

**NATCHITOCHEES PARISH
COMMUNICATIONS DISTRICT
d/b/a Natchitoches E911
Natchitoches, Louisiana**

**FINANCIAL REPORT
For the year ended December 31, 2017**

NATCHITOCHEs PARISH COMMUNICATIONS DISTRICT
d/b/a Natchitoches E911
Natchitoches, Louisiana

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of the
Natchitoches Parish Communications District
Natchitoches, Louisiana

We have audited the accompanying financial statements of the governmental activities and the general fund of the Natchitoches Parish Communications District, a component unit of the Natchitoches Parish Government, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District'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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require 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 respective financial position of the governmental activities and the general fund of the Natchitoches Parish Communications District, as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required and Other Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, listed as required supplementary information (Part I) 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Natchitoches Parish Communications District's basic financial statements. The budgetary comparison schedule listed as required supplementary information (part II) in the table of contents as required by the Governmental Accounting Standards Board and the schedule of compensation, benefits and other payments to agency head or chief executive officer listed as other supplemental information in the table of contents as required by Louisiana Revised Statute 24:513(A)(3), are presented for purposes of additional analysis and are not required parts of the basic financial statements. The budgetary comparison statement and the schedule of compensation, benefits and other payments to agency head or chief executive officer are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2018, on our consideration of the Natchitoches Parish Communications District'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the Natchitoches Parish Communications District's internal control over financial reporting and compliance.

In accordance with the requirements of the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, we have issued a report dated June 4, 2018 on the results of those procedures and management's response on pages 34 through 44.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
June 4, 2018

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

NATCHITOCHEES PARISH COMMUNICATIONS DISTRICT
d/b/a Natchitoches E911
Natchitoches, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

As management of the Natchitoches Parish Communications District, Louisiana, we offer the readers of the Communications District's financial statements this narrative overview and analysis of the financial activities of the Natchitoches Parish Communications District as of and for the year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the Communications District's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

The Communications District was determined to be a component unit of the Natchitoches Parish Policy Jury. The accompanying financial statements present information only on the funds maintained by the Natchitoches Parish Communications District.

Financial Highlights

The Natchitoches Parish Communications District experienced an increase in its net position of \$1,843,747 (94.36%) during the year ended December 31, 2017 compared to an increase of \$24,608 (1.28%) for year ended December 31, 2016. At December 31, 2017, the assets of the Communications District exceeded its liabilities by \$3,797,725 compared to \$1,953,978 at December 31, 2016.

Communication fees charged increased \$182,650 to \$608,497 at December 31, 2017, from an \$18,798 increase to \$425,847 in December 31, 2016. The Communications District did receive state grant monies of \$1,648,277 during the year ended December 31, 2017 compared to \$0.00 for year end December 31, 2016,

The Communications District's total expenses for public safety were \$415,553 during the year ended December 31, 2017, compared to \$407,847 during year ended December 31, 2016. This is an increase of \$7,706 or 2% for the current year compared to \$17,552 or 4% increase for year ended December 31, 2016.

The Communications District's governmental funds report total ending fund balance this year of \$1,223,315. This compares to the prior year ending fund balance of \$1,529,987, showing an decrease of \$306,672 for the current year.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Natchitoches Parish Communications District's basic financial statements. The Communications District's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements include two kinds of financial statements that present different views of the Communications District—the **Government-wide Financial Statements** and the **Governmental Fund Financial Statements**. These financial statements also include the **Notes to the Financial Statements** that explain some of the information in the financial statements and provide additional detail. This report also contains additional required supplementary information—a budgetary schedule—in addition to the basic financial statements. These components are described below:

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Natchitoches Parish Communications District's finances in a manner similar to a private-sector business. The government-wide financial statements include two statements:

The *statement of net position* presents information on all of the Natchitoches Parish Communications District's assets and liabilities, with the difference between the two reported as *net position*. Overtime,

increases or decreases in net position may serve as a useful indicator of whether the financial position of the Natchitoches Parish Communications District is improving or deteriorating.

The *statement of activities* presents information showing how the Natchitoches Parish Communications District'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.

Governmental Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Natchitoches Parish Communications District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Natchitoches Parish Communications District has one governmental fund.

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

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

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 immediately following the basic financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. The Natchitoches Parish Communications District adopts an annual budget for the general fund. A budgetary comparison statement is provided for the general fund to demonstrate budgetary compliance.

Other Supplemental Information. The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented to fulfil the requirements of Louisiana Revised Statute 24:513(A)(3). There is also supplementary information to comply with Louisiana Revised Statute 33:9109E.

Government-wide Financial Analysis

Net Position

The comparison of net position from year to year serves to measure a government's financial position. As of December 31, 2017, the Communications District's assets exceed its liabilities by \$3,797,725 (net position).

Approximately 68% of the Communications District's net position reflects its investment in capital assets (a building, communications equipment, furniture and fixtures, a vehicle and the Natchitoches Communication Center designated as construction in progress); less any related debt used to acquire those assets that is still outstanding. The Communications District has no debt related to capital assets. These capital assets are not available for future spending. At December 31, 2017, \$2,574,410 of the Communications District's net position reflects capital assets with a historical cost of \$3,037,859 less accumulated depreciation of \$463,449.

Unrestricted net position of \$1,223,315 or 32% of total net position as of December 31, 2017, may be used to meet the ongoing obligations to the citizens of Natchitoches Parish Communications District.

Total liabilities for the Communications District increased by \$434,520 from 2016 due to construction costs payable at year end. The following table provides a summary of the Communications District's net position:

ASSETS	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Cash and cash equivalents	\$ 1,302,884	\$ 941,498
Investments	-	514,210
Accounts receivable	378,605	97,817
Prepaid Insurance	2,698	2,814
Capital assets, net of accumulated depreciation	<u>2,574,410</u>	<u>423,991</u>
TOTAL ASSETS	4,258,597	1,980,330
LIABILITES		
Accounts and other payables	<u>460,872</u>	<u>26,352</u>
TOTAL LIABILITIES	460,872	26,352
NET POSITION		
Net investment in capital assets	2,574,410	423,991
Unrestricted	<u>1,223,315</u>	<u>1,529,987</u>
TOTAL NET POSITION	\$ <u><u>3,797,725</u></u>	\$ <u><u>1,953,978</u></u>

Changes in net position

Comparative data for government-wide information is presented as it is accumulated and is presented to assist analysis in future years. The following schedule compares revenues and expenses for the current and previous years.

Note that program revenues, which consist of telephone tariff charges, covered all of the Communications District's operating expenses for the year ended December 31, 2017. This means the Communications District's taxpayers and other general revenues and interest, did not have to contribute to the funding of its operations during the year. The District received state capital outlay funds to reimburse partial costs of the Natchitoches Communications Center Total revenues of \$1,648,277.

The function of the Communications District is public safety. Total expenses increased \$7,706 or 2% more than the prior year. Of the total costs, depreciation on the equipment and buildings was \$51,025 or 12% of total expenses. A Summary of Statement of Activities is as follows:

	<u>For year end December 31, 2017</u>	<u>For year end December 31, 2016</u>
Revenue		
Program revenues:		
Charges for services	\$ 608,497	\$ 425,847
Capital grants and contributions	1,648,277	-
General revenues		
Interest	<u>2,526</u>	<u>6,608</u>
Total revenues	<u>2,259,300</u>	<u>432,455</u>
Expenses		
Public Safety	<u>415,553</u>	<u>407,847</u>
Total expenses		
Increase (decrease) in net position	1,843,747	24,608
Net position, beginning of year	<u>1,953,978</u>	<u>1,929,370</u>
Net position, end of year	\$ <u><u>3,797,725</u></u>	\$ <u><u>1,953,978</u></u>

As noted earlier, the Natchitoches Parish Communications District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund Budgetary Highlights

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Communications District complies with state law, as amended and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA – R.S. 39:1301 et seq.). The Communications District amended the original budget primarily to decrease the anticipated state capital outlay funds and the costs of constructing of the Natchitoches Communications Center. Actual revenues exceeded budgeted amounts by \$69,186 (3.62%). Actual expenditures were more than budgeted amounts by \$151,878 (7.67%).

Capital Asset and Debt Administration

Capital assets. The Natchitoches Parish Communications District's investment in capital assets for its governmental activities as of December 31, 2017, totaled \$2,574,410 (net of accumulated depreciation of \$463,449). This investment includes current additions of construction in progress of \$2,201,444.

Long-term debt. The Natchitoches Parish Communications District has no debt outstanding.

Economic Factors and Next Year's Budget

For the fiscal year ending December 31, 2018, the following factors were considered when the budget was prepared:

- Programs revenues will remain consistent with the prior year.
- The Communications District expects to complete work on the Natchitoches Communications Center (See note 7 of the financial statement.) This will include the capital outlays and grants received from the state.
- Other expenditures are expected to remain steady with the prior year.

Requests for Information

This financial report is designed to provide a general overview of the Natchitoches Parish Communications District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Willis Carter, Director, P. O. Box 1411, Natchitoches, Louisiana 71458.

BASIC FINANCIAL STATEMENTS

NATCHITOCHE PARISH COMMUNICATIONS DISTRICT
d/b/a Natchitoches E911
Natchitoches, Louisiana

GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION

December 31, 2017

	Governmental Fund Financial Statements		Government-wide Statements
	Balance Sheet		
	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 1,302,884	\$ -	\$ 1,302,884
Accounts receivables	378,605	-	378,605
Prepaid insurance	2,698	-	2,698
Capital assets (net)	-	2,574,410	2,574,410
TOTAL ASSETS	\$ 1,684,187	2,574,410	4,258,597
LIABILITIES			
Accounts, salaries and other payables	\$ 36,935	-	36,935
Construction contract payable	423,937	-	423,937
TOTAL LIABILITIES	460,872	-	460,872
FUND BALANCE / NET POSITION			
Fund Balance:			
Nonspendable:			
Prepaid expenses	2,698	(2,698)	-
Committed:			
Construction contract	800,000	(800,000)	-
Restricted	254,881	(254,881)	-
Unassigned	165,736	(165,736)	-
TOTAL FUND BALANCE	1,223,315	(1,223,315)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,684,187	-	-
Net Position:			
Net investment in capital assets		2,574,410	2,574,410
Unrestricted		(1,223,315)	1,223,315
TOTAL NET POSITION		\$ -	\$ 3,797,725

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO
THE GOVERNMENT- WIDE STATEMENT OF NET POSITION**

Total Fund Balance, Governmental Fund	\$	1,223,315
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in fund financial statements, but are reported in the governmental activities of the Statement of Net Position		
Cost of capital assets		3,037,859
Less accumulated depreciation		(463,449)
Net Position of Governmental Activities in the Statement of Net Position	\$	4,221,662

See accompanying notes and independent auditor's' report.

NATCHITOCHE PARISH COMMUNICATIONS DISTRICT
d/b/a Natchitoches E911
Natchitoches, Louisiana

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE /
STATEMENT OF ACTIVITIES

For the year ended December 31, 2017

	Governmental Fund Financial Statements		Government-wide Statements
	STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE		
	General Fund	Adjustments	Statement of Activities
EXPENDITURES / EXPENSES			
Public Safety:			
Personal services	\$ 55,256	\$ -	\$ 55,256
Operating services	195,507	-	195,507
Operating supplies	4,116	-	4,116
Professional services	109,303	-	109,303
Travel	346	-	346
Depreciation	-	51,025	51,025
Capital Outlay	2,201,444	(2,201,444)	-
TOTAL EXPENDITURES / EXPENSES	2,565,972	(2,150,419)	415,553
PROGRAM REVENUES			
Charges for services	608,497	-	608,497
Operating grants and contributions	-	-	-
Capital grants and contributions	1,648,277	-	1,648,277
TOTAL PROGRAM REVENUES	2,256,774	-	2,256,774
NET PROGRAM EXPENSE	(309,198)	2,150,419	1,841,221
GENERAL REVENUES			
Interest earnings	2,526	-	2,526
TOTAL GENERAL REVENUES	2,526	-	2,526
Excess of Revenues over Expenditures / Change in Net Position	(306,672)	2,150,419	1,843,747
FUND BALANCE / NET POSITION			
Beginning of the year	1,529,987		1,953,978
End of the year	\$ 1,223,315		\$ 3,797,725

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balance, Governmental Fund	\$ (306,672)
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. This is the amount by which depreciation of (\$51,025) is less than the capital outlays (\$2,201,444) in the current period.	2,150,419
Change in Net Position of Governmental Activities	\$ 1,843,747

See accompanying notes and independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

NATCHITOCHEES PARISH COMMUNICATIONS DISTRICT

Natchitoches, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2017

INTRODUCTION

Natchitoches Parish Communications District (hereinafter referred to as "Communications District") was created on July 20, 1988, by Ordinance Number 112 of the Natchitoches Parish Police Jury. The Communications District is responsible for maintaining and operating the parish-wide Emergency 911 system and equipment, and providing emergency dispatch services to approximately 39,200 residents in Natchitoches Parish. The Communications District is governed by a nine-member board appointed in accordance to Louisiana Revised Statute 33:9103. Board members serve without compensation. The Communications District is staffed by a contract administrator and an office manager employed by the Natchitoches Parish Police Jury. The Communications District provides dispatch services via inter-governmental agreements with the City of Natchitoches Police Department and the Natchitoches Parish Sheriff's office.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Natchitoches Parish Communications District have been prepared in conformity with governmental accounting principles generally accepted (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*. The more significant accounting policies established in GAAP and used by the Natchitoches Parish Communications District are discussed below.

A. REPORTING ENTITY

The Natchitoches Parish Communications District is a special-purpose government governed by a nine-member board appointed by the Natchitoches Parish Government Board. The accompanying financial statements present the Communications District's funds and activities. As required by GAAP, these financial statements present the Communications District as a component unit of the Parish Government. Based on the criteria listed below, the Parish Government is considered a primary government.

A primary government is financially accountable for an organization if (a) it appoints a voting majority of the organization's governing board and is able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government; or (b) total outstanding debt, including leases, is expected to be repaid entirely or almost entirely with resources from the primary government. Based upon these criteria, the Communications District is considered to be a component unit of the Parish Government and is disclosed as such in the Parish Government's financial statements.

B. BASIS OF PRESENTATION

The Natchitoches Parish Communications District's basic financial statements consists of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include the fund of the reporting entity, which is considered to be a governmental activity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

NATCHITOCHE PARISH COMMUNICATIONS DISTRICT

Natchitoches, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Communications District'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 recipients for 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 Communications District 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. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations. The major governmental fund of the Communications District is described below:

General Fund. The General Fund, as provided by Louisiana Revised Statute 47:1906 is the primary operating fund and is used to account for the operations of the Communications District. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Communications District's policy.

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

The Statement of Net Position and the Statement of Activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or non-current) associated with its activities are reported. Government-wide fund equity is classified as net position.

In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on its balance sheet. Their statement of revenues, expenditures, and changes in fund balance reports sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of available spendable financial resources during a given period. This approach is then reconciled, through adjustment, to a government-wide view of the operations.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, the governmental 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.

NATCHITOCHE PARISH COMMUNICATIONS DISTRICT

Natchitoches, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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. Revenues are classified by source and expenditures are classified by function and character. 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 governmental funds use the following practices in recording revenues and expenditures:

Revenues. Telephone tariff fees and interest income are recognized in the period in which they are earned. State Capital Outlay Funds are also recognized in the period in which they are earned.

Expenditures. Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased. Substantially all other expenditures are recognized when the related fund liability is incurred.

D. ASSETS, LIABILITIES AND EQUITY

Cash, Cash Equivalents, and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Communications District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or under the laws of the United States. The Communications District may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks and organized under Louisiana law and national banks having principal offices in Louisiana.

Investments are limited by Louisiana Revised Statute R.S. 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at cost which approximates market.

Prepaid Expenses

Certain payments made to vendors for services reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements.

Accounts Receivable

Substantially all of the receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Communications District maintains a threshold level of \$1,500 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

NATCHITOCHEES PARISH COMMUNICATIONS DISTRICT

Natchitoches, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation of all exhaustible capital assets is recorded as an 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:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	40 years
Equipment, furniture & fixtures	5-10 years
Vehicles	5 years

Equity Classifications

Net Position

The Communications District classifies net position in the government-wide financial statements, as follows:

- 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 increase by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Communications District's bonds. 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 above two components and is available for general use by the District.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Communications District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Fund Balances

In accordance with GASB 54, the Communications District classifies fund balances in governmental funds as follows:

- Nonspendable- Amounts that are not in spendable form (such as prepaid expenses) because they are legally or contractually required to be maintained intact.
- Restricted- Amounts constrained to specific purposes by their providers (such as grantors or higher levels of government).
- Committed- Amounts constrained by the Communications District itself. To be reported as committed, amounts cannot be used for any other purpose unless the Communications District takes the action to remove or change the constraint.
- Assigned- Amounts the Communications District intends to use for a specific purpose.
- Unassigned- All amounts not included in other spendable.

NATCHITOCHEES PARISH COMMUNICATIONS DISTRICT

Natchitoches, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity Classifications (continued)

The details of the fund balances are included in the Governmental Funds Balance Sheet. The Communications District 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.

The General Fund has unassigned fund balance of \$165,736 at December 31, 2017. Prepaid items of \$2,698 are considered Nonspendable Fund Balance. Committed Funds of \$800,000 were set aside by the Board of Commissioners to use as matching local funds for the Amended Cooperative Endeavor Agreement with the State of Louisiana to provide up to \$2,900,000 to construct an Emergency Communication facility for the District. Restricted Funds of \$254,881 represent the amount of state funding receivable to be used to pay for the Communication facility.

E. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH

At December 31, 2017, the Communications District has cash and cash equivalents totaling \$1,302,884 (book balance), in interest-bearing demand deposit accounts.

The cash of the Natchitoches Parish Communications District is subject to the following risks:

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Communications District that the fiscal agent has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Communications District's name.

At December 31, 2017, the Communications District has \$1,311,914 in deposits (collected bank balances). These deposits were protected by \$500,000 of federal depository insurance and pledged securities with a market value of \$1,858,492 held by the custodial banks in the name of the Communications District. Therefore, the Communications District was in compliance with Louisiana Revised Statute 39:1224.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment has, the greater the sensitivity of its fair value to changes in market interest rates. The Communications District does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NATCHITOCHEES PARISH COMMUNICATIONS DISTRICT

Natchitoches, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2017

3. ACCOUNTS RECEIVABLE

Receivables at December 31, 2017 consist of telephone tariff charges of \$123,724 and Intergovernmental revenues receivable of \$254,881.

4. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2017, are as follows:

Governmental Activities	<u>12/31/2016</u>	<u>Additions</u>	<u>Deletions/ Reclassifications</u>	<u>12/31/2017</u>
<u>Capital assets not being depreciated:</u>				
Construction in Progress	\$ 205,271	\$ 2,201,444	\$ -	\$ 2,406,715
Land	61,785	-	-	61,785
Total assets not being depreciated	<u>267,056</u>	<u>2,201,444</u>	<u>-</u>	<u>2,468,500</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	103,506	-	-	103,506
Equipment, Furniture & Fixtures	355,784	-	-	355,784
Digital Mapping/Address Assets	84,799	-	-	84,799
Vehicles	25,270	-	-	25,270
Total assets being depreciated	<u>569,359</u>	<u>-</u>	<u>-</u>	<u>569,359</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	\$ 67,285	\$ 2,588	\$ -	\$ 69,873
Equipment, Furniture & Fixtures	277,950	32,549	-	310,499
Digital Mapping/Address Assets	48,237	10,834	-	59,071
Vehicles	18,952	5,054	-	24,006
Total	<u>412,424</u>	<u>51,025</u>	<u>-</u>	<u>463,449</u>
Capital Assets, Net	<u>\$ 423,991</u>	<u>\$ 2,150,419</u>	<u>\$ -</u>	<u>\$ 2,574,410</u>

Depreciation expense of \$51,025 was charged to the public safety function.

5. EXPENDITURES NOT INCLUDED IN THE FINANCIAL STATEMENTS

The Natchitoches Parish Police Jury furnishes the Communications District office facilities.

6. RISK MANAGEMENT

The Communications District is exposed to various risks of loss related to limited torts, theft of or damage to and destruction of assets and errors and omissions. To handle some of the risk, the Communications District maintains surety bond coverage. No settled claims from these risks have exceeded insurance coverage in the last three years. There were no significant changes to insurance coverage during the year ended December 31, 2017.

7. COMMITMENTS AND CONTINGENCIES

The District entered into a construction contract during the year to build the Natchitoches Parish Communication Building. As of December 31, 2017, the District had uncompleted construction and architect contracts on the project totaling \$1,217,998 that will be funded by available District funds committed to the building and funds from the State of Louisiana, Office of Facility Planning and Control, Division of Administration.

NATCHITOCHES PARISH COMMUNICATIONS DISTRICT

Natchitoches, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2017

7. COMMITMENTS AND CONTINGENCIES (continued)

In 2011, the Natchitoches Parish Communications District entered into an inter-governmental agreement with the Natchitoches Police Department, whereby the District would pay \$22,000 annually for call taking services. The term of the agreement is indefinite, with either party able to terminate on January 1 of any year with 180 days prior notice.

In 2011, the Natchitoches Parish Communications District entered into an inter-governmental agreement with the Natchitoches Parish Sheriff's Office, whereby the District would pay \$28,789 annually for call taking services and Emergency Warning System operation. The term of the agreement is indefinite, with either party able to terminate on January 1 of any year with 180 days prior notice.

In September, 2014, the Natchitoches Parish Communications District entered into an inter-governmental agreement with the Parish of Natchitoches, whereby the District agrees to reimburse the Parish for payroll services provided, provide road name markers on parish roadways, and develop and provide geographic information system for the parish. The term of the agreement is indefinite, with either party able to terminate on January 1 of any year with 180 days prior notice. In 2016, the District paid \$52,253 for payroll services.

In November, 2016, a professional services agreement between the Natchitoches Parish Communications District and the current director, Willis T. Carter, LLC was signed. This contract extends until November, 2018, at an annual calendar-year fee of \$85,000.

At December 31, 2017, the Natchitoches Parish Communications District is a defendant in various litigation suits. Although the outcomes of these lawsuits are not presently determinable, in the opinion of management, resolution of these matters would not create a liability in excess of insurance coverage that would have a material adverse effect on the financial condition of the District.

8. COMMISSIONERS PER DIEM

The total amount of per diem paid to commissioners for the year ended December 31, 2017, is as follows:

Micky Dove, Chairman	\$	-
Larry Atteridge, Vice Chairman		-
Mary Jones, Secretary		-
Victor Jones		-
Jack McCain, Jr.		-
Crit Miller		-
Rick Nowlin		-
John Nicholas		-
Chris Paige		-
Total	\$	<u><u>-</u></u>

9. RELATED PARTY TRANSACTIONS

FASB 57 requires the disclosure of the description of the relationship, the transactions, the dollar amount of the transactions, and any amounts due to or from that result from related party transactions. Procedures, observations, and inquiries did not disclose any material related party transactions.

10. SUBSEQUENT EVENTS

Management has performed an evaluation of the Communications District's activities through May 24, 2018, and has concluded that there were no significant events requiring recognition or disclosure through the date and time these financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

NATCHITOCHE PARISH COMMUNICATIONS DISTRICT
d/b/a Natchitoches E911
Natchitoches, Louisiana

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2017

	Budgeted Amounts		Actual Amounts		Variance with Final Budget Positive (Negative)	
	Original	Final	Actual	Adjustment to Budgetary Basis		
				Actual Amounts (Budgetary Basis)		
Revenues						
Charges for services	\$ 437,937	\$ 586,024	\$ 608,497	\$ (25,907)	\$ 582,590	\$ (3,434)
Grants and contributions	2,729,319	1,323,301	1,648,277	(254,882)	1,393,395	70,094
Interest earnings	7,000	-	2,526	-	2,526	2,526
Total Revenues	<u>3,174,256</u>	<u>1,909,325</u>	<u>2,259,300</u>	<u>(280,789)</u>	<u>1,978,511</u>	<u>69,186</u>
Expenditures						
Personal services	62,000	56,000	55,256	-	55,256	744
Operating services	205,250	207,475	195,507	(13,006)	182,501	11,968
Operating supplies	7,350	5,285	4,116	-	4,116	1,169
Professional services	117,000	122,500	109,303	2,420	111,723	13,197
Travel	1,000	350	346	-	346	4
Capital outlay	3,565,569	1,587,961	2,201,444	(423,937)	1,777,507	(189,546)
Total Expenditures	<u>3,958,169</u>	<u>1,979,571</u>	<u>2,565,972</u>	<u>(434,523)</u>	<u>2,131,449</u>	<u>(151,878)</u>
Excess (deficiency) of revenues over expenditures	(783,913)	(70,246)	(306,672)	(153,734)	(152,938)	(82,692)
FUND BALANCE						
Beginning of the year	1,529,987	1,529,987	1,529,987	-	1,529,987	1,529,987
End of the year	<u>\$ 746,074</u>	<u>\$ 1,459,741</u>	<u>\$ 1,223,315</u>	<u>\$ (153,734)</u>	<u>\$ 1,377,049</u>	<u>\$ 1,668,359</u>

See accompanying notes and independent auditor's report.

NATCHITOCHE PARISH COMMUNICATIONS DISTRICT
d/b/a Natchitoches E911
Natchitoches, Louisiana

NOTE TO BUDGETARY COMPARISON SCHEDULE

December 31, 2017

Budgetary Information

The Communications District is required by state law to adopt an annual budget. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

A proposed budget is prepared by the governing board in November and made available for public inspection no later than 15 days prior to December 31, of each year. In open meeting prior to December 31, the budget is adopted and becomes part of the official minutes of the Communications District. The proposed budget for the General Fund is prepared on the modified accrual basis of accounting.

Once a budget is approved, it can be amended by approval of a majority of the Board. Amendments are presented at a regular open meeting for Board approval. The budget was amended once during the year.

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. Budgets for most governmental funds are adopted annually on the cash basis of accounting. The budget comparison schedules present the original adopted budget and the final amended budget.

Louisiana Revised Statute (LSA-R.S.) 39:1311 states that if there is a five percent or greater shortage in revenue or a five percent or greater overage in expenditures, the governing authority must adopt a budget amendment. For the year ended December 31, 2017, actual revenues exceeded budgeted amounts by \$69,186 or 3.62%. Expenditures were more than appropriations by \$151,878 or 7.67% over budget.

The District is not compliance with the Local Government Budget Act R.S. 39:1301-14 and the budget requirements of LSA-RS 39:34.

OTHER SUPPLEMENTAL INFORMATION

**NATCHITOCHE PARISH COMMUNICATIONS DISTRICT
d/b/a Natchitoches E911
Natchitoches, Louisiana**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

For the year ended December 31, 2017

Willis Carter, Director

Purpose		
Contract	\$	84,960
Benefits-insurance		-
Benefits-retirement		-
Benefits-other		-
Car allowance		-
Vehicle provided by government		-
Per diem		-
Reimbursements		-
Travel		-
Registration fees		346
Conference travel		-
Continuing professional education fees		-
Housing		-
Unvouchered expenses		-
Special meals		-
Total	\$	<u>85,306</u>

See accompanying notes and independent auditor's report.

NATCHITOCHE PARISH COMMUNICATIONS DISTRICT
d/b/a Natchitoches E911
Natchitoches, Louisiana

SUPPLEMENTARY INFORMATION IN ACCORDANCE WITH
LOUISIANA REVISED STATUTE 33-9109E

For the Year Ended December 31, 2017

In accordance with Louisiana Revised Statute 33:9109E, the Natchitoches Parish Communications District is authorized to collect emergency telephone service charges on wireless communications systems to pay the costs of implementing FCC ordered enhancements. Once these enhancements have been made and the system implementation is complete, the proceeds can be used for any lawful purpose of the Communication District. As of December 31, 2014, Phase I and Phase II wireless location enhancements were complete. In 2015, the Communications District completed an upgrade to its 9-1-1 call hand line equipment, and plans are to begin upgrading networks and other customer premise equipment. Time synchronization technology was added to the call handling customer premise equipment during the period 2017. Current plans call for interfacing the Districts call handling equipment with a new computer aided dispatch system which is being purchased by the City of Natchitoches, and the Natchitoches Parish Sheriff's department. A "next step" enhancement to this will include "Text to 9-1-1" which is being studied at this time.

The District's collections of wireless service charges totaled \$319,917 for the year ending December 31, 2017.

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS



Dees Gardner, Certified Public Accountants, LLC

Deborah D. Dees, CPA/CFF

Maura Dees Gardner, CPA, CFE

122 Jefferson Street

Mansfield, Louisiana

318-872-3007

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

To the Board of Commissioners of the
Natchitoches Parish Communications District
Natchitoches, 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 and general fund of the Natchitoches Parish Communications District as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Natchitoches Parish Communications District's basic financial statements and have issued our report thereon dated June 4, 2018

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Natchitoches Parish Communications District'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 Natchitoches Parish Communications District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Natchitoches Parish Communications District'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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Natchitoches Parish Communications District's, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as 2017-01.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of any 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. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 21:513 this report is a public document.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
June 4, 2018

AUDIT FINDINGS

NATCHITOCHE PARISH COMMUNICATIONS DISTRICT

Schedule of Findings and Responses
For the Year ended December 31, 2017

SUMMARY OF AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT:

We have audited the basic financial statements of the Natchitoches Parish Communications District as of and for the year ended December 31, 2017, and have issued our report thereon dated June 4, 2018. 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. Our audit of the basic financial statements as of December 31, 2017, resulted in an unmodified opinion.

REPORT ON INTERNAL CONTROL AND COMPLIANCE MATERIAL AND OTHER MATTERS TO THE FINANCIAL STATEMENTS:

Internal Control

Significant Deficiency	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Material Weakness	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Compliance

Compliance Material to Financial Statements	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Other Matters	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

FEDERAL AWARDS

Not applicable

MANAGEMENT LETTER

None.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Included within Findings

Findings relating to the Financial Statements which are required to be reported under *Government Auditing Standards*.

FINDINGS RELATED TO INTERNAL CONTROL

None.

NATCHITOCHE PARISH COMMUNICATIONS DISTRICT

Schedule of Findings and Responses
For the Year ended December 31, 2017

FINDINGS RELATED TO COMPLIANCE

2017-01. Local Government Budget Act

Criteria. Louisiana Revised Statute (LSA-R.S.) 39:1311 requires the chief executive or administrative officer of the District to advise the Jury when total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.

Condition. For the year ended December 31, 2017, the District's expenditures exceeded budgeted appropriations by 7.67%.

Effect. The budget was not an effective management tool to control expenditures

Cause. The District is in the middle of a building project. The contractor's monthly billing for the last month of the year was not available when the budget was amended. The amendment underestimated the amount.

Recommendation. Management should be more vigilant in monitoring the budget.

Management's response. Management will continue to monitor the budget carefully and consider projections more diligently.

NATCHITOCHE PARISH COMMUNICATIONS DISTRICT

Summary Schedule of Prior Year Findings
For the year ended December 31, 2017

The prior year review reported that the collected bank balances were not collateralized by adequate pledging.

Resolved.

OTHER REPORT



Dees Gardner, Certified Public Accountants, LLC

Deborah D. Dees, CPA/CFF

Maura Dees Gardner, CPA, CFE

122 Jefferson Street

Mansfield, Louisiana

318-872-3007

Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Members of the Board of Commissioners
of the Natchitoches Parish Communications District
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Natchitoches Parish Communications District (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The District'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

Written policies and procedures were obtained and address the functions noted above.

- 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.

Written policies and procedures were obtained and address the functions noted above except as to how vendors are added to the vendor list. The written policies address that the entity will not utilize a purchase order system.

- c) **Disbursements**, including processing, reviewing, and approving

Written policies and procedures were obtained and address the functions noted above.

- d) **Receipts**, including receiving, recording, and preparing deposits

Written policies and procedures were obtained and address the functions noted above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Entity does not have written policies and procedures that address the noted items above as it does not directly employ any individual. However, written policies and procedures were obtained

that address the intergovernmental agreement with Natchitoches Parish Government for shared employee expenses and costs.

- 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

Written policies and procedures were obtained and address the functions noted above.

- 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

Written policies and procedures were obtained and address the functions noted above.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Written policies and procedures were obtained and address the functions noted above.

- 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. Note: Ethics requirements are not applicable to nonprofits.

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained that address debt issuance approval but note that entity does not currently have current or past indebtedness and, thus, does not address the remaining items.

Management Response: *Management made the determination, given the size, staffing and limited transactions of the District, not to adopt a purchase order system. Sufficient controls are in place to manage purchases at this time. We will monitor any changes and make policy updates as warranted. Additionally, our policies for Payroll/Personnel and Debt Service note that should any changes take place, policies will be updated to address the changes. We will also update policy to include that the vendor list is maintained by our third party accounting firm.*

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Entity by-laws call for meeting on a monthly basis unless otherwise agreed to by the Commission. The commission agreed to a revised schedule which resulted in six meetings during the fiscal period all with a quorum.

Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The minutes included monthly budget-to-actual comparisons.

- b) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Non-budgetary financial information was referenced in at least one meeting.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

A listing of client bank accounts from management and management's representation that the listing is complete were obtained.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Bank statements and reconciliations for all months in the fiscal period were obtained. The reconciliations have been prepared for all months for each of the entities two total accounts. It should be noted, however, that the reconciliations reviewed lacked sufficient detail to specifically identify the cleared and uncleared transactions that make up the reconciliations.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Bank statements and reconciliations for all months in the fiscal period were obtained. Evidence of management review is not present.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

No reconciling items outstanding for more than six months were noted.

Management Response: *Management will begin to initial and date reconciliations to clearly demonstrate review has taken place. Further, management will require that reconciliations, which are performed by a third party accounting firm, provide enough detail to sufficiently identify the cleared and uncleared transactions.*

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

A listing of cash collection locations and management's representation that the listing was complete were obtained.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank

account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Entity does not directly receive funds from the public at any location. Funds are either direct deposited or checks are received by mail. The checks received by entity are logged by the director and turned over to a third party bookkeeper for posting and depositing. No cash registers or drawers are utilized.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The checks received by entity are logged by the director and turned over to a third party accounting firm for posting and depositing.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

The highest (dollar) week of cash collections for the selected location was obtained along with collection documentation, deposit slips, & bank statements. Given the amount and frequency of checks received, the written policy and procedure in place for entity calls for weekly deposits, not daily deposits. This practice was observed in reviewing collections.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Documentation was found for all collections except a direct deposit collection from the Louisiana Department of Revenue. Entity has not been retaining documentation for state funding collections.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The entity does have a formal written policy determining completeness of collections by a person who is not responsible for collections.

Management Response: *Management will review its procedures regarding collections and deposit timing and make changes that are practical and warranted. Any changes will take into consideration the staffing limitations of the District and the limited cash collections handled. For the collection documentation missing under Section 6 above, the State Department of Revenue distributes an email "blast" quarterly to each communications district in the state containing the amount of pre-paid wireless revenues collected by the state for each of the 65 districts in the state. These emails were not retained previously but will be retained moving forward.*

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

A listing of disbursements from management and management's representation that the listing was complete was obtained.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

The supporting documentation for the 25 disbursements selected was reviewed and per entity policy, a requisition/purchase order system or equivalent electronic system was not found to be used.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

No purchase order system utilized.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

No purchase order system utilized, however, no payment was authorized without an approved invoice per entity policy.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The entity does not have written documentation prohibiting the person responsible for processing payments from adding vendors to the purchasing/disbursement system, however, current procedures utilized do prohibit the practice. The person responsible for processing payments who adds vendors to the system is an employee of an outside accounting firm and does not have signatory authority.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The signatory authority for entity is authorized to initiate purchases on behalf of the entity per written policies and procedures. All approved payments are submitted to a third party accounting firm that prints checks and submits back to entity for final approval.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

A third party accounting firm utilizes electronic check printing and maintains blank check stock on behalf of the entity. Thus, a person with signatory authority does not have system access to print checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer.

Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The entity does not utilize a signature stamp. Signed checks are routinely mailed on the same day checks are signed by two signatories.

Management Response: *Management will review its procedures regarding disbursements and make changes that are practical and warranted. Current procedures are in place given the limited staffing of the District. If changes arise with entity, including the number of disbursements handled, management will consider revising current policies.*

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

A listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards and management's representation that the listing was complete was obtained.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

There was one credit card active during the fiscal period and it was selected for testing.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Monthly statements were obtained for the selected card, and there was evidence that each statement was reviewed and approved by the director of the District, who is also the authorized card holder, per entity policy. Further, all credit card charges are approved by the board at the board meetings.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Monthly statements were obtained for the selected cards and no finance charges and/or late fees were found.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

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

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

All of the reviewed transactions included an original itemized receipt.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

No exceptions were noted as a result of this procedure.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exceptions were noted as a result of this procedure.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions were noted as a result of this procedure

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted as a result of this procedure.

Travel and Expense Reimbursement

- 17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

A listing of all travel and related expense reimbursements by person during the fiscal period was obtained. Management's representation that the listing was complete was obtained.

- 18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The entity's written policies relating to travel and expense reimbursements were obtained. Entity utilizes the rates established by the Louisiana Travel Guide published by the Louisiana Department of Administration. These rates can vary from the rates established by the GSA, however, the differences observed are immaterial.

- 19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Two reimbursements were reviewed under this section and both were not reimbursed in accordance with written policies and procedures of entity.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions were noted as a result of applying this procedure.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Documentation of the business/public purpose was not found for one reviewed reimbursement.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Exceptions were noted with both reimbursements reviewed under this section.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted as a result of applying this procedure.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The reviewed reimbursements were not approved by someone other than the person receiving the reimbursement.

Practitioner Note: It should be noted that entities total travel and expense expenditures for the year were \$999.85.

Management Response: *Management will review its procedures regarding travel and expense reimbursements and make changes that are practical and warranted. Policies will need to be updated to allow for full mileage reimbursements for authorized District travel. Further, the District will begin utilizing the forms detailed in entity policy and make sure reimbursements include the details required by policy.*

Contracts

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

A listing of all contracts in effect and management's representation that the listing is complete was obtained.

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Formal written contracts were found for three of the five vendors paid the most money during the fiscal year.

Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

There were no instances of noncompliance noted as a result of applying this procedure.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

There were no instances of noncompliance noted as a result of applying this procedure.

- b) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

One of the contracts reviewed was amended. The amendment was for \$46,696.90 and changed the scope of work for access controls. The original contract provided for such an amendment.

- c) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

There were no instances of noncompliance noted as a result of applying this procedure.

- d) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

There were no instances of noncompliance noted as a result of applying this procedure.

Management Response: *Management, per policy, complies with state Public Bid Laws in contracting and endeavors to make cost effective decisions. In some instances, certain services are unique in nature and there are not multiple vendors available to solicit quotes. Where applicable, utilizing the best practice thresholds established under Public Bid Laws, management will document its research into whether or not multiple vendors were found to solicit quotes for contracting of services.*

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Obtained listing of employees (and elected officials, if applicable) with their related salaries and management's representation that the listing was complete.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions were noted as a result of applying this procedure.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions were noted as a result of applying this procedure.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions were noted as a result of applying this procedure.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions were noted as a result of applying this procedure.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions were noted as a result of applying this procedure.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No exceptions were noted as a result of applying this procedure.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions were noted as a result of applying this procedure.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

No exceptions were noted as a result of applying this procedure.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management asserted that they have received no allegations during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

No debt was issued during the fiscal period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

No debt was maintained during the fiscal period.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

No debt was maintained during the fiscal period.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The entity maintains a website and has the notice posted there and on its premises.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions were observed or identified regarding management's representations in the procedures above.

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

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

Dees Gardner, Certified Public Accountants, LLC

Mansfield, LA
June 4, 2018