

**Cane River National Heritage Area, Inc.**

Natchitoches, Louisiana

**Annual Financial Statements  
with Independent Auditor's Report**

**As of and For the Year Ended  
September 30, 2018  
with Supplemental Information Schedules**

**KENNETH D. FOLDEN & CO.**

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Cane River National Heritage Area, Inc.  
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## Independent Auditor's Report

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Cane River National Heritage Area, Inc., as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Cane River National Heritage Area, Inc.'s basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Cane River National Heritage Area, Inc., as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 - 11 and page 32 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cane River National Heritage Area, Inc.'s basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2019 on our consideration of the Cane River National Heritage Area, Inc.'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 Cane River National Heritage Area, Inc.'s internal control over financial reporting and compliance.

*Kenneth D. Falden & Co., CPAs*

Jonesboro, Louisiana  
March 22, 2019

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART I**

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Management's Discussion and Analysis  
As of and for the year ended September 30, 2018

As Management of the Cane River National Heritage Area, Inc., we offer readers of the Cane River National Heritage Area, Inc.'s financial statements this narrative overview and analysis of the financial activities of the Cane River National Heritage Area, Inc. as of and for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with the Cane River National Heritage Area, Inc.'s basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Cane River National Heritage Area, Inc.'s basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad view of the Cane River National Heritage Area, Inc.'s finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Cane River National Heritage Area, Inc. assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Cane River National Heritage Area, Inc. is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave).

The government-wide financial statements can be found on pages 14 - 15 of this report.

**Fund financial statements.** The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All of the funds of the Cane River National Heritage Area, Inc. are governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances left at year-end that are nonspendable, restricted, committed, assigned, or unassigned. Such information may be useful in evaluating a government's near-term financing requirements.

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Management's Discussion and Analysis  
As of and for the year ended September 30, 2018

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Cane River National Heritage Area, Inc. maintains one individual governmental fund. Information as of and for the year ended September 30, 2018, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund.

The Cane River National Heritage Area, Inc. adopts an annual appropriated budget for the General Fund. A budgetary comparison statement is provided for the major funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 17 - 20 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 - 30 of this report.

Supplemental information. In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information concerning the Cane River National Heritage Area, Inc.'s compliance with budgets for its major funds. Also, other supplemental information schedules are included in the report.

#### FINANCIAL HIGHLIGHTS

-The assets of the Cane River National Heritage Area, Inc. exceeded its liabilities at September 30, 2018 by \$1,548,916.

-The Cane River National Heritage Area, Inc.'s net position increased by \$99,697.

-At September 30, 2018, the Cane River National Heritage Area, Inc.'s governmental funds reported total ending fund balances of \$1,539,083, an increase of \$108,799, from September 30, 2017.

-There is \$423,865 available for spending at the Cane River National Heritage Area, Inc.'s discretion (unassigned fund balance).

-An amount of \$1,109,985 is restricted for federal appropriation, and an amount of \$5,234 is assigned for the non-federal community fund.

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Management's Discussion and Analysis  
As of and for the year ended September 30, 2018

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Summary of Net Position**

	Governmental Activities	
	2018	2017
<b>Assets</b>		
Cash and equivalents	\$ 932,694	\$ 733,061
Accounts receivable	632,600	751,080
Capital assets (net of accumulated depreciation)	21,601	26,895
<b>Total Assets</b>	<u>1,586,895</u>	<u>1,511,036</u>
<b>Liabilities</b>		
Accounts payable	26,210	53,857
Compensated absences	11,769	7,959
<b>Total Liabilities</b>	<u>37,979</u>	<u>61,816</u>
<b>Net Position</b>		
Net investment in capital assets	21,601	26,895
Restricted	1,106,176	1,045,334
Unrestricted	421,139	376,992
<b>Total Net Position</b>	<u>\$ 1,548,916</u>	<u>\$ 1,449,221</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the CRNHA exceeded liabilities by \$1,548,916.

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Management's Discussion and Analysis  
As of and for the year ended September 30, 2018

**Summary of Change in Net Position**

	Governmental Activities	
	2018	2017
<b>Revenues</b>		
Federal appropriation	\$ 591,000	\$ 591,000
Non-federal appropriation	66,239	182,747
Miscellaneous	-	-
<b>Total revenues</b>	<u>657,239</u>	<u>773,747</u>
<b>Expenses</b>		
Current:		
Administrative and operations	406,530	423,319
Marketing and visitor services	17,743	44,793
Signage	24,919	7,306
Travel and training	5,668	7,779
Planning	-	3,143
Resource, inventory, development, and interpretation	-	3,105
Grants and projects	102,683	132,998
<b>Total expenses</b>	<u>557,543</u>	<u>622,443</u>
<b>Excess (deficiency) of revenues over (under) expenses</b>	<u>99,696</u>	<u>151,304</u>
<b>Other financing sources (uses)</b>		
Gain (loss) on sale of fixed assets	-	(131)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(131)</u>
<b>Change in net position</b>	99,696	151,173
<b>Net position - beginning</b>	1,449,220	1,298,048
<b>Net position - ending</b>	<u>\$ 1,548,916</u>	<u>\$ 1,449,221</u>

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Cane River National Heritage Area, Inc. has only one fund, a governmental fund, referred to as the General Fund. All operations of the Cane River National Heritage Area, Inc., including the purchase of capital assets, are processed through this fund.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** As of September 30, 2018, the Cane River National Heritage Area, Inc.'s investment in capital assets is \$21,601 (net of accumulated depreciation). This investment includes leasehold improvements, office equipment, and office furniture. During the year ended September 30, 2018, the Cane River National Heritage Area, Inc. purchased the following capital assets: a refrigerator for \$826.

**Debt administration.** The Cane River National Heritage Area, Inc. had no debt activity during the year ended September 30, 2018.

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Management's Discussion and Analysis  
As of and for the year ended September 30, 2018

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The primary revenue source for the Cane River National Heritage Area, Inc. is federal appropriations through the National Parks Service. Any significant increase or decrease in the amount appropriated would be evident in the operations of the Cane River National Heritage Area, Inc..

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Cane River National Heritage Area, Inc.'s finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Cane River National Heritage Area, Inc., 1115 Washington Street, Natchitoches, Louisiana 71457.

# **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Statement of Net Position  
As of September 30, 2018

		Governmental Activities
<b>Assets</b>		
Cash and equivalents	\$	932,694
Accounts receivable		632,600
Capital assets (net of accumulated depreciation)		<u>21,601</u>
<b>Total Assets</b>		<u>1,586,895</u>
<b>Liabilities</b>		
Accounts payable		26,210
Compensated absences		<u>11,769</u>
<b>Total Liabilities</b>		<u>37,979</u>
<b>Net Position</b>		
Net investment in capital assets		21,601
Restricted		1,106,176
Unrestricted		<u>421,139</u>
<b>Total Net Position</b>	<b>\$</b>	<b><u>1,548,916</u></b>

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

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Statement of Activities  
For the Year Ended September 30, 2018

	Major Funds			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<u>Functions/Programs</u>					
Primary government					
Governmental activities					
General government	\$ 557,542	\$ -	\$ 657,239	\$ -	99,697
Total governmental activities	<u>\$ 557,542</u>	<u>\$ -</u>	<u>\$ 657,239</u>	<u>\$ -</u>	<u>99,697</u>
<u>General Revenues</u>					
Change in net position					99,697
Net position - September 30, 2017					<u>1,449,220</u>
Net position - September 30, 2018					<u>\$ 1,548,917</u>

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

# **FUND FINANCIAL STATEMENTS**

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Balance Sheet - Governmental Funds  
As of September 30, 2018

	Governmental Funds
<b>Assets</b>	
Cash and equivalents	\$ 932,694
Accounts receivable	632,600
<b>Total Assets</b>	<b>\$ 1,565,294</b>
<b>Liabilities &amp; Fund Balances</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 26,210
<b>Total Liabilities</b>	<b>26,210</b>
<b>Fund balances:</b>	
Restricted, reported in:	
Federal appropriation	1,109,985
Assigned, reported in:	
Non-federal community fund	5,234
Unassigned, reported in:	
Non-federal community fund	423,865
<b>Total Fund Balances</b>	<b>1,539,084</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,565,294</b>

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

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
As of September 30, 2018

Total Fund Balances at September 30, 2018 - Governmental Funds (Statement C)	\$	1,539,084
Total Net Position reported for governmental activities in the Statement of Net Position (Statement A) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds, net of depreciation.		21,601
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated absences		(11,769)
Net Position at September 30, 2018	\$	1,548,916

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

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds  
For the Year Ended September 30, 2018

		Governmental Funds
<b>Revenues</b>		
Federal appropriation	\$	591,000
Non-federal appropriation		66,239
Miscellaneous		-
<b>Total revenues</b>		<b>657,239</b>
<b>Expenditures</b>		
Administrative and Operations		396,601
Marketing and Visitor Services		17,743
Signage		24,919
Travel and Training		5,668
Grants and Projects		102,683
Capital Outlay		826
<b>Total expenditures</b>		<b>548,440</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>		<b>108,799</b>
<b>Other financing sources (uses)</b>		
Interest earnings		-
<b>Net changes in fund balances</b>		<b>108,799</b>
<b>Fund balances - September 30, 2017</b>		<b>1,430,284</b>
<b>Fund balances - September 30, 2018</b>	<b>\$</b>	<b>1,539,083</b>

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

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Funds Balances to the Statement of Activities  
For the Year Ended September 30, 2018

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	108,800
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets capitalized over their estimated useful lives as depreciation expense. This is the amount by which capital outlay differs from depreciation for the period.

Depreciation		(6,120)
Capital outlay		826
Decrease (increase) in compensated absences		(3,810)
Change in net position of governmental activities (Statement B)	\$	<u>99,696</u>

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

**NOTES TO THE  
FINANCIAL STATEMENTS**

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the year ended September 30, 2018

**INTRODUCTION**

The Cane River National Heritage Area, Inc. is the management entity of the Cane River Heritage Area, a site designated by the federal government and intended to encourage historic preservation of the area in appreciation of the history and heritage of the site. The Cane River National Heritage Area encompasses approximately 116,000 acres.

The Cane River National Heritage Area, Inc. is a state and federally recognized 501(c)(3) non-profit corporation, and it is considered a quasi-public entity for reporting purposes. It became the federally-approved management entity of the Cane River National Heritage Area on August 6, 2010. Cane River National Heritage Area, Inc. is governed by a board of directors in accordance with the bylaws of the corporation; the board is comprised of not less than five (5) nor more than twenty-five (25) directors.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The accompanying financial statements of the Cane River National Heritage Area, Inc. have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The CRNHA applies all relevant GASB pronouncements, and GAAP, as applicable to governmental entities. Also, the CRNHA's financial statements are prepared in accordance with the requirements of Louisiana R.S. 24:513, the Louisiana Municipal Audit and Accounting Guide and to the industry guide, Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants.

**B. Reporting Entity**

The Cane River National Heritage Area, Inc. is a legally separate, non-profit, quasi-public corporation. Based on the criteria set forth in GASB Statement No. 14, The Financial Reporting Entity, is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, and GASB Statement No. 61, the Cane River National Heritage Area, Inc. has presented its financial statements as a primary governing body, is legally separate, and is fiscally independent of other state and local governments. Accordingly, the Cane River National Heritage Area, Inc. is viewed as being fiscally independent for purposes of applying the reporting criteria of GASB 14.

**C. Government-Wide Financial Statements**

The Cane River National Heritage Area, Inc.'s government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements present a summary of the governmental activities. Fiduciary activities of the Cane River National Heritage Area, Inc. are not included in these statements.

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the year ended September 30, 2018

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Cane River National Heritage Area, Inc.'s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Cane River National Heritage Area, Inc.'s governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, 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.

#### **D. Fund Financial Statements**

The accounts of the Cane River National Heritage Area, Inc. are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, expenditures or expenses, as appropriate, additions, and deductions. 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 maintained is consistent with legal and managerial requirements. The Cane River National Heritage Area, Inc. has only one category of funds, which is the governmental fund.

##### Governmental Funds

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The Cane River National Heritage Area, Inc. has presented all major funds.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheets. Amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. Long-term debts are reported as an other financing source, and repayment of long-term debt is reported as an expenditure. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Cane River National Heritage Area, Inc.  
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Notes to the Financial Statements  
As of and for the year ended September 30, 2018

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

"Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. Accordingly, revenues are recorded when received in cash and when collected within 60 days after year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due.

The Cane River National Heritage Area, Inc. reports the following major governmental funds:

General Fund - The primary operating fund of the Cane River National Heritage Area, Inc. , the General Fund accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Cane River National Heritage Area, Inc. policy.

*Revenues*

The governmental funds use the following practices in recording revenues:

Entitlements and shared revenues are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred, all other grant requirements have been met, and the susceptible-to-accrual criteria have been met.

Interest earnings are recorded when the investments have matured and the interest is available.

*Expenditures*

The governmental funds use the following practices in recording expenditures:

Salaries are recorded as expenditures when earned by employees.

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees, or their heirs, are paid for accrued leave upon retirement or death.

Principal and interest on long-term debt are recognized when due.

*Other Financing Sources (Uses)*

The governmental funds use the following practices in recording other financing sources (uses):

Transfers between funds that are not expected to be repaid, sales of fixed assets, and long-term debt proceeds and payments, are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the year ended September 30, 2018

**E. Equity Classifications**

The Cane River National Heritage Area, Inc. has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

In the Government-Wide Financial Statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and reported in three components:

**Net investment in capital assets:** This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

**Restricted net position:** This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.

**Unrestricted net position:** Any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

The Governmental Fund Financial Statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the CRNHA is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Cane River National Heritage Area, Inc. did not have any nonspendable funds for the year ended September 30, 2018.

**Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Cane River National Heritage Area, Inc. had \$1,109,985 restricted for federal appropriation for the year ended September 30, 2018.

**Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board typically establishes commitments through the adoption and amendment of the budget. The Cane River National Heritage Area, Inc. did not have any committed funds for the year ended September 30, 2018.

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the year ended September 30, 2018

Assigned: This classification includes amounts that are constrained by the Cane River National Heritage Area, Inc.'s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board delegating this responsibility to a body or official for specific purposes. The Cane River National Heritage Area, Inc. had assigned funds of \$5,234 for use in non-federal community appropriations for the year ended September 30, 2018.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. The Cane River National Heritage Area, Inc. has \$423,865 that is designated as unassigned.

The Cane River National Heritage Area, Inc. would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

**F. Budgets**

Prior to the beginning of each fiscal year, the Cane River National Heritage Area, Inc. adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting. The budget was adopted on August 24, 2017.

**G. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Cane River National Heritage Area, Inc. may deposit funds in demand deposits in stock-owned federally insured depository institutions organized under the laws of the state of Louisiana or of any other state of the United States, or under the laws of the United States. The Cane River National Heritage Area, Inc. may invest in certificates and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Cane River National Heritage Area, Inc. may invest in United States bonds, treasury notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all other reported as investments.

The Cane River National Heritage Area, Inc. reports restricted assets, if any, on the Statement of Net Position (Statement A).

**H. Investments**

The Cane River National Heritage Area, Inc.'s investments comply with Louisiana Revised Statute 33:2955. Under state law, the CRNHA may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Cane River National Heritage Area, Inc. may invest in United States bonds, treasury notes and bills, or government-backed agency securities or certificates, and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These deposits are classified as investments if their original maturities exceed 90 days. Investments are stated at fair value except for the following, which are permitted under GASB Statement No. 31:

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the year ended September 30, 2018

Investments in non-participating interest earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Cane River National Heritage Area, Inc. reported at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

**I. Capital Assets**

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

Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the Statement of Activities.

Leasehold improvements	20 years
Furniture, fixtures, and equipment	5 - 10 years

**J. Deferred Outflows of Resources**

The Cane River National Heritage Area, Inc. reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statements of net position. The Cane River National Heritage Area, Inc. did not report any deferred outflows of resources, and no deferred outflows of resources affect the governmental funds financial statements.

**K. Compensated Absences**

Full-time employees of the Cane River National Heritage Area, Inc. earn vacation hours based on the number of years of continuous service. Sick leave shall be accrued by each full-time employee at a rate of 12 days per year. Vacation and sick leave may be accumulated from year to year. Upon termination or retirement, employees are entitled to be paid a maximum of 480 hours of sick leave, 480 hours of vacation, and 240 hours of compensatory time. At September 30, 2018, 2017, and 2016, the recorded amount for compensated absences is \$11,769, \$7,959, and \$10,050.

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the year ended September 30, 2018

**L. Deferred Inflows of Resources**

The Cane River National Heritage Area, Inc. reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Cane River National Heritage Area, Inc. will not recognize the related revenues until a future event occurs. The Cane River National Heritage Area, Inc. did not report any deferred inflows of resources in the government-wide and proprietary fund statements, and no deferred inflows of resources affect the governmental funds financial statements.

**M. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. Cash, Cash Equivalents, and Investments**

At September 30, 2018, the Cane River National Heritage Area, Inc. had cash and cash equivalents (book balances) totaling \$932,694, including \$200 cash on hand. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At September 30, 2018, the Cane River National Heritage Area, Inc. had \$945,744 in deposits (collected bank balances). These deposits are secured from risk by \$510,221 of federal deposit insurance, and \$473,450 of pledged securities held in a Federal Reserve pledge account. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 40, Louisiana Revised Statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Louisiana R.S. 39:1224 requires bonds, or other such instruments furnished as security, to be deposited with the depositing authority or with an unaffiliated bank or trust company, Federal Reserve Bank, or any Federal Home Loan Bank or its successor. This security is deemed to be under the control and in the possession of the public entity and deemed to be held in its name. The Cane River National Heritage Area, Inc. has complied with these requirements of state law.

Cash and investments are categorized to give an indication of the level of risk assumed by the Cane River National Heritage Area, Inc. at September 30, 2018. Deposits are considered to be exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the the pledging financial institution's trust department or agent but not in the depositor-government's name. The Cane River National Heritage Area, Inc. has cash and cash equivalents that are covered by \$510,221 of federal depository insurance. The remaining balance is exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging financial institution.

At September 30, 2018, the Cane River National Heritage Area, Inc. had no investments.

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the year ended September 30, 2018

**3. Receivables**

The receivables of \$632,600 at September 30, 2018, are as follows:

	General
Grant receivable - 2018 appropriation	\$ 591,000
Other	41,600
Total	\$ 632,600

**4. Capital Assets**

A summary of changes in capital assets for the year ended September 30, 2018, is as follows:

	Balance, October 01, 2017	Additions	Deletions	Balance, September 30, 2018
Capital assets being depreciated				
Leasehold improvements	\$ 17,884	\$ -	\$ -	17,884
Office equipment	28,609	826	-	29,435
Office furniture	19,269	-	-	19,269
Total capital assets being depreciated	\$ 65,762	\$ 826	\$ -	66,588
Less accumulated depreciation				
Leasehold improvements	\$ 2,161	\$ 894	\$ -	3,055
Office equipment	23,673	1,985	-	25,658
Office furniture	13,033	3,241	-	16,274
Total accumulated depreciation	38,867	6,120	-	44,987
Capital assets, net	\$ 26,895	\$ (5,294)	\$ -	21,601

Depreciation expense for the year ended September 30, 2018 was \$6,120.

**5. Payables**

The payables of \$26,210 at September 30, 2018, are as follows:

	General
Accounts	\$ 26,210
Total	\$ 26,210

**6. Related Party Transactions**

The Cane River National Heritage Area, Inc. had no identified related party transactions for the year ended September 30, 2018.

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the year ended September 30, 2018

**7. Grants**

During the year ended September 30, 2018, the Cane River National Heritage Area, Inc. received grant income from the Department of the Interior, National Park Services of \$591,000. This grant is to be used to further the purpose of the Cane River National Heritage Area, Inc. The Cane River National Heritage Area, Inc. received additional federal grants from CARI-Develop National Underground Railroad Network for Freedom (\$4,120). The Cane River National Heritage Area, Inc. received additional grants from the Natchitoches Historic District Development Commission grant (\$31,500), the City of Natchitoches (\$25,000), and other small contributions (\$1,010), totaling \$60,620. Total non-federal grant income was \$57,510.

**8. Compensation Paid to Board Members**

The members of the Board of Directors receive no compensation for their service.

**9. Litigation and Claims**

At September 30, 2018, the Cane River National Heritage Area, Inc. was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.

**10. Operating Lease**

The Cane River National Heritage Area, Inc. entered into a three-year operating lease with Ally Bank on February 4, 2016, for a 2016 GMC Terrain. Monthly payments under this lease are \$391 per month. For the year ended September 30, 2018, the lease payments totaled \$4,704.

**11. Income Taxes**

The Cane River National Heritage Area, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Cane River National Heritage Area, Inc.'s Form 990, Return of Organization Exempt from Income Tax, for the years ending September 30, 2018, 2017, and 2016, are subject to examination by the IRS, generally for three years after being filed.

**12. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 22, 2019, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART II**

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Budgetary Comparison Fund - Governmental Funds  
For the Year Ended September 30, 2018

	Budget - Original	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Federal appropriation	\$ 591,000	\$ 591,000	-
Non-federal appropriation	-	66,239	66,239
Miscellaneous	-	-	-
<b>Total revenues</b>	<u>591,000</u>	<u>657,239</u>	<u>66,239</u>
<b>Expenditures</b>			
Administrative and Operations	376,590	396,601	(20,011)
Marketing and Visitor Services	59,771	17,743	42,028
Signage	23,000	24,919	(1,919)
Travel and Training	10,000	5,668	4,332
Planning	10,000	-	10,000
Resource, Inventory, Development, and Interpretation	2,500	-	2,500
Grants and Projects	99,139	102,683	(3,544)
Capital Outlay	10,000	826	9,174
<b>Total expenditures</b>	<u>591,000</u>	<u>548,440</u>	<u>42,560</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>108,799</u>	<u>108,799</u>
<b>Other financing sources (uses)</b>			
Interest earnings	-	-	-
<b>Net changes in fund balances</b>	-	108,799	108,799
<b>Fund balances - September 30, 2017</b>	<u>1,430,284</u>	<u>1,430,284</u>	-
<b>Fund balances - September 30, 2018</b>	<u>\$ 1,430,284</u>	<u>\$ 1,539,083</u>	<u>\$ 108,799</u>

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

# Kenneth D. Folden & Co.

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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**

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

We have audited the financial statements of the governmental activities and each major fund of the Cane River National Heritage Area, Inc., as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Cane River National Heritage Area, Inc.'s basic financial statements and have issued our report thereon dated March 22, 2019. 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.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Cane River National Heritage Area, Inc.'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 Cane River National Heritage Area, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Cane River National Heritage Area, Inc.'s internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cane River National Heritage Area, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under Government Auditing Standards.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 Cane River National Heritage Area, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kenneth D. Felden + Co., CPAs*

Jonesboro, Louisiana  
March 22, 2019

# **SUPPLEMENTAL INFORMATION**

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Schedule of Findings and Questioned Costs  
For the year ended September 30, 2018

We have audited the basic financial statements of the Cane River National Heritage Area, Inc. as of and for the year ended September 30, 2018 and have issued our report thereon dated March 22, 2019. 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 Governmental Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of September 30, 2018 resulted in an unqualified opinion.

A. Summary of Auditor's Report

Report on Internal Control and Compliance Material to Financial Statements

Internal Control

Material Weakness       Yes     No      Significant Deficiencies       Yes     No

Compliance

Compliance Material to Financial Statements       Yes     No

B. Findings - Financial Statements Audit

Current Year

**No current year findings.**

Prior Year

**No prior year findings.**

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the year ended September 30, 2018

Cynthia Sutton President		
Salary	\$	83,180
Benefits - Retirement		20,806
Benefits - Payroll taxes		1,185
Benefits - Insurance		7,577
Reimbursements		200
	\$	<u>112,948</u>

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## Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Trustees of Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Cane River National Heritage Area, Inc. and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 01, 2017 through September 30, 2018. The CRNHA's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a. Budgeting, including preparing, adopting, monitoring, and amending the budget,
  - b. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c. Disbursements, including processing, reviewing, and approving,
  - d. Receipts, including receiving, recording, and preparing deposits,
  - e. Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked,
  - f. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process,
  - g. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage,
  - h. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers,

i. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy, and

j. Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Exception: The CRNHA has written policies only on all required topics above. However, the CRNHA follows the policies and procedures set up by the National Park Service as required by the grant for the federal funds received.

Management's Response: Management will develop written procedures for the topics listed above that are not addressed by the NPS policies and procedures.

## **Board**

2. Obtain and review the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

a. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Response: The Board of Trustees met six times during the fiscal year. The by-laws of the CRNHA require meetings quarterly.

b. For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Response: The Board approves purchases and disbursements at each meeting and reviews budget-to-actual comparisons.

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

Response: The unrestricted fund balance for the prior year was positive.

Exception: None.

Management's Response: None.

## **Bank Reconciliations**

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

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

Response: Bank reconciliations were prepared monthly for three demand deposit accounts.

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

Response: There is no indication that a member of management or a Board member has reviewed the reconciliation.

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

Response: There were no transactions that were over six months old.

Exception: See above responses.

Management's Response: A member of the Board of Trustees, other than the Treasurer, will review and document the review of the bank reconciliations completed during the fiscal year.

## Collections

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

Response: Collection location is the Cane River National Heritage Area, Inc. office.

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

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

Response: The receptionist collects any cash that is received; however, cash collections are minimal and are usually donation or interest checks.

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

Response: The receptionist collects cash and makes deposits; however, the Director reviews the collection documentation and deposit slips.

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

Response: Contract accountant records all transactions in the general ledger.

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

Response: Contract accountant completes the reconciliation.

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

Response: The receptionist is not covered by bond or insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

a. Observe that receipts are sequentially pre-numbered.

Response: A sequentially pre-numbered receipt book was not used.

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

Response: A sequentially pre-numbered receipt book was not used.

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

Response: The deposit slip was traced to the deposit on the bank statement.

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

Response: Four of the six deposits selected were not made within one business day of receipt.

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

Response:

Exception: See above responses.

Management's Response: The CRNHA will research adding the receptionist to the insurance policy for theft. The CRNHA will make deposits within one business day of receipt.

#### **Disbursements - General**

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

Response: Management provided a listing of disbursements.

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

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

Response: Employees make a request for purchases, and the Director approves all requests. Requests are sent to contract accountant for checks to be written. The checks are sent back to the CRNHA office to be signed by the Director and Board Member and mailed by the Receptionist.

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

Response: See above response to 9a.

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

Response: Adding or modifying vendors is completed by the contract accountant as directed by the Director.

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

Response: See above response to 9a.

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

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

Response: Of 37 disbursements reviewed, all disbursements matched the related original invoice or billing statement.

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

Response: Of 37 disbursements reviewed, seven disbursements did not include evidence that the Director approved the purchase request.

Exception: See above responses.

Management's Response: The CRNHA will include in its written policy and procedures on disbursements to include information on adding vendors.

### Credit Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Response: Management provided a listing of credit cards, bank debit cards, fuel cards, and P-cards.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Response: After reviewing one monthly statement from the only credit card, there were no exceptions.

b. Observe that finance charges and late fees were not assessed on the selected statements.

Response: After reviewing one monthly statement from the only credit card, there were no exceptions.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing).

a. For each transaction, report whether the transaction is supported by:

i. An original itemized receipt (i.e., identifies precisely what was purchased)

Response: There was an original itemized receipt for all transactions.

ii. Written documentation of the business/public purpose, and

Response: The business/public purpose was indicated for all transactions.

iii. Documentation of the individuals participating in meals (for meal charges only).

Response: There were no charges for meals on the statement reviewed.

Exception: See above responses.

Management's Response: None.

### Travel and Expense Reimbursement

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

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

Response: Two of five reimbursements were for per diem, and the rates were in agreement with the US GSA.

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

Response: All reimbursements included actual costs, and all were supported by an original itemized receipt.

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

Response: One of the five reimbursements reviewed did not include names for meal charges.

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

Response: All reimbursements were reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Exception: See above responses.

Management's Response: None.

### Contracts

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

Response: The Cane River National Heritage Area, Inc. had two contracts that were executed during the fiscal year.

a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Response: Not applicable.

b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Response: One contract was approved as part of the operating budget, and one contract was approved by the Board during an open meeting.

c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Response: Neither contract was amended.

d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Response: The invoices and related payments complied with the terms and conditions of the contracts.

Exception: See above responses.

Management's Response: None.

## Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Response: The paid salaries of employees was authorized in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Response: All five employees reviewed documented their daily attendance and leave.

b. Observe that supervisors approved the attendance and leave of the selected employees/officials.

Response: Supervisors approved the attendance and leave of the selected employees.

c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Response: Leave accrued or taken during the pay period was reflected in the entity's cumulative leave records.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Response: One employee retired during the fiscal year, and the payment for leave reflects the cumulative leave records at the pay rates.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Response: The CRNHA contracts with the City of Natchitoches to perform payroll. All payroll, payroll taxes, and retirement contributions are paid with the City of Natchitoches.

Exception: See above responses.

Management's Response: None.

## Ethics

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

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

Response: All five employees reviewed had completed one hour of ethics training during the fiscal period.

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

Response: There was no documentation that the five employees reviewed had read the ethics policy during the fiscal period.

Exception: See above responses.

Management's Response: Annually, all employees will document their review of the ethics policy by signature verification.

## Debt Service

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

Response: Not applicable.

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

Response: Not applicable.

Exception: See above responses.

Management's Response: None.

## Other

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

Response: Per discussion with management, there were no misappropriations of public funds or assets.

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

Response: We observed the notice posted at the CRNHA office and on the CRNHA website.

Exception: See above responses.

Management's Response: None.

We were not engaged to and did not perform an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Kenneth D. Felden & Co., CPAs*

Jonesboro, Louisiana  
March 22, 2019