Memorandum of Advisory Comments

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

December 31, 2017
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## INTERNAL CONTROL AND RELATED MATTERS

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INTERNAL CONTROL
AND RELATED MATTERS
Mr. Phillipp Bedwell, Chairman

WASHINGTON PARISH SOLID WASTE COMMITTEE

We have audited the financial statements of CHOCTAW ROAD LANDFILL ("the Landfill"), as of and for the year ended December 31, 2017, and have issued our report thereon dated May 1, 2018. As part of our audit we considered the Landfill’s internal control in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls.

Our consideration of the internal controls has been reported on in a separately issued report entitled "Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards."

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

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

Kushner LaGraize, L.L.C.

Metairie, Louisiana
May 1, 2018
Choctaw Road Landfill (the Landfill) is a joint venture between the Washington Parish Government (the Parish) and the City of Bogalusa (the City). The agreed upon percentages for sharing construction costs, revenues, and operating costs is 58.1% for the Parish and 41.9% for the City. It was noted during our audit that as of December 31, 2017, the Landfill has recorded a receivable balance of $2,104,465 due from the City of Bogalusa (the City). This receivable consists of outstanding balances in the amounts of $578,169, $799,974, $528,585 and $197,737, from the years 2017, 2016, 2015 and 2014, respectively. Per review of the City’s Audited Financial Statements as of December 31, 2016, 2015 and 2014, we noted that the 5-mill ad valorem tax dedicated to the Landfill to fund the City’s portion of Landfill operational costs, provided revenues of approximately $357,438, $351,666 and $334,884, respectively. From this information, it appears the funding with which the City relies upon to support the Landfill is no longer sufficient to support their annual share of the Landfill’s operational and capital costs.

**Recommendation**

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

**Management’s Response**

See Management’s Corrective Action Plan
MEMORANDUM OF ADVISORY COMMENTS
CORRECTIVE ACTION PLAN
December 31, 2017

Louisiana State Legislative Auditor

Choctaw Road Landfill, a joint venture between Washington Parish Government and the City of Bogalusa, respectfully submits to you the following corrective action plan for the audit comments for the year ended December 31, 2017.

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

Audit period: January 1, 2017 – December 31, 2017

Comments

2017-01

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Recommendation

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

Management’s Response:

Washington Parish Government and the City of Bogalusa officials met in early 2017 to discuss options for resolving the City’s inability to currently fund its capital and operating obligations to the Joint Venture. The Parish is negotiating a solution with the City of Bogalusa, which will involve an exchange of capital ownership (equity) for outstanding debt. In late March 2018, the Parish’s legal counsel and Finance Director met with the Louisiana Legislative Auditor’s legal counsel to discuss the proposed solution and other options to remedy the problem. On April 9, 2018, the Washington Parish Council passed resolution 18-859, to consider entering into an Intergovernmental Agreement with the City of Bogalusa to negotiate a debt for equity arrangement.