

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

Natchitoches, Louisiana

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

**As of and For the Year Ended  
September 30, 2017  
with Supplemental Information Schedules**

**KENNETH D. FOLDEN & CO.**

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

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Cane River National Heritage Area, Inc., as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Cane River National Heritage Area, Inc.'s basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Cane River National Heritage Area, Inc., as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 - 11 and page 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated March 23, 2018 on our consideration of the Cane River National Heritage Area, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Cane River National Heritage Area, Inc.'s internal control over financial reporting and compliance.

*Kenneth D. Falden & Co., CPAs*

Jonesboro, Louisiana

March 23, 2018

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART I**

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Management's Discussion and Analysis  
As of and for the year ended September 30, 2017

As Management of the Cane River National Heritage Area, Inc., we offer readers of the Cane River National Heritage Area, Inc.'s financial statements this narrative overview and analysis of the financial activities of the Cane River National Heritage Area, Inc. as of and for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with the Cane River National Heritage Area, Inc.'s basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Management's Discussion and Analysis  
As of and for the year ended September 30, 2017

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

The Cane River National Heritage Area, Inc. maintains one individual governmental fund. Information as of and for the year ended September 30, 2017, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund.

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

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

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

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

#### **FINANCIAL HIGHLIGHTS**

-The assets of the Cane River National Heritage Area, Inc. exceeded its liabilities at September 30, 2017 by \$1,449,221.

-The Cane River National Heritage Area, Inc.'s net position increased by \$151,172.

-At September 30, 2017, the Cane River National Heritage Area, Inc.'s governmental funds reported total ending fund balances of \$1,430,284, an increase of \$153,506, from September 30, 2016.

-There is \$381,808 available for spending at the Cane River National Heritage Area, Inc.'s discretion (unassigned fund balance).

-An amount of \$1,043,242 is restricted for federal appropriation, and an amount of \$5,234 is assigned for the non-federal community fund.



Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Management's Discussion and Analysis  
As of and for the year ended September 30, 2017

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Summary of Net Position**

	Governmental Activities	
	2017	2016
<b>Assets</b>		
Cash and equivalents	\$ 733,061	\$ 731,234
Accounts receivable	751,080	593,125
Capital assets (net of accumulated depreciation)	26,895	31,320
<b>Total Assets</b>	<u>1,511,036</u>	<u>1,355,679</u>
<b>Liabilities</b>		
Accounts payable	53,857	47,580
Compensated absences	7,959	10,050
<b>Total Liabilities</b>	<u>61,816</u>	<u>57,630</u>
<b>Net Position</b>		
Net investment in capital assets	26,895	31,320
Restricted	1,045,334	862,573
Unrestricted	376,992	404,156
<b>Total Net Position</b>	<u>\$ 1,449,221</u>	<u>\$ 1,298,049</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the CRNHA exceeded liabilities by \$1,449,221.

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Management's Discussion and Analysis  
As of and for the year ended September 30, 2017

**Summary of Change in Net Position**

	Governmental Activities	
	2017	2016
<b>Revenues</b>		
Federal appropriation	\$ 591,000	\$ 591,000
Non-federal appropriation	182,747	140,176
Miscellaneous	-	-
<b>Total revenues</b>	<u>773,747</u>	<u>731,176</u>
<b>Expenses</b>		
Current:		
Administrative and operations	423,319	419,132
Marketing and visitor services	44,793	37,923
Signage	7,306	41,470
Travel and training	7,779	9,702
Planning	3,143	10,490
Resource, inventory, development, and interpretation	3,105	48,146
Grants and projects	132,998	88,361
<b>Total expenses</b>	<u>622,443</u>	<u>655,224</u>
<b>Excess (deficiency) of revenues over (under) expenses</b>	<u>151,304</u>	<u>75,952</u>
<b>Other financing sources (uses)</b>		
Gain (loss) on sale of fixed assets	(131)	-
<b>Total other financing sources (uses)</b>	<u>(131)</u>	<u>-</u>
<b>Change in net position</b>	151,173	75,952
<b>Net position - beginning</b>	1,298,048	1,222,096
<b>Net position - ending</b>	<u>\$ 1,449,221</u>	<u>\$ 1,298,048</u>

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** As of September 30, 2017, the Cane River National Heritage Area, Inc.'s investment in capital assets is \$26,895 (net of accumulated depreciation). This investment includes leasehold improvements, office equipment, and office furniture. During the year ended September 30, 2017, the Cane River National Heritage Area, Inc. purchased the following capital assets: two Microsoft Surface 3 tablets with accessories (\$1,238) and a Dell Inspiron 15 5000 laptop (\$1,065). Capital outlay totaled \$2,303.

**Debt administration.** The Cane River National Heritage Area, Inc. had no debt activity during the year ended September 30, 2017.

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Management's Discussion and Analysis  
As of and for the year ended September 30, 2017

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

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

**REQUESTS FOR INFORMATION**

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

# **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Statement of Net Position  
As of September 30, 2017

		Governmental Activities
<b>Assets</b>		
Cash and equivalents	\$	733,061
Accounts receivable		751,080
Capital assets (net of accumulated depreciation)		<u>26,895</u>
<b>Total Assets</b>		<u>1,511,036</u>
 <b>Liabilities</b>		
Accounts payable		53,857
Compensated absences		<u>7,959</u>
<b>Total Liabilities</b>		<u>61,816</u>
 <b>Net Position</b>		
Net investment in capital assets		26,895
Restricted		1,045,334
Unrestricted		<u>376,992</u>
<b>Total Net Position</b>	<b>\$</b>	<u><u>1,449,221</u></u>

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

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Statement of Activities  
For the Year Ended September 30, 2017

	Major Funds			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<u>Functions/Programs</u>					
Primary government					
Governmental activities					
General government	\$ 622,444	\$ -	\$ 773,747	\$ -	151,303
Total governmental activities	<u>\$ 622,444</u>	<u>\$ -</u>	<u>\$ 773,747</u>	<u>\$ -</u>	<u>151,303</u>
 <u>General Revenues</u>					
Gain (loss) on sale of fixed assets				(131)	
Total general revenues and transfers				<u>(131)</u>	
Change in net position				151,172	
Net position - September 30, 2016				<u>1,298,048</u>	
Net position - September 30, 2017				<u>\$ 1,449,220</u>	

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

# **FUND FINANCIAL STATEMENTS**



Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Balance Sheet - Governmental Funds  
As of September 30, 2017

		Governmental Funds
<b>Assets</b>		
Cash and equivalents	\$	733,061
Accounts receivable		751,080
<b>Total Assets</b>	<b>\$</b>	<b><u>1,484,141</u></b>
<b>Liabilities &amp; Fund Balances</b>		
<b>Liabilities:</b>		
Accounts payable	\$	53,857
<b>Total Liabilities</b>		<b><u>53,857</u></b>
<b>Fund balances:</b>		
Restricted, reported in:		
Federal appropriation		1,043,242
Assigned, reported in:		
Non-federal community fund		5,234
Unassigned, reported in:		
Non-federal community fund		381,808
<b>Total Fund Balances</b>		<b><u>1,430,284</u></b>
<b>Total Liabilities and Fund Balances</b>	<b>\$</b>	<b><u>1,484,141</u></b>

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

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
As of September 30, 2017

Total Fund Balances at September 30, 2017 - Governmental Funds (Statement C)	\$	1,430,284
Total Net Position reported for governmental activities in the Statement of Net Position (Statement A) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds, net of depreciation.		26,895
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated absences		<u>(7,959)</u>
Net Position at September 30, 2017	\$	<u><u>1,449,220</u></u>

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

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds  
For the Year Ended September 30, 2017

		Governmental Funds
<b>Revenues</b>		
Federal appropriation	\$	591,000
Non-federal appropriation		182,747
Miscellaneous		-
<b>Total revenues</b>		<b>773,747</b>
<b>Expenditures</b>		
Administrative and Operations		418,814
Marketing and Visitor Services		44,793
Signage		7,306
Travel and Training		7,779
Planning		3,143
Resource, Inventory, Development, and Interpretation		3,105
Grants and Projects		132,998
Capital Outlay		2,303
<b>Total expenditures</b>		<b>620,241</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>		<b>153,506</b>
<b>Other financing sources (uses)</b>		
Interest earnings		-
<b>Net changes in fund balances</b>		<b>153,506</b>
<b>Fund balances - September 30, 2016</b>		<b>1,276,778</b>
<b>Fund balances - September 30, 2017</b>	<b>\$</b>	<b>1,430,284</b>

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

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Funds Balances to the Statement of Activities  
For the Year Ended September 30, 2017

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	153,505
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Depreciation		(6,597)
Capital outlay		2,303
Gain (loss) on sale of capital assets		(131)
Decrease (increase) in compensated absences		2,091
		2,091
Change in net position of governmental activities (Statement B)	\$	151,171

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

**NOTES TO THE  
FINANCIAL STATEMENTS**

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the year ended September 30, 2017

## INTRODUCTION

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

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

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Presentation

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

#### B. Reporting Entity

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

#### C. Government-Wide Financial Statements

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

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the year ended September 30, 2017

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Cane River National Heritage Area, Inc.'s governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

The accounts of the Cane River National Heritage Area, Inc. are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, expenditures or expenses, as appropriate, additions, and deductions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. The Cane River National Heritage Area, Inc. has only one category of funds, which is the governmental fund.

##### Governmental Funds

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

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

Cane River National Heritage Area, Inc.  
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Notes to the Financial Statements  
As of and for the year ended September 30, 2017

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

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

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

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

*Revenues*

The governmental funds use the following practices in recording revenues:

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

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

*Expenditures*

The governmental funds use the following practices in recording expenditures:

Salaries are recorded as expenditures when earned by employees.

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

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

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

*Other Financing Sources (Uses)*

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

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



Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the year ended September 30, 2017

**E. Equity Classifications**

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

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

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

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

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

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

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

**Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Cane River National Heritage Area, Inc. did not have any nonspendable funds for the year ended September 30, 2017.

**Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Cane River National Heritage Area, Inc. had \$1,043,242 restricted for federal appropriation for the year ended September 30, 2017.

**Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board typically establishes commitments through the adoption and amendment of the budget. The Cane River National Heritage Area, Inc. did not have any committed funds for the year ended September 30, 2017.

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the year ended September 30, 2017

Assigned: This classification includes amounts that are constrained by the Cane River National Heritage Area, Inc.'s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board delegating this responsibility to a body or official for specific purposes. The Cane River National Heritage Area, Inc. had assigned funds of \$5,234 for use in non-federal community appropriations for the year ended September 30, 2017.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. The Cane River National Heritage Area, Inc. has \$381,808 that is designated as unassigned.

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

#### **F. Budgets**

Prior to the beginning of each fiscal year, the Cane River National Heritage Area, Inc. adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting. The budget was adopted on September 22, 2016 and amended on August 24, 2017.

#### **G. Cash and Cash Equivalents**

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

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

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

#### **H. Investments**

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

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the year ended September 30, 2017

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

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

**I. Capital Assets**

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

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

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

**J. Deferred Outflows of Resources**

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

**K. Compensated Absences**

Full-time employees of the Cane River National Heritage Area, Inc. earn vacation hours based on the number of years of continuous service. Sick leave shall be accrued by each full-time employee at a rate of 12 days per year. Vacation and sick leave may be accumulated from year to year. Upon termination or retirement, employees are entitled to be paid a maximum of 480 hours of sick leave, 480 hours of vacation, and 240 hours of compensatory time. At September 30, 2017, 2016, and 2015, the recorded amount for compensated absences is \$7,959, \$10,050, and \$8,977.

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the year ended September 30, 2017

**L. Deferred Inflows of Resources**

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

**M. Estimates**

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

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

At September 30, 2017, the Cane River National Heritage Area, Inc. had cash and cash equivalents (book balances) totaling \$733,061, including \$200 cash on hand. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At September 30, 2017, the Cane River National Heritage Area, Inc. had \$749,910 in deposits (collected bank balances). These deposits are secured from risk by \$513,347 federal deposit insurance, and \$508,374 of pledged securities held in a Federal Reserve pledge account. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 40, Louisiana Revised Statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Louisiana R.S. 39:1224 requires bonds, or other such instruments furnished as security, to be deposited with the depositing authority or with an unaffiliated bank or trust company, Federal Reserve Bank, or any Federal Home Loan Bank or its successor. This security is deemed to be under the control and in the possession of the public entity and deemed to be held in its name. The Cane River National Heritage Area, Inc. has complied with these requirements of state law.

Cash and investments are categorized to give an indication of the level of risk assumed by the Cane River National Heritage Area, Inc. at September 30, 2017. Deposits are considered to be exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the the pledging financial institution's trust department or agent but not in the depositor-government's name. The Cane River National Heritage Area, Inc. has cash and cash equivalents that are covered by \$513,347 of federal depository insurance. The remaining balance is exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging financial institution.

At September 30, 2017, the Cane River National Heritage Area, Inc. had no investments.

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the year ended September 30, 2017

**3. Receivables**

The receivables of \$751,080 at September 30, 2017, are as follows:

	General
Grant receivable - 2015 appropriation	\$ 91,000
Grant receivable - 2016 appropriation	591,000
Other	69,080
<b>Total</b>	<b>\$ 751,080</b>

**4. Capital Assets**

A summary of changes in capital assets for the year ended September 30, 2017, is as follows:

	Balance, October 01, 2016	Additions	Deletions	Balance, September 30, 2017
Capital assets being depreciated				
Leasehold improvements	\$ 17,884	\$ -	\$ -	17,884
Office equipment	26,960	2,303	654	28,609
Office furniture	19,269	-	-	19,269
<b>Total capital assets being depreciated</b>	<b>\$ 64,113</b>	<b>\$ 2,303</b>	<b>\$ 654</b>	<b>\$ 65,762</b>
Less accumulated depreciation				
Leasehold improvements	\$ 1,267	894	\$	2,161
Office equipment	21,734	2,462	523	23,673
Office furniture	9,792	3,241	-	13,033
<b>Total accumulated depreciation</b>	<b>32,793</b>	<b>6,597</b>	<b>523</b>	<b>38,867</b>
<b>Capital assets, net</b>	<b>\$ 31,320</b>	<b>\$ (4,294)</b>	<b>\$ 131</b>	<b>\$ 26,895</b>

Depreciation expense for the year ended September 30, 2017 was \$6,597.

**5. Payables**

The payables of \$53,857 at September 30, 2017, are as follows:

	General
Accounts	\$ 53,857
<b>Total</b>	<b>\$ 53,857</b>

**6. Related Party Transactions**

The Cane River National Heritage Area, Inc. had no identified related party transactions for the year ended September 30, 2017.

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the year ended September 30, 2017

**7. Grants**

During the year ended September 30, 2017, the Cane River National Heritage Area, Inc. received grant income from the Department of the Interior, National Park Services of \$591,000. This grant is to be used to further the purpose of the Cane River National Heritage Area, Inc. The Cane River National Heritage Area, Inc. received additional federal grants from CARI-Develop National Underground Railroad Network for Freedom (\$79,080). The Cane River National Heritage Area, Inc. received additional grants from the Natchitoches Historic District Development Commission grant (\$45,000), the Eastern National Competitive grant (\$10,000), the Louisiana Endowment for the Humanities grant (\$750), and other small contributions (\$1,225), totaling \$136,055. Total non-federal grant income was \$56,975.

**8. Compensation Paid to Board Members**

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

**9. Litigation and Claims**

At September 30, 2017, the Cane River National Heritage Area, Inc. was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.

**10. Operating Lease**

The Cane River National Heritage Area, Inc. entered into a three-year operating lease with Ally Bank on February 4, 2016, for a 2016 GMC Terrain. Monthly payments under this lease are \$391 per month. For the year ended September 30, 2017, the lease payments totaled \$4,690.

**11. Income Taxes**

The Cane River National Heritage Area, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Cane River National Heritage Area, Inc.'s Form 990, Return of Organization Exempt from Income Tax, for the years ending September 30, 2017, 2016, and 2015, are subject to examination by the IRS, generally for three years after being filed.

**12. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 23, 2018, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART II**

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Budgetary Comparison Fund - Governmental Funds  
For the Year Ended September 30, 2017

	Budget - Original	Budget - Final	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Federal appropriation	\$ 591,000	\$ 591,000	\$ 591,000	\$ -
Non-federal appropriation	-	-	182,747	182,747
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>591,000</u>	<u>591,000</u>	<u>773,747</u>	<u>182,747</u>
<b>Expenditures</b>				
Administrative and Operations	873,647	357,409	418,814	(61,405)
Marketing and Visitor Services	137,239	63,250	44,793	18,457
Signage	208,985	23,000	7,306	15,694
Travel and Training	40,904	10,000	7,779	2,221
Planning	87,560	45,000	3,143	41,857
Resource, Inventory, Development, and Interpretation	159,969	1,592	3,105	(1,513)
Grants and Projects	377,369	85,749	132,998	(47,249)
Capital Outlay	12,312	5,000	2,303	2,697
<b>Total expenditures</b>	<u>1,897,985</u>	<u>591,000</u>	<u>620,241</u>	<u>(29,241)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,306,985)</u>	<u>-</u>	<u>153,506</u>	<u>153,506</u>
<b>Other financing sources (uses)</b>				
Interest earnings	-	-	-	-
<b>Net changes in fund balances</b>	<u>(1,306,985)</u>	<u>-</u>	<u>153,506</u>	<u>153,506</u>
<b>Fund balances - September 30, 2016</b>	<u>1,276,778</u>	<u>1,276,778</u>	<u>1,276,778</u>	<u>-</u>
<b>Fund balances - September 30, 2017</b>	<u>\$ (30,207)</u>	<u>\$ 1,276,778</u>	<u>\$ 1,430,284</u>	<u>\$ 153,506</u>

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



# Kenneth D. Folden & Co.

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## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

We have audited the financial statements of the governmental activities and each major fund of the Cane River National Heritage Area, Inc., as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Cane River National Heritage Area, Inc.'s basic financial statements and have issued our report thereon dated March 23, 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.

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

In planning and performing our audit of the financial statements, we considered the Cane River National Heritage Area, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cane River National Heritage Area, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Cane River National Heritage Area, Inc.'s internal control.

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

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

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Cane River National Heritage Area, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kenneth D. Felden & Co., CPAs*

Jonesboro, Louisiana  
March 23, 2018

# **SUPPLEMENTAL INFORMATION**

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Schedule of Findings and Questioned Costs  
For the year ended September 30, 2017

We have audited the basic financial statements of the Cane River National Heritage Area, Inc. as of and for the year ended September 30, 2017 and have issued our report thereon dated March 23, 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 Governmental Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of September 30, 2017 resulted in an unqualified opinion.

A. Summary of Auditor's Report

Report on Internal Control and Compliance Material to Financial Statements

Internal Control

Material Weakness       Yes     No      Significant Deficiencies       Yes     No

Compliance

Compliance Material to Financial Statements       Yes     No

B. Findings - Financial Statements Audit

Current Year

**No current year findings.**

Prior Year

**No prior year findings.**

Cane River National Heritage Area, Inc.  
Natchitoches, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the year ended September 30, 2017

Cynthia Sutton President		
Salary	\$	81,825
Benefits - Retirement		18,704
Benefits - Payroll taxes		1,156
Benefits - Insurance		7,068
Reimbursements		-
	\$	<u>108,753</u>

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

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

We have performed the procedures enumerated below, which were agreed to by Cane River National Heritage Area, Inc. and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 01, 2016 through September 30, 2017. The CRNHA's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### Written Policies and Procedures

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

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

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

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

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

## **Board**

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

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

b. 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).

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

c. 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.

Response: Non-budgetary information is reported in minutes.

Exception: See above responses.

Management's Response: The Board of Trustees will set a schedule of meetings quarterly as required by the by-laws.

## **Bank Reconciliations**

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

Response: Management provided us with a list of bank accounts and representation that the list is complete.

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). 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;

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

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

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

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

Response: There was one transaction that is over six months old that is still listed on the reconciliations. There is no documentation that the transaction has been researched to be removed from the reconciliation.

Exception: See above responses.

Management's Response: The CRNHA will research the transaction over six months old and adjust the reconciliation based on the research. A member of the Board of Trustees, other than the Treasurer, will review and document the review of the bank reconciliations completed during the fiscal year.

## Collections

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

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

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). 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.

Response: (1) The receptionist collects checks and money orders, but she is not bonded.  
(2) The receptionist collects checks and money orders, and the receptionist deposits the money collected.  
(3) There is no cash drawer.

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.

Response: There is no written policy or procedure for reconciling cash collections to the general ledger.

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

i. 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.

Response: All deposits were made within one day of collection.

ii. 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.

Response: All deposits were supported by documentation.



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.

Response: There is no written policy or procedure to determine completeness of all collections.

Exception: See above responses.

Management's Response: The CRNHA will develop a written policy and procedures for reconciling cash collections to the general ledger and for determining the completeness of all collections.

#### **Disbursements - General**

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.

Response: Management provided a listing of disbursements.

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.

Response: There were no transactions that were initiated using the purchase order.

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

Response: There was no indication of a purchase order.

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.

Response: All transactions reviewed were processed without an approved purchase order. All transactions were processed with a receiving report (if applicable) and an approved invoice.

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.

Response: There is no policy on adding vendors to the entity's purchasing/disbursement system.

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.

Response: The Executive Director and the Treasurer are the individuals who initiate purchases and who make the final authorization for disbursements.

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.

Response: Supply of unused checks are kept at the contract accountant's office in a locked location. Those individuals with signatory authority do not have access to the unused 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.

Response: No signature stamp or machine is used.

Exception: See above responses.

Management's Response: The CRNHA will include in its written policy and procedures on disbursements to include information on adding vendors. Management will review the policy for initiating and approving disbursements to better segregate duties.

### Credit 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.

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

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. 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.

Response: The CRNHA has one card, and the monthly statements were reviewed by the Executive Director (who is one of the two cardholders).

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

Response: After reviewing all statements from the fiscal year, there were three months with interest charged and one month with late fees charged.

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:

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

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

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

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

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

Response: No other documentation is required.

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.

Response: There were no exceptions to the policy or the Louisiana Public Bid Law.

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.

Response: No payments were made that would violate Article 7, Section 14 of the Louisiana Constitution.

Exception: See above responses.

Management's Response: The Treasurer is a cardholder who does not use the credit card to make purchases. He reviews the credit card statement each month before the charges are paid.

### **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.

Response: Management provided a listing of travel and related expense reimbursements.

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](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

Response: A written policy on travel and expense reimbursement was available.

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.

Response: Expenses were reimbursed in accordance with the written policy.

b. Report whether each expense is supported by:

i. An original itemized receipt that identifies precisely what was purchased.

Response: An original itemized receipt or voucher was available for 18 of 19 reimbursements.

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

Response: The business purpose was not noted for three of 19 reimbursements.

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

Response: Other documentation required was not available for three of nineteen reimbursements.

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.

Response: No indication of a violation of Article 7, Section 14 of the Louisiana Constitution.

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

Response: There was one of 19 reimbursements that did not document review and approval.

Exception: See above responses.

Management's Response: None.

## 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.

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

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.

Response: There is a formal/written contract that supports the services arrangement and the amount paid.

b. 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:

Response: Not applicable.

i. 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)

Response: Not applicable.

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

Response: One contract was with a contract accountant performing professional services, and these services do not require the CRNHA to solicit quotes. The second contract was on a leased vehicle, and there was no evidence that the CRNHA solicited quotes.

c. 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.

Response: The contract was not amended.

d. 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.

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

e. 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).

Response: The Board of Trustees approved both contracts as budget line items.

Exception: See above responses.

Management's Response: Before selecting and executing contracts, management will obtain quotes for materials and supplies.

## **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:

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.

Response: The CRNHA provided a list of employees and related salaries/hourly rate. Payments were made in accordance with the employment structure and the pay rate structure except one employee.

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.

Response: Pay rate changes and salary changes are approved in writing in accordance with the written policy.

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:

Response: The CRNHA had timesheets documenting daily attendance and leave for all employees.

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

Response: We reviewed timesheets on all employees, and all employees documented their daily attendance and leave.

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

Response: We reviewed timesheets on all employees, and each timesheet was approved in writing by the supervisor.

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.

Response: The CRNHA maintained written leave records for all employees who earn leave.

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.

Response: Per discussion with management and review of payroll records, there were no termination payments.

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.

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

Exception: See above responses.

Management's Response: None.

## Ethics

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.

Response: Ethics training was completed by all employees.

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.

Response: Per discussion with management, there were no alleged ethics violations reported.

Exception: See above responses.

Management's Response: None.

## Debt Service

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

Response: Not applicable.

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.

Response: Not applicable.

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.

Response: Not applicable.

Exception: See above responses.

Management's Response: None.

#### **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.

Response: Per discussion with management, there were no 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](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Response: We observed the notice posted at the CRNHA office.

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

Response: We did not observe any other exceptions regarding management's representations in the procedures above.

Exception: See above responses.

Management's Response: None.

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

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

*Kenneth D. Falden & Co., CPAs*

Jonesboro, Louisiana  
March 23, 2018



CANE RIVER  
NATIONAL HERITAGE AREA

March 23, 2018

Kenneth D. Folden & Co., CPAs  
302 Eighth Street  
Jonesboro, Louisiana

In connection with your engagement to apply agreed-upon procedures to certain control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period October 1, 2016 through September 30, 2017, we confirm to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We are responsible for the C/C areas identified in the SAUPs, including written policies and procedures; board or finance committee; bank reconciliations; collections; disbursements; credit/debit/fuel/purchasing cards; travel and expense reimbursement; contracts; payroll and personnel; ethics; debt service; and other areas as applicable.

Yes  No

2. For the fiscal period October 1, 2016 through September 30, 2017, the C/C areas were administered in accordance with the best practice criteria presented in the SAUPs.

Yes  No

3. We are responsible for selecting the criteria and procedures and for determining that such criteria and procedures are appropriate for our purposes.

Yes  No

4. We have disclosed to you all known matters contradicting the results of the procedures performed in C/C areas.

Yes  No



5. We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others affecting the C/C areas, including communications received between September 30, 2017, and March 23, 2018.

Yes  No

6. We have provided you with access to all records that we believe are relevant to the C/C areas and the agreed-upon procedures.

Yes  No

7. We represent that the listing of bank accounts provided to you is complete.

Yes  No

8. We represent that the listing of cash/check/money order (cash) collection locations provided to you is complete.

Yes  No

9. We represent that the listing of entity disbursements or the general ledger population of entity disbursements provided to you is complete.

Yes  No

10. We represent that the 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, provided to you is complete.

Yes  No

11. We represent that the listing of all travel and related expense reimbursements, by person, during the fiscal period or the general ledger population of travel and related expense reimbursements provided to you is complete.

Yes  No

12. We represent that the listing of all contracts in effect during the fiscal period or the general ledger population of contract payments provided to you is complete.

Yes  No

13. We represent that the listing of employees (and elected officials, if applicable) with their related salaries provided to you is complete.

Yes  No

14. We represent that the listing of employees (and elected officials, if applicable) that terminated during the fiscal period provided to you is complete.

Yes  No

15. We have disclosed to you other data you deemed necessary to complete SAUPs.

Yes  No

16. We have responded fully to all inquiries made by you during the engagement.

Yes  No

17. We are not aware of any events that have occurred subsequent to September 30, 2017, that would require adjustment to or modification of the results of the agreed-upon procedures.

Yes  No

**The previous responses have been made to the best of my belief and knowledge.**

Signature



Date

March 23, 2018

Title

Director, CEO