

TOWN OF WASHINGTON, LOUISIANA

Financial Report

As of June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

The Honorable Dwight Landreneau, Mayor
and Members of the Board of Aldermen
Town of Washington, 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 Town of Washington, Louisiana (Town), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate fund information of the Town of Washington, Louisiana, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The accompanying financial statements have been prepared assuming the Town will continue as a going concern. As discussed in Note 23 to the financial statements, the Town has fund balance deficits that raise substantial doubt about its ability to continue as a going concern. Management's plans regarding these matters are also described in Note 23. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison and pension information as listed on pages 40 through 43 in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town of Washington has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Washington, Louisiana's basic financial statements. The other supplementary information on pages 46 through 55 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The various schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2021, on our consideration of the Town of Washington, Louisiana'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 and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
February 17, 2021

BASIC FINANCIAL STATEMENTS

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

TOWN OF WASHINGTON, LOUISIANA

Statement of Net Position

June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 68,070	\$ 18,992	\$ 87,062
Receivables, net	12,408	77,974	90,382
Due from other governmental units	3,485	-	3,485
Inventory	-	3,887	3,887
Total current assets	<u>83,963</u>	<u>100,853</u>	<u>184,816</u>
Noncurrent assets:			
Restricted assets -			
Cash and interest-bearing deposits	-	82,810	82,810
Capital assets -			
Land	143,767	123,197	266,964
Capital assets, net	<u>730,868</u>	<u>1,312,564</u>	<u>2,043,432</u>
Total noncurrent assets	<u>874,635</u>	<u>1,518,571</u>	<u>2,393,206</u>
Total assets	<u>958,598</u>	<u>1,619,424</u>	<u>2,578,022</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>146,734</u>	<u>-</u>	<u>146,734</u>
LIABILITIES			
Current liabilities:			
Cash overdraft	53,539	-	53,539
Accounts and other payables	305,587	151,039	456,626
Ticket fine fees payable	319,346	-	319,346
Customers' deposits	-	82,810	82,810
Total current liabilities	<u>678,472</u>	<u>233,849</u>	<u>912,321</u>
Noncurrent liabilities:			
Compensated absences payable	13,565	-	13,565
Net pension liability	<u>29,388</u>	<u>-</u>	<u>29,388</u>
Total noncurrent liabilities	<u>42,953</u>	<u>-</u>	<u>42,953</u>
Total liabilities	<u>721,425</u>	<u>233,849</u>	<u>955,274</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>269,264</u>	<u>-</u>	<u>269,264</u>
NET POSITION			
Net investment in capital assets	874,635	1,435,761	2,310,396
Restricted for sales tax dedications	24,347	-	24,347
Unrestricted (deficit)	<u>(784,339)</u>	<u>(50,186)</u>	<u>(834,525)</u>
Total net position	<u>\$ 114,643</u>	<u>\$ 1,385,575</u>	<u>\$ 1,500,218</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WASHINGTON, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2020

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 349,403	\$ 64,047	\$ -	\$ -	\$ (285,356)	\$ -	\$ (285,356)
Public safety	316,306	202,725	6,000	-	(107,581)	-	(107,581)
Public works	171,589	-	-	-	(171,589)	-	(171,589)
Culture and recreation	53,111	-	-	-	(53,111)	-	(53,111)
Total governmental activities	890,409	266,772	6,000	-	(617,637)	-	(617,637)
Business-type activities:							
Water	127,872	134,053	-	-	-	6,181	6,181
Sewer	93,949	38,670	-	-	-	(55,279)	(55,279)
Gas	117,087	252,691	-	-	-	135,604	135,604
Total business-type activities	338,908	425,414	-	-	-	86,506	86,506
Total primary government	\$ 1,229,317	\$ 692,186	\$ 6,000	\$ -	(617,637)	86,506	(531,131)
General revenues:							
Taxes -							
Property taxes, levied for general purposes					27,712	-	27,712
Sales and use taxes, levied for general purposes					165,457	-	165,457
Franchise taxes					41,249	-	41,249
Grants and contributions not restricted to specific programs -							
State sources					35,190	-	35,190
Nonemployer pension contribution					666	-	666
Interest					62	147	209
Miscellaneous					68,323	-	68,323
Transfers					156,400	(156,400)	-
Total general revenues					495,059	(156,253)	338,806
Change in net position					(122,578)	(69,747)	(192,325)
Net position - July 1, 2019					237,221	1,455,322	1,692,543
Net position - June 30, 2020					\$ 114,643	\$ 1,385,575	\$ 1,500,218

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTIONS

General Fund

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Sales Tax Fund

To account for the collection of a 1.2% sales and use tax and its subsequent disbursement in accordance with the sales tax dedication. The proceeds of the 1.2% sales tax are dedicated to sewer, sewer disposal, construction, improvement and maintenance of public streets, sidewalks and drainage facilities.

Enterprise Fund

To account for the provision of gas, water and sewerage services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

TOWN OF WASHINGTON, LOUISIANA

Balance Sheet Governmental Funds June 30, 2020

	<u>General</u>	<u>Sales Tax</u>	<u>Non-Major Funds</u>	<u>Total</u>
ASSETS				
Cash and interest-bearing deposits	\$ 9,288	\$ 24,347	\$ 34,435	\$ 68,070
Receivables:				
Other	12,408	-	-	12,408
Due from other funds	-	-	45,000	45,000
Due from other governmental units	3,485	-	-	3,485
Total assets	<u>\$ 25,181</u>	<u>\$ 24,347</u>	<u>\$ 79,435</u>	<u>\$ 128,963</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Overdrafts	\$ 53,539	\$ -	\$ -	\$ 53,539
Accounts payable	269,652	-	22,024	291,676
Compensated absences payable	1,507	-	4,454	5,961
Accrued liabilities	7,950	-	-	7,950
Ticket fine fees payable	319,346	-	-	319,346
Due to other funds	45,000	-	-	45,000
Total liabilities	<u>696,994</u>	<u>-</u>	<u>26,478</u>	<u>723,472</u>
Fund balances:				
Restricted - sales tax dedications	-	24,347	-	24,347
Assigned	-	-	79,078	79,078
Unassigned (deficit)	(671,813)	-	(26,121)	(697,934)
Total fund balances (deficit)	<u>(671,813)</u>	<u>24,347</u>	<u>52,957</u>	<u>(594,509)</u>
Total liabilities and fund balances	<u>\$ 25,181</u>	<u>\$ 24,347</u>	<u>\$ 79,435</u>	<u>\$ 128,963</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WASHINGTON, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total fund balances for governmental funds at June 30, 2020		\$ (594,509)
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 143,767	
Buildings, net of \$545,841 accumulated depreciation	608,459	
Equipment, net of \$355,634 accumulated depreciation	3,030	
Other improvements, net of \$333,642 accumulated depreciation	<u>119,379</u>	874,635
The deferred outflows of expenditures for the municipal police employees retirement system are not a use of current resources, and therefore, are not reported in the funds		146,734
Long-term liabilities at June 30, 2020:		
Capital lease payable	(13,565)	
Net pension liability	<u>(29,388)</u>	(42,953)
The deferred inflows of contributions for the municipal police employees retirement system are not a use of current resources, and therefore, are not reported in the funds		<u>(269,264)</u>
Total net position of governmental activities at June 30, 2020		<u>\$ 114,643</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WASHINGTON, LOUISIANA

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

	General	Sales Tax	Non-major Funds	Total
Revenues:				
Taxes	\$ 68,961	\$ 165,457	\$ -	\$ 234,418
Licenses and permits	46,604	-	-	46,604
Intergovernmental revenues	41,190	-	-	41,190
Charges for services	-	-	17,443	17,443
Fines and forfeits	202,725	-	-	202,725
Miscellaneous	68,366	19	-	68,385
Total revenues	<u>427,846</u>	<u>165,476</u>	<u>17,443</u>	<u>610,765</u>
Expenditures:				
Current -				
General government	310,623	1,616	31,351	343,590
Public safety	375,493	-	-	375,493
Public works	167,995	-	-	167,995
Culture and recreation	8,244	-	-	8,244
Capital outlay	30,000	-	-	30,000
Total expenditures	<u>892,355</u>	<u>1,616</u>	<u>31,351</u>	<u>925,322</u>
Excess (deficiency) of revenues over expenditures	<u>(464,509)</u>	<u>163,860</u>	<u>(13,908)</u>	<u>(314,557)</u>
Other financing sources (uses):				
Transfers in	344,293	-	46,254	390,547
Transfers out	<u>(30,202)</u>	<u>(159,546)</u>	<u>(44,399)</u>	<u>(234,147)</u>
Total other financing sources (uses)	<u>314,091</u>	<u>(159,546)</u>	<u>1,855</u>	<u>156,400</u>
Net changes in fund balances	(150,418)	4,314	(12,053)	(158,157)
Fund balances (deficit), beginning	<u>(521,395)</u>	<u>20,033</u>	<u>65,010</u>	<u>(436,352)</u>
Fund balances (deficit), ending	<u>\$ (671,813)</u>	<u>\$ 24,347</u>	<u>\$ 52,957</u>	<u>\$ (594,509)</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WASHINGTON, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2020

Total net changes in fund balances at June 30, 2020 per statement of revenues, expenditures and changes in fund balances	\$ (158,157)
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The change in net position reported for governmental activities in the
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on statement of revenues, expenditures, and changes in fund balances	\$ 30,000	
Depreciation expense for the year ended June 30, 2020	(50,435)	
Loss on disposal of capital assets	<u>(1,911)</u>	(22,346)

Change in compensated absences during the year ended June 30, 2020 not requiring the use of current economic resources and, therefore, not recorded as a fund expenditure	443
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Pension expense not requiring the use of current economic resources and, therefore, not recorded as a fund expenditure	56,816
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Nonemployer's contributions to the municipal police employees pension plan	<u>666</u>
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Total changes in net position at June 30, 2020 per activities	<u>\$ (122,578)</u>
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF WASHINGTON, LOUISIANA

Statement of Net Position
Proprietary Fund
June 30, 2020

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 18,992
Receivables -	
Accounts	43,502
Unbilled utility receivables	34,472
Inventory	<u>3,887</u>
Total current assets	<u>100,853</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	82,810
Capital assets -	
Land	123,197
Capital assets, net	<u>1,312,564</u>
Total noncurrent assets	<u>1,518,571</u>
Total assets	<u>1,619,424</u>
LIABILITIES	
Current liabilities:	
Accounts payable	148,292
Accrued liabilities	606
Compensated absences payable	2,141
Payable from restricted assets -	
Customers' deposits	<u>82,810</u>
Total current liabilities	<u>233,849</u>
NET POSITION	
Net investment in capital assets	1,435,761
Unrestricted (deficit)	<u>(50,186)</u>
Total net position	<u>\$ 1,385,575</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WASHINGTON, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -
Proprietary Fund
For the Year Ended June 30, 2020

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Gas sales	\$ 244,905
Water sales	129,923
Sewer service charge	37,479
Other	<u>13,107</u>
Total operating revenues	<u>425,414</u>
Operating expenses:	
Salaries and wages	28,731
Payroll taxes	2,460
Professional services	24,872
Fuel purchased	43,198
Office expenses	1,420
Supplies	27,392
Utilities	20,948
Telephone	11,209
General insurance	39,297
Repairs and maintenance	15,533
Depreciation expense	78,240
Bad debts expense	28,658
Automobile expenses	1,176
Survey and analysis	90
Retirement	75
Rental equipment	178
Miscellaneous	3,961
Contract labor	<u>11,470</u>
Total operating expenses	<u>338,908</u>
Operating income	86,506
Non-operating revenues:	
Interest income	<u>147</u>
Income before transfers	<u>86,653</u>
Transfer in (out)	
Transfers in	18,220
Transfers out	<u>(174,620)</u>
Total transfers in (out)	<u>(156,400)</u>
Change in net position	(69,747)
Net position, beginning	<u>1,455,322</u>
Net position, ending	<u>\$1,385,575</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WASHINGTON, LOUISIANA

Statement of Cash Flows Proprietary Fund Year Ended June 30, 2020

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 366,291
Payments to suppliers	(31,266)
Payments to employees	(196,385)
Other receipts	<u>13,107</u>
Net cash provided by operating activities	<u>151,747</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	18,220
Transfers to other funds	(174,620)
Net increase in customer meter deposits	<u>2,852</u>
Net cash used by noncapital financing activities	<u>(153,548)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(969)</u>
Cash flows from investing activities:	
Interest on interest-bearing deposits	<u>147</u>
Net decrease in cash and cash equivalents	(2,623)
Cash and cash equivalents, beginning of period	<u>104,425</u>
Cash and cash equivalents, end of period	<u>\$ 101,802</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 86,506
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	78,240
Bad debts expense	28,658
Changes in current assets and liabilities:	
Increase in accounts receivable	(32,084)
Increase in unbilled services receivable	(13,932)
Decrease in inventory	4,054
Increase in accounts payable	(379)
Increase in accrued liabilities	(58)
Increase in compensated absences	<u>742</u>
Total adjustments	<u>65,241</u>
Net cash provided by operating activities	<u>\$ 151,747</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Washington, Louisiana (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Town of Washington (Town) was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government and provides the following services to the residents of the Town as authorized by its charter: public safety and public works (police, highways and streets, fire), water, gas and sewer, culture and recreation, public improvements, planning and zoning, and general and administrative services. The Town changed to Home Rule Charter in October 2010.

The financial reporting entity should consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the 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.

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's governing authority (Town of Washington) appoints a majority of board members of the potential component unit and is able to impose its will on the potential component unit or the potential component unit is fiscally dependent on the primary government.
3. Financial benefit/burden relationship between the primary government and the potential component unit.
4. The nature and significance of the relationship between the potential component unit with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

Based on these criteria, the Town has identified no component units.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

The major funds of the Town are described below:

Governmental Funds:

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Special Revenue Fund - Sales Tax Fund

The Sales Tax Fund accounts for the receipts and disbursements of proceeds from the Town's 1.2% sales and use tax levies. These taxes are dedicated for: (1) sewer and sewerage disposal and (2) constructing, improving, and maintaining public streets, sidewalks, and drainage facilities.

Proprietary Fund:

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town of Washington's enterprise fund is the Utility Fund, which provides gas, water, and sewer services to the resident of the Town.

In addition, the Town reports the following nonmajor governmental funds:

Special Revenue Funds -

Library Fund

The Library Fund accounts for the collection and disbursement of funds for the purchase, operation, and maintenance of the Town's library.

Cemetery Fund

The Cemetery Fund accounts for the collection and disbursement of funds for the operation and maintenance of the Town's cemetery.

Museum Fund

The Museum Fund accounts for the collection and disbursement of funds for the operation and maintenance of the Town's museum.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include franchise and beer taxes and racino revenues. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible amounts due for customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectibles for customers' utility receivables was \$94,830 at June 30, 2020. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to October 1, 2002, some governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	10-30 years
Gas system	10-50 years
Sewer system	25 years
Vehicles	5-10 years
Water system	10-40 years
Library books	6 years
Other improvements	10-15 years
Equipment	5-10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the customer meter deposits.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debts to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The Town does not have any long-term debt at June 30, 2020.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Compensated Absences

Town employees are entitled to certain compensated absences based upon their length of service.

Vacation leave is earned at the rate of 84 hours annually from one year through five years of service, 96 hours annually after five years through ten years of service, 108 hours annually after ten years through than fifteen years of service and 140 hours annually after sixteen years of service. Vacation leave earned can be carried over from one year to the next, not to exceed twelve months allowable vacation leave.

Sick leave is earned at the rate of 63 hours annually from three months through five years of service, 67 hours annually after five years through ten years of service, and 70 hours annually after ten years of service. Sick leave earned can be carried over from one year to the next, not to exceed 12 months allowable sick leave. However, sick leave is not payable upon termination of employment.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. At June 30, 2020, deferred outflows of resources and deferred inflows of resources are attributable to its pension plan.

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – Net position is considered restricted if the use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Town's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – Consists of all other net position that does not meet the definition of the two components and is available for general use by the Town.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

In the fund statements, governmental fund equity is classified as fund balance. As such, fund balances of the governmental funds are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Town's Mayor and Board or Aldermen, which is the highest level of decision-making authority for the Town.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes determined by a formal decision of the Town's Mayor and Board of Aldermen.
- e. Unassigned – all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town has provided otherwise in his commitment or assignment actions.

Proprietary (Utility) fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales Tax	See Note 4
Gas, water, and sewer revenue	Utility Operations

The Town uses unrestricted resources only when restricted resources are fully depleted.

G. Use of Estimates

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

H. Reclassifications

For comparative purposes, certain accounts in the prior year financial statements have been reclassified in order to conform to the presentation of the current year statements.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(2) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2020, the Town had cash and interest-bearing deposits (book balances) in the amount of \$116,333.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered. Under state law, these deposits, (or 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 bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. These deposits are stated at cost, which approximates market.

Deposit balances (bank balances) at June 30, 2020 in the amount of \$132,904 were fully secured by federal deposit insurance. Therefore, the Town was not exposed to custodial credit risk.

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. Landry Parish. Town property tax revenues are budgeted in the year billed.

Taxes of 6.55 mills were levied on property with assessed valuations totaling \$4,384,460 for the year ended June 30, 2020 and were dedicated for general corporate purposes.

Total taxes levied for the year ended June 30, 2020 was \$28,718. There were no taxes receivable at June 30, 2020.

(4) Dedication of Proceeds and Flow of Funds - Sales and Use Taxes

Proceeds of a 1% sales and use tax approved January 10, 1967, (accounted for in the Sales Tax Fund - a special revenue fund) levied by the Town of Washington are dedicated to the following purposes:

Constructing, acquiring, extending, improving and/or maintaining drainage facilities, streets, sidewalks and fire department stations and equipment, including fire engines, and purchasing and acquiring equipment and furnishings for the aforesaid public works, improvements and facilities, title to which shall be in the public name.

The sales tax was issued in perpetuity.

TOWN OF WASHINGTON, LOUISIANA
Notes to Basic Financial Statements (Continued)

(5) Receivables

Receivables at June 30, 2020 of \$90,382 consist of the following:

	Governmental Activities	Business-type Activities	Total
Accounts	\$ -	\$ 43,502	\$ 43,502
Unbilled utility	-	34,472	34,472
Franchise taxes	8,596	-	8,596
Other	3,812	-	3,812
Totals	<u>\$ 12,408</u>	<u>\$ 77,974</u>	<u>\$ 90,382</u>

(6) Due from Other Governmental Units

Amounts due from other governmental units in the amount of \$3,485 at June 30, 2020 consisted of the following:

Governmental Activities:

General Fund -

Amount due from the State of Louisiana for beer tax revenues earned for the quarter ended June 30, 2020	\$ 592
Amount due from the State of Louisiana for video poker revenue earned for the month of June 30, 2020	<u>2,893</u>
Total	<u>\$ 3,485</u>

(7) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at June 30, 2020:

Customers' deposits	<u>\$ 82,810</u>
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TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance 07/01/19	Additions	Deletions	Balance 06/30/20
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 113,767	\$ 30,000	\$ -	\$ 143,767
Other capital assets:				
Buildings	1,171,663	-	17,363	1,154,300
Equipment	535,380	-	176,716	358,664
Library books	13,314	-	13,314	-
Other improvements	654,977	-	201,956	453,021
Total assets	<u>2,489,101</u>	<u>30,000</u>	<u>409,349</u>	<u>2,109,752</u>
Less accumulated depreciation				
Buildings	525,004	36,464	15,627	545,841
Equipment	529,848	2,593	176,807	355,634
Library books	13,314	-	13,314	-
Other improvements	523,954	11,378	201,690	333,642
Total accumulated depreciation	<u>1,592,120</u>	<u>50,435</u>	<u>407,438</u>	<u>1,235,117</u>
Capital assets, net	<u>\$ 896,981</u>	<u>\$ (20,435)</u>	<u>\$ 1,911</u>	<u>\$ 874,635</u>
Business-type activities:				
Capital assets not being depreciated:				
Land - water system	\$ 123,197	\$ -	\$ -	\$ 123,197
Other capital assets:				
Buildings	63,067	-	-	63,067
Vehicles	9,900	-	9,900	-
Gas system	309,044	-	-	309,044
Water system	2,672,657	-	-	2,672,657
Sewer system	2,706,881	969	1,550	2,706,300
Equipment	27,058	-	16,498	10,560
Totals	<u>5,911,804</u>	<u>969</u>	<u>27,948</u>	<u>5,884,825</u>
Less accumulated depreciation				
Buildings	63,067	-	-	63,067
Vehicles	9,900	-	9,900	-
Gas system	233,276	4,059	-	237,335
Water system	1,913,454	38,061	-	1,951,515
Sewer system	2,152,376	35,814	1,550	2,186,640
Equipment	26,699	306	16,498	10,507
Total accumulated depreciation	<u>4,398,772</u>	<u>78,240</u>	<u>27,948</u>	<u>4,449,064</u>
Capital assets, net	<u>\$ 1,513,032</u>	<u>\$ (77,271)</u>	<u>\$ -</u>	<u>\$ 1,435,761</u>

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 2,288
Public works	3,280
Culture and recreation	<u>44,867</u>
Total depreciation expense	<u>\$ 50,435</u>

Depreciation expense was charged to business-type activities as follows:

Gas	\$ 4,059
Water	38,367
Sewer	<u>35,814</u>
Total depreciation expense	<u>\$ 78,240</u>

(9) Accounts and Other Payables

The accounts and other payables consisted of the following at June 30, 2020:

	Governmental Activities	Business-type Activities	Total
Accounts	\$276,725	\$148,292	\$425,017
Lawsuits	11,712	-	11,712
Compensated absences	5,961	2,141	8,102
Salaries and related payroll liabilities	<u>11,189</u>	<u>606</u>	<u>11,795</u>
Totals	<u>\$305,587</u>	<u>\$151,039</u>	<u>\$456,626</u>

(10) Ticket Fine Fees Payable

The Town collects fees included in fine revenues which are subsequently remitted to various agencies in accordance with state statutes. At June 30, 2020, the Town owed amounts from fines collected through June 30, 2020 to the following agencies:

Acadiana Criminalistics Laboratory	\$250,953
St. Landry Crime Stoppers	15,939
Louisiana Commission on Law Enforcement	30,601
State of Louisiana Supreme Court - Case Management Information System	4,989
Department of Health and Hospitals	15,725
State of Louisiana Supreme Court - JDC	<u>1,139</u>
Total	<u>\$319,346</u>

(11) Noncurrent Compensated Absences

Changes in noncurrent compensated absences for the year ended June 30, 2020 are as follows:

	07/01/19	Additions	Deletions	06/30/20
Compensated absences	<u>\$ 14,008</u>	<u>\$ 1,928</u>	<u>\$ 2,371</u>	<u>\$ 13,565</u>

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Pension Plan

The Town participates in a cost-sharing defined benefit plan, administered by a Municipal Police Employees' Retirement System of Louisiana (MPERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all plans administered by the public employee retirement system to the State Legislature. The plan is not closed to new entrants.

Plan Description: The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. MPERS provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through MPERS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. MPERS issues a publicly available financial report that may be accessed on their website (<http://lampers.org>).

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

The system's financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits are recognized when due and payable in accordance with the terms of the plan. Interest income is recognized when earned.

Membership Prior to January 1, 2013 – A member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service, not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013 – Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Deferred Retirement Option Plan:

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in MPERS is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into MPERS shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of MPERS's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on MPERS's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account.

Initial Benefit Option Plan:

In 1999, the State Legislature authorized MPERS to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

Contributions:

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2020, total contributions due for employers and employees were 42.50%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 32.50% and 10%, respectively.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Net Pension Liability:

At June 30, 2020, the Town reported a liability of \$29,388 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Town's proportion was .003236%, which was a decrease of .045349% from its proportion measured as of June 30, 2018.

Since the measurement date of the net pension liability was June 30, 2019, the net pension liability is based upon fiduciary net position for the plan as of those dates. Detailed information about the pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the Town's net pension liability is available in the separately issued plan financial report for those fiscal years.

Actuarial Assumptions:

The following table provides information concerning actuarial assumptions used in the determination of the total pension liability for the defined benefit plan in which the Town is a participating employer:

Date of experience study on which significant assumptions are based	7/1/2009 - 6/30/2014
Actuarial cost method	Entry Age Normal Cost
Expected remaining service lives	4 years
Investment rate of return	7.125%, net of investment expense
Inflation rate	2.5%
Projected salary increases	4.25% - 9.75%
Mortality rates	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1. year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 year for males and 3 years for females for active members.
Cost-of-living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Cost of Living Adjustments:

The pension plan in which the Town participates has the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. Pursuant to LRS 11:242(B), the power of the Board of Trustees of the statewide system to grant a COLA is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA. The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefit changes made as a result of the COLAs included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

Long-term Rate of Return:

For MPERS, the long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges 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 and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized for each plan in the following table:

<u>Asset Class</u>	<u>Expected Rate of Return</u>	
	<u>Target Asset Allocation</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Equity	48.5%	3.28%
Fixed income	33.5%	0.80%
Alternative	18.0%	1.06%
Other	0.0%	0.00%
	<u>100%</u>	<u>5.14%</u>
Inflation		<u>2.75%</u>
Expected nominal return		<u>7.89%</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended June 30, 2020, the Town recognized a pension expense benefit of \$33,183 related to its participation in MPERS.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to MPERS from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 62	\$ 904
Changes of assumptions	1,647	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	119,483	268,360
Net differences between projected and actual earnings on plan investments	1,909	-
Contributions subsequent to the measurement date	<u>23,633</u>	<u>-</u>
Total	<u>\$ 146,734</u>	<u>\$ 269,264</u>

Deferred outflows of resources of \$23,633 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	
2021	\$ (20,635)
2022	(46,010)
2023	(79,994)
2024	<u>476</u>
	<u>\$ (146,163)</u>

Discount Rate:

The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan'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 discount rate used to measure MPERS's net pension liability was 7.125% for the year ended June 30, 2019, which is a decrease of .125 from the prior year.

TOWN OF WASHINGTON, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents MPERS's net pension liability of the participating employers calculated using the discount rate of 7.125%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate.

	1% Decrease 6.125%	Current Discount Rate 7.125%	1% Increase 8.125%
Net Pension Liability	<u>\$ 40,948</u>	<u>\$ 29,388</u>	<u>\$ 19,691</u>

Payables to the Pension Plan:

At June 30, 2020, the Town's payable to the plan was \$50,726 for the months of October 2019 through June 2020, which were the contractually required contributions.

(13) Retirement Commitment

All employees of the Town of are members of the Federal Social Security system. The Town and its employees contribute a percentage of each employee's salary to the system (7.65% contributed by the Town; 7.65% by the employee). Total covered wages for the year ended June 30, 2020 totaled \$474,437. The Town's contribution during the year ended June 30, 2020 amounted to \$36,294.

(14) Deferred Compensation Plan

Effective October 1, 2008, the Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The single employer plan, the Town of Washington 457(b) Plan is administered by the Principal Life Insurance Company, is available to all qualified Town employees, and permits them to defer a portion of their salary until future years. The Town's matches the employees' contribution to the plan not to exceed 10% of eligible employees' compensation. The Town's contributions to the plan for the year ended June 30, 2020 was \$6,476.

(15) On-Behalf Payments of Salaries

The State of Louisiana paid the Town's policemen \$6,000 of supplemental pay during the year ended June 30, 2020. Such payments are recorded as intergovernmental revenues and public safety expense in the government-wide and General Fund financial statements.

TOWN OF WASHINGTON, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(16) Departmental Information for the Enterprise Fund

The Town of Washington maintains one enterprise fund with three departments, which provide gas, water, and sewerage services. Departmental information for the year ended June 30, 2020 was as follows:

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewerage Department</u>	<u>Total Enterprise Fund</u>
Charges for services and other revenues	\$ 252,691	\$ 134,053	\$ 38,670	\$ 425,414
Operating expenses:				
Depreciation	4,059	38,367	35,814	78,240
Other expenses	113,028	89,505	58,135	260,668
Total operating expenses	117,087	127,872	93,949	338,908
Operating income (loss)	\$ 135,604	\$ 6,181	\$ (55,279)	\$ 86,506

(17) Risk Management

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(18) Litigation and Claims

At June 30, 2020, the Town is a defendant in several lawsuits principally arising from the normal course of operations. The Town's legal counsel has reviewed the claims filed and has determined that the Town's liability net of insurance coverage is considered immaterial at June 30, 2020. As of June 30, 2020, \$11,712 has been provided for amounts owed for settled lawsuits.

(19) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2020:

	<u>Receivables</u>	<u>Payables</u>
Major governmental fund:		
General Fund	\$ -	\$ 45,000
Nonmajor fund:		
Cemetery Fund	45,000	-
Total	\$ 45,000	\$ 45,000

Transfers are recorded in the year in which they were budgeted. However, the amounts are not always paid in that same year; therefore, causing balances as noted above. These balances are expected to be paid within the next fiscal year.

TOWN OF WASHINGTON, LOUISIANA

Notes to the Basic Financial Statements (Continued)

B. Interfund transfers

Interfund transfers consisted of the following at June 30, 2020:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 344,293	\$ 30,202
Sales Tax Fund	-	159,546
Library Fund	44,014	-
Cemetery Fund	-	29,979
Museum Fund	2,240	14,420
Proprietary Fund -		
Utility Fund	18,220	174,620
Total	<u>\$ 408,767</u>	<u>\$ 408,767</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(20) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2020:

James Olivier, Mayor (7/1/19 - 12/19/19)	\$ 13,842
Mona Wilson, Mayor (12/20/19 - 1/19/20)	1,702
Dwight Landreneau, Mayor (1/10/20 - 6/30/20)	13,778
Aldermen/Alderwomen:	
Tanya Doucet	7,250
Wilbert Ledet	7,225
Roger Malveaux	7,225
Beau Wilson	7,250
Mona Wilson, Mayor Pro-tem	9,675
Total	<u>\$ 67,947</u>

(21) Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation, benefits, and other payments to the Mayor follows:

	James Olivier 7/1/19 - 12/19/19	Mona Wilson 12/20/19 - 1/9/20	Dwight Landreneau 1/10/20 - 6/30/20
Salary	<u>\$ 13,842</u>	<u>\$ 1,702</u>	<u>\$ 13,778</u>

TOWN OF WASHINGTON, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(22) Deficit Fund Balances in Individual Funds

The following funds reported deficit fund balances at June 30, 2020:

General Fund	\$ (671,813)
Library Fund	(4,889)
Museum Fund	<u>(21,232)</u>
Total	<u>\$ (697,934)</u>

The General Fund deficit is expected to be eliminated in future years by identifying and assessing additional revenue sources, reducing expenditures, and transferring funds from the Utility Fund. The Library and Museum Funds are expected to be discontinued during the next fiscal year.

(23) Going Concern

The Town has past due balances as of June 30, 2020 in the amount of approximately \$776,000 as indicated in Notes 9 and 10. As indicated, in Note 22, the Town has \$697,934 of deficit fund balances in the governmental funds and has been generating deficits in the past few years. The Town is currently in the process of assessing current operations in order to identify additional revenue sources and to reduce expenditures.

(24) Subsequent Event

Uncertainty Occurring After Financial Statement Sheet Date – As a result of the spread of the COVID 19 coronavirus, economic uncertainties have arisen which may have and may continue to impact the Town's ongoing operations. The extent and severity of the potential impact on future operations is unknown at this time.

**REQUIRED SUPPLEMENTARY
INFORMATION**

TOWN OF WASHINGTON, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 78,000	\$ 78,000	\$ 68,961	\$ (9,039)
Licenses and permits	65,000	65,000	46,604	(18,396)
Intergovernmental revenues	46,800	46,800	41,190	(5,610)
Fines and forfeits	200,000	200,000	202,725	2,725
Miscellaneous	61,700	61,700	68,366	6,666
Total revenues	<u>451,500</u>	<u>451,500</u>	<u>427,846</u>	<u>(23,654)</u>
Expenditures:				
Current -				
General government	351,169	351,169	310,623	40,546
Public safety	430,774	430,774	375,493	55,281
Public works	180,796	180,796	167,995	12,801
Culture and recreation	8,700	8,700	8,244	456
Capital outlay	31,000	31,000	30,000	1,000
Total expenditures	<u>1,002,439</u>	<u>1,002,439</u>	<u>892,355</u>	<u>110,084</u>
Deficiency of revenues over expenditures	<u>(550,939)</u>	<u>(550,939)</u>	<u>(464,509)</u>	<u>86,430</u>
Other financing sources (uses):				
Transfers in	437,000	437,000	344,293	(92,707)
Transfers out	-	-	(30,202)	(30,202)
Total other financing sources (uses)	<u>437,000</u>	<u>437,000</u>	<u>314,091</u>	<u>(122,909)</u>
Net change in fund balance	(113,939)	(113,939)	(150,418)	(36,479)
Fund balance (deficit), beginning	<u>(521,395)</u>	<u>(521,395)</u>	<u>(521,395)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (635,334)</u>	<u>\$ (635,334)</u>	<u>\$ (671,813)</u>	<u>\$ (36,479)</u>

TOWN OF WASHINGTON, LOUISIANA
Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Taxes - sales taxes	\$ 151,800	\$ 151,800	\$ 165,457	\$ 13,657
Miscellaneous - interest	-	-	19	19
Total revenues	151,800	151,800	165,476	13,676
Expenditures:				
Current -				
General government:				
Collection expense	1,800	1,800	1,616	184
Excess of revenues over expenditures	150,000	150,000	163,860	13,860
Other financing uses:				
Transfers out	(150,000)	(150,000)	(159,546)	(9,546)
Net change in fund balance	-	-	4,314	4,314
Fund balance, beginning	20,033	20,033	20,033	-
Fund balance, ending	\$ 20,033	\$ 20,033	\$ 24,347	\$ 4,314

TOWN OF WASHINGTON, LOUISIANA

Municipal Police Employees' Retirement System
Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2020*

<u>Year Ended June 30,</u>	<u>Employer Proportion of the Net Pension Liability (Asset)</u>	<u>Employer Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2020	0.003236%	\$ 29,388	118,546	24.79%	71.01%
2019	0.048585%	410,741	119,121	344.81%	71.89%
2018	0.030605%	267,195	105,834	252.47%	70.08%
2017	0.181700%	170,304	50,898	334.60%	66.04%
2016	0.026779%	209,785	90,765	231.13%	70.73%
2015	0.033536%	201,352	72,787	276.63%	75.10%

* The amounts presented have a measurement date of the previous fiscal year end.

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

TOWN OF WASHINGTON, LOUISIANA

Municipal Police Employees' Retirement System
Schedule of Employer Contributions
For the Year Ended June 30, 2020

<u>Fiscal Year Ended June 30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2020	\$ 23,634	\$ 23,634	\$ -	\$ 72,720	32.50%
2019	38,231	38,231	-	118,546	32.25%
2018	36,630	36,630	-	119,121	30.75%
2017	33,602	33,602	-	105,834	31.75%
2016	15,015	15,015	-	50,898	29.50%
2015	28,591	28,591	-	90,765	31.50%

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

TOWN OF WASHINGTON, LOUISIANA

Notes to the Required Supplementary Information

(1) Budget and Budgetary Accounting

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

1. Prior to June 30, the Town Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

(2) Pension Plan

Changes of Assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. There were no changes of benefit terms for the year ended June 30, 2020.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF WASHINGTON, LOUISIANA

Statement of Net Position
June 30, 2020
With Comparative Totals for June 30, 2019

	2020			2019
	Governmental Activities	Business-Type Activities	Total	Totals
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 68,070	\$ 18,992	\$ 87,062	\$ 111,661
Receivables, net	12,408	77,974	90,382	77,593
Due from other governmental units	3,485	-	3,485	5,949
Inventory	-	3,887	3,887	7,941
Total current assets	<u>83,963</u>	<u>100,853</u>	<u>184,816</u>	<u>203,144</u>
Noncurrent assets:				
Restricted assets -				
Cash and interest-bearing deposits	-	82,810	82,810	79,958
Capital assets -				
Land	143,767	123,197	266,964	236,964
Capital assets, net	<u>730,868</u>	<u>1,312,564</u>	<u>2,043,432</u>	<u>2,173,049</u>
Total noncurrent assets	<u>874,635</u>	<u>1,518,571</u>	<u>2,393,206</u>	<u>2,489,971</u>
Total assets	<u>958,598</u>	<u>1,619,424</u>	<u>2,578,022</u>	<u>2,693,115</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	<u>146,734</u>	<u>-</u>	<u>146,734</u>	<u>238,352</u>
LIABILITIES				
Current liabilities:				
Cash overdraft	53,539	-	53,539	8,550
Accounts and other payables	305,587	151,039	456,626	404,073
Ticket fine fees payable	319,346	-	319,346	284,583
Customers' deposits	-	82,810	82,810	79,958
Total current liabilities	<u>678,472</u>	<u>233,849</u>	<u>912,321</u>	<u>777,164</u>
Noncurrent liabilities:				
Compensated absences payable	13,565	-	13,565	14,008
Net pension liability	<u>29,388</u>	<u>-</u>	<u>29,388</u>	<u>410,741</u>
Total noncurrent liabilities	<u>42,953</u>	<u>-</u>	<u>42,953</u>	<u>424,749</u>
Total liabilities	<u>721,425</u>	<u>233,849</u>	<u>955,274</u>	<u>1,201,913</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	<u>269,264</u>	<u>-</u>	<u>269,264</u>	<u>37,011</u>
NET POSITION				
Net investment in capital assets	874,635	1,435,761	2,310,396	2,410,013
Restricted for sales tax dedications	24,347	-	24,347	20,033
Unrestricted (deficit)	<u>(784,339)</u>	<u>(50,186)</u>	<u>(834,525)</u>	<u>(737,503)</u>
Total net position	<u>\$ 114,643</u>	<u>\$ 1,385,575</u>	<u>\$ 1,500,218</u>	<u>\$ 1,692,543</u>

TOWN OF WASHINGTON, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020				
	Budget			Variance -	2019
	Original	Final	Actual	Positive (Negative)	Actual
Revenues:					
Taxes -					
Ad valorem	\$ 28,000	\$ 28,000	\$ 27,712	\$ (288)	\$ 24,606
Franchise	50,000	50,000	41,249	(8,751)	48,336
Licenses and permits -					
Licenses	62,000	62,000	45,869	(16,131)	62,125
Permits	3,000	3,000	735	(2,265)	3,405
Intergovernmental revenues -					
State of Louisiana:					
Beer taxes	2,000	2,000	2,006	6	1,958
Racino taxes	27,000	27,000	21,900	(5,100)	29,713
Supplemental pay	7,000	7,000	6,000	(1,000)	18,000
Other state grants	8,000	8,000	8,270	270	280
St. Landry Parish Housing Authority - PILOT	2,800	2,800	3,014	214	2,816
Fines and forfeits	200,000	200,000	202,725	2,725	292,507
Miscellaneous -					
Rent income	11,000	11,000	11,030	30	20,315
Interest income	-	-	43	43	87
Other revenues	50,700	50,700	57,293	6,593	64,475
Total revenues	<u>451,500</u>	<u>451,500</u>	<u>427,846</u>	<u>(23,654)</u>	<u>568,623</u>
Expenditures:					
Current -					
General government	351,169	351,169	310,623	40,546	427,307
Public safety	430,774	430,774	375,493	55,281	503,868
Public works	180,796	180,796	167,995	12,801	184,109
Culture and recreation	8,700	8,700	8,244	456	461
Capital outlay	31,000	31,000	30,000	1,000	-
Total expenditures	<u>1,002,439</u>	<u>1,002,439</u>	<u>892,355</u>	<u>110,084</u>	<u>1,115,745</u>
Deficiency of revenues over expenditures	<u>(550,939)</u>	<u>(550,939)</u>	<u>(464,509)</u>	<u>86,430</u>	<u>(547,122)</u>
Other financing sources (uses):					
Transfers in	437,000	437,000	344,293	(92,707)	401,393
Transfers out	-	-	(30,202)	(30,202)	(19,316)
Total other financing sources (uses)	<u>437,000</u>	<u>437,000</u>	<u>314,091</u>	<u>(122,909)</u>	<u>382,077</u>
Net change in fund balance	(113,939)	(113,939)	(150,418)	(36,479)	(165,045)
Fund balance (deficit), beginning	<u>(521,395)</u>	<u>(521,395)</u>	<u>(521,395)</u>	<u>-</u>	<u>(356,350)</u>
Fund balance (deficit), ending	<u>\$ (635,334)</u>	<u>\$ (635,334)</u>	<u>\$ (671,813)</u>	<u>\$ (36,479)</u>	<u>\$ (521,395)</u>

TOWN OF WASHINGTON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020			Variance -	
	Budget			Positive	2019
	Original	Final	Actual	(Negative)	Actual
Current -					
General government:					
Salaries	\$ 168,012	\$ 148,012	\$ 128,876	\$ 19,136	\$ 123,318
Payroll taxes	24,492	24,492	23,783	709	8,978
Group insurance	-	-	3,582	(3,582)	5,864
Retirement	1,460	1,460	931	529	5,768
Auto allowance	-	-	-	-	4,500
General insurance	20,735	30,735	29,473	1,262	97,238
Legal and professional	49,000	69,000	66,726	2,274	62,726
Office expense and supplies	18,900	18,900	13,218	5,682	24,440
Advertising and promotion	6,200	6,200	3,199	3,001	10,415
Repairs and maintenance	2,620	2,620	1,013	1,607	1,570
Dues	2,500	2,500	956	1,544	2,446
Utilities and telephone	24,400	24,400	24,236	164	23,866
Community center	8,000	8,000	1,246	6,754	12,004
Preparation of tax rolls	3,800	3,800	3,200	600	2,061
Miscellaneous	21,050	11,050	10,184	866	42,113
Total general government	351,169	351,169	310,623	40,546	427,307
Public safety:					
Police department -					
Salaries	216,000	216,000	205,850	10,150	293,666
Payroll taxes	33,480	33,480	17,648	15,832	19,149
Pension	25,000	25,000	23,633	1,367	38,231
General insurance	65,774	45,774	39,297	6,477	18,700
Auto expense	14,400	18,400	17,791	609	35,648
Supplies	14,000	10,000	1,374	8,626	327
Telephone and utilities	9,300	26,300	25,687	613	23,192
Legal and professional	1,700	1,700	500	1,200	1,010
Office expense and supplies	620	620	1,079	(459)	7,313
Conventions and seminars	2,500	2,500	1,142	1,358	924
Ticket fine fees	37,000	37,000	36,046	954	45,607
Repairs and maintenance	3,000	3,000	150	2,850	3,222
Training	2,650	2,650	520	2,130	(305)
Uniforms	3,000	3,000	234	2,766	609
Miscellaneous	2,350	5,350	4,542	808	16,575
Total public safety	430,774	430,774	375,493	55,281	503,868

(continued)

TOWN OF WASHINGTON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020			Variance - Positive (Negative)	2019 Actual
	Budget		Actual		
	Original	Final			
Public works:					
Salaries	70,950	96,950	96,107	843	90,644
Payroll taxes	10,997	10,997	8,371	2,626	6,621
Retirement	3,000	3,000	-	3,000	58
General insurance	10,949	10,949	9,824	1,125	-
Fuel	1,000	1,000	7,090	(6,090)	1,969
Materials and supplies	2,000	2,000	2,006	(6)	7,658
Repairs and maintenance	39,000	13,000	6,648	6,352	16,162
Telephone and utilities	40,000	40,000	34,871	5,129	45,033
Uniforms	-	-	852	(852)	3,574
Miscellaneous	2,900	2,900	2,226	674	12,390
Total public works	180,796	180,796	167,995	12,801	184,109
Culture and recreation:					
Repairs and maintenance	-	-	-	-	74
Telephone and utilities	5,400	5,400	5,030	370	384
Miscellaneous	3,300	3,300	3,214	86	3
Total culture and recreation	8,700	8,700	8,244	456	461
Capital outlay	31,000	31,000	30,000	1,000	-
Total expenditures	\$1,002,439	\$1,002,439	\$ 892,355	\$ 110,084	\$1,115,745

TOWN OF WASHINGTON, LOUISIANA
Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020				
	Budget			Variance -	2019
	Original	Final	Actual	Positive (Negative)	Actual
Revenues:					
Taxes - sales taxes	\$ 151,800	\$ 151,800	\$ 165,457	\$ 13,657	\$ 161,907
Miscellaneous - interest	-	-	19	19	38
Total revenues	151,800	151,800	165,476	13,676	161,945
Expenditures:					
Current -					
General government:					
Collection expense	1,800	1,800	1,616	184	1,979
Excess of revenues over expenditures	150,000	150,000	163,860	13,860	159,966
Other financing uses:					
Transfers out	(150,000)	(150,000)	(159,546)	(9,546)	(168,000)
Net change in fund balance	-	-	4,314	4,314	(8,034)
Fund balance, beginning	20,033	20,033	20,033	-	28,067
Fund balance, ending	\$ 20,033	\$ 20,033	\$ 24,347	\$ 4,314	\$ 20,033

TOWN OF WASHINGTON, LOUISIANA
Nonmajor Special Revenue Funds

Combining Balance Sheet
June 30, 2020

	Library Fund	Cemetery Fund	Museum Fund	Total
ASSETS				
Cash and interest-bearing deposits	\$ 96	\$ 34,078	\$ 261	\$ 34,435
Due from other funds	-	45,000	-	45,000
Total assets	<u>\$ 96</u>	<u>\$ 79,078</u>	<u>\$ 261</u>	<u>\$ 79,435</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	4,985	-	17,039	22,024
Accrued liabilities	-	-	4,454	4,454
Total liabilities	<u>4,985</u>	<u>-</u>	<u>21,493</u>	<u>26,478</u>
Fund balances:				
Assigned	-	79,078	-	79,078
Unassigned (deficit)	<u>(4,889)</u>	<u>-</u>	<u>(21,232)</u>	<u>(26,121)</u>
Total fund balances (deficit)	<u>(4,889)</u>	<u>79,078</u>	<u>(21,232)</u>	<u>52,957</u>
Total liabilities and fund balances	<u>\$ 96</u>	<u>\$ 79,078</u>	<u>\$ 261</u>	<u>\$ 79,435</u>

TOWN OF WASHINGTON, LOUISIANA
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2020

	Library Fund	Cemetery Fund	Museum Fund	Total
Revenues:				
Charges for services	\$ 1,173	\$ 4,100	\$ 12,170	\$ 17,443
Expenditures:				
Current -				
General government:				
Salaries	14,871	-	-	14,871
Payroll taxes	1,166	-	-	1,166
Trolley expenses	-	-	984	984
Office expense and supplies	49	-	28	77
Repairs and maintenance	697	2,700	35	3,432
Dues	-	-	-	-
Utilities and telephone	5,944	-	320	6,264
Miscellaneous	4,287	-	270	4,557
Total general government	<u>27,014</u>	<u>2,700</u>	<u>1,637</u>	<u>31,351</u>
Excess (deficiency) of revenues over expenditures	<u>(25,841)</u>	<u>1,400</u>	<u>10,533</u>	<u>(13,908)</u>
Other financing sources (uses):				
Transfers in	44,014	-	2,240	46,254
Transfers out	-	(29,979)	(14,420)	(44,399)
Total other financing sources (uses)	<u>44,014</u>	<u>(29,979)</u>	<u>(12,180)</u>	<u>1,855</u>
Net changes in fund balances	18,173	(28,579)	(1,647)	(12,053)
Fund balances (deficit), beginning	<u>(23,062)</u>	<u>107,657</u>	<u>(19,585)</u>	<u>65,010</u>
Fund balances (deficit), ending	<u>\$ (4,889)</u>	<u>\$ 79,078</u>	<u>\$ (21,232)</u>	<u>\$ 52,957</u>

TOWN OF WASHINGTON, LOUISIANA

Comparative Statement of Net Position Enterprise Fund June 30, 2020 and 2019

	Utility Fund	
	2020	2019
ASSETS		
Current assets:		
Cash	\$ 18,992	\$ 24,467
Receivables -		
Accounts	43,502	40,076
Unbilled utility receivables	34,472	20,540
Inventory	3,887	7,941
Total current assets	<u>100,853</u>	<u>93,024</u>
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits	82,810	79,958
Capital assets -		
Land	123,197	123,197
Capital assets, net	<u>1,312,564</u>	<u>1,389,835</u>
Total noncurrent assets	<u>1,518,571</u>	<u>1,592,990</u>
Total assets	<u>1,619,424</u>	<u>1,686,014</u>
LIABILITIES		
Current liabilities:		
Accounts payable	148,292	148,671
Accrued liabilities	606	664
Compensated absences payable	2,141	1,399
Payable from restricted assets -		
Customers' deposits	<u>82,810</u>	<u>79,958</u>
Total current liabilities	<u>233,849</u>	<u>230,692</u>
NET POSITION		
Net investment in capital assets	1,435,761	1,513,032
Unrestricted (deficit)	<u>(50,186)</u>	<u>(57,710)</u>
Total net position	<u>\$1,385,575</u>	<u>\$1,455,322</u>

TOWN OF WASHINGTON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Departmental Analysis of Revenues and Expenses
Years Ended June 30, 2020 and 2019

	Totals		Gas		Water		Sewer	
	2020	2019	2020	2019	2020	2019	2020	2019
Operating revenue:								
Charges for services	\$ 412,307	\$ 382,673	\$ 244,905	\$ 244,091	\$ 129,923	\$ 109,772	\$ 37,479	\$ 28,810
Other	13,107	13,990	7,786	8,923	4,130	4,014	1,191	1,053
Total operating revenues	<u>425,414</u>	<u>396,663</u>	<u>252,691</u>	<u>253,014</u>	<u>134,053</u>	<u>113,786</u>	<u>38,670</u>	<u>29,863</u>
Operating expenses:								
Salaries and wages	28,731	72,660	9,577	24,220	9,577	24,220	9,577	24,220
Payroll taxes	2,460	5,802	820	1,934	820	1,934	820	1,934
Professional services	24,872	23,632	13,175	7,741	10,570	13,921	1,127	1,970
Fuel purchased	43,198	72,220	43,198	72,220	-	-	-	-
Office expenses	1,420	1,353	1,420	1,353	-	-	-	-
Supplies	27,392	13,976	2,035	2,372	18,192	1,783	7,165	9,821
Utilities	20,948	18,166	2,617	1,705	11,059	8,343	7,272	8,118
Telephone	11,209	12,201	3,736	4,067	3,737	4,067	3,736	4,067
General insurance	39,297	39,340	13,099	13,114	13,099	13,113	13,099	13,113
Repairs and maintenance	15,533	49,718	2,829	4,424	5,487	29,551	7,217	15,743
Depreciation expense	78,240	85,317	4,059	4,788	38,367	45,210	35,814	35,319
Bad debt expense	28,658	10,047	17,768	5,024	8,597	3,918	2,293	1,105
Automobile expenses	1,176	3,877	732	1,486	220	837	224	1,554
Survey and analysis	90	2,160	-	-	-	-	90	2,160
Retirement	75	625	-	625	75	-	-	-
Uniforms	-	687	-	529	-	89	-	69
Rental equipment	178	108	178	108	-	-	-	-
Miscellaneous	3,961	9,849	1,766	1,828	2,195	8,021	-	-
Contract labor	11,470	13,459	78	60	5,877	-	5,515	13,399
Total operating expenses	<u>338,908</u>	<u>435,197</u>	<u>117,087</u>	<u>147,598</u>	<u>127,872</u>	<u>155,007</u>	<u>93,949</u>	<u>132,592</u>
Operating income (loss)	<u>86,506</u>	<u>(38,534)</u>	<u>\$ 135,604</u>	<u>\$ 105,416</u>	<u>\$ 6,181</u>	<u>\$ (41,221)</u>	<u>\$ (55,279)</u>	<u>\$ (102,729)</u>
Non-operating revenues (expenses):								
Interest income	147	175						
Loss on disposal of capital assets	-	(20,181)						
Total non-operating revenues (expenses)	<u>147</u>	<u>(20,006)</u>						
Income (loss) before transfers	<u>86,653</u>	<u>(58,540)</u>						
Transfers in (out)								
Transfers in	18,220	-						
Transfers out	(174,620)	(245,182)						
Total transfers in (out)	<u>(156,400)</u>	<u>(245,182)</u>						
Change in net position	(69,747)	(303,722)						
Net position, beginning	<u>1,455,322</u>	<u>1,759,044</u>						
Net position, ending	<u>\$ 1,385,575</u>	<u>\$ 1,455,322</u>						

TOWN OF WASHINGTON, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
June 30, 2020

Description of coverage	Policy Expiration Date	Coverage Amounts
Worker's compensation: Employer's liability	10/4/2020	Statutory
Surety bonds: Position schedule bond	11/9/2020	375,000
General liability: Occurrence	7/1/2020	1,000,000
Aggregate	7/1/2020	2,000,000
Equipment coverage: Comprehensive \$1,000 deductible	7/1/2020	146,830
Automobile liability: Occurrence \$500 comprehensive deductible \$1,000 collision deductible	7/1/2020	1,000,000
Public official's liability: Occurrence	7/1/2020	1,000,000
Aggregate \$2,500 deductible	7/1/2020	2,000,000
Crisis management	7/1/2020	25,000
Police professional liability: Occurrence	7/1/2020	1,000,000
Aggregate \$10,000 deductible per occurrence	7/1/2020	2,000,000
Employment practices liability: Occurrence	7/1/2020	1,000,000
Aggregate	7/1/2020	2,000,000

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

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

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

The Honorable Dwight Landreneau, Mayor
and Members of the Board of Aldermen
Town of Washington, 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, and each major fund of the Town of Washington, Louisiana (the Town) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 17, 2021.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2020-001, 2020-002, and 2020-003 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2020-004 and 2020-005.

The Town of Washington, Louisiana's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The Town'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

This report is intended 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 Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
February 17, 2021

TOWN OF WASHINGTON, LOUISIANA

Summary Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan (Continued)

Part I. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Findings --

2020-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

CRITERIA: The Town should have a control policy according to which no person should be given responsibility for more than one related function.

CAUSE: Due to the size of the Town, there are a small number of available employees.

EFFECT: The Town has employees that are performing more than one related function.

RECOMMENDATION: The Town should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

2020-002 Inadequate Recordation of Transactions and Reconciliations of Account Balances

Fiscal year finding initially occurred: 2018

CONDITION: The Town does not have adequate controls over recordation of transactions and monthly reconciliations of account balances. Specific accounting areas involve the following – (1) banking and bank reconciliations (2) accounts receivable – utility reconciliation (3) accounts payable reconciliation (4) payroll recordation and (5) interfund transactions and balances.

CRITERIA: The Town should have policies and procedures designed to ensure that all transactions are properly recorded, and account balances are reconciled on a timely basis. Additionally, internal controls are necessary in order to safeguard assets from misappropriation.

CAUSE: Due to inadequate policies and procedures, the Town's accounting records are insufficient, incomplete, and ineffective.

EFFECT: The Town could have material errors in the financial statements, thereby causing management to make decisions based upon erroneous information. Additionally, lack of internal controls could result in misappropriation of assets.

RECOMMENDATION: The Town should implement policies and procedures to ascertain that transactions are properly recorded, and account balances are reconciled on a timely basis.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will implement policies and procedures to ascertain that transactions are properly recorded, and account balances are reconciled on a timely basis.

TOWN OF WASHINGTON, LOUISIANA

Summary Schedule of Current and Prior Year Findings and Management's Corrective Action Plan (Continued)

2020-003 Inadequate Monitoring of the Utility Fund

Fiscal year finding initially occurred: 2019

CONDITION: The Town does not have adequate controls over the Utility Fund. Specific areas involve the following – (1) reconciliations of subsidiary reports to the general ledger (2) monitoring the payment of bills on a timely basis (3) policies, procedures, and monitoring of disconnects and reconnects (4) no reporting or monitoring water consumption, water productions, and flushed lines, and (5) monitoring the cash balance in their utility deposit bank account to cover customer deposits.

CRITERIA: The Town should have policies and procedures designed to ensure that the Utility Fund is properly monitored.

CAUSE: Due to inadequate policies and procedures, the Town's Utility Fund is not being properly monitored.

EFFECT: The Town's subsidiary reports due not agree to the general ledger, utility bills are not being timely paid, disconnect of utility services are not consistent, the Town is not able to monitor the productivity or lack of productivity of the Utility Fund and there is not enough cash in the designated utility deposit bank account to cover customer deposits.

RECOMMENDATION: The Town should implement policies and procedures to monitor the Utility Fund.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will implement policies and procedures to monitor the Utility Fund.

B. Compliance Findings -

2020-004 Ticket fine fees payable

Fiscal year finding initially occurred: 2010

CONDITION: The Town failed to remit the fees included in the fine tickets in accordance with various state statutes.

CRITERIA: State statutes require various fees to be collected in fine revenues, then subsequently remitted to the appropriate organization. The organization and related revised statutes are as follows:

<u>Organization</u>	<u>Louisiana Revised Statute</u>
Acadiana Criminalistics Laboratory	R.S. 40:2266.1
St. Landry Crime Stoppers	La. Code of Criminal Procedure Article 895.4
Louisiana Commission on Law Enforcement	R.S. 46:1816 (E)(1)
State of Louisiana Supreme Court - CMIS	R.S. 13:4688 and Rule G, Section 13, (a)

TOWN OF WASHINGTON, LOUISIANA

**Summary Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan (Continued)**

CAUSE: The Town used the funds for operating expenses, rather than remit them to the appropriate organizations.

EFFECT: The Town is in violation of the various state statutes, identified above, which require the collection of and remittance of fine fees to appropriate organizations.

RECOMMENDATION: The Town should submit the required fees to the appropriate organization in a timely manner.

MANAGEMENT'S CORRECTION ACTION PLAN CURRENT STATUS: The Town will set up a payment schedule with the appropriate organizations.

2020-005 Budget Violation

Fiscal year finding initially occurred: 2019

CONDITION: The Louisiana Local Government Budget Act requires governments to adopt a budget (amended budget, when required) where proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year, i.e., the beginning fund balance and any anticipated revenues.

CRITERIA: LA R.S. 39:1305E requires governments to adopt a budget (amended budget, when required) where the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing year.

CAUSE: The Town did not adopt a budget where proposed expenditures did not exceed the total of estimated funds available for the ensuing fiscal year. Additionally, the Town did not adopt an amended budget.

EFFECT: Actual proposed expenditures exceeded the total of estimated funds available for the ensuing fiscal year.

RECOMMENDATION: The Town must reduce expenditures not to exceed estimated funds available.

MANAGEMENT'S CORRECTION ACTION PLAN CURRENT STATUS: The budget will be prepared in accordance with LA R.S. 39:1305E.

TOWN OF WASHINGTON, LOUISIANA

Summary Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan (Continued)

Part II. Prior Year Findings

A. Internal Control Findings -

2019-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: The Town should establish and monitor mitigating controls over functions that are not completely segregated.

CURRENT STATUS: Unresolved. See finding 2020-001.

2019-002 Inadequate Recordation of Transactions and Reconciliations of Account Balances

Fiscal year finding initially occurred: 2018

CONDITION: The Town does not have adequate controls over recordation of transactions and monthly reconciliations of account balances.

RECOMMENDATION: The Town should implement policies and procedures to ascertain that transactions are properly recorded, and account balances are reconciled on a timely basis.

CURRENT STATUS: Unresolved. See finding 2020-002

2019-003 Inadequate Monitoring of the Utility Fund

Fiscal year finding initially occurred: 2019

CONDITION: The Town does not have adequate controls over the Utility Fund. Specific areas involve the following – (1) reconciliations of subsidiary reports to the general ledger (2) monitoring the payment of bills on a timely basis (3) policies, procedures, and monitoring of disconnects and reconnects (4) no reporting or monitoring water consumption, water productions, and flushed lines, and (5) monitoring the cash balance in their utility deposit bank account to cover customer deposits.

RECOMMENDATION: The Town should implement policies and procedures to monitor the Utility Fund.

CURRENT STATUS: Unresolved. See finding 2020-003

TOWN OF WASHINGTON, LOUISIANA

**Summary Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan (Continued)**

B. Compliance Findings -

2019-004 Late audit submission

Fiscal year finding initially occurred: 2017

CONDITION: The audit was not complete or submitted within six months of the close of the Town's fiscal year end.

RECOMMENDATION: The Town should pay the audit fee as soon as funds are available in order to ensure that the audit is completed and submitted within six months of the close of the fiscal year end.

CURRENT STATUS: Resolved.

2019-005 Ticket fine fees payable

Fiscal year finding initially occurred: 2010

CONDITION: The Town failed to remit the required fees collected with the fine tickets to the appropriate organizations in accordance with various state statutes.

RECOMMENDATION: The Town should submit the required fees to each organization in a timely manner.

CURRENT STATUS: Unresolved. See finding 2020-004.

2019-006 Budget Violation

Fiscal year finding initially occurred: 2019

CONDITION: The Louisiana Local Government Budget Act requires governments to adopt a budget (amended budget, when required) where proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year, i.e., the beginning fund balance and any anticipated revenues.

RECOMMENDATION: The Town must reduce expenditures not to exceed estimated funds available.

CURRENT STATUS: Unresolved. See finding 2020-005.