

WASHINGTON PARISH GOVERNMENT
ANNUAL FINANCIAL REPORT

Year Ended December 31, 2018

WASHINGTON PARISH GOVERNMENT

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INDEPENDENT AUDITORS' REPORT

Washington Parish Government
Franklinton, Louisiana

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, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Parish's primary government as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, 2018, 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, 2018, 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, 2018, 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.

Emphasis of Matter

As discussed in Note 20 to the financial statements, the Parish may be required to fully fund the construction of Cell 7 of the Choctaw Road Landfill. This could provide for future potential legal issues. Our opinion is not modified with respect to this matter.

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 59 through 68, 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 30, 2019, 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 30, 2019

WASHINGTON PARISH GOVERNMENT MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2018

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, 2018. 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 \$52,185,340 (net position). Of this amount, \$747,582 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- During 2018, the Washington Parish Government's total net position increased \$1,900,420 due to various capital projects. The Washington Parish Department of Public Works road crews blacktopped 14.15 miles of Parish roads at a cost of \$404,779 during 2018. The Road Maintenance department added \$1,135,988 of new and used equipment to its fleet. Our Bridge crew changed out several old one-span bridges with newly engineered culvert structures at a cost of \$106,366. The Parish completed renovation projects at the Clerk of Court's office for a total cost of \$23,400, and renovation projects at the LSU Ag Center in the courthouse annex for a total cost of \$8,000. The Parish also received a DOTD grant for the purchase of new vans for the Council on Aging amounting to \$299,504.
- The Washington Parish Government implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which reduced beginning net position by \$404,072.
- At the close of the current fiscal year, the Washington Parish Government's funds reported combined fund balances of \$12,848,976, an increase of \$1,091,945 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 \$1,064,317, or 40% of total general fund expenditures.

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.

WASHINGTON PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
For the Year Ended December 31, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

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.

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.

WASHINGTON PARISH GOVERNMENT MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

For the Year Ended December 31, 2018

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 thirteen 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. 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.

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.

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

For the Year Ended December 31, 2018

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 27-57 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 58-68 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 72-77 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	
	2017	2018	2017	2018	2017	2018
Current assets	\$ 16,710,712	\$ 17,056,383	\$ 204,632	\$ 206,612	\$ 16,915,344	\$ 17,262,995
Capital Assets	37,475,799	37,658,647	-	-	37,475,799	37,658,647
TOTAL ASSETS	54,186,511	54,715,030	204,632	206,612	54,391,143	54,921,642
DEFERRED OUTFLOWS OF RESOURCES:	1,460,250	864,506	-	-	1,460,250	864,506
Current Liabilities	2,803,682	1,735,439	-	-	2,803,683	1,735,439
Non-current liabilities	2,164,429	698,374	-	-	2,164,429	698,374
TOTAL LIABILITIES	4,968,111	2,433,813	-	-	4,968,112	2,433,813
DEFERRED INFLOWS OF RESOURCES:	194,289	1,166,995	-	-	194,289	1,166,995
Net invested in capital assets	37,475,799	37,658,647	-	-	37,475,799	37,658,647
Restricted:						
Capital Projects	2,303,185	2,442,746	-	-	2,303,185	2,442,746
Health & Welfare	1,005,522	967,796	-	-	1,005,522	967,796
Solid waste disposal	3,394,601	3,879,203	-	-	3,394,601	3,879,203
Highways & bridges	4,159,283	4,447,571	-	-	4,159,283	4,447,571
Other purposes	1,886,620	1,835,183	204,631	206,612	2,091,251	2,041,795
Unrestricted net position	259,351	747,582	-	-	259,351	747,582
TOTAL NET POSITION	\$ 50,484,361	\$ 51,978,728	\$ 204,631	\$ 206,612	\$ 50,688,992	\$ 52,185,340

WASHINGTON PARISH GOVERNMENT MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

For the Year Ended December 31, 2018

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 \$52,185,340, at the close of the most recent fiscal year.

The General Fund generated a surplus of revenues and other financing sources over expenditures and other financing uses of \$416,818, resulting in an ending fund balance of \$1,064,317.

By far, the largest portion of the Washington Parish Government's net position (72%) 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 \$747,582 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 \$1,900,420 during 2018. This is due to several factors: (1) The Parish's Department of Public Works road crews blacktopped 14.15 miles of Parish roads during 2018, of which 7.23 miles were previously gravel roads and 6.93 miles were blacktop surfaces with significant deterioration. These costs incurred during the year ended December 31, 2018 totaled \$404,779 and were funded by sales and property taxes dedicated to road maintenance and construction. The Department of Public Works also purchased several items of heavy equipment this year, replacing major road surfacing equipment, graders, dump trucks and tractors at a cost of \$1,135,988, (2) The Washington Parish Government experienced a .96% - 5% (average of 2.3%, depending on taxing jurisdiction) increase in sales tax collections for the calendar year and (3) Ad Valorem Taxes increased .8% from the prior year due to new construction and renovations added to the tax roll.

WASHINGTON PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
For the Year Ended December 31, 2018

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	
	2017	2018	2017	2018	2017	2018
REVENUES						
Program revenues						
Charges for services	\$ 772,220	\$ 721,364	\$ -	\$ -	\$ 772,220	\$ 721,364
Operating Grants & Contributions	1,357,359	1,374,988	318,533	-	1,675,892	1,374,988
Capital Grants & Contributions	3,725,723	2,598,765	-	-	3,725,723	2,598,765
General revenues:						
Property taxes	4,772,967	4,811,408	-	-	4,772,967	4,811,408
Sales taxes	6,214,571	6,357,862	-	-	6,214,571	6,357,862
Other taxes	16,547	10,107	-	-	16,547	10,107
Other	2,603,328	1,361,713	2,579	1,981	2,605,907	1,363,694
TOTAL REVENUES	19,462,715	17,236,207	321,112	1,981	19,783,827	17,238,188
EXPENSES						
General Government	4,352,991	4,076,233	-	-	4,352,991	4,076,233
Public Safety	1,153,738	1,336,087	-	-	1,153,738	1,336,087
Highway & streets	8,240,821	7,866,078	-	-	8,240,821	7,866,078
Health & welfare	315,851	706,557	-	-	315,851	706,557
Culture & recreation	955,295	792,536	-	-	955,295	792,536
Sanitation	801,709	560,277	-	-	801,709	560,277
Disaster relief & restoration	134,713	-	-	-	134,713	-
Interest on long-term debt	10,873	-	-	-	10,873	-
Housing authority	-	-	339,878	-	339,878	-
TOTAL EXPENSES	15,965,991	15,337,768	339,878	-	16,305,869	15,337,768
CHANGE IN NET POSITION	3,496,724	1,898,439	(18,766)	1,981	3,477,958	1,900,420
NET POSITION – BEGINNING (ORIGINALLY STATED)	46,987,637	50,484,361	223,397	204,631	47,211,034	50,688,992
PRIOR PERIOD ADJUSTMENT	-	(404,072)	-	-	-	(404,072)
NET POSITION – BEGINNING (RESTATED)	46,987,637	50,080,289	223,397	204,631	47,211,034	50,284,920
NET POSITION – ENDING	\$ 50,484,361	\$ 51,978,728	\$ 204,631	\$ 206,612	\$ 50,688,992	\$ 52,185,340

WASHINGTON PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
For the Year Ended December 31, 2018

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 2017.

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, 2018, the Washington Parish Government's governmental funds reported combined fund balances of \$12,848,976, an increase of \$1,091,945 in comparison with the prior year. The unassigned portion of the fund balance is \$1,064,317 of the total balance. The remainder of the fund balance of \$11,784,659 is restricted for particular purposes. See Note 13 to the financial statements.

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

For the Year Ended December 31, 2018

TABLE A-3
WASHINGTON PARISH GOVERNMENT FUND BALANCES

FUND NAME	FUND BALANCE		% OF TOTAL	
	2017	2018	2017	2018
General Fund	\$ 647,499	\$ 1,064,317	.0551	.0828
Parish Transportation Fund	4,066,756	4,421,305	.3459	.3441
Sales Tax Split .67% Fund	924,022	1,356,180	.0786	.1055
Criminal Justice Sales Tax Fund	5,620	77,425	.0005	.0060
Road Improvement Fund	2,302,995	2,442,534	.1959	.1901
Courthouse Maintenance Fund	10,243	21,744	.0009	.0017
Health Unit Maintenance Fund	985,161	962,015	.0838	.0749
Criminal Court Fund	20,916	37,374	.0018	.0029
Library Fund	1,749,927	1,704,551	.1488	.1327
Special Witness Fund	46,643	44,463	.0040	.0035
Sales Tax Split 1% Fund	490,424	495,093	.0417	.0385
Hurricane Katrina Fund	296,268	-	.0252	-
Disaster Relief Fund	6,564	6,593	.0006	.0005
Criminal Jury Fund	14,655	40,057	.0012	.0030
Office of Homeland Security & Emergency Preparedness Fund	22,032	16,585	.0018	.0013
LCDBG Water Improvements Fund	10	10	.0000	.0001
LCDBG Fund	180	202	.0000	.0001
Recreation District # 1 Fund	167,116	158,528	.0142	.0123
TOTAL	\$ 11,757,031	\$ 12,848,976	1.0000	1.0000

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget.

The 2018 Budget was prepared based on 2017 actuals with slight projected increases. Sales tax revenues were estimated based on 2017 actual amounts, which increased 1.3-2.43% over 2016 and Ad Valorem tax revenues were budgeted based on the 2017 millage report adjusted for a 2% increase. Other significant budget assumptions were: 1) Employee hospitalization insurance premiums increased 11.9%; 2) Parochial Employees Retirement System employer contributions decreased from 12.5% to 11.5%; and 3) Worker's Compensation insurance experience modifier was decreased by 13%. Most major funds did not require amending, only 4 special revenue funds were amended in September.

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

- Ad Valorem taxes were 4-5% more than expected.

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

For the Year Ended December 31, 2018

GENERAL FUND BUDGETARY HIGHLIGHTS - CONTINUED

- Parish Transportation Funds received from the State of Louisiana were 7% more than expected. Permit fee revenues were 15% greater than budgeted.
- Overall, expenditures were less than expected. The General Fund's expenditures were 4% less than expected, other funds expenditures were under amounts budgeted ranging from 2-24%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Washington Parish Government's investment in capital assets for its governmental activities as of December 31, 2018, amounts to \$80,361,794. 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 3%.

TABLE A-4
WASHINGTON PARISH GOVERNMENT'S CAPITAL ASSETS

	2017	2018	Total Change 2017-2018
Capital Assets Not Being Depreciated:			
Land	\$ 2,501,793	\$ 2,494,211	\$ (7,582)
Construction-in-progress	1,596,740	2,454,540	857,800
 TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	 4,098,533	 4,948,751	 850,218
Other Capital Assets:			
Buildings	9,697,638	9,749,052	51,414
Equipment	6,861,071	8,150,401	1,289,330
Books	1,391,013	1,391,013	-
Asphalt roads	23,259,581	23,259,581	-
3-shot roads	9,061,027	9,424,427	363,400
Bridges and culverts	23,332,203	23,438,569	106,366
 TOTAL OTHER CAPITAL ASSETS	 73,602,533	 75,413,043	 1,810,510
 TOTAL CAPITAL ASSETS	 \$ 77,701,066	 \$ 80,361,794	 \$ 2,660,728

WASHINGTON PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
For the Year Ended December 31, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION - CONTINUED

There was a net increase in capital assets in the amount of \$2,660,728 for the year ended December 31, 2018. Major capital asset events during the current fiscal year included the following:

- Blacktop (2 or 3 shot) surfacing of 14.15 miles of zipped up blacktop (6.93) and gravel (7.23) roads at a cost of \$404,779.
- Building renovations at the Bogalusa Library, Clerk of Court's office at the Parish Courthouse and LSU Ag Center office at the Courthouse Annex, for a total cost of \$54,400.
- New and used road maintenance and construction equipment at a cost of \$1,135,988.

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

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 2018.

- Sales tax revenues were budgeted based on 2018 projected actual amounts, which included an increase of 1%.
- Ad Valorem taxes were budgeted based on the 2018 Assessor millage report with a 1% increase projected.
- Overall revenues were budgeted with a 6.4% increase over projected 2017 actual amounts.

The Parish has budgeted conservatively for 2019, continuing to cut expenditures where possible. However, given only a slight increase in sales tax and ad valorem tax revenues, 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.

WASHINGTON PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
For the Year Ended December 31, 2018

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, 2018

	<u>Primary Government</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 8,155,798	\$ 199,221	\$ 8,355,019
Investments	1,083,668	-	1,083,668
Receivables	4,540,277	-	4,540,277
Notes receivable	-	7,391	7,391
Due from other governments	269,906	-	269,906
Equity in Choctaw Road Landfill	2,614,319	-	2,614,319
Net pension asset	392,415	-	392,415
Capital assets:			
Land	2,494,211	-	2,494,211
Construction-in-progress	2,454,540	-	2,454,540
Other capital assets, net of depreciation	32,709,896	-	32,709,896
TOTAL ASSETS	54,715,030	206,612	54,921,642
DEFERRED OUTFLOWS OF RESOURCES			
Changes in proportion and differences between contributions and proportionate share of contributions	411	-	411
Changes in assumptions	495,285	-	495,285
Contributions subsequent to the measurement date	368,810	-	368,810
TOTAL DEFERRED OUTFLOWS OF RESOURCES	864,506	-	864,506
LIABILITIES			
Accounts payable	918,481	-	918,481
Due to other governments	816,958	-	816,958
OPEB liability	559,956	-	559,956
Long-term liabilities			
Portion due within one year	138,418	-	138,418
TOTAL LIABILITIES	2,433,813	-	2,433,813
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	3,500	-	3,500
Changes in proportion and differences between contributions and proportionate share of contributions	2,884	-	2,884
Differences between expected and actual experience	254,019	-	254,019
Net difference between projected and actual earnings on pension plan investments	906,592	-	906,592
TOTAL DEFERRED INFLOWS OF RESOURCES	1,166,995	-	1,166,995
NET POSITION			
Net investment in capital assets	37,658,647	-	37,658,647
Restricted for:			
Capital projects	2,442,746	-	2,442,746
Health and welfare	967,796	-	967,796
Solid waste disposal	3,879,203	-	3,879,203
Highways and bridges	4,447,571	-	4,447,571
Other purposes	1,835,183	206,612	2,041,795
Unrestricted	747,582	-	747,582
TOTAL NET POSITION	\$ 51,978,728	\$ 206,612	\$ 52,185,340

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

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	\$ 4,076,233	\$ 716,285	\$ 462,120	\$ -	\$ (2,897,828)	\$ -	\$ (2,897,828)
Public Safety	1,336,087	-	-	2,400,027	1,063,940	-	1,063,940
Highways and Streets	7,866,078	-	617,609	198,738	(7,049,731)	-	(7,049,731)
Health and Welfare	706,557	-	235,871	-	(470,686)	-	(470,686)
Culture and Recreation	792,536	5,079	59,388	-	(728,069)	-	(728,069)
Sanitation	560,277	-	-	-	(560,277)	-	(560,277)
Total	<u>15,337,768</u>	<u>721,364</u>	<u>1,374,988</u>	<u>2,598,765</u>	<u>(10,642,651)</u>	<u>-</u>	<u>(10,642,651)</u>
Business-type Activities:							
Loan Program	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 15,337,768</u>	<u>\$ 721,364</u>	<u>\$ 1,374,988</u>	<u>\$ 2,598,765</u>	<u>(10,642,651)</u>	<u>-</u>	<u>(10,642,651)</u>
General Revenues:							
Property taxes, levied for general purpose					4,811,408	-	4,811,408
Sales taxes					6,357,862	-	6,357,862
State revenue sharing					196,013	-	196,013
Timber severance					154,502	-	154,502
Mineral severance					1,811	-	1,811
Other taxes					10,107	-	10,107
Fire insurance rebate					185,251	-	185,251
Licenses and permits					633,730	-	633,730
Unrestricted interest					10,525	1,981	12,506
Pension contributions from non-employer contributing entities					39,305	-	39,305
Miscellaneous					140,576	-	140,576
Total general revenues					<u>12,541,090</u>	<u>1,981</u>	<u>12,543,071</u>
Change in net position					1,898,439	1,981	1,900,420
Net position-beginning (originally stated)					50,484,361	204,631	50,688,992
Prior period adjustments					(404,072)	-	(404,072)
Net position-beginning (restated)					<u>50,080,289</u>	<u>204,631</u>	<u>50,284,920</u>
Net position-ending					<u>\$ 51,978,728</u>	<u>\$ 206,612</u>	<u>\$ 52,185,340</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

WASHINGTON PARISH GOVERNMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

	General Fund	Criminal Justice Sales Tax Fund	Parish Transportation Fund	Sales Tax Split .67% Fund	HMGP Grant Fund	Road Improvement Fund	Library Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS									
Cash	\$ 7,817,554	\$ -	\$ -	\$ -	\$ 17,184	\$ -	\$ 127,591	\$ 193,469	\$ 8,155,798
Investments	-	-	202,857	-	-	-	313,348	567,463	1,083,668
Receivables	506,999	129,263	2,202,171	172,930	-	166,278	656,142	658,371	4,492,154
Net investment in joint venture	-	-	-	586,389	-	-	-	-	586,389
Due from other funds	-	76,653	2,097,832	1,537,525	-	2,276,256	631,131	597,679	7,217,076
Due from other governmental units	30,150	-	-	-	200,614	-	-	39,142	269,906
TOTAL ASSETS	\$ 8,354,703	\$ 205,916	\$ 4,502,860	\$ 2,296,844	\$ 217,798	\$ 2,442,534	\$ 1,728,212	\$ 2,056,124	\$ 21,804,991
LIABILITIES									
Accounts payable	\$ 273,950	\$ 128,491	\$ 81,555	\$ 125,800	\$ 217,798	\$ -	\$ 20,161	\$ 70,726	\$ 918,481
Due to other funds	7,016,436	-	-	-	-	-	-	200,640	7,217,076
Due to other governmental units	-	-	-	814,864	-	-	-	2,094	816,958
TOTAL LIABILITIES	7,290,386	128,491	81,555	940,664	217,798	-	20,161	273,460	8,952,515
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	-	-	-	-	-	-	3,500	-	3,500
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	3,500	-	3,500
FUND BALANCES									
Restricted	-	77,425	4,421,305	1,356,180	-	2,442,534	1,704,551	1,782,664	11,784,659
Unassigned	1,064,317	-	-	-	-	-	-	-	1,064,317
TOTAL FUND BALANCES	1,064,317	77,425	4,421,305	1,356,180	-	2,442,534	1,704,551	1,782,664	12,848,976
TOTAL LIABILITIES, AND FUND BALANCES	\$ 8,354,703	\$ 205,916	\$ 4,502,860	\$ 2,296,844	\$ 217,798	\$ 2,442,534	\$ 1,728,212	\$ 2,056,124	\$ 21,804,991

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2018

Total fund balances reported on the Balance Sheet of Governmental Funds	\$ 12,848,976
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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.	37,658,647
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Other assets not available for current resources.	48,123
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Other liabilities not due and payable in the current period.	(559,956)
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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.	2,027,930
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Compensated absences for current period	(138,418)
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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 asset	392,415
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Deferred outflows of resources:

Change in assumptions	495,285
Contributions subsequent to the measurement date	368,810
Change in proportions	411

Deferred inflows of resources:

Differences between expected and actual experience	(254,019)
Net difference between projected and actual investment earnings on pension plan investments	(906,592)
Change in proportions	<u>(2,884)</u>

Total net position of governmental activities	<u>\$ 51,978,728</u>
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WASHINGTON PARISH GOVERNMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	General Fund	Criminal Justice Sales Tax Fund	Parish Transportation Fund	Sales Tax Split .67% Fund	HMGP Grant Fund	Road Improvement Fund	Library Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES									
Taxes									
Ad valorem	\$ 526,553	\$ -	\$ 2,617,623	\$ -	\$ -	\$ -	\$ 852,163	\$ 766,946	\$ 4,763,285
Sales	-	1,311,887	1,460,954	1,878,849	-	1,706,172	-	-	6,357,862
Other	3,912	-	6,195	-	-	-	-	-	10,107
Licenses and permits	633,730	-	-	-	-	-	-	-	633,730
Intergovernmental federal funds									
Federal grants	229,250	-	-	-	2,296,550	-	-	388,247	2,914,047
State funds									
Parish transportation funds	-	-	588,958	-	-	-	-	-	588,958
State revenue sharing	39,747	-	50,146	-	-	-	55,853	50,267	196,013
Other	682,073	-	-	-	-	-	46,084	-	728,157
Fees, charges, etc.	446,603	-	-	-	-	-	21,145	74,547	542,295
Fines and penalties	-	-	-	-	-	-	3,454	173,990	177,444
Interest income	6,254	377	28,651	10,693	-	19,787	13,304	17,239	96,305
Other	6,700	17,179	96,764	-	-	-	17,910	2,023	140,576
TOTAL REVENUES	2,574,822	1,329,443	4,849,291	1,889,542	2,296,550	1,725,959	1,009,913	1,473,259	17,148,779
EXPENDITURES									
Current									
General government									
Legislative	175,132	-	-	-	-	-	-	-	175,132
Judicial	235,162	841,453	-	-	-	-	-	386,513	1,463,128
Executive	302,979	-	-	-	-	-	-	-	302,979
Elections	242,864	-	-	-	-	-	-	-	242,864
Finance and administrative	585,808	20,403	274,753	103,981	-	99,047	66,234	58,359	1,208,585
Other	590,888	-	-	-	-	-	-	-	590,888
Public Safety	296,075	570,782	-	-	-	-	-	212,860	1,079,717
Health and welfare	186,492	-	-	-	-	-	-	661,431	847,923
Highway and streets	-	-	4,086,151	-	-	-	-	-	4,086,151
Culture and recreation	31,002	-	-	-	-	-	960,710	10,873	1,002,585

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (Continued)
For the Year Ended December 31, 2018

	General Fund	Criminal Justice Sales Tax Fund	Parish Transportation Fund	Sales Tax Split .67% Fund	HMGP Grant Fund	Road Improvement Fund	Library Fund	Nonmajor Governmental Funds	Total Governmental Funds
Capital outlay	21,510	-	184,486	-	2,296,550	1,487,373	28,345	302,215	4,320,479
TOTAL EXPENDITURES	2,667,912	1,432,638	4,545,390	103,981	2,296,550	1,586,420	1,055,289	1,632,251	15,320,431
Excess (deficiency) of revenues over expenditures	(93,090)	(103,195)	303,901	1,785,561	-	139,539	(45,376)	(158,992)	1,828,348
OTHER FINANCING SOURCES (USES)									
Operating transfers in	804,908	175,000	111,000	-	-	-	-	190,352	1,281,260
Operating transfers out	(295,000)	-	(60,352)	(617,000)	-	-	-	(308,908)	(1,281,260)
Subsidy in joint venture	-	-	-	(610,603)	-	-	-	-	(610,603)
Excess sales tax split with other government entities	-	-	-	(125,800)	-	-	-	-	(125,800)
Total other financing sources (uses)	509,908	175,000	50,648	(1,353,403)	-	-	-	(118,556)	(736,403)
Net change in fund balance	416,818	71,805	354,549	432,158	-	139,539	(45,376)	(277,548)	1,091,945
Fund balances, beginning	647,499	5,620	4,066,756	924,022	-	2,302,995	1,749,927	2,060,212	11,757,031
Fund balances, ending	<u>\$ 1,064,317</u>	<u>\$ 77,425</u>	<u>\$ 4,421,305</u>	<u>\$ 1,356,180</u>	<u>\$ -</u>	<u>\$ 2,442,534</u>	<u>\$ 1,704,551</u>	<u>\$ 1,782,664</u>	<u>\$ 12,848,976</u>

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, 2018

Net change in fund balances – total governmental funds \$ 1,091,945

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

Other revenues not available as current resources. 48,123

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 (\$3,543,869) exceeded depreciation (\$2,678,434) in the current period. 865,435

Decrease 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. 392

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 54,121
Contributions from non-employer contributing entities 39,305

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. (200,882)

Change in net position of governmental activities \$ 1,898,439

WASHINGTON PARISH GOVERNMENT

STATEMENT OF NET POSITION

PROPRIETARY FUND

December 31, 2018

ASSETS

	<u>USDA Revolving Loan Fund</u>
CURRENT ASSETS	
Cash	\$ 199,221
Notes receivable	
Breedlove Farm, L.L.C.	872,188
Smith Creamery, L.L.C.	<u>7,391</u>
TOTAL NOTES RECEIVABLE	879,579
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	<u>(872,188)</u>
NET NOTES RECEIVABLE	<u>7,391</u>
TOTAL ASSETS	<u>\$ 206,612</u>

LIABILITIES AND NET POSITION

LIABILITIES	\$ -
NET POSITION	<u>206,612</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 206,612</u>

WASHINGTON PARISH GOVERNMENT
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET POSITION-PROPRIETARY FUND
 For the Year Ended December 31, 2018

	<u>USDA Revolving Loan Fund</u>
REVENUES	
Interest income	<u>\$ 1,981</u>
TOTAL REVENUES	1,981
EXPENSES	<u>-</u>
CHANGE IN NET POSITION	1,981
NET POSITION, BEGINNING	<u>204,631</u>
NET POSITION, ENDING	<u><u>\$ 206,612</u></u>

WASHINGTON PARISH GOVERNMENT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Interest income	\$ <u>1,981</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,981</u>
NET INCREASE IN CASH	1,981
BALANCES – BEGINNING OF THE YEAR	<u>197,240</u>
BALANCES – END OF THE YEAR	<u><u>\$ 199,221</u></u>

RECONCILIATION OF NET INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES

Change in net position	\$ <u>1,981</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 1,981</u></u>

WASHINGTON PARISH GOVERNMENT
NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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 276 miles are asphalt, 498 miles are 3-shot, and 233 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, 2018

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, 2018

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.

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, 2018

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, 2018

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 proprietary 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, 2018, the Parish adopted GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", GASB Statement No. 82, "Pension Issues", and GASB Statement No. 85, "Omnibus 2017". These statements improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions, address certain pension issues that have been raised with respect to Statements No. 67 and No. 73, and address practice issues that have been identified during implementation of certain GASB Statements, respectively.

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.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 **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 for a period of 10 years, effective January 1, 2014.

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.

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.

WASHINGTON PARISH GOVERNMENT
NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. The .33% sales and use tax is the primary source of funding as approved by Washington Parish Resolution 16-742.

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 Washington Parish Government reports the following major proprietary fund:

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.

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 only revenue of the proprietary fund is interest income.

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.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets (Continued)

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 of service with the Parish.

	<u>8 hour days</u>
1-2 years	5 days
3-10 years	10 days
11-15 years	15 days
16 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.

Sick leave accrues at one day per month with a maximum accumulation of 60 days and is not paid upon termination, but may be paid out at retirement. Upon application for retirement by an employee who has served the Parish for 20 years or more, the employee may be paid accrued sick leave not to exceed 72 days.

Employees may opt to convert any accumulated, unused and unpaid sick or annual leave to additional retirement benefit credit upon application for normal retirement with the Parochial Employees' Retirement System of Louisiana.

WASHINGTON PARISH GOVERNMENT
NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2018

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, 2018

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, 2018

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 – 2018 Tax Period</u>	
	<u>Total</u>	<u>Final</u>
	<u>Collections</u>	<u>Distribution</u>
Town of Franklinton (15%)	\$ 111,000	\$ 111,000
Village of Angie (1%)	7,400	7,400
Village of Varnado (1%)	<u>7,400</u>	<u>7,400</u>
Totals	<u>\$ 125,800</u>	<u>\$ 125,800</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, 2018

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, for a period of ten (10) years. 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, 2018

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, 2018, the Parish Government had cash and cash equivalents (book balances) totaling \$8,355,019 as follows:

Interest-bearing demand deposits	\$ 8,354,919
Petty cash	<u>100</u>
Total	<u>\$ 8,355,019</u>

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2018

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, 2018, the Parish Government had \$9,211,785 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	\$	580,206
Resource Bank:		
Cash held in Money Market Investment		97,593
Stiffler, Nicolaus & Co, Inc.:		
U.S. Government Agencies		398,176
Cash held in Money Market Investment		<u>7,693</u>
Total	\$	<u>1,083,668</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, 2018

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, 2018:

<u>S&P RATING</u>	<u>FAIR VALUE</u>
AAA	\$ 398,176

5. RECEIVABLES

Governmental Activities

The receivables of \$4,810,183 at December 31, 2018, were as follows:

Class of Receivable	Governmental Activities								Total
	General Fund	Criminal Justice Sales Tax Fund	Parish Transportation Fund	Sales Tax Split .67% Fund	HMGP Fund	Road Improvement Fund	Library Fund	Other Governmental Funds	
Taxes:									
Ad Valorem	\$ 389,714	\$ -	\$ 1,986,725	\$ -	\$ -	\$ -	\$ 646,776	\$ 582,099	\$3,605,314
Sales and Use	-	128,394	130,983	172,930	-	166,278	-	-	598,585
Intergovernmental:									
State	127,689	-	100,292	-	200,614	-	-	85,193	513,788
Local	25,356	869	10,437	-	-	-	17,917	37,917	92,496
TOTAL	<u>\$ 542,759</u>	<u>\$ 129,263</u>	<u>\$ 2,228,437</u>	<u>\$ 172,930</u>	<u>\$ 200,614</u>	<u>\$ 166,278</u>	<u>\$ 664,693</u>	<u>\$ 705,209</u>	<u>\$ 4,810,183</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, 2018

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, 2018:

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, 2018, is shown in the financial statements as follows:

Sales Tax Split .67% Fund:

Current financial resource in the Fund	\$ 586,389
Economic resources:	
Restricted assets for closure and post closure care costs and other noncurrent assets	1,610,102
Capital assets	4,519,950
Accumulated depreciation	(3,560,558)
Landfill closure and post closure care costs	<u>(541,564)</u>
Net economic resources	<u>2,027,930</u>
Equity in Joint Venture in the Government-Wide Statement of Net Position	<u>\$ 2,614,319</u>

WASHINGTON PARISH GOVERNMENT
NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2018

8. CAPITAL ASSETS

The following is a summary of the changes in capital assets for the year ended December 31, 2018:

	<u>Balance</u> <u>12/31/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/18</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,501,793	\$ 926	\$ (8,508)	\$ 2,494,211
Construction in progress	<u>1,596,740</u>	<u>1,469,413</u>	<u>(611,613)</u>	<u>2,454,540</u>
 Total capital assets not being depreciated	 4,098,533	 1,470,339	 (620,121)	 4,948,751
Other capital assets:				
Buildings	9,697,638	51,414	-	9,749,052
Equipment	6,861,071	1,471,514	(182,184)	8,150,401
Books	1,391,013	-	-	1,391,013
Asphalt roads	23,259,581	-	-	23,259,581
3-shot roads	9,061,027	404,779	(41,379)	9,424,427
Bridges and culverts	<u>23,332,203</u>	<u>145,823</u>	<u>(39,457)</u>	<u>23,438,569</u>
	73,602,533	2,073,530	(263,020)	75,413,043
Less accumulated depreciation for:				
Buildings	(5,276,986)	(261,180)	-	(5,538,166)
Equipment	(5,453,297)	(304,269)	165,412	(5,592,154)
Books	(1,391,013)	-	-	(1,391,013)
Asphalt roads	(17,615,578)	(1,246,528)	-	(18,862,106)
3-shot roads	(3,324,987)	(411,582)	-	(3,736,569)
Bridges and culverts	<u>(7,163,406)</u>	<u>(454,875)</u>	<u>35,142</u>	<u>(7,583,139)</u>
Total accumulated depreciation	<u>(40,225,267)</u>	<u>(2,678,434)</u>	<u>200,554</u>	<u>(42,703,147)</u>
Other capital assets, net	<u>33,377,266</u>	<u>(604,904)</u>	<u>(62,466)</u>	<u>32,709,896</u>
 Totals	 <u>\$ 37,475,799</u>	 <u>\$ 865,435</u>	 <u>\$ (682,587)</u>	 <u>\$ 37,658,647</u>

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2018

8. CAPITAL ASSETS (Continued)

Depreciation expense of \$2,678,434 for the year ended December 31, 2018, was charged to the following governmental functions:

General government	\$ 62,290
Public safety	152,893
Highways and streets	2,316,424
Health and welfare	57,372
Culture and recreation	89,455
	<u>\$ 2,678,434</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, 2018.

9. INTERFUND TRANSFERS

Details about interfund transfers from other funds during 2018 follow:

	General Fund	Parish Transportation Fund	Criminal Justice Sales Tax Fund	Nonmajor Governmental Funds	Total
Transfers Out:					
General Fund	\$ -	\$ -	\$ 175,000	\$ 120,000	\$ 295,000
Parish Transportation Fund	-	-	-	60,352	60,352
Sales Tax Split .67 Fund	506,000	111,000	-	-	617,000
Nonmajor Governmental Funds	298,908	-	-	10,000	308,908
TOTAL	\$ 804,908	\$ 111,000	\$ 175,000	\$ 190,352	\$ 1,281,260

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, 2018

10. ON-BEHALF PAYMENTS

GASB Statement No. 24 establishes accounting and financial reporting standards for passthrough grants and on-behalf payments for fringe benefits and salaries. During the year 2018, the state paid salaries of \$201,122 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. CHANGES IN GENERAL LONG-TERM LIABILITIES

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

	<u>Balance</u> <u>01/01/18</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/18</u>	<u>Current</u> <u>Portion</u>
Compensated absences	\$ 94,926	\$ 43,990	\$ (498)	\$ 138,418	\$ 138,418
TOTAL	\$ 94,926	\$ 43,990	\$ (498)	\$ 138,418	\$ 138,418

12. PENSION PLAN

Substantially all employees of the Parish are members of the Parochial Employees' Retirement System (PERS).

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.

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 11.50% for the period ended December 31, 2018.

Contributions to the System from the Parish were \$368,810 for the year ended December 31, 2018.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2018

12. PENSION PLAN (Continued)

General Information about the Pension Plan (continued)

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 hired prior to January 1, 2007 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 hired after January 1, 2007 who retire at or after age 67 with at least 7 years of creditable service, age 62 with at least 10 years of creditable service, or at or after age 55 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.

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

At December 31, 2018, the Parish reported an asset of \$392,415 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Parish's proportion of the net pension asset 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, 2017, the Parish's proportion was 0.528685%, which was a decrease of 0.007890% from its proportion measured as of December 31, 2016. For the year ended December 31, 2018, the Parish recognized pension expense of \$314,689. At December 31, 2018, the Parish reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2018

12. PENSION PLAN (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 254,019
Changes of assumptions	495,285	-
Changes in proportion	411	2,884
Net difference between projected and actual investment earnings on pension plan investments	-	906,592
Contributions subsequent to the measurement date	368,810	-
	\$ 864,506	\$ 1,163,495

\$368,810 is 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, 2018. 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, 2019	\$ 58,096
December 31, 2020	(60,516)
December 31, 2021	(306,055)
December 31, 2022	(359,323)

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2018

12. PENSION PLAN (Continued)

Actuarial Assumptions - The total pension liability in the December 31, 2017 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:	6.75%, net of investment expense, including inflation

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 asset was 6.75% for the year ended December 31, 2017. 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 ("PR SAC") 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 7.62% for the year ended December 31, 2017.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2018

12. 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, 2017 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%	3.57%
Alternatives	11.00%	0.69%
Real Assets	2.00%	0.12%
Total	100.00%	5.62%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.62%

Mortality Rate - The mortality rate assumption used in the December 31, 2017 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 of the Parish's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the Parish's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75%, as well as what the Parish's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate:

	1.0% Decrease (5.75%)	Current Discount Rate (6.75%)	1.0% Increase (7.75%)
The Parish's Proportionate Share of the Net Pension Liability	\$ 1,934,747	\$ (392,415)	\$(2,464,598)

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, 2018 the Parish had a payable of \$187,704 to the Pension Plan.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2018

13. FUND BALANCES

Governmental Funds:

Description:	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Funds	Capital Projects Fund		
Fund Balances:					
Restricted for:					
Sales taxes	\$ -	\$ 1,433,605	\$ -	\$ -	\$ 1,433,605
Ad valorem taxes	-	1,704,551	-	-	1,704,551
Road improvement	-	-	2,442,534	-	2,442,534
Emergency preparedness	-	-	-	16,585	16,585
Disaster relief	-	-	-	6,805	6,805
Health services	-	-	-	962,015	962,015
Landfill	-	-	-	495,093	495,093
Courthouse maintenance	-	-	-	21,744	21,744
Criminal court	-	-	-	37,374	37,374
Parish transportation	-	4,421,305	-	-	4,421,305
Recreation	-	-	-	158,528	158,528
Special witnesses	-	-	-	44,463	44,463
Criminal jury	-	-	-	40,057	40,057
Unassigned:	<u>1,064,317</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,064,317</u>
Total Fund Balances	<u>\$ 1,064,317</u>	<u>\$ 7,559,461</u>	<u>\$ 2,442,534</u>	<u>\$ 1,782,664</u>	<u>\$ 12,848,976</u>

14. 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.

15. COMPENSATION PAID TO PARISH PRESIDENT AND PARISH COUNCIL

Name	Title	Amount
Richard N. Thomas, Jr.	Parish President	\$ 166,881
Jacob "Perry" Talley	Parish Council District 1	14,400
Michael Fussell	Parish Council District 2	12,000
Christopher Workman	Parish Council District 3	11,700
Levi Lewis, Sr.	Parish Council District 4	11,550
Phillipp Bedwell	Parish Council District 5	12,000
Reginald McMasters	Parish Council District 6	11,850
David Anthony	Parish Council District 7	11,850

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2018

16. 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.

17. 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.

18. 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, 2018:

Hazard Mitigation Grant	\$	2,296,550
Community Development Block Grant expenditures		302,216
U.S. Department of Transportation – Washington Parish Council on Aging expenditures		229,250

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2018

19. 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 Parish has implemented GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75) effective December 31, 2018. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

The Parish has fewer than 100 plan members and meets the requirements to use the alternative measurement method in lieu of an actuarial valuation, and elects to do so.

Employees covered by benefit terms – At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	30
	<hr style="width: 100%;"/>
	30
	<hr style="width: 100%;"/>

In the year ended December 31, 2018, the Parish did not contribute for retired employees.

Total OPEB Liability

The Parish’s total OPEB liability of \$559,956 was measured as of December 31, 2018.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2018

19. POST EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and other inputs – The total OPEB liability as of December 31, 2018 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.00%
Discount rate	4.09%

The discount rate was based on the bond buyers' 20 Year tax-exempt general obligation municipal bond index with an average rating of AA/Aa or higher, as of December 31, 2018, the end of the applicable measurement period.

Healthcare Cost 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: 2018 – 2027, Table 3 - National Health Expenditures; Aggregate and per Capita Amounts, Percent Distribution and Annual Percent Change by Source of Funds: Calendars Years 2011 – 2027, released by the Health Care Financing Administration (www.cmc.gov). Graduated rates for 2018 through 2027 were used from this table with an ultimate annual rate of 5.8% for 2027 and later. The current medical premium is \$1,093 per month which is paid at 100% by the Parish.

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 GASB 75.

Mortality

As recommended in GASB 75, 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.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2018

19. POST EMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability

Balance at December 31, 2017	\$	560,348
Changes for the year:		
Service cost		31,570
Interest		1,291
Changes in assumptions		(33,253)
Benefit payments and net transfers		<u>-</u>
Net changes		<u>(392)</u>
Balance at December 31, 2018	\$	<u>559,956</u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Parish, as well as what the Parish’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09%) or 1-percentage-point higher (5.09%) than the current discount rate:

	1.0% Decrease (3.09%)	Current Discount Rate (4.09%)	1.0% Increase (5.09%)
Total OPEB liability	\$ 654,117	\$ 559,956	\$ 482,606

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate – The following presents the total OPEB liability of the Parish, as well as what the Parish’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.90%) or 1-percentage-point higher (6.90%) than the current discount rate:

	1.0% Decrease (4.90%)	Current Healthcare Cost Trend Rate (5.90%)	1.0% Increase (6.90%)
Total OPEB liability	\$ 475,178	\$ 559,956	\$ 680,317

WASHINGTON PARISH GOVERNMENT

NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2018

19. POST EMPLOYMENT BENEFITS (Continued)

OPEB Benefit

For the year ended December 31, 2018, the Parish's recognized an OPEB Benefit of \$392.

20. SUBSEQUENT EVENTS

As discussed in the Introduction Note, Washington Parish is a participant in a Joint Venture with the City of Bogalusa to construct and operate the Choctaw Road Landfill (Landfill). Each participant shares the construction and operational costs based on agreed-upon percentages; Washington Parish – 58.1% and City of Bogalusa – 41.9%. In April 2019, the Choctaw Road Landfill Joint Solid Waste Committee approved the construction of Cell 7 at an approximate cost of \$1.5 million. Currently, the City of Bogalusa is in debt to the Landfill for \$1,751,446 for their portion of prior construction and operational costs. It has become apparent that their current funding source is not sufficient to support their annual share of the Landfill's construction and operational costs. As such, if the City of Bogalusa cannot fund their portion of the construction costs of Cell 7, the responsibility for construction will fall to Washington Parish. This could potentially place Washington Parish in violation of Article VII, Section 14(A) of the Constitution as it relates to the loaning of public funds. The issue of the outstanding debt owed to the Landfill by the City of Bogalusa is currently under legal review by Washington Parish, the City of Bogalusa and their respective legal advisors, with the hope of a resolution forthcoming in the near future.

Subsequent events were evaluated through May 30, 2019, which is the date the financial statements were available to be issued. No other material subsequent events have occurred since December 31, 2018 that required recognition or disclosure in these financial statements.

21. PRIOR PERIOD ADJUSTMENT

A summary of prior period adjustments made to the beginning net position are as follows:

A. Government-wide Activities

Beginning Net Position, Originally Stated	\$ 50,484,361
To Adjust Prior Year Balances	<u>(404,072)</u>
Beginning Net Position, Restated	<u>\$ 50,080,289</u>

The prior period adjustments were made to adjust the beginning net position as a result of the implementation of GASB 75.

WASHINGTON PARISH GOVERNMENT

*NOTES TO THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS (Continued)
As of and for the Year Ended December 31, 2018*

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. This project was substantially completed by March 2019, with substantial completion filed at the courthouse May 1, 2019.

In May 2019, the Parish entered into the final phase of the WPSB window project and is currently in the bidding process to replace windows in the schools. This project is funded by Hazard Mitigation Grant Program funds awarded to the Parish in June of 2016.

**REQUIRED SUPPLEMENTARY
INFORMATION**

WASHINGTON PARISH GOVERNMENT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2018

	<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	\$ 506,000	\$ 506,000	\$ 526,553	\$ 20,553
Other	9,900	9,900	3,912	(5,988)
Licenses and permits	547,100	547,100	633,730	86,630
Intergovernmental federal funds				
Federal grants	185,000	185,000	229,250	44,250
State funds				
State revenue sharing	39,000	39,000	39,747	747
Other	572,000	572,000	682,073	110,073
Fees, charges, etc.	457,600	457,600	446,603	(10,997)
Interest income	6,200	6,200	6,254	54
Other	6,000	6,000	6,700	700
TOTAL REVENUES	2,328,800	2,328,800	2,574,822	246,022
EXPENDITURES				
Current				
General government				
Legislative	202,100	202,100	175,132	26,968
Judicial	235,700	235,700	235,162	538
Executive	311,500	311,500	302,979	8,521
Elections	241,300	241,300	242,864	(1,564)
Finance and administrative	594,400	594,400	585,808	8,592
Other	618,500	618,500	590,888	27,612
Public Safety	313,400	313,400	296,075	17,325
Health and welfare	141,200	141,200	186,492	(45,292)
Culture and recreation	54,300	54,300	31,002	23,298
Capital outlay	68,000	68,000	21,510	46,490
TOTAL EXPENDITURES	2,780,400	2,780,400	2,667,912	112,488
Deficiency of revenues over expenditures	(451,600)	(451,600)	(93,090)	358,510
OTHER FINANCING SOURCES (USES)				
Operating transfers in	811,700	811,700	804,908	(6,792)
Operating transfers out	(330,000)	(330,000)	(295,000)	35,000
Total other financing sources	481,700	481,700	509,908	28,208
Net change in fund balance	30,100	30,100	416,818	386,718
Fund balances, beginning	542,518	647,499	647,499	-
Fund balances, ending	\$ 572,618	\$ 677,599	\$ 1,064,317	\$ 386,718

WASHINGTON PARISH GOVERNMENT
BUDGETARY COMPARISON SCHEDULE
CRIMINAL JUSTICE SALES TAX FUND
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Sales	\$ 1,280,000	\$ 1,280,000	\$ 1,311,887	\$ 31,887
Other	9,000	9,000	17,179	8,179
Interest income	150	150	377	227
	<u>1,289,150</u>	<u>1,289,150</u>	<u>1,329,443</u>	<u>40,293</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
General government				
Judicial	869,600	869,600	841,453	28,147
Finance and administrative	19,200	19,200	20,403	(1,203)
Public Safety	586,000	586,000	570,782	15,218
	<u>1,474,800</u>	<u>1,474,800</u>	<u>1,432,638</u>	<u>42,162</u>
TOTAL EXPENDITURES				
Deficiency of revenues over expenditures	(185,650)	(185,650)	(103,195)	82,455
OTHER FINANCING SOURCES				
Operating transfers in	175,000	175,000	175,000	-
Total other financing sources	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>-</u>
Net change in fund balances	(10,650)	(10,650)	71,805	82,455
Fund balances, beginning	35,401	5,620	5,620	-
Fund balances, ending	<u>\$ 24,751</u>	<u>\$ (5,030)</u>	<u>\$ 77,425</u>	<u>\$ 82,455</u>

WASHINGTON PARISH GOVERNMENT
BUDGETARY COMPARISON SCHEDULE
SALES TAX SPLIT .67% FUND
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget
	<u>Original</u>	<u>Final</u>	Budgetary Basis	Positive (Negative)
REVENUES				
Taxes				
Sales	\$ 1,869,000	\$ 1,869,000	\$ 1,878,849	\$ 9,849
Interest income	7,000	7,000	10,693	3,693
TOTAL REVENUES	1,876,000	1,876,000	1,889,542	13,542
EXPENDITURES				
Finance & administrative	101,800	101,800	103,981	(2,181)
TOTAL EXPENDITURES	101,800	101,800	103,981	(2,181)
Excess of revenues over expenditures	1,774,200	1,774,200	1,785,561	11,361
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(617,000)	(617,000)	(617,000)	-
Subsidy in joint venture	(1,023,000)	(1,023,000)	(610,603)	412,397
Excess sales tax split with other government entities	(125,800)	(125,800)	(125,800)	-
Total other financing uses	(1,765,800)	(1,765,800)	(1,353,403)	412,397
Net change in fund balance	8,400	8,400	432,158	423,758
Fund balances, beginning	710,616	924,022	924,022	-
Fund balances, ending	<u>\$ 719,016</u>	<u>\$ 932,422</u>	<u>\$ 1,356,180</u>	<u>\$ 423,758</u>

WASHINGTON PARISH GOVERNMENT
BUDGETARY COMPARISON SCHEDULE
PARISH TRANSPORTATION FUND
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		Actual	Variance With
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Taxes				
Ad valorem	\$ 2,484,000	\$ 2,484,000	\$ 2,617,623	\$ 133,623
Sales	1,461,000	1,461,000	1,460,954	(46)
Other	4,500	4,500	6,195	1,695
State funds				
Parish transportation funds	550,000	550,000	588,958	38,958
State revenue sharing	50,000	50,000	50,146	146
Interest income	26,100	28,100	28,651	551
Other	2,500	69,300	96,764	27,464
TOTAL REVENUES	4,578,100	4,646,900	4,849,291	202,391
EXPENDITURES				
Current				
Finance and administrative	258,800	258,800	274,753	(15,953)
Highway and streets	4,103,400	4,348,100	4,086,151	261,949
Capital outlay	129,000	180,000	184,486	(4,486)
TOTAL EXPENDITURES	4,491,200	4,786,900	4,545,390	241,510
Excess (deficiency) of revenues over expenditures	86,900	(140,000)	303,901	443,901
OTHER FINANCING SOURCES (USES)				
Operating transfers in	281,900	111,000	111,000	-
Operating transfers out	-	(65,500)	(60,352)	5,148
Total other financing sources	281,900	45,500	50,648	5,148
Net change in fund balance	368,800	(94,500)	354,549	449,049
Fund balances, beginning	3,852,591	4,066,756	4,066,756	-
Fund balances, ending	\$ 4,221,391	\$ 3,972,256	\$ 4,421,305	\$ 449,049

WASHINGTON PARISH GOVERNMENT
BUDGETARY COMPARISON SCHEDULE
ROAD IMPROVEMENT FUND
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Sales	\$ 1,640,000	\$ 1,640,000	\$ 1,706,172	\$ 66,172
Interest income	13,000	13,000	19,787	6,787
	<u>1,653,000</u>	<u>1,653,000</u>	<u>1,725,959</u>	<u>72,959</u>
EXPENDITURES				
Current				
General government				
Finance and administrative	93,600	93,600	99,047	(5,447)
Capital outlay	2,017,900	2,017,900	1,487,373	530,527
	<u>2,111,500</u>	<u>2,111,500</u>	<u>1,586,420</u>	<u>525,080</u>
Excess (deficiency) of revenues over expenditures	<u>(458,500)</u>	<u>(458,500)</u>	<u>139,539</u>	<u>598,039</u>
Net change in fund balance	(458,500)	(458,500)	139,539	598,039
Fund balances, beginning	<u>2,205,656</u>	<u>2,302,995</u>	<u>2,302,995</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,747,156</u>	<u>\$ 1,844,495</u>	<u>\$ 2,442,534</u>	<u>\$ 598,039</u>

WASHINGTON PARISH GOVERNMENT
BUDGETARY COMPARISON SCHEDULE
LIBRARY FUND
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		Actual	Variance With
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Taxes				
Ad valorem	\$ 808,400	\$ 808,400	\$ 852,163	\$ 43,763
State funds				
State revenue sharing	57,000	57,000	55,853	(1,147)
Other	45,600	45,600	46,084	484
Fees, charges, etc.	20,500	20,500	21,145	645
Fines and penalties	3,000	3,000	3,454	454
Interest income	13,800	13,800	13,304	(496)
Other	-	-	17,910	17,910
	<u>948,300</u>	<u>948,300</u>	<u>1,009,913</u>	<u>61,613</u>
EXPENDITURES				
Current				
General government				
Finance and administrative	67,500	67,500	66,234	1,266
Culture and recreation	894,400	894,400	960,710	(66,310)
Capital outlay	250,000	250,000	28,345	221,655
	<u>1,211,900</u>	<u>1,211,900</u>	<u>1,055,289</u>	<u>156,611</u>
Net change in fund balance	(263,600)	(263,600)	(45,376)	218,224
Fund balances, beginning	<u>1,760,765</u>	<u>1,749,927</u>	<u>1,749,927</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,497,165</u>	<u>\$ 1,486,327</u>	<u>\$ 1,704,551</u>	<u>\$ 218,224</u>

WASHINGTON PARISH GOVERNMENT
BUDGETARY COMPARISON SCHEDULE
HMGP GRANT FUND
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal grants	\$ 4,174,000	\$ 2,905,000	\$ 2,296,550	\$ (608,450)
TOTAL REVENUES	4,174,000	2,905,000	2,296,550	(608,450)
EXPENDITURES				
Capital outlay	4,174,000	2,905,000	2,296,550	608,450
TOTAL EXPENDITURES	4,174,000	2,905,000	2,296,550	608,450
Net change in fund balance	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WASHINGTON PARISH GOVERNMENT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
AND RELATED RATIOS AND NOTES TO THE SCHEDULE
For the Year Ended December 31, 2018

Total OPEB Liability	
Service cost	\$ 31,570
Interest	1,291
Changes in assumptions	(33,253)
Benefit payments	-
Net change in total OPEB liability	<u>(392)</u>
Total OPEB liability – beginning	<u>560,348</u>
Total OPEB liability – ending	<u>\$ 559,956</u>
Covered-employee payroll	\$ 3,797,094
Total OPEB liability as a percentage of covered-employee payroll	14.70%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The alternative measurement method was utilized and the measurement date corresponds with the financial reporting date.

Notes to the Schedule:

Benefit changes – There were no changes of benefit terms for the year ended December 31, 2018.

Changes in assumptions – There were changes in assumptions related to the implementation of GASB 75 for the year ended December 31, 2018.

As of December 31, 2018, there were no assets accumulated in a trust to pay related benefits.

WASHINGTON PARISH GOVERNMENT

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

For the Years Ended December 31, 2018 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%
12/31/2018	0.528685%	(392,415)	3,797,094	(10.33%)	101.98%

WASHINGTON PARISH GOVERNMENT
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
For the Years Ended December 31, 2018 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%
12/31/2018	368,810	368,810	-	3,797,094	9.71%

OTHER SUPPLEMENTARY INFORMATION

WASHINGTON PARISH GOVERNMENT

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2018

SPECIAL REVENUE FUNDS

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

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

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.

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

Office of Homeland Security & Emergency Preparedness Fund – 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, 2018

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.

CAPITAL PROJECTS FUNDS

LCDBG Fund – 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 for construction of a potable water well in the Varnado Water Works District.

CDBG Grant Fund – Accounts for the receipts and expenditures of funds for the Parish's CDBG grant funding.

WASHINGTON PARISH GOVERNMENT
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
December 31, 2018

Special Revenue Funds

	Hurricane Katrina Fund	Disaster Relief Fund	Special Witness Fund	Criminal Jury Fund	Courthouse Maintenance Fund	Health Unit Maintenance Fund	Criminal Court Fund
ASSETS							
Cash	\$ -	\$ -	\$ -	\$ 32,635	\$ -	\$ -	\$ -
Investments	-	-	-	-	64,001	97,593	-
Receivables	-	-	1,487	10,638	142,907	431,495	24,689
Due from other funds	-	6,593	42,976	-	-	443,976	14,910
Due from other governmental units	-	-	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ 6,593	\$ 44,463	\$ 43,273	\$ 206,908	\$ 973,064	\$ 39,599
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ 3,216	\$ 4,772	\$ 11,049	\$ 2,225
Due to other funds	-	-	-	-	180,392	-	-
Due to other governmental units	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	3,216	185,164	11,049	2,225
FUND BALANCES							
Restricted	-	6,593	44,463	40,057	21,744	962,015	37,374
TOTAL FUND BALANCES	-	6,593	44,463	40,057	21,744	962,015	37,374
TOTAL LIABILITIES, AND FUND BALANCES	\$ -	\$ 6,593	\$ 44,463	\$ 43,273	\$ 206,908	\$ 973,064	\$ 39,599

See Accompanying Independent Auditors' Report.

WASHINGTON PARISH GOVERNMENT
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS (Continued)
December 31, 2018

	Special Revenue Funds			Capital Projects Fund				
	Office of Homeland Security & Emergency Preparedness Fund	Recreation District #1 Fund	Sales Tax Split 1% Fund	LCDBG Fund	LCDBG Water Improvements Fund	CDBG Grant Fund	State/Federal Grant Fund	Total Nonmajor Governmental Funds
ASSETS								
Cash	\$ -	\$ 158,528	\$ -	\$ 2,296	\$ 10	\$ -	\$ -	\$ 193,469
Investments	-	-	405,869	-	-	-	-	567,463
Receivables	1,104	-	-	-	-	46,051	-	658,371
Due from other funds	-	-	89,224	-	-	-	-	597,679
Due from other governmental units	39,142	-	-	-	-	-	-	39,142
TOTAL ASSETS	\$ 40,246	\$ 158,528	\$ 495,093	\$ 2,296	\$ 10	\$ 46,051	\$ -	\$ 2,056,124
LIABILITIES								
Accounts payable	\$ 3,413	\$ -	\$ -	\$ -	\$ -	\$ 46,051	\$ -	\$ 70,726
Due to other funds	20,248	-	-	-	-	-	-	200,640
Due to other governmental units	-	-	-	2,094	-	-	-	2,094
TOTAL LIABILITIES	23,661	-	-	2,094	-	46,051	-	273,460
FUND BALANCES								
Restricted	16,585	158,528	495,093	202	10	-	-	1,782,664
TOTAL FUND BALANCES	16,585	158,528	495,093	202	10	-	-	1,782,664
TOTAL LIABILITIES, AND FUND BALANCES	\$ 40,246	\$ 158,528	\$ 495,093	\$ 2,296	\$ 10	\$ 46,051	\$ -	\$ 2,056,124

See Accompanying Independent Auditors' Report.

WASHINGTON PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

Special Revenue Funds

	Hurricane Katrina Fund	Disaster Relief Fund	Special Witness Fund	Criminal Jury Fund	Courthouse Maintenance Fund	Health Unit Maintenance Fund	Criminal Court Fund
REVENUES							
Taxes							
Ad valorem	\$ -	\$ -	\$ -	\$ -	\$ 190,810	\$ 576,136	\$ -
Intergovernmental federal funds							
Federal grants	-	-	-	-	-	-	-
State funds							
State revenue sharing	-	-	-	-	12,506	37,761	-
Fees, charges, etc.	-	-	9,079	65,468	-	-	-
Fines and penalties	-	-	-	-	-	-	173,990
Interest income	2,640	29	441	262	899	6,599	21
Other	-	-	-	-	-	1,363	-
	2,640	29	9,520	65,730	204,215	621,859	174,011
	2,640	29	9,520	65,730	204,215	621,859	174,011
EXPENDITURES							
Current							
General government							
Judicial	-	-	1,700	40,328	176,932	-	167,553
Finance and administrative	-	-	-	-	14,433	43,926	-
Public Safety	-	-	-	-	31,349	-	-
Health and welfare	-	-	-	-	-	601,079	-
Culture and recreation	-	-	-	-	-	-	-

See Accompanying Independent Auditors' Report.

WASHINGTON PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
For the Year Ended December 31, 2018

	Special Revenue Funds						
	Hurricane Katrina Fund	Disaster Relief Fund	Special Witness Fund	Criminal Jury Fund	Courthouse Maintenance Fund	Health Unit Maintenance Fund	Criminal Court Fund
Capital outlay	-	-	-	-	-	-	-
Total expenditures	-	-	1,700	40,328	222,714	645,005	167,553
Excess (deficiency) of revenues over expenditures	2,640	29	7,820	25,402	(18,499)	(23,146)	6,458
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	30,000	-	10,000
Operating transfers out	(298,908)	-	(10,000)	-	-	-	-
Total other financing sources (uses)	(298,908)	-	(10,000)	-	30,000	-	10,000
Net change in fund balances	(296,268)	29	(2,180)	25,402	11,501	(23,146)	16,458
Fund balances, beginning	296,268	6,564	46,643	14,655	10,243	985,161	20,916
Fund balances, ending	<u>\$ -</u>	<u>\$ 6,593</u>	<u>\$ 44,463</u>	<u>\$ 40,057</u>	<u>\$ 21,744</u>	<u>\$ 962,015</u>	<u>\$ 37,374</u>

WASHINGTON PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
For the Year Ended December 31, 2018

	Special Revenue Funds			Capital Project Funds				Total Nonmajor Governmental Funds
	Office of Homeland Security & Emergency Preparedness Fund	Recreation District #1 Fund	Sales Tax Split 1% Fund	LCDBG Fund	LCDBG Water Improvements Fund	CDBG Grant Fund	State/Federal Grant Fund	
REVENUES								
Taxes								
Ad valorem	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 766,946
Intergovernmental federal funds								
Federal grants	86,032	-	-	-	198,738	103,477	-	388,247
State funds								
State revenue sharing	-	-	-	-	-	-	-	50,267
Fees, charges, etc.	-	-	-	-	-	-	-	74,547
Fines and penalties	-	-	-	-	-	-	-	173,990
Interest income	32	1,625	4,669	22	-	-	-	17,239
Other	-	660	-	-	-	-	-	2,023
Total revenues	86,064	2,285	4,669	22	198,738	103,477	-	1,473,259
EXPENDITURES								
Current								
General government								
Judicial	-	-	-	-	-	-	-	386,513
Finance and administrative	-	-	-	-	-	-	-	58,359
Public Safety	181,511	-	-	-	-	-	-	212,860
Health and welfare	-	-	-	-	60,352	-	-	661,431
Culture and recreation	-	10,873	-	-	-	-	-	10,873

WASHINGTON PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
For the Year Ended December 31, 2018

	Special Revenue Funds			Capital Project Funds				
	Office of Homeland Security & Emergency Preparedness Fund	Recreation District #1 Fund	Sales Tax Split 1% Fund	LCDBG Fund	LCDBG Water Improvements Fund	CDBG Grant Fund	State/Federal Grant Fund	Total Nonmajor Governmental Funds
Capital outlay	-	-	-	-	198,738	103,477	-	302,215
Total expenditures	181,511	10,873	-	-	259,090	103,477	-	1,632,251
Excess (deficiency) of revenues over expenditures	(95,447)	(8,588)	4,669	22	(60,352)	-	-	(158,992)
OTHER FINANCING SOURCES (USES)								
Operating transfers in	90,000	-	-	-	60,352	-	-	190,352
Operating transfers out	-	-	-	-	-	-	-	(308,908)
Total other financing sources (uses)	90,000	-	-	-	60,352	-	-	(118,556)
Net change in fund balances	(5,447)	(8,588)	4,669	22	-	-	-	(277,548)
Fund balances, beginning	22,032	167,116	490,424	180	10	-	-	2,060,212
Fund balances, ending	<u>\$ 16,585</u>	<u>\$ 158,528</u>	<u>\$ 495,093</u>	<u>\$ 202</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,782,664</u>

WASHINGTON PARISH GOVERNMENT

SCHEDULE OF COMPENSATION, BENEFITS, AND

OTHER PAYMENTS TO AGENCY HEAD

For the Year Ended December 31, 2018

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

Salary	\$	166,881
Benefits – retirement		19,191
Benefits – insurance		13,892
Vehicle provided by government		1,932
Reimbursements		275
Telephone		884
Total	\$	<u>203,055</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, 2018, 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 30, 2019.

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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2018-001.

Parish's Response to Finding

The Parish's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Parish's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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 30, 2019

Kushner LaGraize, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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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, 2018. 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, 2018.

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 30, 2019

WASHINGTON PARISH GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2018

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:				
Emergency Management Performance	EMT-2018-EP-00003-S01	97.042	\$ -	\$ 28,552
Homeland Security Grant Program	2017-SS-00058-S01	97.067	-	40,186
Hazard Mitigation Grant Program **	1603-117-0012	97.039	-	60,027
	1603-117-0014	97.039	-	1,078,568
	1603-117-0019	97.039	-	311,493
	1603-117-0022	97.039	-	533,030
	4808-117-0001	97.039	-	310,432
	4263-117-0037	97.039	-	<u>3,000</u>
Total Department of Homeland Security			-	2,365,288
U.S. Department of Housing and Urban Development				
Passed through State Office of Community Development:				
Community Development Block Grant	B16-DC-22-0001	14.228	-	198,738
Community Development Block Grant	B13-DS-22-0001	14.228	-	<u>103,478</u>
Total Department of Housing and Urban Development			-	302,216
U.S. Department of Transportation				
Passed through State Department of Transportation and Development:				
Formula Grants for Rural Areas	LA 2017-013-00	20.509	<u>229,250</u>	<u>229,250</u>
Total Department of Transportation			229,250	229,250
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	-	<u>17,294</u>
Total Department of Health and Human Services			-	<u>17,294</u>
Total Expenditures of Federal Awards			<u>\$ 229,250</u>	<u>\$ 2,914,048</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, 2018

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 net 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, 2018, 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, 2018, 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, 2018.

WASHINGTON PARISH GOVERNMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – Continued
For the Year Ended December 31, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS - continued

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

2018-001

Criteria

Management is responsible for preparing and maintaining their budget in compliance with the Louisiana Local Government Budget Act, L.R.S. 39:1301-1315. L.R.S. 39:1305 E. states that “The total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year.”

Condition

During our audit procedures, we noted one special revenue fund in which an amendment was adopted proposing expenditures in excess of the total of estimated funds available for the fiscal year.

Cause

The budget for this fund was not amended for the proper amount.

Effect

The Parish could potentially be in violation of the Local Government Budget Act.

Recommendation

We recommend the Parish amend the budgets for all applicable special revenue funds to ensure compliance with the Louisiana Local Government Budget Act.

Management’s Response and Corrective Action Plan

Management has concurred with the finding and provided a corrective action plan, see attached.

WASHINGTON PARISH GOVERNMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – Continued
For the Year Ended December 31, 2018

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

WASHINGTON PARISH GOVERNMENT

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended December 31, 2018

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



WASHINGTON PARISH

Richard N. Thomas, Jr., Parish President

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* * * *
www.wpgov.org

May 30, 2019

CORRECTIVE ACTION PLAN FINANCIAL STATEMENT FINDINGS December 31, 2018

Louisiana State Legislative Auditor

Washington Parish Government respectfully submits to you the following corrective action plan for the Financial Statement Findings for the year ended December 31, 2018.

Kushner LaGraize, LLC
Certified Public Accountants and Consultants
3330 W Esplanade Ave – Suite 100
Metairie, LA 70002

Audit period: January 1, 2018– December 31, 2018

FINANCIAL STATEMENT FINDINGS

2018-001

Condition:

During our audit procedures, we noted one special revenue fund in which an amendment was adopted proposing expenditures in excess of the total estimated funds available for the fiscal year.

Recommendation:

We recommend the Parish amend the budgets for all applicable special revenue funds to ensure compliance with the Louisiana Local Government Budget Act.

Management's Response:

Washington Parish Government concurs with the recommendation suggested by our auditors. When amending this budget, the beginning fund balance was adjusted to actual for the year ended 2017, however, proper attention was not given to the resulting negative ending fund balance this change created. Revenue budgeted could have been adjusted upward or expenditures budgeted adjusted downward as both categories resulted in 3% favorable variance for the year. For the future, WPG will implement a procedure to evaluate the effects of adjusting projected fund balances to actual when amending budgets.

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, 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, 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 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.

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/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 or traffic ticket number sequences, agency fund forfeiture monies confirmation).

We obtained the entity's policies on receipts/collections 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/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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

We obtained the entity's credit cards/debit cards/fuel cards/P-cards policies and noted no exceptions.

- 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.

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.

Bank Reconciliations

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

- 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);

We noted each bank reconciliation examined included evidence of preparation within 2 months of the closing date, without exception.

- 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

We noted the Finance Director's approval on each of the reconciliations provided. The Finance Director does have involvement with the transactions through her review and approval process. In order to maintain proper segregation of duties, we noted all invoices and checks are required to be approved and signed by someone other than the Finance Director. This individual does not have access to the accounting records.

- 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.

For each bank reconciliation examined that contained items outstanding for more than 12 months, observed documentation from management that it has researched those items, without exception.

Collections

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

Management provided the listing showing all deposit sites and their representation that the listing is complete. Noted only 2 locations that prepare deposits.

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

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

Noted proper segregation of duties for the responsibilities listed above, without exception.

- 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.

Noted proper segregation of duties for the responsibilities listed above, without exception.

- 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.

Noted proper segregation of duties for the responsibilities listed above, without exception.

- 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.

Noted proper segregation of duties for the responsibilities listed above, without exception.

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

Per discussion with management, all employees who handle cash are covered, without exception.

- 6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #2 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternatively, 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.

The Parish utilizes sequentially pre-numbered receipts and computer-generated receipts.

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

Examined collection documentation for 4 deposits tracing each to the deposit slip, without exception.

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

Examined deposit slips for 4 deposits tracing each to the bank statement, without exception.

- 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).

Examined 4 deposits noting each was deposited within the proper time limit, without exception.

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

Examined 4 deposits per the bank statements tracing each to recording in the general ledger, without exception.

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

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

Management provided the listing showing all locations and their representation that the listing is complete. Noted only 1 location that processes payments.

8. For each location selected under #7 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

Noted proper segregation of duties for the responsibilities listed above, without exception.

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

Noted proper segregation of duties for the responsibilities listed above, without exception.

- 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.

We noted that the person responsible for processing payments is prohibited from adding/modifying vendor files in the entity's purchasing system, without exception.

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

We noted that the persons with signatory authority give the signed check to an employee to mail who is not responsible for processing payments, without exception.

9. For each location selected, 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 distribution matched the related original invoice/billing statement.

Examined 5 disbursements noting each amount matched the original invoice/billing statement, without exception.

- b) Observe that the distribution documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #8, as applicable.

Examined 5 disbursements noting each showed evidence of proper segregation of duties, without exception.

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 30, 2019
Metairie, Louisiana