,420</u>

Funded Status and Funding Progress

During the fiscal year 2017, the Parish did not establish or contribute to a postemployment benefits plan trust. Since there is no trust, the Parish's entire actuarial accrued liability of \$560,348 was unfunded.

The funded status of the plan as of January 1, 2017 was as follows:

Actuarial accrued liability (AAL)	\$	560,348
Actuarial value of plan assets		<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$	<u>560,348</u>
Funded ratio		0%
Covered payroll (active plan members)	\$	3,591,542
UAAL as a percent of covered payroll		15.6%

Investment Return Assumption (Discount Rate)

GASB No. 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Based on the assumption that the ARC will be funded, a 3.30% annual investment return has been used in this valuation. This is a conservative estimate of the expected long-term return of a balance and conservative investment portfolio under professional management.

WASHINGTON PARISH GOVERNMENT

*NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2017*

20. POST EMPLOYMENT BENEFITS (Continued)

Turnover

The probability that an employee will remain employed until the assumed retirement age was determined using non-group-specific age-based turnover data adapted from data maintained by the U.S. Office of Personnel Management regarding the experience of employee group covered by Federal Employees Retirement System. These probabilities were provided in the GASB Statement No. 45.

Future Cost Increase (Trend) Rate

The expected rate of increase in medical costs is based on projections performed by the Office of Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2017 – 2026, Table 3 - National Health Expenditures; Aggregate and per Capita Amounts, Percent Distribution and Annual Percent Change by Source of Funds: Calendars Years 2010 – 2026, released by the Health Care Financing Administration (www.cms.gov). Graduated rates for 2017 through 2026 were used from this table with an ultimate annual rate of 6.5% for 2026 and later. The current medical premium is \$977 per month which is paid at 100% by the Parish.

Mortality

As recommended in GASB No. 45, the life expectancies are based on mortality tables at the National Center for Health Statistics website (www.cdc.gov). The 2015 United States Life Tables for Males and United States Life Tables for Females were used. Life expectancies that included partial years were rounded to the nearest whole year. The calculation of postemployment health insurance coverage for each year is based on the assumption that all participants will live until their expected age.

21. SUBSEQUENT EVENTS

Subsequent events were evaluated through May 24, 2018, which is the date the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2017 that required recognition or disclosure in these financial statements.

22. COMMITMENTS

On September 1, 2015, the parish received approval for funding of Phase II of a Hazard Mitigation Grant Project in the amount of \$1,707,596.00. This project is approximately 65% complete and should be completed by August 2018.

WASHINGTON PARISH GOVERNMENT

*NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2017*

22. COMMITMENTS (Continued)

On October 20, 2016, the Parish awarded a contract to retrofit windows for the Washington Parish School Board, to Wainwright Construction & Maintenance, Inc., in the amount of \$951,200.00. The project is substantially complete. The remaining two schools included in this project are in the design phase and should be bid out before year end (2018). This project is funded by Hazard Mitigation Grant Program funds.

On September 28, 2017, the Parish awarded a contract to retrofit windows for four schools, to Phoenix Architectural Products, Inc., in the amount of \$750,000. Construction began in late 2017 and is expected to be completed in late 2018. This project is funded by Hazard Mitigation Grant Program funds.

**REQUIRED SUPPLEMENTARY
INFORMATION**

WASHINGTON PARISH GOVERNMENT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Taxes				
Ad valorem	\$ 512,000	\$ 495,400	\$ 513,079	\$ 17,679
Other	-	-	10,348	10,348
Licenses and permits	564,400	553,400	551,702	(1,698)
Intergovernmental federal funds				
Federal grants	185,000	200,000	216,462	16,462
State funds				
State revenue sharing	40,000	40,000	26,456	(13,544)
Other	582,000	606,000	612,222	6,222
Fees, charges, etc.	469,500	473,100	450,898	(22,202)
Fines and penalties	-	-	750	750
Interest income	6,000	6,000	6,352	352
Other	1,300	1,300	10,172	8,872
	<u>2,360,200</u>	<u>2,375,200</u>	<u>2,398,441</u>	<u>23,241</u>
EXPENDITURES				
Current				
General government				
Legislative	236,800	192,300	171,841	20,459
Judicial	225,900	220,900	206,466	14,434
Executive	281,000	253,000	246,826	6,174
Elections	237,750	236,250	237,002	(752)
Finance and administrative	585,400	587,400	568,760	18,640
Other	716,600	689,700	595,778	93,922
Public Safety	281,200	293,400	307,462	(14,062)
Health and welfare	125,000	137,000	143,842	(6,842)
Culture and recreation	18,300	94,300	50,263	44,037
Capital outlay	-	-	10,989	(10,989)
	<u>2,707,950</u>	<u>2,704,250</u>	<u>2,539,229</u>	<u>165,021</u>
Excess (deficiency) of revenues over expenditures	(347,750)	(329,050)	(140,788)	188,262
OTHER FINANCING SOURCES (USES)				
Operating transfers in	505,000	505,000	505,000	-
Operating transfers (out)	(255,000)	(448,000)	(393,230)	54,770
Total other financing sources	<u>250,000</u>	<u>57,000</u>	<u>111,770</u>	<u>54,770</u>
Net change in fund balance	(97,750)	(272,050)	(29,018)	243,032
Fund balances, beginning	<u>563,851</u>	<u>676,517</u>	<u>676,517</u>	<u>-</u>
Fund balances, ending	<u>\$ 466,101</u>	<u>\$ 404,467</u>	<u>\$ 647,499</u>	<u>\$ 243,032</u>

WASHINGTON PARISH GOVERNMENT
BUDGETARY COMPARISON SCHEDULE
CRIMINAL JUSTICE SALES TAX FUND
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Sales	\$ 1,226,000	\$ 1,240,000	\$ 1,252,811	\$ 12,811
Other	9,000	11,000	13,110	2,110
Interest income	-	-	160	160
TOTAL REVENUES	1,235,000	1,251,000	1,266,081	15,081
EXPENDITURES				
Current				
General government				
Judicial	794,000	882,000	859,332	22,668
Finance and administrative	18,400	18,600	18,631	(31)
Public Safety	505,600	575,800	589,252	(13,452)
TOTAL EXPENDITURES	1,318,000	1,476,400	1,467,215	9,185
Excess (deficiency) of revenues over expenditures	(83,000)	(225,400)	(201,134)	24,266
OTHER FINANCING SOURCES (USES)				
Operating transfers in	100,000	250,000	208,000	(42,000)
Total other financing sources	100,000	250,000	208,000	(42,000)
Net change in fund balances	17,000	24,600	6,866	(17,734)
Fund balances, beginning	(57,977)	(1,246)	(1,246)	-
Fund balances, ending	<u>\$ (40,977)</u>	<u>\$ 23,354</u>	<u>\$ 5,620</u>	<u>\$ (17,734)</u>

WASHINGTON PARISH GOVERNMENT
BUDGETARY COMPARISON SCHEDULE
SALES TAX SPLIT .67% FUND
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget
	<u>Original</u>	<u>Final</u>	Budgetary Basis	Positive (Negative)
REVENUES				
Taxes				
Sales	\$ 1,845,000	\$ 1,845,000	\$ 1,868,718	\$ 23,718
Interest income	5,300	5,300	8,209	2,909
	<u>1,850,300</u>	<u>1,850,300</u>	<u>1,876,927</u>	<u>26,627</u>
EXPENDITURES				
Finance & administrative	<u>100,500</u>	<u>100,500</u>	<u>101,677</u>	<u>(1,177)</u>
	<u>100,500</u>	<u>100,500</u>	<u>101,677</u>	<u>(1,177)</u>
Excess (deficiency) of revenues over expenditures	1,749,800	1,749,800	1,775,250	25,450
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	(617,000)	(617,000)	(615,000)	2,000
Subsidy in joint venture	(1,000,000)	(1,000,000)	(801,709)	198,291
Excess sales tax split with other government entities	<u>(125,800)</u>	<u>(125,800)</u>	<u>(124,800)</u>	<u>1,000</u>
Total other financing uses	<u>(1,742,800)</u>	<u>(1,742,800)</u>	<u>(1,541,509)</u>	<u>201,291</u>
Net change in fund balance	7,000	7,000	233,741	226,741
Fund balances, beginning	<u>699,918</u>	<u>676,515</u>	<u>690,281</u>	<u>13,766</u>
Fund balances, ending	<u>\$ 706,918</u>	<u>\$ 683,515</u>	<u>\$ 924,022</u>	<u>\$ 240,507</u>

WASHINGTON PARISH GOVERNMENT
BUDGETARY COMPARISON SCHEDULE
PARISH TRANSPORTATION FUND
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		Actual	Variance With
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Taxes				
Ad valorem	\$ 2,516,500	\$ 2,516,500	\$ 2,526,986	\$ 10,486
Sales	1,430,000	1,430,000	1,448,657	18,657
Other	4,500	4,500	6,199	1,699
State funds				
Parish transportation funds	500,000	500,000	571,557	71,557
State revenue sharing	50,000	50,000	33,444	(16,556)
Interest income	20,000	15,000	25,364	10,364
Other	1,000	6,000	35,067	29,067
TOTAL REVENUES	4,522,000	4,522,000	4,647,274	125,274
EXPENDITURES				
Current				
Finance and administrative	278,500	267,000	274,560	(7,560)
Highway and streets	3,365,250	3,504,750	3,598,974	(94,224)
Capital outlay	129,500	1,500	74,730	(73,230)
TOTAL EXPENDITURES	3,773,250	3,773,250	3,948,264	(175,014)
Excess (deficiency) of revenues over expenditures	748,750	748,750	699,010	(49,740)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	112,000	112,000	110,000	(2,000)
Operating transfers (out)	(1,100,000)	(1,100,000)	(450,000)	650,000
Sales of general capital assets	-	-	7,643	7,643
Total other financing uses	(988,000)	(988,000)	(332,357)	655,643
Net change in fund balance	(239,250)	(239,250)	366,653	605,903
Fund balances, beginning	3,464,284	3,700,103	3,700,103	-
Fund balances, ending	<u>\$ 3,225,034</u>	<u>\$ 3,460,853</u>	<u>\$ 4,066,756</u>	<u>\$ 605,903</u>

WASHINGTON PARISH GOVERNMENT
BUDGETARY COMPARISON SCHEDULE
ROAD IMPROVEMENT FUND
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Sales	\$ 1,490,000	\$ 1,490,000	\$ 1,644,385	\$ 154,385
Interest income	5,000	11,000	14,886	3,886
	<u>1,495,000</u>	<u>1,501,000</u>	<u>1,659,271</u>	<u>158,271</u>
EXPENDITURES				
Current				
General government				
Finance and administrative	83,300	78,300	86,643	(8,343)
Capital outlay	1,625,900	1,439,900	1,034,376	405,524
	<u>1,709,200</u>	<u>1,518,200</u>	<u>1,121,019</u>	<u>397,181</u>
Excess (deficiency) of revenues over expenditures	(214,200)	(17,200)	538,252	555,452
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,100,000	1,394,000	1,394,396	396
Operating transfers (out)	-	(79,000)	(78,992)	8
	<u>1,100,000</u>	<u>1,315,000</u>	<u>1,315,404</u>	<u>404</u>
Net change in fund balance	885,800	1,297,800	1,853,656	555,856
Fund balances, beginning	<u>302,429</u>	<u>449,339</u>	<u>449,339</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,188,229</u>	<u>\$ 1,747,139</u>	<u>\$ 2,302,995</u>	<u>\$ 555,856</u>

WASHINGTON PARISH GOVERNMENT

BUDGETARY COMPARISON SCHEDULE

LIBRARY FUND

For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		Actual	Variance With
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Taxes				
Ad valorem	\$ 818,000	\$ 818,000	\$ 822,662	\$ 4,662
State funds				
State revenue sharing	57,000	57,000	37,250	(19,750)
Other	43,600	43,600	45,268	1,668
Fees, charges, etc.	19,000	19,000	22,401	3,401
Fines and penalties	3,500	3,500	3,005	(495)
Interest income	11,500	11,500	14,488	2,988
Other	-	-	11,779	11,779
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	952,600	952,600	956,853	4,253
EXPENDITURES				
Current				
General government				
Finance and administrative	39,500	37,600	63,355	(25,755)
Culture and recreation	911,400	913,300	878,478	34,822
Capital outlay	-	-	21,170	(21,170)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	950,900	950,900	963,003	(12,103)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	1,700	1,700	(6,150)	(7,850)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, beginning	1,789,454	1,756,077	1,756,077	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, ending	<u>\$ 1,791,154</u>	<u>\$ 1,757,777</u>	<u>\$ 1,749,927</u>	<u>\$ (7,850)</u>

WASHINGTON PARISH GOVERNMENT

BUDGETARY COMPARISON SCHEDULE

HMGP GRANT FUND

For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Federal grants	\$ 5,662,000	\$ 3,213,000	\$ 3,312,848	\$ 99,848
TOTAL REVENUES	5,662,000	3,213,000	3,312,848	99,848
EXPENDITURES				
Capital outlay	5,662,000	3,213,000	3,312,848	(99,848)
TOTAL EXPENDITURES	5,662,000	3,213,000	3,312,848	(99,848)
Net change in fund balance	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

WASHINGTON PARISH GOVERNMENT
SCHEDULE OF FUNDING PROGRESS FOR
THE PARISH'S OPEB PLAN
For the Years Ended December 31, 2017, 2016, and 2015

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll [(b-a)/c]
12/31/15	01/01/2015	\$ -	\$ 664,861	\$ 664,861	0%	\$ 3,225,626	20.6%
12/31/16	01/01/2016	-	574,731	574,731	0%	3,623,908	15.9%
12/31/17	01/01/2017	-	560,348	560,348	0%	3,591,542	15.6%

The actuarial valuation date differs from the financial reporting date. The actuarial valuations are as of the beginning of the fiscal year.

WASHINGTON PARISH GOVERNMENT

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Years Ended December 31, 2017 Through 2014

<u>Fiscal Year</u>	Employer's Proportion Share of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
12/31/2014	0.527511%	\$ 37,974	\$ 3,040,172	1.25%	99.77%
12/31/2015	0.514016%	140,536	3,225,626	4.36%	99.15%
12/31/2016	0.521790%	1,373,501	3,623,908	37.90%	92.23%
12/31/2017	0.536575%	1,105,083	3,591,542	30.77%	94.15%

WASHINGTON PARISH GOVERNMENT
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
For the Years Ended December 31, 2017 Through 2014

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Employer's Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
12/31/2014	\$ 457,938	\$ 457,938	\$ -	\$ 3,040,172	15.06%
12/31/2015	422,972	422,972	-	3,225,626	13.11%
12/31/2016	401,625	401,625	-	3,623,908	11.08%
12/31/2017	392,242	392,242	-	3,591,542	10.92%

OTHER SUPPLEMENTARY INFORMATION

WASHINGTON PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2017

SPECIAL REVENUE FUNDS

Hurricane Katrina Fund – Accounts for the expenditures of funds for hurricane relief and restoration and reimbursements received from FEMA.

Disaster Fund (previously called Hurricane Isaac Fund) – Accounts for the expenditures of funds for disaster relief and restoration and reimbursements received from FEMA.

Criminal Jury Fund – Accounts for the fines and fees collected and expenditures for jury duty.

Special Witness Fund – The Special Witness Fund was established under Section 255 of Title 15 of the Louisiana Revised Statute of 1981, which provides that costs of court collected in individual cases, tried in district or parish courts on which there is a plea of guilty or conviction, be transferred to the Parish Treasurer and deposited into a Special Witness Fund account to be used to pay off-duty officer witness fees. Expenditures are made from the Fund when a court affidavit is presented to the Parish Comptroller, and when the appropriate payroll department verifies that the officer was off duty.

Courthouse Maintenance Fund – Accounts for the operation and maintenance of the Courthouse and related public buildings of the Parish. Financing is provided by ad valorem taxes and state revenue sharing. The ad valorem tax expires in 2026.

Health Unit Maintenance Fund – Accounts for the operation and maintenance of public health units in the Parish. Financing is provided by ad valorem taxes and state revenue sharing. The ad valorem tax expires in 2026.

Criminal Court Fund – The Criminal Court Fund was established under Section 571.11 of Title 15 of the Louisiana Revised Statutes of 1950, which provides that fines and forfeitures imposed by district courts and district attorney conviction fees in criminal court cases be transferred to the Parish Treasurer and deposited into a special Criminal Court Fund account to be used for the expenses of the criminal court of the Parish. Expenditures are made from the fund on motion of the district attorney and approval of the district judges or on motion of the district judges and approval of the district attorney.

Washington Parish Office of Homeland Security & Emergency Preparedness – This Fund was established by State law (R.S. 29:728) and is responsible for emergency mitigation, preparedness, response and recovery. The director is appointed by the Parish President and must be commissioned by the director of the State Office of Emergency Preparedness. Operating expenses are partially reimbursed by the State.

WASHINGTON PARISH GOVERNMENT

NONMAJOR GOVERNMENTAL FUNDS-CONTINUED

December 31, 2017

Recreation District # 1 Fund – The Washington Parish Recreation District # 1 (the District) was established under Chapter 11 of Title 33 of the Louisiana Revised Statutes to be a body corporate in law and a political subdivision of the State of Louisiana. The District obtains funding from fundraisers and donations and covers all the costs of its expenses. The Parish Government is responsible for the accounting and financial reporting.

Sales Tax Split 1% Fund – Accounts for the proceeds of the one cent sales tax imposed Parish-wide, excluding the City of Bogalusa, for the period of May 1992 through June 2002, to pay the costs of providing, maintaining, operating, constructing, acquiring, and/or in providing solid waste facilities. Currently, all funds are restricted for the Landfill.

DEBT SERVICE FUND

Debt Service PTF Revenue Bonds Fund – This fund was established to account for the debt service of the LCDA \$11,855,000 Sales Tax Revenue Bonds (Washington Parish Road Project) Series 2006.

CAPITAL PROJECTS FUNDS

LCDBG – Accounts for a Louisiana Community Development Block Grant to provide for a new water well for the Bogue Lusa Water Works District, a component unit of the Washington Parish Government.

LCDBG Water Improvements Fund – Accounts for a Louisiana Community Development Block Grant to provide construction of a potable water well in the Varnado Water Works District.

WASHINGTON PARISH GOVERNMENT
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
December 31, 2017

Special Revenue Funds

	Hurricane Katrina <u>Fund</u>	Disaster <u>Fund</u>	Special <u>Witness</u>	Criminal <u>Jury</u>	Courthouse <u>Maintenance</u>	Health Unit <u>Maintenance</u>	Criminal <u>Court</u>
ASSETS							
Cash	\$ -	\$ -	\$ -	\$ 9,114	\$ -	\$ -	\$ -
Investments	-	-	-	-	63,452	97,502	-
Receivables	-	-	1,165	8,589	154,508	466,524	23,015
FEMA Receivable	-	7,291	-	-	-	-	-
Due from other funds	296,268	2,802	45,828	-	-	431,282	8,292
Due from other governmental units	-	-	-	-	56,100	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 296,268</u>	<u>\$ 10,093</u>	<u>\$ 46,993</u>	<u>\$ 17,703</u>	<u>\$ 274,060</u>	<u>\$ 995,308</u>	<u>\$ 31,307</u>
LIABILITIES							
Accounts payable	\$ -	\$ 3,529	\$ 350	\$ 3,048	\$ 3,821	\$ 10,147	\$ 10,391
Due to other funds	-	-	-	-	259,996	-	-
Due to other governmental units	-	-	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>-</u>	<u>3,529</u>	<u>350</u>	<u>3,048</u>	<u>263,817</u>	<u>10,147</u>	<u>10,391</u>
FUND BALANCES							
Restricted	<u>296,268</u>	<u>6,564</u>	<u>46,643</u>	<u>14,655</u>	<u>10,243</u>	<u>985,161</u>	<u>20,916</u>
TOTAL FUND BALANCES	<u>296,268</u>	<u>6,564</u>	<u>46,643</u>	<u>14,655</u>	<u>10,243</u>	<u>985,161</u>	<u>20,916</u>
TOTAL LIABILITIES, AND FUND BALANCES	<u>\$ 296,268</u>	<u>\$ 10,093</u>	<u>\$ 46,993</u>	<u>\$ 17,703</u>	<u>\$ 274,060</u>	<u>\$ 995,308</u>	<u>\$ 31,307</u>

See Accompanying Independent Auditors' Report.

WASHINGTON PARISH GOVERNMENT
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS - Continued
December 31, 2017

	<u>Special Revenue Funds</u>				<u>Capital Project Funds</u>		Total Nonmajor Governmental Funds
	Office of Homeland Security & Emergency Preparedness	Recreation District #1	Sales Tax Split 1%	Debt Service PTF Revenue Bonds	<u>LCDBG</u>	<u>LCDBG Water Improvements</u>	
ASSETS							
Cash	\$ -	\$ 167,116	\$ -	\$ -	\$ 2,274	\$ 10	\$ 178,514
Investments	-	-	401,988	-	-	-	562,942
Receivables	390	-	-	-	-	-	654,191
FEMA Receivable	-	-	-	-	-	-	7,291
Due from other funds	6,158	-	88,436	-	-	-	879,066
Due from other governmental units	35,566	-	-	-	-	-	91,666
TOTAL ASSETS	<u>\$ 42,114</u>	<u>\$ 167,116</u>	<u>\$ 490,424</u>	<u>\$ -</u>	<u>\$ 2,274</u>	<u>\$ 10</u>	<u>\$ 2,373,670</u>
LIABILITIES							
Accounts payable	\$ 2,190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,476
Due to other funds	17,892	-	-	-	-	-	277,888
Due to other governmental units	-	-	-	-	2,094	-	2,094
TOTAL LIABILITIES	<u>20,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,094</u>	<u>-</u>	<u>313,458</u>
FUND BALANCES							
Restricted	22,032	167,116	490,424	-	180	10	2,060,212
TOTAL FUND BALANCES	<u>22,032</u>	<u>167,116</u>	<u>490,424</u>	<u>-</u>	<u>180</u>	<u>10</u>	<u>2,060,212</u>
TOTAL LIABILITIES, AND FUND BALANCES	<u>\$ 42,114</u>	<u>\$ 167,116</u>	<u>\$ 490,424</u>	<u>\$ -</u>	<u>\$ 2,274</u>	<u>\$ 10</u>	<u>\$ 2,373,670</u>

See Accompanying Independent Auditors' Report.

WASHINGTON PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	<u>Special Revenue Funds</u>						
	Hurricane Katrina <u>Fund</u>	Disaster <u>Fund</u>	Special <u>Witness</u>	Criminal <u>Jury</u>	Courthouse <u>Maintenance</u>	Health Unit <u>Maintenance</u>	Criminal <u>Court</u>
REVENUES							
Taxes							
Ad valorem	\$ -	\$ -	\$ -	\$ -	\$ 184,205	\$ 556,191	\$ -
Intergovernmental federal funds							
Federal grants	-	-	-	-	-	-	-
FEMA reimbursement	-	30,322	-	-	-	-	-
State funds							
State revenue sharing	-	-	-	-	8,341	25,184	-
Other	-	-	-	-	56,100	-	-
Fees, charges, etc.	-	-	9,320	67,404	-	-	-
Fines and penalties	-	-	-	-	-	-	182,766
Interest income	2,789	122	396	117	952	6,927	11
Investment earnings	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
	2,789	30,444	9,716	67,521	249,598	588,302	182,777
Total revenues	2,789	30,444	9,716	67,521	249,598	588,302	182,777
EXPENDITURES							
Current							
General government							
Judicial	-	-	3,700	66,283	156,978	-	169,625
Finance and administrative	-	-	-	-	13,849	42,171	-
Public Safety	-	-	-	-	27,485	-	-
Health and welfare	-	-	-	-	-	528,224	-
Culture and recreation	-	-	-	-	-	-	-

See Accompanying Independent Auditors' Report.

WASHINGTON PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - Continued
NON MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	<u>Special Revenue Funds</u>						
	Hurricane Katrina Fund	Disaster Fund	Special Witness	Criminal Jury	Courthouse Maintenance	Health Unit Maintenance	Criminal Court
Disaster relief and restoration	21,028	113,685	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	159,351	28,500	-
	<u>21,028</u>	<u>113,685</u>	<u>3,700</u>	<u>66,283</u>	<u>357,663</u>	<u>598,895</u>	<u>169,625</u>
Excess (deficiency) of revenue over expenditures	(18,239)	(83,241)	6,016	1,238	(108,065)	(10,593)	13,152
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	78,992	-	-	95,230	-	-
Operating transfers (out)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	<u>78,992</u>	-	-	<u>95,230</u>	-	-
Net change in fund balance	(18,239)	(4,249)	6,016	1,238	(12,835)	(10,593)	13,152
Fund balances, beginning	<u>314,507</u>	<u>10,813</u>	<u>40,627</u>	<u>13,417</u>	<u>23,078</u>	<u>995,754</u>	<u>7,764</u>
Fund balances, ending	<u>\$ 296,268</u>	<u>\$ 6,564</u>	<u>\$ 46,643</u>	<u>\$ 14,655</u>	<u>\$ 10,243</u>	<u>\$ 985,161</u>	<u>\$ 20,916</u>

WASHINGTON PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - Continued
NON MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	<u>Special Revenue Funds</u>				<u>Capital Project Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Homeland Security & Emergency Preparedness</u>	<u>Recreation District # 1</u>	<u>Sales Tax Split 1%</u>	<u>Debt Service PTF Revenue Bonds</u>	<u>LCDBG</u>	<u>LCDBG Water Improvements</u>	
REVENUES							
Taxes							
Ad valorem	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 740,396
Intergovernmental federal funds							
Federal grants	85,856	-	-	-	-	412,875	498,731
FEMA reimbursement	-	-	-	-	-	-	30,322
State funds							
State revenue sharing	-	-	-	-	-	-	33,525
Other	-	-	-	-	-	-	56,100
Fees, charges, etc.	-	-	-	34,365	-	-	111,089
Fines and penalties	-	-	-	-	-	-	182,766
Interest income	34	1,311	9,103	68	23	-	21,853
Investment earnings	-	-	5,446	-	-	-	5,446
Other	-	50,692	-	-	-	-	50,692
Total revenues	85,890	52,003	14,549	34,433	23	412,875	1,730,920
EXPENDITURES							
Current							
General government							
Judicial	-	-	-	-	-	-	396,586
Finance and administrative	-	-	-	1,000	-	-	57,020
Public Safety	169,991	-	-	-	-	-	197,476
Health and welfare	-	-	-	-	-	-	528,224
Culture and recreation	-	4,704	-	-	-	-	4,704

See Accompanying Independent Auditors' Report.

WASHINGTON PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - Continued
NON MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	<u>Special Revenue Funds</u>				<u>Capital Project Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Homeland Security & Emergency Preparedness</u>	<u>Recreation District # 1</u>	<u>Sales Tax Split 1%</u>	<u>Debt Service PTF Revenue Bonds</u>	<u>LCDBG</u>	<u>LCDBG Water Improvements</u>	
Disaster relief and restoration	-	-	-	-	-	-	134,713
Debt service							
Principal	-	-	-	1,078,288	-	-	1,078,288
Interest	-	-	-	21,746	-	-	21,746
Capital outlay	-	-	-	-	-	412,875	600,726
Total expenditures	169,991	4,704	-	1,101,034	-	412,875	3,019,483
Excess (deficiency) of revenue over expenditures	(84,101)	47,299	14,549	(1,066,601)	23	-	(1,288,563)
OTHER FINANCING SOURCES (USES)							
Operating transfers in	90,000	-	-	-	-	-	264,222
Operating transfers (out)	-	-	-	(944,396)	-	-	(944,396)
Total other financing sources (uses)	90,000	-	-	(944,396)	-	-	(680,174)
Net change in fund balance	5,899	47,299	14,549	(2,010,997)	23	-	(1,968,737)
Fund balances, beginning	16,133	119,817	475,875	2,010,997	157	10	4,028,949
Fund balances, ending	<u>\$ 22,032</u>	<u>\$ 167,116</u>	<u>\$ 490,424</u>	<u>\$ -</u>	<u>\$ 180</u>	<u>\$ 10</u>	<u>\$ 2,060,212</u>

WASHINGTON PARISH GOVERNMENT

SCHEDULE OF COMPENSATION, BENEFITS, AND

OTHER PAYMENTS TO AGENCY HEAD

For the Year Ended December 31, 2017

Agency Head: Richard N. Thomas, Jr., Parish President

Salary	\$	152,565
Benefits – retirement		19,071
Benefits – insurance		12,429
Vehicle provided by government		2,031
Reimbursements		1,169
Telephone		700
Total	\$	<u>187,965</u>

OTHER REPORTS

Kushner LaGraize, L.L.C.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Washington Parish Government
Franklinton, Louisiana

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, each major fund, and the aggregate remaining fund information of the Washington Parish Government (the Parish) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Parish's basic financial statements and have issued our report thereon dated May 24, 2018.

Internal Control over Financial Reporting

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

Our consideration of the internal control over financial reporting 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 our audit we did not identify any deficiencies in internal control that we 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 Parish'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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
May 24, 2018

Kushner LaGraize, L.L.C.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Washington Parish Government
Franklinton, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Washington Parish Government's (the Parish) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Parish's major federal programs for the year ended December 31, 2017. The Parish's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Parish's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Parish's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Parish's compliance.

Opinion on Each Major Federal Program

In our opinion, the Parish complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control over Compliance

Management of the Parish is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Parish's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate for the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Parish's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
May 24, 2018

WASHINGTON PARISH GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2017

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Award Number	Federal CFDA Number	Passed through to Subrecipients	Federal Expenditures
U.S. Department of Homeland Security				
Passed through Governor's Office of Homeland Security and Emergency Preparedness:				
Disaster Grants – Public Assistance (Presidentially Declared Disasters)				
	1603	97.036	\$ -	\$ 21,028
	EM-3392	97.036	-	7,292
	4277	97.036	-	40,290
	4080	97.036	-	66,103
State Homeland Security Program	2015-SS-00043-S01	97.067	-	993
	2016-SS-00018-S01	97.067	-	40,268
Hazard Mitigation Grant Program **	1603-117-0012	97.039	-	461,118
	1603-117-0014	97.039	-	658,803
	1603-117-0017	97.039	-	859,910
	1603-117-0019	97.039	-	1,028,133
	1603-117-0022	97.039	-	304,884
Emergency Management Grant	EMT-2017-EP-00001-S01	97.042	-	<u>28,629</u>
Total Department of Homeland Security			-	3,517,451
U.S. Department of Housing and Urban Development				
Direct:				
Section 8 Housing Choice Vouchers		14.871	-	303,751
Passed through State Office of Community Development:				
Community Development Block Grant	B16-DC-22-0001	14.228	-	<u>412,875</u>
Total Department of Housing and Urban Development			-	716,626
U.S. Department of Transportation				
Passed through State Department of Transportation and Development:				
Nonurbanized Area Formula Grant: 2016-2017	LA-18-X032	20.509	102,185	102,185
Nonurbanized Area Formula Grant: 2017-2018	LA 2017-013-00	20.509	<u>114,277</u>	<u>114,277</u>
Total Department of Transportation			216,462	216,462

WASHINGTON PARISH GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
 December 31, 2017

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Award Number	Federal CFDA Number	Passed through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
Passed through State Department of Health and Hospitals:				
Hospital Preparedness Program and Public Health Emergency Preparedness	723936	93.074	-	15,965
Total Department of Health and Human Services			-	15,965
Total Expenditures of Federal Awards			<u>\$ 216,462</u>	<u>\$ 4,466,504</u>

*** This program is considered a major program under Uniform Guidance.*

WASHINGTON PARISH GOVERNMENT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2017

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying *Schedule of Expenditures of Federal Awards* includes the federal grant activity of the Washington Parish Government and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of the Parish, it is not intended to and does not present the net position and changes in the position of the Parish. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – DE MINIMIS COST RATE

During the year ended December 31, 2017, the Parish did not elect to use the 10% de minimis cost rate as covered in Section 200.414 of the Uniform Guidance.

NOTE C – DETERMINATION OF TYPE A AND TYPE B PROGRAMS

Federal awards programs are classified as either Type A or Type B programs. For the year ended December 31, 2017, Type A programs consisted of the federal programs that expended over \$750,000 and Type B programs were the programs that expended under \$750,000.

NOTE D – NON-CASH ASSISTANCE

No federal awards were expended in the form of non-cash assistance during the year ended December 31, 2017.

WASHINGTON PARISH GOVERNMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2017

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' Report Issued: Adverse (Due to omission of discretely presented component units)

Internal Control Over Financial Reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
97.039	Federal Emergency Management Agency – Hazard Mitigation Grant Program

WASHINGTON PARISH GOVERNMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – Continued
For the Year Ended December 31, 2017

Dollar threshold used to distinguish between
Type A and Type B programs:

\$750,000

Auditee Qualified as Low-Risk Auditee?

Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

WASHINGTON PARISH GOVERNMENT

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended December 31, 2017

	<u>RESOLUTION</u>
SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
2016-001 Compliance - Budget.	Resolved
SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
None noted.	
SECTION III - MANAGEMENT LETTER	
None issued.	

Kushner LaGraize, L.L.C.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Washington Parish Council, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Washington Parish Council (the Parish) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

I. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

We obtained the entity's policies on budgeting and noted no exceptions.

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.

We obtained the entity's policies on purchasing and noted no exceptions.

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

We obtained the entity's policies on disbursements and noted no exceptions.

- d) **Receipts**, including receiving, recording, and preparing deposits.

We obtained the entity's policies on receipts and noted no exceptions.

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

We obtained the entity's payroll and personnel policies and noted no exceptions.

- 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.

We obtained the entity's policies on contracting and noted no exceptions.

- 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.

The entity did not have written policies and procedures regarding credit cards/debit cards/fuel cards/P-cards.

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

We obtained the entity's policies on travel and expense reimbursements and noted no exceptions.

- 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.
Note: Ethics requirements are not applicable to nonprofits.

We obtained the entity's policies on ethics and noted no exceptions.

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

We obtained the entity's policies on debt service and noted no exceptions.

Council (or Finance Committee, if applicable)

2. Obtain and review the council/committee minutes for the fiscal period, and:
 - a) Report whether the managing council met (with a quorum) at least monthly, or on a frequency in accordance with the council's enabling legislation, charter, or other equivalent document.

The Washington Parish Council met bi-monthly, with a quorum present at each meeting.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

We noted that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one council meeting during the fiscal period reflect that the council is monitoring the plan.

N/A – we noted no deficit spending or fund balance deficits.

- We noted the minutes included non-budgetary financial information.*

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We were provided with the listing showing 13 deposit accounts and management's representation that this list was complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

We were provided with reconciliations for each account for every month of the fiscal year.

- b) Bank reconciliations include evidence that a member of management or a council member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

We noted the bank reconciliations did not contain documented evidence of approval by the Director of Finance.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

We noted items outstanding for more than 6 months at the end of the fiscal period. Management provided us with documentation showing that it has researched these items.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Management provided the listing, showing all collection locations and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Management provided the documentation for all selected locations. No exceptions were noted.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Management provided the documentation for all selected locations. No exceptions were noted.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Management provided the required documentation for the selected deposits. Of the 14 deposits tested, 2 were not made within one day of receipt. The number of days from receipt to deposit ranged from 3 to 6 days.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Management provided the required documentation for the selected deposits. We noted no exceptions.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Management provided the policy manual containing a process to determine completeness of collections. We noted no exceptions with this policy.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Management provided the general ledger and we obtained management's representation that the general ledger is complete. We filtered for disbursements and remove credit card/debit card/fuel card/P-card purchases and travel and expense reimbursements.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Each selection, other than routine operating expenditures, were initiated using the entity's purchase order system, without exception.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Each selection showed evidence of approval by a person who did not initiate the purchase, without exception.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

All appropriate documentation was provided for each selection, without exception.

- 10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

We obtained the required documentation and noted that the person responsible for processing payments also has the ability to add vendors to the entity's purchasing system. All payments processed are required to be approved by the Comptroller or Director of Finance before payment is made.

- 11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

We obtained the required documentation and noted that the only person with both signatory authority and access to the purchasing system is the Director of Finance.

- 12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

We noted the checks are maintained in a locked location by the accounts payable clerk. The Director of Finance has signatory authority and access to the purchasing system and unused checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Per discussion with entity personnel, a signature stamp is used for payroll checks with prior approval from the signer. When the stamp is used, documentation of this approval is not maintained. Noted two signatures are required on all checks.

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

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

Management provided the requested list and management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

We noted that all selected statements and supporting documentation showed evidence of review and approval by someone other than the authorized card holder.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

We noted no finance charges or late fees assessed on the statements selected.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

We were provided with an original itemized receipt for each of the selected transactions, without exception

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

We noted documentation of the business/public purpose on each of the selected transactions, without exception.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

We noted all required documentation was provided with each of the selected transactions, without exception.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

We noted all transactions reviewed were allowable under the entity's written policies and procedures, without exception. No transactions were subject to the Louisiana Public Bid Law.

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

We noted no exceptions in the selected transactions.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Management provided the requested listing and management's representation that the listing is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Management provided their written policies and we noted no amounts that exceeded GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

We noted no exceptions with the entity's written policies for the selected transactions.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

We were provided with an original itemized receipt for each of the selected transactions, without exception.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

We noted documentation of the business/public purpose on each of the selected transactions, without exception.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

We noted all required documentation was provided with each of the selected transactions, without exception.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

We noted no exceptions in the selected transactions.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We noted that all selected transactions showed evidence of review and approval by someone other than the person receiving the reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Management provided the requested listing and management's representation that the listing is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

We were provided with formal/written contracts for each selection, without exception.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

All of the selected contracts were subject to the Louisiana Public Bid Law and Procurement Code. No exceptions were noted with legal requirements pertaining to each contract.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

N/A – All contracts were subject to the Louisiana Public Bid Law and Procurement Code.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Noted only one contract examined was amended during the year. All amendments observed were in accordance with the original contract terms, without exception.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

We noted no exceptions in the selected invoices.

- e) Obtain/review contract documentation and council minutes and report whether there is documentation of council approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

N/A – No contracts examined were required to be approved by the council.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Of the selected employees/officials, we noted no exceptions.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

All changes noted in our selection were approved in writing and in accordance with the entity's written policy.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
 - a) Report whether 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.)

Of the selected employees, we noted no exceptions related to documentation of daily attendance and leave.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Supervisory approvals were noted on all selections, without exception.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Written leave records were noted for all selections, without exception.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

We obtained the requested list from management and management's representation that the listing is complete. Of the two payments selected, we noted each was made in accordance with policies and approved by management, without exception.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

We obtained supporting documentation for all payroll tax and retirement contribution payments during the year, without exception. All payments and required reporting forms were submitted to the appropriate agencies by the required deadlines, without exception.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

We obtained the required ethics training documentation on the five selections, without exception.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Per management, there were no ethics violations reported during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

N/A – no debt was issued.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Management provided the requested documentation. We noted all debt service payments were made on time and no exceptions regarding debt reserves.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

N/A – no tax millages were related to debt service.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Per management, there were no funds or assets misappropriated during the period.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.I. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

We viewed the notice required by R.S. 24:523.I posted on the entity's premise and website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

N/A – no exceptions noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Kushner LaGraize, L.L.C.

May 24, 2018
Metairie, Louisiana