

**Washington Parish Communications District
of the
Washington Parish Government
Franklinton, Louisiana**

**Annual Financial Statements
As of the Year Ended December 31, 2018 and 2017
With Supplemental Information Schedules**

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MEMBER
A.I.C.P.A.

MEMBER
L.C.P.A.

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Washington Parish Communications District
Washington Parish Government
Franklinton, Louisiana

I have audited the accompanying financial statements of the business-type activities of Washington Parish Communications District, a component unit of the Washington Parish Government, as of and for the year ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on our audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Washington Parish Communications District as of December 31, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof or the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5-10) and the budgetary comparison information (page 25) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washington Parish Communications District's basic financial statements. The schedule of compensation paid to board members and schedule of compensation, benefits, and other payments to the agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to the agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of compensation paid to the Board of Commissioners is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 20, 2019, on my consideration of the Washington Parish Communication District's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washington Parish Communication District's internal control over financial reporting and compliance.

Minda Raybourn

Franklinton, Louisiana

June 20, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Washington Parish Communications District
A Component Unit of the
Parish of Washington, Louisiana
Management's Discussion and Analysis

Introduction

Washington Parish Communications District is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-Management's Discussion and Analysis-For State and Local Governments* (hereinafter referred to as GASB 34), and related standards. Please read the following in conjunction with the District's financial statements and footnotes, which follow this section.

Financial Highlights

- Total assets at December 31, 2018, were \$3,828,771 and exceeded total liabilities in the amount of \$3,491,382 (i.e., net position). Of the total net position, \$152,422 was unrestricted and available to support short-term operations, \$2,892,163 was the balance invested in capital assets, net of related debt, \$63,331 was restricted for debt service, \$338,303 was committed for capital funds, and \$45,163 was committed for equipment.
- User fee revenues (phone bill charges-regular and cell) for the fiscal year ending December 31, 2018, decreased from the prior year by \$14,610 (1.92%). Total user fees for 2018 were \$744,983 and for 2017 were \$759,593.
- The District's operating expenses, consisting of those expenses resulting from the District's ongoing operations, other than interest and depreciation expense, increased by \$34,894 (7.83%). Total operating expenses for 2018 were \$480,715 as compared to \$445,820 for 2017.
- Interest expense incurred in 2018 was \$11,492. Bond principal payments in the amount of \$25,000 were paid.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of Washington Parish Communications District's financial condition and performance.

The financial statements report information on the District using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Statement of Net Position, Statement of Revenues, Expenses, Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the nature and amount of the District's resources and obligations at year-end and provides a basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The Statement of Revenues, Expenses, and Changes in Net Position, accounts for the operation of the Communication District's revenues and expenses for the fiscal year and the resulting change in net position and provides information on how net position changed during the year. This statement measures the success of the District's operations in a format that can be used to determine if the District has recovered its costs through user fees and other charges.

Washington Parish Communications District
A Component Unit of the
Parish of Washington, Louisiana
Management's Discussion and Analysis

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and provides information on the source of cash receipts, what the cash was used for, and the total change in cash for the reporting period.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. They present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events if any. Supplementary information includes a budget/actual comparative schedule and the Independent Accountant's Report of Agreed Upon Procedures containing reports detailing the District's compliance with certain laws and regulations.

Financial Analysis

The purpose of financial analysis is to help determine whether the District is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Position, and the Statement of Revenues, Expenses, and Changes in Net Position are presented below in condensed format. These statements report the net position, the difference between assets and liabilities, and the change in Net Position, which provides information for indicating the financial condition of the District. Following these statements is a separate schedule summarizing and analyzing budget variances for the current fiscal year.

Washington Parish Communications District
A Component Unit of the
Parish of Washington, Louisiana
Management's Discussion and Analysis

Condensed Statement of Net Position

	December 31, 2018	December 31, 2017	Dollar Change	Percent Change
Current and Other Assets	\$ 616,609	\$ 438,003	\$ 178,606	40.78%
Capital Assets	3,212,163	3,308,393	(96,230)	-2.91%
Total Assets	<u>\$ 3,828,771</u>	<u>\$ 3,746,396</u>	<u>82,375</u>	<u>2.20%</u>
Current Liabilities	42,389	40,974	1,415	3.45%
Long Term Debt Outstanding	295,000	320,000	(25,000)	-7.81%
Total Liabilities	<u>337,389</u>	<u>360,974</u>	<u>(23,585)</u>	<u>-6.53%</u>
Invested in Capital Assets				
Net of Related Debt	2,892,163	2,963,393	(71,230)	-2.40%
Committed for Debt Service	63,331	62,678	653	1.04%
Committed for Capital Funds	338,303	153,277	185,027	100.00%
Restricted for Equipment	45,163	45,163	-	0.00%
Unrestricted	152,422	160,911	(8,489)	-5.28%
Total Net Position	<u>3,491,382</u>	<u>3,385,422</u>	<u>105,960</u>	<u>3.13%</u>

For additional detail refer to "Statement A" on page 12.

The major components of change for "Current and Other Assets" is a increase in cash of \$167,957, an increase in accounts receivable of \$5,536, and an increase in prepaid insurance and maintenance contracts of \$5,113.

"Capital Assets" decreased due to depreciation expense of \$152,583 offset by additions of \$56,353.

"Current Liabilities" increased by \$1,415 primarily due to the increase in accounts payable.

"Long Term Debt Outstanding" decreased due to the payment of principal of \$25,000.

"Total Net Position" (total assets less total liabilities) increased by \$105,960 for the fiscal year ending December 31, 2018, which is the net operating income for the year.

Washington Parish Communications District
A Component Unit of the
Parish of Washington, Louisiana
Management's Discussion and Analysis

Condensed Statement Changes in Net Position

	December 31, 2018	December 31, 2017	Dollar Change	Percent Change
Revenues				
Operating Revenues	\$ 744,983	\$ 759,593	\$ (14,610)	-1.92%
Non-Operating Revenues	5,766	3,456	2,310	66.8%
Total Revenues	<u>750,749</u>	<u>763,049</u>	<u>(12,300)</u>	<u>-1.61%</u>
Expenses:				
Depreciation Expense	152,583	146,829	5,754	3.92%
Other operating Expenses	480,715	445,820	34,894	7.83%
Non-operating Expenses	<u>11,492</u>	<u>12,367</u>	<u>(875)</u>	<u>-7.08%</u>
Total Expenses	<u>644,789</u>	<u>605,016</u>	<u>39,773</u>	<u>6.57%</u>
Change in Net Position	<u>105,960</u>	<u>158,033</u>	<u>(52,073)</u>	<u>-32.95%</u>
Beginning Net Position	<u>3,385,422</u>	<u>3,227,389</u>	<u>158,033</u>	<u>4.90%</u>
Ending Net Position	<u>\$ 3,491,382</u>	<u>\$ 3,385,422</u>	<u>105,960</u>	<u>3.13%</u>

For additional detailed information, refer to "Statement B" page 13.

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Changes in Fund Net Position provides answers to the nature and scope of these changes. The above table gives an indication of how the District is being conservatively managed. Total "Operating Revenues" (including wire fees, wireless fees, and revenues related to providing these wire services to customers) decreased \$14,610 (1.92%). Non-operating Revenues increased by \$2,310 (66.8%). Operating expenses increased by \$34,894 (7.83%). The increase in operating expenses was due to an increase in service maintenance on the lines (\$27,900), insurance costs (\$7,541), and repairs and maintenance (\$4,580). Non-operating expenses, which consists solely of interest expense, decreased by \$875. Depreciation expense increased \$5,754.

Budgetary Highlights

The District adopts an annual operating budget in accordance with requirements of the Local Government Budget Act (LSA-RS 39:1301-14). This budget provides an estimate, for the current fiscal year, of the proposed expenditures, and the revenues that will finance the operations of the District. The operating budget was adopted December 7, 2017. The budget was amended on November 6, 2018.

A summary of the approved budget is presented below in a condensed format summarizing major revenue and expenditure categories. It is followed by an analysis of significant variations between budget and actual amounts. Although not presented as a part of the basic financial statements, a more detailed schedule is also presented in Schedule 1 as supplementary information, following the footnotes to the financial statements.

Washington Parish Communications District
A Component Unit of the
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Management's Discussion and Analysis

Budget vs. Actual-Fiscal Year Ended December 31, 2018

	Budget Year Ended December 31, 2018	Actual Year Ended December 31, 2018	Favorable (Unfavorable) Variance
Revenues			
Operating	724,397	744,983	20,586
Nonoperating	3,480	5,766	2,286
Total Revenues	<u>727,877</u>	<u>750,749</u>	<u>22,872</u>
Operating Expenses			
Service Maintenance-ATT	22,680	21,675	1,005
911 Lines-ATT	43,200	40,680	2,520
Service-Other Equipment	127,200	121,227	5,973
Salaries & Related Benefit	122,112	135,777	(13,665)
Telephone	6,861	5,794	1,067
Travel	9,600	4,286	5,314
Depreciation	-	152,583	(152,583)
Interest Expense	16,500	11,492	5,008
Accounting & Legal Fees	9,396	9,319	77
Office Supplies	6,000	7,601	(1,601)
Insurance	39,792	41,260	(1,468)
Service & Maintenance Contracts	37,828	26,799	11,029
Training	9,000	2,450	6,550
Repairs and Maintenance	31,596	29,009	2,587
Utilities	30,000	31,425	(1,425)
Automobile Expense	6,000	2,229	3,771
Other Expenses	3,396	1,182	2,214
Total Expenses	<u>521,161</u>	<u>644,789</u>	<u>(123,629)</u>
Change in Net Position	<u>206,716</u>	<u>105,960</u>	<u>(100,756)</u>
Net Position, Beginning of Year	<u>3,385,422</u>	<u>3,385,422</u>	<u>-</u>
Net Position, End of Year	<u>\$ 3,592,138</u>	<u>\$ 3,491,382</u>	<u>(100,756)</u>

Washington Parish Communications District
A Component Unit of the
Parish of Washington, Louisiana
Management's Discussion and Analysis

Capital Assets

At the end of the fiscal year ending December 31, 2018, the District had \$3,212,163 (net of accumulated depreciation) recorded in capital assets. This includes wire line and wireless systems and improvements, the District's investment for the building, and land owned, for the communication's building site, and vehicles, for system operation. The changes in capital assets are presented in the table below.

	December 31, 2017	December 31, 2018	Dollar Change	Percent Change
Land	\$ 115,369	\$ 120,919	\$ 5,550	4.59%
Building	3,032,199	3,066,729	34,530	1.13%
Communication equipment	619,441	620,916	1,475	0.24%
Other equipment	174,724	188,496	13,772	7.31%
Recording equipment	52,007	52,007	-	0.00%
Mapping Equipment	124,933	124,933	-	0.00%
Office equipments & Furniture	87,610	88,636	1,026	1.16%
Vehicles	50,805	50,805	-	0.00%
Maps	106,144	106,144	-	0.00%
Fixed Assets not being Depreciated	-	-	-	0.00%
Sub-total	4,363,232	4,419,585	(56,353)	-1.28%
Less Accumulated Depreciation	(1,054,839)	(1,207,422)	152,583	12.64%
Net Capital Asset	<u>3,308,393</u>	<u>3,212,163</u>	<u>96,229</u>	<u>3.00%</u>

The District incurred capital expenditures of \$50,803 of various communications equipment and improvements. The District paid \$5,550 in land survey costs. Depreciation expense totaled \$152,583.

Long-Term Debt

The primary source of long term financing for the District is the Series 2012 Issue at \$465,000 financed through a private lender. Interest rates for the Series 2012 Bonds are 3.50%.

	2018	2017
Revenue Bonds	\$ 320,000	\$ 345,000

Future Economic Plans

The District's management approach is conservative. When possible, the District provides services based on existing revenues. Expenditures are kept under control as much as possible.

FINANCIAL STATEMENTS

Schedule A

WASHINGTON PARISH COMMUNICATIONS DISTRICT
(A Component Unit of the Washington Parish Government)
Franklinton, Louisiana

STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
December 31, 2018

ASSETS	2018	2017
Current Assets:		
Cash and Cash Equivalents	96,203	113,926
Investments	-	-
Accounts Receivable	104,846	99,310
Prepaid Insurance	3,584	2,045
Prepaid Contract	10,150	6,576
Utility Deposits	191	191
Total Current Assets	<u>214,974</u>	<u>222,048</u>
Noncurrent Assets:		
Restricted Cash		
Debt Service	63,331	62,678
Capital Fund	338,303	153,277
Capital Assets:		
Building	3,066,728	3,032,199
Equipment	1,231,938	1,215,665
Less accumulated Depreciation	<u>(1,207,422)</u>	<u>(1,054,839)</u>
Total Capital Assets	<u>3,091,244</u>	<u>3,193,024</u>
Fixed Asset Not in Use	-	-
Land	<u>120,919</u>	<u>115,369</u>
Capital Assets, Net	<u>3,212,163</u>	<u>3,308,393</u>
Total Assets	<u><u>3,828,771</u></u>	<u><u>3,746,396</u></u>
Liabilities		
Current Liabilities:		
Accounts Payable	14,774	12,318
Payroll taxes Payable	2,615	3,656
Bonds Payable-Due Within One Year	<u>25,000</u>	<u>25,000</u>
Total Current Liabilities	<u>42,389</u>	<u>40,974</u>
Noncurrent Liabilities		
Bonds Payable-Due in More Than 1 Year	<u>295,000</u>	<u>320,000</u>
Net Assets		
Invested in Capital Assets, net of related debt	2,892,163	2,963,393
Restricted for Debt Service	63,331	62,678
Committed for Capital Funds	338,303	153,277
Committed for Equipment	45,163	45,163
Unrestricted	<u>152,422</u>	<u>160,911</u>
Total Net Assets	<u><u>\$ 3,491,382</u></u>	<u><u>\$ 3,385,422</u></u>

The accompanying notes are an integral part of these financial statements.

Schedule B

WASHINGTON PARISH COMMUNICATIONS DISTRICT
(A Component Unit of the Washington Parish Government)
Franklinton, Louisiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
PROPRIETARY FUND TYPE
Year ended December 31, 2018

Operating Revenues:	2018	2017
Wireline Income	232,320	244,336
Wireless Income	512,573	496,877
Sign Fund Income	90	120
Other Income	-	18,260
Total Operating Revenue	<u>744,983</u>	<u>759,593</u>
 Operating Expenses:		
Service Maintenance-ATT	21,675	23,118
911 Lines-ATT	40,680	37,958
Service-Other Equipment	121,227	94,607
Salaries	99,787	97,411
Telephone	5,794	7,239
Travel	4,286	3,827
Depreciation	152,583	146,829
Accounting	6,919	6,500
Office Supplies	7,601	6,906
Insurance	41,260	33,719
Health Benefit	28,354	25,097
Payroll Taxes	7,637	7,204
Service & Maintenance Contracts	26,799	26,477
Legal Fees	2,400	2,400
Repairs and Maintenance	29,009	24,429
Training	2,450	5,174
Utilities	31,425	37,077
Automobile Expense	2,229	5,147
Dues & Subscriptions	349	680
Advertising	-	-
Bank Fees	748	689
Street Signs	85	163
Professional Fees	-	-
Miscellaneous	-	-
Total Operating Expenses	<u>633,298</u>	<u>592,650</u>
 Operating Income	<u>111,686</u>	<u>166,943</u>
 Nonoperating Revenues & (Expenses):		
Gain on Sale of Asset	-	2,350
Interest Expense	(11,492)	(12,367)
Interest Income	5,766	1,106
Total Nonoperating Revenues	<u>(5,726)</u>	<u>(8,911)</u>
 Change in Net Position	105,960	158,033
 Total Net Assets, Beginning of Year	<u>3,385,422</u>	<u>3,227,389</u>
 Total Net Assets, End of Year	<u><u>3,491,382</u></u>	<u><u>3,385,422</u></u>

The accompanying notes are an integral part of these financial statements.

Schedule C

WASHINGTON PARISH COMMUNICATIONS DISTRICT
(A Component Unit of the Washington Parish Government)
Franklinton, Louisiana
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
Year ended December 31, 2018

	2018	2017
Cash flows from operating activities:		
Cash received from customers	\$ 729,981	\$ 729,196
Cash received from others	90	18,380
Cash payments for goods and services	(380,928)	(348,410)
Cash payments for employees	(99,787)	(97,411)
Net cash provided (used) by operating activities	<u>249,356</u>	<u>301,755</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	(56,353)	(123,169)
Proceeds from sales of assets	-	2,350
Principal paid on debt	(25,000)	(25,000)
Interest paid on debt	(11,492)	(12,367)
Net cash provided (used) by capital and related financing activities	<u>(92,845)</u>	<u>(158,186)</u>
Cash flows from investing activities		
Interest from investments	5,766	1,106
Purchase of investments	(180,000)	(130,000)
Proceeds from sale of investments	-	-
Net cash provided (used) by financing activities	<u>(174,234)</u>	<u>(128,894)</u>
Net increase (decrease) in cash and equivalents	(17,722)	14,675
Cash and cash equivalents, beginning of year	113,926	99,251
Cash and cash equivalents, end of year	<u>\$ 96,204</u>	<u>\$ 113,926</u>
Reconciliation of cash equivalents and investment cash to statement of net position		
Cash and cash equivalent	96,203	113,926
Total cash and cash equivalents	<u>\$ 96,203</u>	<u>\$ 113,926</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 111,686	\$ 166,943
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	152,583	146,829
(Increase) decrease in accounts receivable	(11,215)	(11,563)
(Increase) decrease in prepaid expenditures	(5,113)	2,762
Increase (decrease) in accounts payable	2,456	(2,985)
Increase (decrease) in payroll payable	(1,041)	(231)
Total adjustments	<u>137,670</u>	<u>134,812</u>
Net cash provided (used) by operating activities	<u>\$ 249,356</u>	<u>\$ 301,755</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

WASHINGTON PARISH COMMUNICATIONS DISTRICT
(A Component Unit of the Washington Parish Government)
Franklinton, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2018

INTRODUCTION

The Washington Parish Communications District (The District) was created by the Washington Parish Government on May 17, 1988, under the provisions authorized by Louisiana Revised Statute 33:9101-9106. The purpose of the District is to establish and manage operations of an enhanced 911 emergency telephone system in Washington Parish. The District is governed by a seven-member board appointed by the parish government. Board members receive no compensation.

The District has equipped three public safety answering points: Washington Parish Sheriff's Office, Franklinton Police Department, and Bogalusa Police Department, with enhanced 911 equipment. Each answering point is staffed by the respective agency's personnel.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general-purpose financial statements of the Washington Parish Communications District have been prepared in conformity with generally accepted accounting principles (GAPP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

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 Council, (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 Statement No. 14 established 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. These criteria include:

1. 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 impose specific financial burdens on the parish government.
2. Organizations for which the parish government does not appoint a voting majority but are fiscally dependent 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.

WASHINGTON PARISH COMMUNICATIONS DISTRICT
(A Component Unit of the Washington Parish Government)
Franklinton, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2018

Because the parish government appoints the District's governing board and has the ability to significantly influence operations, the District was determined to be a component unit of the Washington Parish Government, the financial reporting entity.

C. FUND ACCOUNTING

The Washington Parish Communications District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the balance sheet. The accrual basis of accounting is used. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The Enterprise Fund uses the following practices in recording certain revenues and expenses:

Revenues

Wire-line: On November 10, 1988, the voters of Washington Parish approved a levy, not to exceed 5% of the tariff rate approved by Public Service Commission, on each private and commercial telephone to fund the enhanced 911 emergency telephone service. Beginning in 2012, AT&T Telephone Company began collecting a service charge of \$0.68 per residential and \$2.95 per commercial telephone line. Effective August 1, 2016, landline residential rates are \$1.06 and commercial rates are \$6.00. AT&T remits monthly collections (less a 1% administrative fee) to the District by the fifteenth (15th) day of the following month. Currently, there are approximately 17,000 residential and 3,000 commercial lines in the Parish.

Wireless: On December 15, 2000, an agreement for Phase I E-911 Services as entered into between the Washington Parish Communications District and AT&T's Mobility as per the Federal Communications Commission in its Report and Order and Further Notice of Proposed Rulemaking in FCC docket No. 94-102, released on July 26, 1996, which requires cellular and broadband PCS licensees and certain wireless licensees to initiate action for the provision of Phase I E-911 service (as defined in the FCC Order), which will enable such licensees to relay a caller's mobile directory number information and the location of a cell site receiving a 911 call to the designated Communications District.

This agreement allows the Communications District to collect a monthly fee of \$0.85 per cellular subscriber per month minus a collection fee not to exceed \$0.15 per cellular subscriber per month. Effective August 1, 2016, this rate changed to \$1.25. While not governed by this agreement, various other cellular providers are collecting monthly fees from their subscribers and remitting the fees to the Communications District.

Expenses

The District records expenses when the liability has been incurred.

WASHINGTON PARISH COMMUNICATIONS DISTRICT
(A Component Unit of the Washington Parish Government)
Franklinton, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2018

E. BUDGET PRACTICES

At the meeting held on December 7, 2017, the budget was adopted. The budget was amended on November 6, 2018. The budget is prepared on the accrual basis of accounting.

F. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits and interest-bearing demand deposits. The District includes in cash and cash equivalents, amounts in time deposits and those investments in bank certificates of deposits with original maturities of no more than 90 days. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days. Investments are stated at amortized cost.

G. RESTRICTED ASSETS

Certain unspent proceeds from revenue bond obligations and certain resources are set aside for their repayment are classified as restricted assets on the statement of net position. They are maintained in separate bank accounts and their use is limited by applicable debt agreements.

H. FIXED ASSETS

Fixed assets of the District are stated on the balance sheet of the Enterprise Fund at historical cost. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Vehicles	5 years
Equipment	7 years
Computer equipment	5 years

I. COMPENSATED ABSENCES

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized, as current-year expenditures in the proprietary fund when leave is actually taken.

Employees of the District earn vacation leave at varying rates according to years of service. Vacation leave must be taken during the year earned. However, upon termination employees are paid for any unused vacation leave earned during the year.

Employees earn 12 days of sick leave each year. A total of 45 days may be accumulated. All accumulated sick leave lapses upon termination.

WASHINGTON PARISH COMMUNICATIONS DISTRICT
(A Component Unit of the Washington Parish Government)
Franklinton, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2018

J. LONG-TERM LIABILITIES

Long-term liabilities consist of debt or other obligations that have maturities in excess of one year.

K. NET POSITION

Restricted Net Position—Restricted net position represents those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

Unrestricted Net Position—This represents unrestricted net position that can be used for future operations of the District.

2. CASH AND CASH EQUIVALENTS

At December 31, 2018, the District had cash and cash equivalents (book balances) totaling \$159,535.

These deposits are stated at cost, which approximates market value. 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 of deposit with the fiscal agent. At December 31, 2018, the District had \$96,590 in deposits (collected bank balances), at Capital One Bank and \$63,331 in deposits at Regions Bank which were secured by federal deposit insurance.

3. INVESTMENTS

At December 31, 2018, the District held investments as follows:

	Cash Equivalent	FDIC Pledge Security
Lamp	338,303	\$ -

The investment in the Louisiana Asset Management Pool (LAMP), an external investment pool, is stated at the value of the pool shares, which is the same as the fair value. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government's entities having contracted to participate in LAMP have an investment interest in its pool of assets. While LAMP is not a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-RA 33:29. GASB 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

WASHINGTON PARISH COMMUNICATIONS DISTRICT
(A Component Unit of the Washington Parish Government)
Franklinton, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2018

LAMP is a 2a7 – like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rate AAAM by Standard and Poor's
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirements.
- Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement per paragraph 15 of GASB 40 statement.
- Foreign currency risk: Not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments are stated at fair market value based on quoted market rates. The fair market value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc., is subject to regulatory oversight of the state treasurer and the board of directors. LAMP, Inc., is not registered with the SEC as an investment company. LAMP, Inc., issues an annually publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by writing to LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, Louisiana 70130, or calling (800) 249-5267.

4. RECEIVABLES

The following is a summary of receivables at December 31, 2018:

Wireline/Wireless(Celluar) Service	
ATT wireline/wireless service	14,454
Other wireline/wireless service	90,392
Total Receivables	<u>\$ 104,846</u>

WASHINGTON PARISH COMMUNICATIONS DISTRICT
(A Component Unit of the Washington Parish Government)
Franklinton, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2018

5. RESTRICTED CASH

The District maintains the following accounts due to restrictions imposed by the revenue bonds or by the board for future capital acquisitions:

Restricted Cash:	
Debt Service Fund	22,374
Debt Reserve Fund	40,957
Capital Funds	338,303
Total	<u>\$ 401,635</u>

6. PROPERTY, PLANT AND EQUIPMENT

A summary of fixed assets at December 31, 2018 as follows:

	Beginning January 1, 2018	Additions	Deductions	Ending December 31, 2018
Building	\$3,032,199	34,530	-	\$ 3,066,729
Communication equipment	619,441	1,475	-	620,916
Other equipment	174,724	13,772	-	188,496
Recording equipment	52,007	-	-	52,007
Mapping Equipment	124,933	-	-	124,933
Office equipments & Furniture	87,610	1,026	-	88,636
Vehicle	50,805	-	-	50,805
Maps	106,144	-	-	106,144
Total Capital Assets Being Depreciated	4,247,863	50,803	-	4,298,666
Less Accumulated Depreciation	(1,054,839)	(152,583)	-	(1,207,422)
Total Capital Assets Being Depreciated, Net	3,193,024	(101,780)	-	3,091,244
Fixed Assets not being Depreciated	-	-	-	-
Land	115,369	5,550	-	120,919
Capital Assets, Net	<u>3,308,393</u>	<u>(96,230)</u>	<u>-</u>	<u>3,212,163</u>

WASHINGTON PARISH COMMUNICATIONS DISTRICT
(A Component Unit of the Washington Parish Government)
Franklinton, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2018

The District incurred capital expenditures of \$50,803 of various communications equipment and improvements. The District paid \$5,550 in land survey costs. No assets were disposed of.

Depreciation expense totaled \$152,583. Depreciation is computed on a straight-line basis for financial statement purposes, over useful lives ranging from five to ten years.

7. LONG-TERM DEBT

Below is a summary of long term obligations for the year ended December 31, 2018:

	Beginning	Additions	Deductions	Ending	Due Within One Year
2012 Revenue Bonds	345,000	-	(25,000)	320,000	25,000

The District issued 2012 revenue bonds for the new operations center in the amount of \$465,000. The bonds are payable with semi-annual interest payments and annual principal payments with an annual interest rate at 3.50% and mature on May 1, 2027.

The schedule to amortize all future debt service payments including interest of \$58,274 are shown as follows:

Year Ending 12/31/2018	Principal	Interest	Total
2019	25,000	10,763	35,763
2020	30,000	9,800	39,800
2021	30,000	8,750	38,750
2022	30,000	7,700	37,700
2023	30,000	6,650	36,650
2024-2027	175,000	14,611	189,611
Total	<u>320,000</u>	<u>58,274</u>	<u>378,274</u>

8. LITIGATION AND CLAIMS

As of December 31, 2018, there were no litigations or claims against the District.

WASHINGTON PARISH COMMUNICATIONS DISTRICT
(A Component Unit of the Washington Parish Government)
Franklinton, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2018

9. IMPLEMENTATION OF WIRELESS E911 SYSTEM

The Washington Parish Communications District has implemented Enhanced E911 wireline service, Phase I and Phase II, wireless E911 service, and Text to 911 wireless service.

Under Enhanced E911 wireline service, the caller's address information is displayed on the dispatch screen, enabling the dispatch of emergency personnel to the site of the emergency. This has been implemented by the Washington Parish Communications District.

Under Wireless Phase I, the FCC requires carriers, within six months of a valid request by a local Public Safety Answering Point (PSAP), to provide the PSAP with the telephone number of the originator of a wireless 911 call and the location of the cell site or base station transmitting the call. This has been implemented by the Washington Parish Communications District.

Under Wireless Phase II, the FCC requires wireless carriers, within six months of a valid request by a PSAP, to begin providing information that is more precise to PSAPs, specifically, the latitude and longitude of the caller. This has also been implemented by the Washington Parish Communications District.

Under Wireless FCC rules, carriers and other providers of text messaging applications in the United States are required to deliver emergency text messages to call centers that request them. This has been implemented by the Washington Parish Communications District.

NG911 is an Internet Protocol (IP)-based system that allows digital information (e.g., voice, photos, videos, text messages) to flow seamlessly from the public, through the 911 network, and on to emergency responders. The Washington Parish Communications District will begin the implementation of this system in 2019. The District will require ten years to fully implement NG911. A dedicated account has been established to accumulate funds for this purpose.

10. SUBSEQUENT EVENTS

These financial statements considered subsequent events through June 20, 2019, the date the financial statements were available to be issued. No events were noted that required recording or disclosure in the financial statements for the fiscal year ending December 31, 2018.

SUPPLEMENTAL INFORMATION

Schedule 1

WASHINGTON PARISH COMMUNICATIONS DISTRICT
(A Component Unit of the Washington Parish Government)
Franklinton, Louisiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS-BUDGET AND ACTUAL
PROPRIETARY FUND TYPE
Year Ended December 31, 2018

	Budget	Amended Budget	Actual	Favorable (Unfavorable) Variance
Revenues:				
Wireline Income	\$ 250,128	\$ 250,128	\$ 232,320	\$ (17,808)
Wireless Income	509,410	473,826	512,573	38,747
Miscellaneous Income	608	158	-	(158)
Sign Fund Income	285	285	90	(195)
Total Revenue	<u>760,431</u>	<u>724,397</u>	<u>744,983</u>	<u>20,586</u>
Expenses:				
Service Maintenance-ATT	43,080	22,680	21,675	1,005
911 Lines-ATT	43,200	43,200	40,680	2,520
Service-Other Equipment	95,955	127,200	121,227	5,973
Salaries	90,000	90,000	99,787	(9,787)
Telephone	6,861	6,861	5,794	1,067
Travel	9,600	9,600	4,286	5,314
Depreciation	-	-	152,583	(152,583)
Accounting	6,996	6,996	6,919	77
Office Supplies	6,000	6,000	7,601	(1,601)
Insurance	39,792	39,792	41,260	(1,468)
Health Benefit	24,552	24,552	28,354	(3,802)
Payroll Taxes	7,560	7,560	7,637	(77)
Service & Maintenance Contracts	37,828	37,828	26,799	11,029
Legal Fees	2,400	2,400	2,400	-
Repairs and Maintenance	31,596	31,596	29,009	2,587
Training	9,000	9,000	2,450	6,550
Utilities	30,000	30,000	31,425	(1,425)
Automobile Expense	6,000	6,000	2,229	3,771
Dues & Subscriptions	614	614	349	265
Bank Charges	82	82	-	82
Street Signs	1,200	1,200	748	452
Professional Fees	1,500	1,500	85	1,415
Miscellaneous	-	-	-	-
Total Expenses	<u>493,816</u>	<u>504,661</u>	<u>633,298</u>	<u>(128,637)</u>
Operating income	266,615	219,736	111,686	(108,050)
Non-operating Revenues & Expenses				
Gain on Sale of Asset	-	-	-	-
Interest Income	3,480	3,480	5,766	2,286
Interest Expense	(16,500)	(16,500)	(11,492)	5,008
Total non-operating revenues	<u>(13,020)</u>	<u>(13,020)</u>	<u>(5,726)</u>	<u>7,294</u>
Change in Net Position	253,595	206,716	105,960	(100,756)
Net Position, Beginning of Year	3,385,422	3,385,422	3,385,422	-
Net Position, End of Year	3,639,017	3,592,138	3,491,382	(100,756)

See independent auditor's report.

Schedule 2

WASHINGTON PARISH COMMUNICATIONS DISTRICT
(A Component Unit of the Washington Parish Government)
Franklinton, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULE
Year Ended December 31, 2018

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No 54 of the 1979 Session of the Louisiana Legislature. Board members were not paid compensation in any form.

	<u>Term</u>
Mr. James Coleman, Chairman 1530 Military Rd. Bogalusa, La. 70427	12/31/2020
Mr. Mike Stogner, Vice-Chairman 11389 Dutch Stogner Bogalusa, La. 70427	12/31/2020
Mrs. Cynthia August, Secretary 23873 Hwy 430 Franklinton, La. 70438	12/31/2021
Mr. Gary Fenner, Treasurer 35483 Dock Butler Rd. Mt. Hermon, La. 70450	12/31/2019
Mr. Orlander Smith 31253 Hwy 438 Franklinton, LA 70438	12/31/2019
Mr. Danny Harris 46230 Jenkins Road No. 2 Franklinton, La. 70438	12/31/2020
Mr. Willie Cook Byrd 13033 S. Choctaw Bogalusa, La. 70427	12/31/2021

See independent auditor's report.

Schedule 3

WASHINGTON PARISH COMMUNICATIONS DISTRICT
(A Component Unit of the Washington Parish Government)
Franklinton, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULE
Year Ended December 31, 2018

COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

Agency Head: Ms. Joana Thomas, Director

Compensation	43,565
Payroll Taxes	3,333
Health Insurance	11,120
Dues	142
Travel	698
Meals	183
Reimbursements	1,205
	<u>60,246</u>

See independent auditor's report.

Minda B. Raybourn

Certified Public Accountant
Limited Liability Company

820 11th Avenue
Franklinton, Louisiana 70438
(985) 839-4413
Fax (985) 839-4402

Member
AICPA

Member
LCPA

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

To the Board of Commissioners
Washington Parish Communications District
Washington Parish Council
Franklinton, LA

I 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 business-type activities of Washington Parish Communications District, a component unit of the Washington Parish Council, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Washington Parish Communications District's basic financial statements and have issued my report thereon dated June 20, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, I considered the Washington Parish Communication District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of Washington Parish Communication District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Washington Parish Communication District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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.

Minda Raybourn

Franklinton, LA
June 20, 2019

Washington Parish Communications District
Schedule of Current Year Audit Findings
For the Year Ended December 31, 2018

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

☐ Yes

☒ No

Significant deficiencies identified that are not
considered to be material weaknesses?

☐ Yes

☒ No

Noncompliance material to the financial statements note?

☐ Yes

☒ No

**INDEPENDENT ACCOUNTANT'S
REPORT ON APPLYING
AGREED-UPON PROCEDURES**

Minda B. Raybourn

*Certified Public Accountant
Limited Liability Company*

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Member
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 20, 2019

To the Board of Commissioners
Washington Parish Communications District
Washington Parish Government
Franklinton, Louisiana 70438
And Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Washington Parish Communications District (the District or the Entity) 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, 2018 through December 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
 - h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
 - j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The District updated its policies and procedures in 2018 to include all of the above areas.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The boards meets each month.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Monthly budget to actual comparisons and monthly financial statements were referenced in the minutes.

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

Not applicable.

Bank Reconciliations

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

A listing of bank accounts and management's representation was obtained.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

The bank reconciliation was electronically stamped with a date and time.

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

No exceptions noted.

Collections

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

A listing of deposit sites and management's representation was obtained.

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

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

There is one cash drawer.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

The Director is responsible for preparing and making bank deposits. Both the Director and Treasurer will reconcile collection documentation at the end of the month.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Both the Director and Treasurer can post collection entries to the general ledger.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

The Treasurer reconciles the collections to the general ledger by revenue source.

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

There is no bond or insurance coverage for theft.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits

are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

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

A list of locations and management's representation were obtained.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

The director can initiate a purchase and place the order or make the purchase. The Chairman approves the purchase.

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

The director will process the payment. The Chairman approves the payment.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The director can add or modify the vendor files. A member of the board will review any changes.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The Chairman and one board member signs the checks. The director will place the payments in the outgoing mail at the District office.

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

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

No exceptions noted.

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

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards This is not applicable as cards are not used by the District.

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

A list of all travel and travel-related reimbursements and management's representation was obtained.

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

No exceptions noted.

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

Receipts for meals were provided. Some were not itemized.

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

No exceptions noted.

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

No exceptions noted.

Contracts- Since the entity did not have exceptions in the prior year, the contracts procedures were excluded.

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

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel-Since the entity had no exceptions in the prior year, payroll and personnel procedures were excluded.

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

Ethics

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

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

No exceptions noted.

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

No exceptions noted.

Debt Service

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

Not applicable.

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

No exceptions noted.

Other

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

No exceptions noted.

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

No exceptions noted.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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.

A handwritten signature in cursive script that reads "Minda Rayburn". The ink is dark and the signature is fluid, with a large, stylized 'M' and 'R'.

Franklinton, LA

June 20, 2019