

CHOCTAW ROAD LANDFILL
*(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)*

AUDITED FINANCIAL STATEMENTS

Year Ended December 31, 2018

CHOCTAW ROAD LANDFILL
(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)
TABLE OF CONTENTS
December 31, 2018

	PAGE
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
STATEMENT OF NET POSITION	9
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION.....	10
STATEMENT OF PARTICIPANTS' EQUITY.....	11
STATEMENT OF CASH FLOWS.....	12
NOTES TO THE FINANCIAL STATEMENTS	13-20
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Compensation, Benefits, and Other Payments to Agency Heads.....	21
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 <i>GOVERNMENT AUDITING STANDARDS</i>	22-23
SCHEDULE OF FINDINGS.....	24
SCHEDULE OF PRIOR YEAR FINDINGS	25

Kushner LaGraize, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

S. DAVID KUSHNER*, CPA, CRFAC
WILSON A. LaGRAIZE, JR., CPA/CFF, CRFAC
ERNEST G. GELPI, CPA, CGFM
CRAIG M. FABACHER, CPA
DOUGLAS W. FINEGAN, CPA, CVA
*A Professional Accounting Corporation

MARY ANNE GARCIA, CPA
WILLIAM B. HAMILTON, CPA
KATHARINE M. LASSITER, CPA
RICHARD J. RUMNEY, CPA

Members
American Institute of CPA's
Society of Louisiana CPA's

INDEPENDENT AUDITORS' REPORT

Choctaw Road Landfill
Franklinton, Louisiana

We have audited the accompanying financial statements of Choctaw Road Landfill, a joint venture of the Washington Parish Government and the City of Bogalusa (the Landfill), as of and for the year ended December 31, 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Choctaw Road Landfill 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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 an opinion on the financial statements of the Landfill. The schedule of compensation, benefits, and other payments to agency heads is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2019 on our consideration of Choctaw Road Landfill's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
May 9, 2019

CHOCTAW ROAD LANDFILL

*(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)*

Franklinton, Louisiana

Management's Discussion and Analysis

December 31, 2018

This section of Choctaw Road Landfill's (the Landfill) annual financial report presents our discussion and analysis of the Landfill's financial performance during the fiscal year that ended on December 31, 2018. Please read it in conjunction with the Landfill's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Tipping fee revenue showed a decrease from 2017 due to a decrease in tonnage handled, subsequent to flooding damages occurring in 2016 and restoration continuing in 2017. Expenditures as a whole decreased approximately 26%; more specifically, in the following areas: Landfill contractor costs increased by 2.42 %, which is attributed to the Consumer Price Index adjustment awarded to the contractor on an annual basis. Salary and benefits increased 3.46%, due to cost of living pay increases. Repairs and maintenance costs decreased 39.11% from 2017 due to a major reclamation of property project which was substantially complete in 2017. Permit fees increased 57.62% upon receiving final approval from the Department of Environmental Quality for the Landfill's operating permit. Accounting and auditing fees increased 47.78%, mainly due to the implementation of the Statewide Agreed-Upon Procedures for local governmental units required by Louisiana Legislative Auditor. Estimated Closure and Post Closure Cost and corresponding liability decreased 408.66% as a result of the closure of cell 4 & 5 reducing the cumulative liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts - management's discussion and analysis (this section) and the basic financial statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Basic Financial Statements

The basic financial statements report the Landfill's net position and how they have changed. Net position - the difference between the Landfill's assets and liabilities - is one way to measure the Landfill's financial health or position.

CHOCTAW ROAD LANDFILL

*(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)*

Franklinton, Louisiana

Management's Discussion and Analysis

December 31, 2018

FINANCIAL ANALYSIS OF THE LANDFILL AS A WHOLE

Net position of the Landfill increased 1.2% to \$4,165,508 at December 31, 2018 from \$4,115,182 at December 31, 2017. This is due to a capital contribution in the amount of \$50,326 made in 2018. Unrestricted net position shows a balance of \$2,203,398 at the end of 2018 (see Table A-1).

TABLE A-1

CHOCTAW ROAD LANDFILL'S NET POSITION

	<u>2018</u>	<u>2017</u>	<u>Total % Change 2017-2018</u>
CURRENT ASSETS	\$ 1,065,718	\$ 1,074,801	(0.9) %
NONCURRENT ASSETS	2,565,416	2,530,581	1.4 %
CAPITAL ASSETS, NET OF DEPRECIATION	<u>1,528,668</u>	<u>1,852,732</u>	(17.5) %
TOTAL ASSETS	5,159,802	5,458,114	(5.5) %
CURRENT LIABILITIES	131,382	111,747	17.6 %
NONCURRENT LIABILITIES	<u>862,912</u>	<u>1,231,185</u>	(29.9) %
TOTAL LIABILITIES	994,294	1,342,932	(26.0) %
NET POSITION			
Invested in capital assets, net of related debt	1,528,668	1,852,732	(17.5) %
Restricted for closure and post-closure	433,442	805,069	(46.2) %
Unrestricted	<u>2,203,398</u>	<u>1,457,381</u>	51.2 %
TOTAL NET POSITION	<u>\$ 4,165,508</u>	<u>\$ 4,115,182</u>	1.2 %

CHOCTAW ROAD LANDFILL

(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

Franklinton, Louisiana

Management's Discussion and Analysis

December 31, 2018

TABLE A-2

CHANGES IN CHOCTAW ROAD LANDFILL'S NET POSITION

	2018	2017	Total % Change 2017-2018	
OPERATING REVENUES				
PROGRAM REVENUES				
Tipping fees	\$ 430,362	\$ 500,281	(14.0)	%
Recycling fees	26,028	24,822	4.9	%
TOTAL OPERATING REVENUES	456,390	525,103	(13.1)	%
OPERATING EXPENSES				
Sanitation	1,420,786	1,911,125	(25.7)	%
TOTAL OPERATING EXPENSES	1,420,786	1,911,125	(25.7)	%
Operating loss	(964,396)	(1,386,022)	(30.4)	%
NON-OPERATING REVENUES				
Interest income	6,206	6,144	1.0	%
Subsidies by participants:				
Washington Parish Government	556,708	801,709	(30.6)	%
City of Bogalusa	401,482	578,169	(30.6)	%
TOTAL NON-OPERATING REVENUES	964,396	1,386,022	(30.4)	%
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	-	-	0.0	%
CAPITAL CONTRIBUTIONS	50,326	62,725	(19.8)	%
INCREASE IN NET POSITION	\$ 50,326	\$ 62,725	(19.8)	%

CHOCTAW ROAD LANDFILL

*(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)*

Franklinton, Louisiana

Management's Discussion and Analysis

December 31, 2018

Changes in Net Position

The Landfill's funding sources are tipping fees generated from a \$30 per ton fee billed to commercial customers which funded 30.3% of the expenses with the remaining balance being funded by the City of Bogalusa at 41.9% and the Washington Parish Government at 58.1%.

Capital Assets

Most of the Landfill's capital assets of \$7,201,960 at the end of 2018 consisted of constructed cells in the amount of \$6,036,676 or 84% see Table A-3.

TABLE A-3

CAPITAL ASSETS

	<u>2018</u>	<u>2017</u>
CAPITAL ASSETS NOT BEING DEPRECIATED		
Land	<u>\$ 15,000</u>	<u>\$ 15,000</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	15,000	15,000
OTHER CAPITAL ASSETS		
Land	292,712	292,712
Buildings	233,376	233,376
Cells and land work	6,036,676	6,036,676
Drop off facility	185,575	185,575
Equipment	<u>438,621</u>	<u>438,621</u>
TOTAL OTHER CAPITAL ASSETS	<u>7,186,960</u>	<u>7,186,960</u>
TOTAL CAPITAL ASSETS	<u>\$ 7,201,960</u>	<u>\$ 7,201,960</u>

Due from City of Bogalusa

The City of Bogalusa's millage dedicated to funding their share of operations does not provide an adequate funding source to satisfy the actual capital expenditures and operating expenditures of the Landfill, thus the amount due from this partner continues to increase. Several meetings were held during 2018 between the partners and outside interested parties. However, a formal resolution has not been reached. We will continue negotiations until a resolution is obtained.

CHOCTAW ROAD LANDFILL

*(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)*

Franklinton, Louisiana

Management's Discussion and Analysis

December 31, 2018

Subsequent Events

The City of Bogalusa, minority partner of the Joint Venture, has experienced financial and economic challenges in managing the City's operations. Consequently, in February 2019, the Fiscal Review Committee of the Louisiana Legislative Auditor recommended the City for management by a court appointed administrator. It is unknown how this development may affect their ownership interest and debt due to the Joint Venture.

Currently, waste operations at Cell 6 have reached the point at which vertical expansion from its base is necessary. Choctaw Road Landfill has carefully prepared Cell 6 for future vertical expansion of waste placement. This was achieved by careful placement of softer less intrusive waste in the base of Cell 6 to provide a buffer for the protection of the base liner for waste placement. During April of 2019, an additional Cell (Cell 7) was approved for construction by the Joint Solid Waste Committee. The addition of Cell 7 for waste placement now allows for higher vertical expansion of Cell 6. This provides a greater base footprint for future waste placement, thus creating a tremendous increase in available air space for landfill operations.

Economic Factors and Next Year's Rates

Both the City of Bogalusa and Washington Parish Government's funding sources for subsidizing the Landfill are restricted, and each will be assessed to determine if revenues collected will continue to be adequate in funding the project. At the April 2019, meeting of the Joint Solid Waste Committee, recommendation to increase the commercial tipping fee from \$30 to \$35 per ton was approved, official action will be sought from each council in May 2019.

Contacting Choctaw Road Landfill's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Landfill's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Washington Parish Government, 909 Pearl Street, Franklinton, Louisiana 70438.

CHOCTAW ROAD LANDFILL

(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

STATEMENT OF NET POSITION

December 31, 2018

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	147,630
Tipping fees receivable – (Net of allowance of \$862)		85,329
Prepaid expenses		17,895
Due from Washington Parish Government		<u>814,864</u>

TOTAL CURRENT ASSETS 1,065,718

NONCURRENT ASSETS

Restricted assets – (Certificates of Deposit for landfill closure and post-closure care costs)		429,470
Due from City of Bogalusa		2,135,946
Capital assets, net of depreciation		<u>1,528,668</u>

TOTAL NONCURRENT ASSETS 4,094,084

TOTAL ASSETS 5,159,802

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable and accrued expenses		<u>131,382</u>
---------------------------------------	--	----------------

TOTAL CURRENT LIABILITIES 131,382

NONCURRENT LIABILITIES

Landfill closure and post-closure care costs		<u>862,912</u>
--	--	----------------

TOTAL LIABILITIES 994,294

NET POSITION

Net invested in capital assets		1,528,668
Restricted for closure and post-closure		433,442
Unrestricted		<u>2,203,398</u>

TOTAL NET POSITION \$ 4,165,508

CHOCTAW ROAD LANDFILL

(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended December 31, 2018

OPERATING REVENUES	
Tipping fees	\$ 430,362
Recycling fees	<u>26,028</u>
TOTAL OPERATING REVENUES	456,390
OPERATING EXPENSES	
Landfill operations	518,489
Depreciation	324,064
Recycling	13,056
Engineering and testing	110,814
Salary and benefits	294,562
Insurance	32,847
Utilities	18,622
Repairs and maintenance	55,816
Office supplies	6,029
Legal	222
Accounting and auditing	23,390
Conference and travel	3,159
Telephone	2,421
Permits	13,499
Postage	114
Bank fees	1,918
Vehicles	<u>1,764</u>
TOTAL OPERATING EXPENSES	<u>1,420,786</u>
OPERATING LOSS	(964,396)
NON-OPERATING REVENUES	
Interest	6,206
Subsidies by participants	
Washington Parish Government	556,708
City of Bogalusa	<u>401,482</u>
TOTAL NON-OPERATING REVENUES	<u>964,396</u>
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	-
Capital Contributions	<u>50,326</u>
CHANGE IN NET POSITION	50,326
NET POSITION – BEGINNING OF YEAR	<u>4,115,182</u>
NET POSITION – END OF YEAR	<u>\$ 4,165,508</u>

CHOCTAW ROAD LANDFILL

(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

STATEMENT OF PARTICIPANTS' EQUITY *For the Year Ended December 31, 2018*

	<u>Washington Parish Government</u>	<u>City of Bogalusa</u>	<u>Total</u>
BALANCE, JANUARY 1, 2018	\$ 2,563,993	\$ 1,551,189	\$ 4,115,182
CHANGE IN NET POSITION FOR THE YEAR	<u>50,326</u>	<u>-</u>	<u>50,326</u>
BALANCE, DECEMBER 31, 2018	<u>\$ 2,614,319</u>	<u>\$ 1,551,189</u>	<u>\$ 4,165,508</u>

CHOCTAW ROAD LANDFILL

(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 448,066
Payments to suppliers	<u>(1,445,686)</u>
NET CASH USED IN OPERATING ACTIVITIES	(997,620)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	<u>2,852</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,852
CASH FLOWS FROM FINANCING ACTIVITIES	
Participants' subsidies	<u>970,000</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>970,000</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(24,768)
BALANCES – BEGINNING OF YEAR	<u>172,398</u>
BALANCES – END OF YEAR	<u>\$ 147,630</u>
RECONCILIATIONS OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Operating loss	\$ (964,396)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:	
Depreciation	324,064
Increase in tipping fees receivables	(8,324)
Increase in accounts payable and accrued expenses	19,636
Increase in prepaid expenses	(327)
Decrease in landfill closure and post-closure care costs	<u>(368,273)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (997,620)</u>

CHOCTAW ROAD LANDFILL

(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

ORGANIZATION

During 1985, the Washington Parish Government (the Parish Government) and the City of Bogalusa (the City) entered into a verbal agreement for the construction and operation of the Choctaw Road Landfill (the Joint Venture). In 1998, this agreement was formalized in writing. The landfill was opened in July of 1989. The agreed upon percentages for sharing of construction costs, revenues, and operating costs were 58.1% for the Parish Government and 41.9% for the City.

The Parish Government is the “managing partner” and is responsible for the day to day operations of the Joint Venture. The Joint Venture Solid Waste Committee, which is comprised of council members of the City and Parish Government, meet periodically to discuss landfill operations. The members of the committee keep their respective governments informed about landfill operations. Both governments must approve any major expenses/significant changes related to the Joint Venture other than those relating to the normal day-to-day operations.

In June 2011 the Washington Parish Government and the City of Bogalusa entered into an agreement with Landworks, Inc. to carry out the daily operations of the Choctaw Road Landfill. The contract will end December 1, 2020.

The Landfill operates on a “cell basis”, that is, only a portion or “cell” of the Landfill is used at a time. Certain materials and equipment used to contain the waste and monitor the environmental effect of landfill operations, such as liners and leachate collection systems, are installed before the cell is ready to receive waste in accordance with federal and state requirements. Final cover is applied to each cell once it is filled to capacity. The first, second and third cells have been covered and completely closed since early 2008. Cells four and five have been covered and were completely closed in 2018. Construction was completed on cell six in July of 2016 and it was placed in service in October of 2016. The present Landfill site has an estimated nine cell capacity and an estimated remaining useful life of 17.25 years.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

CHOCTAW ROAD LANDFILL

(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the Year Ended December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reporting Entity

GASB Statement No. 14, as amended by GASB Statement No. 61, established standards for defining and reporting on the financial entity, and established standards for reporting participation in joint ventures. It defined a joint venture as “a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility.” GASB Statement No. 14, as amended by GASB Statement No. 61, also established that such joint ventures are stand-alone reporting entities. Therefore, the Choctaw Road Landfill has applied the provisions of GASB Statement No. 14, as amended by GASB Statement No. 61, as if it were a primary government.

Fund Accounting

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

Basis of Accounting

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

Revenues - Tipping fees (landfill use fees) are recorded as revenue when earned. Participants' subsidies are recorded as revenue when billed.

Expenses - All operating expenses, except depreciation and the current costs for closure and post-closure care, are recorded when they are incurred. Depreciation and the current costs for closure and post-closure are recorded at year-end.

CHOCTAW ROAD LANDFILL

(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the Year Ended December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Joint Venture may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Capital Assets

Capital assets are included on the Statement of Net Position at cost, and are generally depreciated over their useful life, using the straight-line method. However, capital assets that are used exclusively for the Landfill and that are excluded from the calculation of the estimated total current costs of closure and post-closure care are depreciated at a rate to be fully depreciated by the time that the Landfill stops accepting solid waste. Capitalized facilities and equipment installed or constructed for a single cell are depreciated over the estimated useful life of that cell. Assets that cost \$1,000 or more, with at least a five-year life are capitalized.

All capital assets, other than land not being used as a cell, are depreciated using the straight-line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Landfill property	46.75 years
Cells and land work	6-20 years
Buildings/drop off facility	34-45 years
Equipment	5-15 years

Compensated Absences

Four employees of the Washington Parish Government have been assigned to the Choctaw Road Landfill. 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 Landfill. In order for an employee to take vacation time the employee must have one year of service with the Landfill.

<u>Service years</u>	<u>8 hour days</u>
1 – 2	5 days
3 – 10	10 days
11 – 15	15 days
16 & greater	20 days

CHOCTAW ROAD LANDFILL

(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the Year Ended December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Compensated Absences (Continued)

Sick leave accrues at one day per month with a maximum accumulation of 60 days (480 hours) 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 (576 hours).

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. The Landfill has \$4,913 accrued for compensated absences as of December 31, 2018 which is recorded in accounts payable and accrued expenses.

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.

Net Position

In proprietary fund financial statements, equity is classified as net position and displayed in three components:

- A. Net invested in capital assets - consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- B. Restricted net position - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- C. Unrestricted net position - all other net assets that do not meet the definition of restricted or net invested in capital assets.

The Landfill considers restricted net position to be spent for expenses first when both restricted and unrestricted resources are available.

CHOCTAW ROAD LANDFILL

(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the Year Ended December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Risk Management

The Joint Venture is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. Management is of the opinion that any such losses would be covered by the existing insurance of the Washington Parish Government and the City of Bogalusa. In addition, the Joint Venture carries a separate insurance policy for environmental liability.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

At December 31, 2018, the Joint Venture had cash and cash equivalents (book balances) totaling \$147,630 as follows:

Interest-bearing demand deposits	<u>\$ 147,630</u>
Total	<u>\$ 147,630</u>

This account is stated at cost, which approximates fair value. Under state law, this account (or the resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Joint Venture's deposits may not be returned to it. At December 31, 2018, the Joint Venture had \$157,420 on deposit (collected bank balance). This account is fully secured from risk by federal deposit insurance of \$250,000.

NOTE 3 - RESTRICTED ASSETS

At December 31, 2018, the Joint Venture had bank balances of \$429,470 in Certificates of Deposit. The investments are secured from risk by \$429,470 of federal deposit insurance and are restricted for landfill closure and post-closure care costs.

CHOCTAW ROAD LANDFILL

(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the Year Ended December 31, 2018

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consists of one type of receivable. Tipping fees (landfill use fees) totaling \$86,191 represent fees billed through December 31, 2018, but not yet collected. The allowance for doubtful accounts on these receivables at December 31, 2018 was \$862.

NOTE 5 - DUE FROM OTHER GOVERNMENTS

The \$814,864 and \$2,135,946 of due from the Washington Parish Government and the City of Bogalusa, respectively, represents their portion of uncollected appropriations and reimbursements according to the Joint Venture Agreement.

As of the date of this report, the City of Bogalusa has made no payments in 2019. As such, the \$2,135,946 due from the City of Bogalusa is classified as noncurrent assets.

NOTE 6 - CAPITAL ASSETS

Capital assets consist of the following:

	Balance at 01/01/18	Additions	Deletions	Balance at 12/31/18
Capital assets not being depreciated				
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Other Capital Assets				
Land	292,712	-	-	292,712
Buildings	233,376	-	-	233,376
Cells and land work	6,036,676	-	-	6,036,676
Drop off facility	185,575	-	-	185,575
Equipment	<u>438,621</u>	<u>-</u>	<u>-</u>	<u>438,621</u>
	<u>7,186,960</u>	<u>-</u>	<u>-</u>	<u>7,186,960</u>
TOTAL CAPITAL ASSETS	7,201,960	-	-	7,201,960
ACCUMULATED DEPRECIATION	<u>(5,349,228)</u>	<u>(324,064)</u>	<u>-</u>	<u>(5,673,292)</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 1,852,732</u>	<u>\$ (324,064)</u>	<u>\$ -</u>	<u>\$ 1,528,668</u>

CHOCTAW ROAD LANDFILL

(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the Year Ended December 31, 2018

NOTE 7 - CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require the Washington Parish Government to place a final cover on the landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. In addition to operating expenses relating to current activities of the Landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the Landfill no longer accepts waste. The recognition of these Landfill closure and post-closure care costs is based on the amount the Landfill used during the year.

The estimated total current cost liability for landfill closure and post-closure care costs is \$2,019,353 as of December 31, 2018. It is estimated that \$565,713 will be recognized as closure costs, which is based on 63.10% usage (filled) of the landfill. The percentage usage reflects an update in the engineering estimate, and the related estimated liability for landfill closure and post-closure costs required by the Louisiana Department of Environmental Quality (LDEQ) regulations. The remaining \$1,453,640 is the estimated liability for post-closure care costs. The estimated total current cost liability for landfill closure and post-closure care costs, after adjusting for present worth, is \$1,367,496 as of December 31, 2018. However, the actual costs of closure and post-closure care may be higher due to inflation, in excess of the assumed rate of 1%, over the 30-year post-closure period, changes in technology, or changes in landfill laws and regulations.

In addition, total closure and post-closure costs, as well as estimates of percentage usage of the Landfill, will change as any additional cells are permitted to accept additional waste.

There was a decrease in costs between the end of 2017 and the end of 2018. The decrease in costs can be attributed to the final closure of cells 4 and 5.

Cumulative capacity used is defined as the number of years the Joint Venture has actually been operating under the permit issued by the LDEQ. Total estimated capacity is defined as the life of the entire property as stated in the current permit issued by LDEQ.

The estimated total current costs of the Landfill are recognized as an expense and as a liability in each period that the Landfill accepts solid waste. The current-period amount was based on the following formula:

$$\begin{array}{rcccl} \text{Estimated total} & & \text{Cumulative} & & \\ \text{current costs} & \times & \frac{\text{capacity used}}{\text{Total estimated}} & - & \text{Amount previously} \\ & & \text{capacity} & & \text{recognized} \end{array}$$

Expressed in numbers, the formula produces a benefit for 2018 as follows:

$$\$1,367,496 \times \frac{29.5 \text{ yrs.}}{46.75 \text{ yrs.}} = \$862,912 - 1,231,185 = (\$368,273)$$

CHOCTAW ROAD LANDFILL

(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the Year Ended December 31, 2018

NOTE 7 - CLOSURE AND POST-CLOSURE CARE COSTS - Continued

At December 31, 2018, the Joint Venture had invested \$429,470 in certificates of deposit for landfill closure and post-closure care costs. Further, the Washington Parish Council passed a resolution on April 14, 2003, to add 1/30 of the closure and post-closure costs at December 31st of each year to the certificate of deposit for the next 30 years.

NOTE 8 - PARTICIPANTS' SOURCES OF LANDFILL SUBSIDIES

Both participants have dedicated tax revenues that are available to fund the Joint Venture.

Washington Parish Government receives a 0.67% sales tax imposed parish wide, excluding the City of Bogalusa that is available to pay the costs of providing, maintaining, operating, constructing, acquiring and/or improving solid waste facilities. The sales tax is for an indefinite period, and generates annual revenue of approximately \$1,850,000.

The City of Bogalusa receives a 5-mill ad valorem tax dedicated to constructing, acquiring, improving, maintaining and/or operating landfill facilities. The tax expires in October 2021, and generates annual revenue of approximately \$366,000. For the year ended December 31, 2018, the actual operating costs allocated to the City of Bogalusa exceeded the estimated annual revenue generated from this millage.

NOTE 9 - SUBSEQUENT EVENTS

During April of 2019, an additional Cell (Cell 7) was approved for construction by the Joint Solid Waste Committee for approximately \$1.5 million. Also at this meeting, the Joint Solid Waste Committee, approved an increase to the commercial tipping fee from \$30 to \$35 per ton, effective July 1, 2019.

Subsequent events were evaluated through May 9, 2019 which is the date the financial statements were available to be issued. No other subsequent events have occurred since December 31, 2018 that required recognition or disclosure in these financial statements.

OTHER SUPPLEMENTAL INFORMATION
CHOCTAW ROAD LANDFILL

(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEADS
For the Year Ended December 31, 2018

Per the Joint Venture Agreement discussed in the Notes to the Financial Statements, the Washington Parish President, Richard Thomas, is considered the agency head of the Landfill. No compensation, benefits, or other payments were provided to Richard Thomas by the Landfill for the year ended December 31, 2018. All items that require disclosure by Louisiana Revised Statute 24:513(A)(3), as amended by Act 706, will be addressed in the Washington Parish Government Annual Financial Statements.

Kushner LaGraize, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

S. DAVID KUSHNER*, CPA, CRFAC
WILSON A. LaGRAIZE, JR., CPA/CFF, CRFAC
ERNEST G. GELPI, CPA, CGFM
CRAIG M. FABACHER, CPA
DOUGLAS W. FINEGAN, CPA, CVA
*A Professional Accounting Corporation

MARY ANNE GARCIA, CPA
WILLIAM B. HAMILTON, CPA
KATHARINE M. LASSITER, CPA
RICHARD J. RUMNEY, CPA

Members
American Institute of CPA's
Society of Louisiana CPA's

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

Choctaw Road Landfill
Franklinton, Louisiana

We have audited, 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*, the financial statements of Choctaw Road Landfill (the Landfill) as of and for the year ended December 31, 2018, and the related notes to the financial statements and have issued our report thereon dated May 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Landfill'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Landfill's internal control. Accordingly, we do not express an opinion on the effectiveness of the Landfill's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during 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 Landfill's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that were reported to management of the Landfill in a separate letter dated May 9, 2019.

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 9, 2019

CHOCTAW ROAD LANDFILL

(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)

SCHEDULE OF FINDINGS

For the Year Ended December 31, 2018

SECTION I - SUMMARY OF AUDITORS' REPORTS

- a. The Auditors' Report expresses an unmodified opinion on the financial statements of Choctaw Road Landfill.

- b. 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*.

Internal Control

Significant Deficiencies Yes None reported
Material Weaknesses Yes No

SECTION II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None.

CHOCTAW ROAD LANDFILL
(A Joint Venture of the Washington Parish Government
and the City of Bogalusa)
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2018

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

None.

SECTION II - MANAGEMENT LETTER

MLC-2017-01 - Unresolved. See current year Memorandum of Advisory Comments 2018-01.

Memorandum of Advisory Comments

**CHOCTAW ROAD LANDFILL
(A joint venture of the
Washington Parish Government
and the City of Bogalusa)**

December 31, 2018

TABLE OF CONTENTS

	PAGE
INTERNAL CONTROL AND RELATED MATTERS	
Auditors' Report.....	1
Comments and Suggestions:	
General Comments.....	2
Management's Corrective Action Plan	3-4

***INTERNAL CONTROL
AND RELATED MATTERS***

Kushner LaGraize, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

S. DAVID KUSHNER*, CPA, CRFAC
WILSON A. LaGRAIZE, JR., CPA/CFE, CRFAC
ERNEST G. GELPI, CPA, CGFM
CRAIG M. FABACHER, CPA
DOUGLAS W. FINEGAN, CPA, CVA
*A Professional Accounting Corporation

MARY ANNE GARCIA, CPA
WILLIAM B. HAMILTON, CPA
KATHARINE M. LASSITER, CPA
RICHARD J. RUMNEY, CPA

Members
American Institute of CPA's
Society of Louisiana CPA's

Mr. Perry Talley, Chairman
WASHINGTON PARISH SOLID WASTE COMMITTEE

We have audited the financial statements of CHOCTAW ROAD LANDFILL ("the Landfill"), as of and for the year ended December 31, 2018, and have issued our report thereon dated May 9, 2019. As part of our audit we considered the Landfill's internal control in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls.

Our consideration of the internal controls has been reported on in a separately issued report entitled "*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.*"

This memorandum summarizes various other matters which have come to our attention. While not involving significant deficiencies, these matters do present opportunities for strengthening the internal control and improving the operating efficiency of the Landfill.

We have discussed our comments and recommendations with various administrative personnel and the Landfill has completed a corrective action plan. We will be pleased to discuss these comments and suggestions with you in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
May 9, 2019

**CHOCTAW ROAD LANDFILL
MANAGEMENT LETTER COMMENTS**

December 31, 2018

COMMENT

2018-01

Choctaw Road Landfill (the Landfill) is a joint venture between the Washington Parish Government (the Parish) and the City of Bogalusa (the City). The agreed upon percentages for sharing construction costs, revenues, and operating costs is 58.1% for the Parish and 41.9% for the City. It was noted during our audit that as of December 31, 2018, the Landfill has recorded a receivable balance of \$2,135,946 due from the City of Bogalusa (the City). This receivable consists of outstanding balances in the amounts of \$401,482, \$578,169, \$799,974 and \$356,321 from the years 2018, 2017, 2016 and 2015, respectively. Per review of the City's Audited Financial Statements as of December 31, 2017, 2016 and 2015, we noted that the 5-mill ad valorem tax dedicated to the Landfill to fund the City's portion of Landfill operational costs, provided revenues of approximately \$366,088, \$357,438, and \$351,666, respectively. From this information, it appears the funding with which the City relies upon to support the Landfill is no longer sufficient to support their annual share of the Landfill's operational and capital costs.

Recommendation

As in prior year, we strongly recommend that management of both entities develop a plan of action to mitigate any negative impact this could have on the Landfill's current and future operations and plans.

Management's Response

See Management's Corrective Action Plan



WASHINGTON PARISH

Richard N. Thomas, Jr., Parish President

Fax (985) 839-7828 • E-mail: rthomas@wpgov.org

* * * * *
www.wpgov.org

May 8, 2019

**MEMORANDUM OF ADVISORY COMMENTS
CORRECTIVE ACTION PLAN
December 31, 2018**

Louisiana State Legislative Auditor

Choctaw Road Landfill, a joint venture between Washington Parish Government and the City of Bogalusa, respectfully submits to you the following corrective action plan for the audit comments for the year ended December 31, 2018.

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

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

Comments

2018-01

Choctaw Road Landfill (the Landfill) is a joint venture between the Washington Parish Government (the Parish) and the City of Bogalusa (the City). The agreed upon percentages for sharing construction costs, revenues, and operating costs is 58.1% for the Parish and 41.9% for the City. It was noted during our audit that as of December 31, 2018, the Landfill has recorded a receivable balance of \$2,135,946 due from the City of Bogalusa (the City). This receivable consists of outstanding balances in the amounts of \$578,169, \$799,974, \$528,585, and \$197,737, from the years 2018, 2017, 2016, and 2015, respectively. Per review of the City's Audited Financial Statements as of December 31, 2017, 2016 and 2015, we noted that the 5-mill ad valorem tax dedicated to the Landfill to fund the City's portion of Landfill operational costs, provided revenues

of approximately \$366,088, \$357,438, and \$351,666, respectively. From this information, it appears the funding with which the City relies upon to support the Landfill is no longer sufficient to support their annual share of the Landfill's operational and capital costs.

Recommendation

As in prior year, we strongly recommend that management of both entities develop a plan of action to mitigate any negative impact this could have on the Landfill's current and future operations and plans.

Management's Response:

Washington Parish Government and the City of Bogalusa officials met several times in 2018 to discuss options for resolving the City's inability to currently fund its capital and operating obligations to the Joint Venture. Discussions of a debt for equity exchange for the City of Bogalusa and a corresponding operating agreement are being considered. Management is hopeful for a resolution to this situation within the next few months.

Kushner LaGraize, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

S. DAVID KUSHNER*, CPA, CRFAC
WILSON A. LaGRAIZE, JR., CPA/CFE, CRFAC
ERNEST G. GELPI, CPA, CGFM
CRAIG M. FABACHER, CPA
DOUGLAS W. FINEGAN, CPA, CVA
*A Professional Accounting Corporation

MARY ANNE GARCIA, CPA
WILLIAM B. HAMILTON, CPA
KATHARINE M. LASSITER, CPA
RICHARD J. RUMNEY, CPA

Members
American Institute of CPA's
Society of Louisiana CPA's

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Choctaw Road Landfill, a joint venture of the Washington Parish Government and the City of Bogalusa (the Landfill) 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:

Bank Reconciliations

- I. 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 were provided with reconciliations for the account for every month of the fiscal year and we noted no exceptions.
 - 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.

We noted no items outstanding for more than 6 months at the end of the fiscal period.

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

- 2. 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.

- 3. For each location selected under #2 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.

- 4. 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, 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 9, 2019
Metairie, Louisiana