

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

**FINANCIAL REPORT
For the year ended December 31, 2018**

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

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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

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, 2018, 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, 2018, 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 Supplementary Information Part I*

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.

Required Supplemental Information Part II and Other Supplemental Information

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 required Supplementary Information Part II' as listed in the table of contents and the accompanying financial information, listed as "Other Supplemental Information" in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The "Required Supplementary Information Part II" and the accompanying "Other Supplemental Information" 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 13, 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 13, 2019 on the results of those procedures.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
June 13, 2019

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

NATCHITOCHEES PARISH COMMUNICATIONS DISTRICT
d/b/a Natchitoches E911
Natchitoches, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

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, 2018. 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 \$1,373,370 (36, 16%) during the year ended December 31, 2018 compared to an increase of \$1,843,747 (94.36%) for year ended December 31, 2017. At December 31, 2018, the assets of the Communications District exceeded its liabilities by \$5,171,095 compared to \$3,797,725 at December 31, 2017.

Communication fees charged decreased \$3,440 to \$605,057 at December 31, 2018, from an \$182,650 increase to \$608,497 in December 31, 2017. The Communications District did receive state grant monies of \$1,151,758 during the year ended December 31, 2018 compared to \$1,648,277 for year end December 31, 2017,

The Communications District's total expenses for public safety were \$384,496 during the year ended December 31, 2018, compared to \$415,553 during year ended December 31, 2017. This is a decrease of \$31,057 or 7.5% for the current year compared to \$7,706 or 2% increase for year ended December 31, 2017.

The Communications District's governmental funds report total ending fund balance this year of \$1,210,874. This compares to the prior year ending fund balance of \$1,223,315, showing a decrease of \$12,441 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, 2018, the Communications District's assets exceed its liabilities by \$5,171,095 (net position).

Approximately 73% 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, 2018, \$3,778,309 of the Communications District's net position reflects capital assets with a historical cost of \$4,277,611 less accumulated depreciation of \$499,302.

Unrestricted net position of \$1,392,786 or 27% of total net position as of December 31, 2018, may be used to meet the ongoing obligations to the citizens of Natchitoches Parish Communications District.

Total liabilities for the Communications District decreased by \$244,746 from 2017, due to a decrease in construction costs payable at year end. The following table provides a summary of the Communications District's net position:

ASSETS	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Cash and cash equivalents	\$ 1,290,841	\$ 1,302,884
Accounts receivable	312,192	378,605
Prepaid Insurance	5,679	2,698
Utility Deposit	200	-
Capital assets, net of accumulated depreciation	<u>3,778,309</u>	<u>2,574,410</u>
TOTAL ASSETS	5,387,221	4,258,597
LIABILITITES		
Accounts and other payables	<u>216,126</u>	<u>460,872</u>
TOTAL LIABILITIES	216,126	460,872
NET POSITION		
Net investment in capital assets	3,778,309	2,574,410
Unrestricted	<u>1,392,786</u>	<u>1,223,315</u>
TOTAL NET POSITION	\$ 5,171,095	\$ 3,797,725

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, 2018. 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 grant revenues were \$1,151,758..

The function of the Communications District is public safety. Total expenses decreased \$31,057 or 7.5% from the prior year. Of the total costs, depreciation on the equipment and buildings was \$35,853 or 9.3% of total expenses. A Summary of Statement of Activities is as follows:

	<u>For year end December 31, 2018</u>	<u>For year end December 31, 2017</u>
Revenue		
Program revenues:		
Charges for services	\$ 605,057	\$ 608,497
Capital grants and contributions	1,151,758	1,648,277
General revenues		
Interest	<u>1,051</u>	<u>2,526</u>
Total revenues	<u>1,757,866</u>	<u>2,259,300</u>
Expenses		
Public Safety	<u>384,496</u>	<u>415,553</u>
Total expenses		
Increase (decrease) in net position	1,373,370	1,843,747
Net position, beginning of year	<u>3,797,725</u>	<u>1,953,978</u>
Net position, end of year	\$ 5,171,095	\$ 3,797,725

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 were less than budgeted amounts by \$20,016 (1.28%). Actual expenditures were less than budgeted amounts by \$265,157 (14.54%).

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, 2018, totaled \$3,778,309 (net of accumulated depreciation of \$499,302). This investment includes current additions of construction in progress of \$1,235,267.

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:

- Program revenues of charges for services 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.) Capital grants will decrease to approximately \$210,000. Capital outlays will also decrease.
- 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, 2018

	Governmental Fund Financial Statements		Government-wide Statements
	<u>Balance Sheet</u>		
	General Fund	Adjustments	<u>Statement of Net Position</u>
ASSETS			
Cash and cash equivalents	\$ 1,290,841	\$ -	\$ 1,290,841
Accounts receivables	100,778	211,414	312,192
Prepaid insurance	5,679	-	5,679
Utility Deposits	200		200
Capital assets (net)	-	3,778,309	3,778,309
TOTAL ASSETS	<u>\$ 1,397,498</u>	<u>3,989,723</u>	<u>5,387,221</u>
LIABILITIES			
Accounts, salaries and other payables	\$ 21,929	-	21,929
Construction contract payable	164,695	29,502	194,197
TOTAL LIABILITIES	<u>186,624</u>	<u>29,502</u>	<u>216,126</u>
FUND BALANCE / NET POSITION			
Fund Balance:			
Nonspendable:			
Prepaid expenses	5,679	(5,679)	-
Restricted	211,414	(211,414)	-
Unassigned	993,781	(993,781)	-
TOTAL FUND BALANCE	<u>1,210,874</u>	<u>(1,210,874)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,397,498</u>	<u>-</u>	
Net Position:			
Net investment in capital assets		3,778,309	3,778,309
Unrestricted		(1,210,874)	1,392,786
TOTAL NET POSITION		<u>\$ -</u>	<u>\$ 5,171,095</u>

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

Total Fund Balance, Governmental Fund	\$	1,210,874
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		4,277,612
Less accumulated depreciation		<u>(499,303)</u>
Grant revenues will be collected but are not available soon enough to pay for the current year expenditure and, therefore, the underlying revenues are not currently recognized in the governmental funds		211,414
Contract payable not due and payable in the current period and not included in the fund financials but are included in the governmental activities of the Statement of Net Position		(29,502)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$</u>	<u>5,171,095</u>

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, 2018

	Governmental Fund Financial Statements		Government-wide Statements
	STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE		
EXPENDITURES / EXPENSES	General Fund	Adjustments	Statement of Activities
Public Safety:			
Personal services	\$ 48,569	\$ -	\$ 48,569
Operating services	138,852	-	138,852
Operating supplies	52,834	-	52,834
Professional services	108,388	-	108,388
Depreciation	-	35,853	35,853
Capital Outlay	1,210,250	(1,210,250)	-
TOTAL EXPENDITURES / EXPENSES	1,558,893	(1,174,397)	384,496
PROGRAM REVENUES			
Charges for services	605,057	-	605,057
Operating grants and contributions	-	-	-
Capital grants and contributions	940,344	211,414	1,151,758
TOTAL PROGRAM REVENUES	1,545,401	211,414	1,756,815
NET PROGRAM EXPENSE	(13,492)	962,983	1,372,319
GENERAL REVENUES			
Interest earnings	1,051	-	1,051
TOTAL GENERAL REVENUES	1,051	-	1,051
Excess of Revenues over Expenditures / Change in Net Position	(12,441)	962,983	1,373,370
FUND BALANCE / NET POSITION			
Beginning of the year	1,223,315		3,797,725
End of the year	\$ 1,210,874	\$	\$ 5,171,095

**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	\$ (12,441)
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 (\$35,853) is less than the capital outlays (\$1,210,250) in the current period.	1,174,397
Grant Revenue reported in the Statement of Activities do not provide current financial resources and are not reported as revenues in governmental funds.	211,414
Change in Net Position of Governmental Activities	\$ 1,373,370

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, 2018

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, 2018

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, 2018

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.

NATCHITOCHE PARISH COMMUNICATIONS DISTRICT

Natchitoches, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2018

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, 2018

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, 2018. Prepaid items of \$5,679 are considered Nonspendable Fund Balance. Restricted Funds of \$211,414 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, 2018, the Communications District has cash and cash equivalents totaling \$1,290,841 (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, 2018, the Communications District has \$1,295,415 in deposits (collected bank balances). These deposits were protected by \$250,000 of federal depository insurance and pledged securities with a market value of \$1,826,905 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, 2018

3. ACCOUNTS RECEIVABLE

Receivables at December 31, 2018 consist of telephone tariff charges of \$100,778 and Intergovernmental revenues receivable of \$211,414.

4. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2018, are as follows:

Governmental Activities	12/31/2017	Additions	Deletions/ Reclassifications	12/31/2018
<u>Capital assets not being depreciated:</u>				
Construction in Progress	\$ 2,403,485	\$ 1,235,267	\$ -	\$ 3,638,752
Land	65,015	-	-	65,015
Total assets not being depreciated	2,468,500	1,235,267	-	3,703,767
<u>Capital assets being depreciated:</u>				
Buildings and improvements	103,506	-	-	103,506
Equipment, Furniture & Fixtures	355,784	4,485	-	360,269
Digital Mapping/Address Assets	84,799	-	-	84,799
Vehicles	25,270	-	-	25,270
Total assets being depreciated	569,359	4,485	-	573,844
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	\$ 69,873	\$ 2,588	\$ -	\$ 72,461
Equipment, Furniture & Fixtures	310,499	22,767	-	333,266
Digital Mapping/Address Assets	59,071	9,234	-	68,305
Vehicles	24,006	1,264	-	25,270
Total	463,449	35,853	-	499,302
Capital Assets, Net	\$ 2,574,410	\$ 1,203,899	\$ -	\$ 3,778,309

Depreciation expense of \$35,853 was charged to the public safety function.

5. EXPENDITURES NOT INCLUDED IN THE FINANCIAL STATEMENTS

The Natchitoches Parish Police Jury furnished the Communications District office facilities during the year ended December 31, 2018..

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, 2018.

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, 2018, the District had uncompleted construction and architect contracts on the project totaling \$29,502 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.

NATCHITOCHEES PARISH COMMUNICATIONS DISTRICT

Natchitoches, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2018

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. There were no payments made during 2018.

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. Payments of \$2,060 were made during 2018.

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 \$47,049 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 was effect until November, 2018, at an annual calendar-year fee of \$85,000. The contract continues with the same terms on a month-to-month basis until a new contract is approved.

At December 31, 2018, 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, 2018, is as follows:

Micky Dove, Chairman	\$	-
Larry Atteridge, Vice Chairman		-
Mary Jones, Secretary		-
Victor Jones		-
Jack McCain, Jr.		-
John Wynn		-
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 inquires did not disclose any material related party transactions.

10. SUBSEQUENT EVENTS

Management has performed an evaluation of the Communications District's activities through June 13, 2019, 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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Charges for services	\$ 501,024	\$ 594,968	\$ 605,057	\$ 10,089
Grants and contributions	1,576,500	970,000	940,344	(29,656)
Interest earnings	-	1,500	1,051	(449)
Total Revenues	<u>2,077,524</u>	<u>1,566,468</u>	<u>1,546,452</u>	<u>(20,016)</u>
Expenditures				
Personal services	63,500	55,600	48,569	7,031
Operating services	204,050	141,450	138,852	2,598
Operating supplies	14,300	6,500	52,834	(46,334)
Professional services	117,000	120,500	108,388	12,112
Travel	1,000	-	-	-
Capital outlay	1,891,800	1,500,000	1,210,250	289,750
Total Expenditures	<u>2,291,650</u>	<u>1,824,050</u>	<u>1,558,893</u>	<u>265,157</u>
Excess (deficiency) of revenues over expenditures	(214,126)	(257,582)	(12,441)	245,141
FUND BALANCE				
Beginning of the year	1,223,315	1,223,315	1,223,315	1,223,315
End of the year	<u>\$ 1,009,189</u>	<u>\$ 965,733</u>	<u>\$ 1,210,874</u>	<u>\$ 1,183,283</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, 2018

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, 2018, actual revenues were under the budgeted amounts by \$20,016 or 1.28%. Expenditures were less than appropriations by \$265,157 or 14.54% under budget.

The District is in 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, 2018

Willis Carter, Director

Purpose		
Contract	\$	84,960
Benefits-insurance		-
Benefits-retirement		-
Benefits-other		-
Car allowance		-
Vehicle provided by government		-
Per diem		-
Reimbursements		-
Travel		1,462
Registration fees		-
Conference travel		-
Continuing professional education fees		-
Housing		-
Unvouchered expenses		-
Special meals		-
Total	\$	<u><u>86,422</u></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, 2018

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. Time synchronization technology was added to the call handling customer premise equipment during the period 2017. In 2016, the Communications District began construction of a 9,000 sq. ft. emergency communications facility which is designed to house emergency call taking and dispatch operations for all Fire, EMS, and Law Enforcement agencies in the parish. Agencies are scheduled to move into the facility and begin operations in July of 2019. In addition, a new processing system is installed in that new facility and is scheduled to go into service at the same time.

The District's collections of wireless service charges totaled \$320,810 for the year ending December 31, 2018.

See accompanying notes and independent auditor's report.

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, a component unit of the Natchitoches Parish Government, as of and for the year ended December 31, 2018, 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 13, 2019.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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. Although the intended use of this report may be limited, under Louisiana Revised Statute 21:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44.6..

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
June 13, 2019

AUDIT FINDINGS

NATCHITOCHE PARISH COMMUNICATIONS DISTRICT

Schedule of Findings and Responses
For the Year ended December 31, 2018

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, 2018, and have issued our report thereon dated June 13, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the basic financial statements as of December 31, 2018, 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 type="checkbox"/> Yes	<input checked="" 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

Not applicable

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

FINDINGS RELATED TO INTERNAL CONTROL

None.

FINDINGS RELATED TO COMPLIANCE

None.

NATCHITOCHE PARISH COMMUNICATIONS DISTRICT

Summary Schedule of Prior Year Findings

For the year ended December 31, 2018

2017-01 Local Government Budget Act. Resolved.

OTHER REPORT



Dees Gardner, Certified Public Accountants, LLC

Deborah D. Dees, CPA/CFF

Maura Dees Gardner, CPA, CFE

122 Jefferson Street

Mansfield, Louisiana 71052

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, 2018 through December 31, 2018. 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 and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
Written policies and procedures were obtained and were found to 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 were found to address the functions noted above except as to how vendors are added to the vendor list. It should be noted that the District utilizes an independent accountant for processing vendor payments..
 - c) **Disbursements**, including processing, reviewing, and approving.
Written policies and procedures were obtained and were found to address the functions noted above.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).

Written policies and procedures were obtained and were found to 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.

This section not applicable to entity as it does not directly employ any personnel..

- 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 were found to 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Written policies and procedures were obtained and were found to 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 were found to 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.

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

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/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.

Board or Finance Committee

- 2. No prior year issue. Section not tested.

Bank Reconciliations

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

A listing of client bank accounts from management and management's representation that the listing is complete were obtained. The main operating account and the only other account of the District were selected for review.

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

Bank statements and reconciliations for randomly selected months in the fiscal period for each account were obtained. The reconciliations were observed to have been prepared timely.

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

Management review was observed for the selected statements and reconciliations. The review was not found to be dated.

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

The reconciliations reviewed did not provide detail on cleared and uncleared transactions. The reconciliations provide only totals for the period, thus, this section cannot be confirmed.

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

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

A listing of deposits sites and management's representation that the listing is complete were obtained. The only site of the entity selected for review.

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

A listing of collection locations and management's representation that the listing is complete were obtained. The only location of the entity selected for review.

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

The only collections received by the entity are checks received by mail and direct deposits electronically deposited into District bank accounts. There are no direct collections made by the entity. No cash drawers or registers are required.

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

Checks received by the District are logged by the director and turned over to an independent accounting firm for posting and depositing.

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

Checks received by the District are logged by the director and turned over to an independent accounting firm for posting and depositing.

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

Checks received by the District are logged by the director and turned over to an independent accounting firm for posting and depositing. Bank reconciliations are reviewed and approved by the District director.

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

The District does not accept cash collections and, thus, does not require bonding.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

The entity only has two bank accounts total. One of the accounts only receives deposits electronically and, thus, does not have deposits subject to testing. Four collection items were randomly selected for testing from the only account with applicable deposits.

- a) Observe that receipts are sequentially pre-numbered.

Section not applicable to entity. No direct, physical collections.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

The policy of the District does not call for daily deposits given the limited personnel available and the limited number of collections received. Given these limitations, which would not allow for adequate separation of duties if handled internally, an independent accounting firm is utilized for making and posting deposits. Having this policy limits the opportunities for timely deposits but is the most appropriate policy for the entity in the circumstances.

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

No exceptions were noted as a result of this procedure.

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

8. No prior year issue. Section not tested.
9. No prior year issue. Section not tested.
10. No prior year issue. Section not tested.

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

11. No prior year issue. Section not tested.

12. No prior year issue. Section not tested.

13. No prior year issue. Section not tested.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

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

A listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing is complete were obtained.

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

The only reimbursements selected for review were for mileage reimbursements. Entity policy is to follow the LA Travel Guide for all travel expense reimbursements. In each case, reimbursements were ½ cent per mile more than the allowable amount according the LA Travel Guide. Additionally, in two cases, minor over-reimbursements were observed. All reimbursements are made on an approved travel reimbursement spreadsheet. The two noted cases appear to be inadvertent errors with data entry in the noted travel reimbursement spreadsheet.

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

Section not applicable to items tested.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

Management Response: *Management will ensure that proper rates are utilized for mileage reimbursements and will be diligent in making sure information is accurate on reimbursement documentation.*

Contracts

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

A listing of agreements/contracts and management's representation that the listing is complete were obtained. 5 contracts were selected for review.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

Payroll and Personnel

16. Section not applicable to entity as it does not have direct employees.

17. Section not applicable to entity as it does not have direct employees.

18. Section not applicable to entity as it does not have direct employees.

19. Section not applicable to entity as it does not have direct employees.

Ethics

20. No prior year issue. Section not tested.

Debt Service

21. No prior year issue. Section not tested.

22. No prior year issue. Section not tested.

Other

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

No misappropriations of public funds and assets during the fiscal period were reported by the entity.

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

No exceptions were noted as a result of this procedure.

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 13, 2019