

**DeSoto Parish Communications District**  
(a component unit of DeSoto Parish Police Jury)

**FINANCIAL STATEMENTS**

December 31, 2017



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**Desoto Parish Communications District**  
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**December 31, 2017**

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**Required Supplemental Information**

**Management's Discussion and Analysis**  
**(unaudited)**

## **DeSoto Parish Communications District Management's Discussion and Analysis (Unaudited) For the Year Ended December 31, 2017**

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

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

### **Financial Highlights**

The Desoto Parish Communications District experienced an increase in its net position of \$285,080 (7.7%) during the year ended December 31, 2017. At December 31, 2017, the total assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$3,982,161 compared to \$3,697,081 at December 31, 2016.

The District's total general and program revenues were \$1,337,274 during the year ended December 31, 2017, compared to \$1,193,712 during the year ended December 31, 2016. This is an increase of \$143,562.

Ad valorem tax revenue (property taxes) decreased \$14,338 (-1.6%) to \$876,561 at December 31, 2017, from \$890,899 in December 31, 2016.

The District's governmental funds report total ending fund balance this year of \$2,234,975. This compares to the prior year ending fund balance of \$2,572,912, showing a decrease of \$337,937 for the current year.

### **Overview of the Financial Statements**

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the DeSoto Parish Communications District:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District's governmental operations, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements illustrate how general government services, like public safety, were financed in the short-term as well as what remains for future spending.



## **DeSoto Parish Communications District Management's Discussion and Analysis (Unaudited) For the Year Ended December 31, 2017**

The financial statements also include notes that explain some of the information in the financial statements and provide more data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

### **Government-Wide Financial Statements**

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

The government-wide financial statements include two statements. The statement of net position presents information on all of the DeSoto Parish Communications District's 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 DeSoto Parish Communications District is improving or deteriorating.

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

The Government-Wide financial statements can be found immediately following this discussion and analysis.

### **Fund Financial Statements**

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

Governmental funds – Most of the District's basic services are included in governmental funds which focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationships between the two types of financial statements.

**DeSoto Parish Communications District  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended December 31, 2017**

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

**Required Supplementary Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The District adopts an annual budget for the general fund. A budgetary comparison statement is provided for the general fund to demonstrate budget compliance. Also included are pension schedules required by GASB 68.

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

### **Government-Wide Financial Analysis**

#### **Net Position**

The comparison of net position from year to year serves to measure a government's financial position. As of December 31, 2017, the District's assets exceed its liabilities by \$3,982,161 (net position). Approximately 41% of the District's net position reflects its investment in capital assets (construction in progress, computers, servers, software, communications equipment, furniture and fixtures, and vehicles); less any related debt used to acquire those assets that is still outstanding. At December 31, 2017, \$1,634,478 of the District's net position reflects capital assets with a historical cost of \$3,214,326 less accumulated depreciation of \$515,181.

Unrestricted net position of \$2,022,133 or 51% of total net position as of December 31, 2017, may be used to meet the ongoing obligations to the citizens of DeSoto Parish.

**DeSoto Parish Communications District  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended December 31, 2017**

Total liabilities for the District decreased \$404,148 from 2016. The following table provides a summary of the Communications District's net position:

<i>December 31,</i>	<b>2017</b>	2016
<b>Assets</b>		
Cash and cash equivalents	\$ 1,438,661	\$ 1,851,572
Ad valorem taxes receivable	879,188	858,120
Other accounts receivable	83,122	44,266
Other current assets	350	350
Capital assets, net of depreciation	2,737,478	2,500,268
<b>Total assets</b>	<b>5,138,799</b>	5,254,576
<b>Deferred Outflows of Resources</b>		
Deferred pensions	95,029	115,597
<b>Liabilities</b>		
Accounts payable	13,765	72,808
Accrued payroll	24,860	23,076
Accrued interest	9,918	12,697
Accrued compensated absences	-	11,298
Certificates of indebtedness	1,103,000	1,452,000
Net pension liability	83,752	67,564
<b>Total liabilities</b>	<b>1,235,295</b>	1,639,443
<b>Deferred Inflows of Resources</b>		
Deferred pensions	16,273	14,244
<b>Net Position</b>		
Net investment in capital assets	1,634,478	1,048,268
Restricted for debt service	329,762	325,550
Unrestricted	2,017,921	2,323,263
<b>Total Net Position</b>	<b>\$ 3,982,161</b>	\$ 3,697,081

**Changes in Net Position**

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

**DeSoto Parish Communications District  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended December 31, 2017**

Program revenues cover 37% of the District's operating expenses for the year ended December 31, 2017. This means the District's taxpayers and other general revenues funded the remainder of its operations during the year.

Total revenues increased by \$143,562 over last year. Approximately 66% (\$876,561) of the District's total revenues for 2017 came from property taxes, 29.3% (\$391,939) from telephone tariff charges, 5.1% (\$67,771) from other state and local sources, and 0.08% (\$1,003) from investment earnings. Ad valorem tax revenue in the District decreased by \$14,338, or -1.6%.

The function of the District is public safety. Total expenses increased \$267,913 or 34% from the prior year. Of the total costs, depreciation on the equipment and buildings was \$85,750 or 8.15% of total expenses.

A summary of the statement of activities is as follows:

<i>For the year ended December 31,</i>	<b>2017</b>	2016
<b>Revenue</b>		
Program revenues:		
Charges for services	\$ 391,939	\$ 291,088
General revenues:		
Ad valorem taxes	876,561	890,899
Other general revenues	53,138	10,263
Proceeds from sale of assets	14,633	-
Interest income	1,003	1,462
Total revenues	<b>1,337,274</b>	1,193,712
<b>Expenses</b>		
Public safety	<b>1,052,194</b>	784,281
Change in net position	<b>\$ 285,080</b>	\$ 409,431

**Governmental Activities**

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

**DeSoto Parish Communications District  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended December 31, 2017**

**General Fund Budgetary Highlights**

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the District complies with state law, as amended and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA - R.S. 39:1301 et seq.). The District amended the original budget primarily to accommodate for capital outlay of equipment. The budget was not amended to cover all capital outlay purchases. Budgeted expenditures were less than actual amounts by \$158,456. The District is not in compliance with the Louisiana Local Government Budget Act.

**Capital Asset and Debt Administration**

**Capital Assets** - The DeSoto Parish Communications District's investment in capital assets for its governmental activities as of December 31, 2017, totaled \$1,634,478 (net of accumulated depreciation of \$515,181).

**Long-term debt** - The DeSoto Parish Communications District has \$1,103,000 in certificates of indebtedness outstanding as of December 31, 2017.

**Economic Factors and Next Year's Budget**

For the fiscal year ending December 31, 2017, the following factors were considered when the budget was prepared:

- General revenues are expected to remain the same due to a millage renewal of 1.26 mills.
- The District does not expect to receive significant grant monies.

**Requests for Information**

This financial report is designed to provide a general overview of the DeSoto Parish Communications District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Bruce Vanderhoeven, Administrator, DeSoto Parish Communications District, 205 N. Jefferson. Mansfield, LA 71052.

## **Basic Financial Statements**

**DeSoto Parish Communications District**  
**Statement of Net Position**  
**December 31, 2017**

<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$	1,438,661
Ad valorem taxes receivable		879,188
Other accounts receivable		83,122
Other current assets		350
<hr/>		
Total current assets		2,401,321
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Noncurrent assets		
Capital assets, net of depreciation		2,737,478
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Total assets		5,138,799
<hr/>		
Deferred Outflows of Resources		
Deferred pensions		95,029
<hr/>		
<b>Liabilities</b>		
Current Liabilities		
Accounts payable		13,765
Accrued payroll		24,860
Accrued interest		9,918
Payroll liabilities		99
Certificates of indebtedness, current		358,000
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Total current liabilities		406,642
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Noncurrent liabilities		
Net pension liability		83,752
Certificates of indebtedness, noncurrent		745,000
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Total noncurrent liabilities		828,752
<hr/>		
Total liabilities		1,235,394
<hr/>		
Deferred Inflows of Resources		
Deferred pensions		16,273
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<b>Net Position</b>		
Net investment in capital assets		1,634,478
Restricted for debt service		329,762
Unrestricted		2,017,921
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Total Net Position	\$	3,982,161
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The accompanying notes are an integral part of the financial statements.

**DeSoto Parish Communications District**  
**Statement of Activities**  
**For the Year Ended December 31, 2017**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenue and Changes in Net Position</u>
		<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities					
Public Safety	\$ 1,052,194	\$ 391,939	\$ -	\$ -	\$ (660,255)
Total government activities	<u>\$ 1,052,194</u>	<u>\$ 391,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(660,255)</u>
General Revenues					
Ad valorem taxes					876,561
State revenue sharing					7,467
Miscellaneous					45,671
Gain on sale of asset					14,633
Interest earnings					1,003
Total general revenues					<u>945,335</u>
Change in net position					285,080
Net position, beginning of year					<u>3,697,081</u>
Net position, end of year					<u>\$ 3,982,161</u>

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

**DeSoto Parish Communications District**  
**Balance Sheet – Governmental Funds**  
**December 31, 2017**

	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,438,661
Ad valorem taxes receivable	879,188
Other accounts receivable	83,122
Other current assets	350
<hr/>	
Total assets	\$ 2,401,321
<hr/>	
<b>Liabilities</b>	
Accounts payable	13,765
Accrued payroll	24,860
Payroll liabilities	99
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Total liabilities	38,724
<hr/>	
<b>Deferred Inflows of Resources</b>	
Unavailable ad valorem taxes	127,622
<hr/>	
<b>Fund Balances</b>	
Nonspendable	350
Restricted	329,762
Unassigned	1,904,863
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Total fund balances	2,234,975
<hr/>	
Total liabilities, deferred inflows and fund balances	\$ 2,401,321
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The accompanying notes are an integral part of the financial statements.

**DeSoto Parish Communications District  
Reconciliation of the Balance Sheet – Governmental Funds  
to the Statement of Net Position  
December 31, 2017**

Total fund balances - governmental funds \$2,234,975

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in Governmental Funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as Governmental Activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Cost of capital assets	3,254,326	
Accumulated depreciation	<u>(516,848)</u>	2,737,478

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position.

Balances at December 31, 2017 are

Long-term liabilities		
Certificates of indebtedness	(1,103,000)	
Accrued interest payable	(9,918)	
Net pension liabilities	<u>(83,752)</u>	(1,196,670)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	95,029
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Deferred inflows of resources related to pensions	(16,273)
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Deferred revenues are reported in the governmental funds but not in the Statement of Net Position	127,622
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Net position of governmental activities	<u>\$ 3,982,161</u>
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The accompanying notes are an integral part of the financial statements.

**DeSoto Parish Communications District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances –**  
**Governmental Funds**  
**For the Year Ended December 31, 2017**

	General Fund
<b>Revenues</b>	
Ad valorem taxes	\$ 815,047
Intergovernmental revenues - state funds	
State revenue sharing	7,467
Telephone service charges	391,939
Miscellaneous income	40,888
Interest income	1,003
<hr/>	
Total revenues	1,256,344
<hr/>	
<b>Expenditures</b>	
Public safety	
Personnel and related benefits	664,542
Operating expenses	226,865
Training and travel	7,571
Debt service	
Principal	349,000
Interest	33,702
Capital outlay	327,601
<hr/>	
Total expenditures	1,609,281
<hr/>	
Excess (deficiency) of revenues over expenditures	(352,937)
 <b>Other Financing Sources</b>	
Proceeds from sale of asset	15,000
Net change in fund balance	(337,937)
Fund balances - beginning of year	2,572,912
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Fund balance - end of year	\$ 2,234,975
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The accompanying notes are an integral part of the financial statements.

**DeSoto Parish Communications District**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances – Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2017**

Net change in fund balances - governmental funds		\$ (337,937)
Governmental funds report proceeds from the sale of assets as other financing sources on the Statement of Revenues and Expenditures. In the Statement of Activities, the gain or loss on the sale of assets is recorded net of the book value of the asset.		(367)
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the period:		
Capital outlays	327,601	
Depreciation expense	(85,750)	241,851
Due to the timing of the receipt of some revenues, they are not considered to be available to pay current obligations and are not reported in the governmental funds		127,622
In the Statement of Activities, certain operating expenses - compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). In the current year, vacation and sick time earned (\$0) exceed the amounts used (\$11,298)		(11,298)
Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		349,000
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
District pension contributions		36,372
Cost of benefits earned net of employee contributions (pension expense from the pension schedules)		(88,940)
Revenue that is recognized in the Statement of Activities for Non-Contributing Entity Revenue as part of pension plan reporting.		4,783
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because accrued interest received from bond sales is recognized as Other Financing Sources when received and interest on outstanding debt is recognized as an expenditure in the governmental funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expenses are recognized as the interest accrues, regardless of when it is due.		
Interest expense payable as of December 31, 2017	(9,918)	
Interest expense payable as of December 31, 2016	12,697	2,779
The net pension liability is not susceptible to accrual and therefore is not reported in the funds. This amount represents the change in the net pension liability.		(38,785)
<b>Change in Net Position of Governmental Activities</b>		<b>\$ 285,080</b>

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

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization*

DeSoto Parish Communications District (the "District") was created by the DeSoto Parish Police Jury, as authorized by Louisiana Revised Statute 33:9101 on September 11, 1991, and was approved by the citizens of DeSoto Parish in a special election held November 16, 1991. The Communications District is responsible for maintaining and operating the parish-wide Emergency 911 system and equipment, and providing emergency dispatch services to approximately 26,000 residents in DeSoto Parish. The Communications District is governed by a seven-member board appointed in accordance to Louisiana Revised Statute 33:9103. Board members serve without compensation. The Communications District is staffed by an administrator, an office manager, seven full-time dispatchers, and two to three occasional part-time dispatchers.

**A. Reporting Entity**

The accompanying financial statements present the Communications District's funds and activities. As required by GAAP, these financial statements present the Communications District as a component unit of the DeSoto Parish Police Jury. Based on the criteria listed below, the Police Jury is considered a primary government. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. A primary government is financially accountable for an organization if (a) it appoints a voting majority of the organization's governing board; (b) it is able to impose its will on the organization; or (c) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. Based upon these criteria, the Communications District is considered to be a component unit of the DeSoto Parish Police Jury and is disclosed as such in the Police Jury's financial statements. There are no component units included in the accompanying financial statements.

**B. Fund Accounting**

The financial transactions of the District are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balance accounts that includes its assets, liabilities, fund equity, revenues and expenditures/expenses. 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 is maintained consistent with legal and managerial requirements.

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The District uses the following fund categories and fund types:

***Governmental Funds***

Governmental funds account for the District's general governmental activities, including the collection and disbursement of specific and legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt.

Governmental funds are divided into major and nonmajor funds. Major funds are funds that meet certain dollar tests of their assets, liabilities, revenues, and expenditures. Major funds are larger, more significant funds. Nonmajor funds are the governmental funds that do not meet the dollar tests for major funds. The District only has one governmental fund.

Major Fund:

*General Fund* – The General Fund is the general operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. The General Fund is always a major fund.

**C. Basis of Accounting / Measurement Focus**

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

*Government-Wide Financial Statements (GWFS)*

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions are recognized when the District has an enforceable legal claim to the revenues, expenses, gains, losses, assets and liabilities.

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Revenues*

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar-year basis, attached as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages. State revenue sharing is recorded in the year the Communications District is entitled to the funds. Telephone tariff fees and interest income are recognized in the period in which they are earned.

*Expenditures*

Salaries and related benefits are recorded when employee services are provided. Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased. Substantially all other expenditures are recognized when the related fund liability is incurred.

*Fund Financial Statements (FFS)*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governmental funds are accounted for on the modified accrual basis of accounting. Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual; that is when they become both measureable and available to pay current period liabilities. Such revenue items are ad valorem taxes and federal and state entitlements. Ad valorem taxes are considered measureable in the calendar year of the tax levy. Ad valorem taxes are considered available because they are substantially collected within 60 days subsequent to year end. Revenue from state and federal grants are recorded when the reimbursable expenditures has been incurred.

Expenditures are recorded when the related fund liability is incurred.

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Cash and Cash Equivalents**

Cash includes amounts in demand deposits and interest-bearing demand deposits. Under state law, the Communications District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Communications District may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of slate banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

**E. Accounts Receivable**

Major receivables for the governmental activities include ad valorem taxes, telephone tariff charges and state revenue sharing revenues. Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

**F. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the governmental activities in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Description</u>	<u>Estimated Lives</u>
Computers & equipment	5-10 years
Furniture & fixtures	20 years
Vehicles	5 years

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Deferred Outflows/ Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial position reports a separate section for Deferred Inflows of Resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Communications District recognizes differences between expected and actual factors in total pension liability measurements, changes in assumptions about future factors in the total pension liability measurements, and the differences between projected and actual earnings on pension plan investments within these financial statement sections.

**H. Fund Balance of Fund Financial Statements**

GASB 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

Nonspendable fund balance represents resources that cannot be physically used to settle obligations of the District, such as prepaid expenses.

Restricted fund balances represent resources restricted by tax ordinances or by local, state or federal grant regulations for future use and are, therefore, not available for future appropriation or expenditures.

Committed fund balances indicate the District's tentative plans for the use of financial resources in the future period. Fund balance commitments are made by Board approved resolutions.

Assigned fund balances are those determined by the Administrator, under authority given under a resolution of the Board, as needed for the payment of future commitments.

The District had no committed or assigned fund balances as of December 31, 2017.

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Sometimes the District will make expenditures for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as *restricted*, *committed*, *assigned*, and *unassigned* fund balance in the governmental fund financial statements a flow assumption must be made about the order in which resources are considered to be applied. It is the District's practice to consider *restricted* fund balance to have been depleted before using any of the components of *unrestricted* fund balance. Further, when the components of *unrestricted* fund balance can be used for the same purpose, *committed* fund balance is depleted first, followed by *assigned* fund balance. *Unassigned* fund balance is applied last.

**I. Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires 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 and expenditures during the reporting period. Actual results could differ from those estimates.

**J. Risk Management**

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

**K. Pension Plan**

The DeSoto Parish Communications District is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 7. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Adoption of New Financial Standards**

In March 2016, the GASB issued Statement No. 82 – Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No.73. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions of Statement No. 82 are effective for fiscal years beginning after June 15, 2016. The Communications District does not believe Statement No. 82 to have a material impact on the financial statements.

**M. Future Accounting Pronouncements**

In January 2017, the GASB issued Statement No. 84 – Fiduciary Activities. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The Communications District is currently assessing the impact of GASB 84 on the financial statements for the year ending December 31, 2019.

In March 2017, the GASB issued Statement No. 85 – Omnibus 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [“OPEB”]). The Communications District is currently assessing the impact of GASB 85 on the financial statements for the year ending December 31, 2018.

In June 2017, GASB issued Statement No. 87 - Leases. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Communications District is currently assessing the impact of GASB 87 on the financial statements for the year ending December 31, 2020.

**NOTE 2: CASH AND CASH EQUIVALENTS**

At December 31, 2017, the District has cash and cash equivalents totaling \$1,438,661 (book balance), which includes \$1,191,219 in non-interest bearing accounts, and \$247,642 in a money market.

The cash and interest-bearing deposits of the DeSoto Parish Communications District are subject to the following risks:

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

At December 31, 2017, the District has \$1,464,396 in deposits (collected bank balances). These deposits are secured from risk by \$650,525 of federal deposit insurance, and the remaining \$813,871 is secured with pledged marketable securities by the custodial banks.

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 3: OTHER ACCOUNTS RECEIVABLE**

The following is a summary of receivables at December 31, 2017:

Telephone tariff charges - landlines	\$	12,812
Telephone tariff charges - wireless		70,310
<hr/>		
Total other receivables	\$	83,122
<hr/>		

**NOTE 4: LEVIED TAXES**

The DeSoto Parish Communications District levies taxes on real and business property located within the boundaries of the District. Property taxes are levied by the District on property values assessed by the DeSoto Parish Tax Assessor and approved by the State of Louisiana Tax Commission. The DeSoto Parish Sheriff's office bills and collects property taxes for the District. Collections are remitted to the District monthly. The District recognizes property tax revenues when levied.

The property tax calendar:

Assessment date	January 1, 2017
Levy date	June 30, 2017
Tax bills mailed	October 15, 2017
Total taxes are due	December 31, 2017
Penalties and interest added	January 31, 2018
Tax sale	May 15, 2018

The District has authorized ad valorem tax millage of 1.26 mills and levied taxes of 1.26 mills for 2017. Revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2012. Total assessed value in the District was \$695,684,221 in 2017. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$40,303,883 in 2017. Total of ad valorem tax revenues recognized in 2017 by the District was \$876,561.

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 4: LEVIED TAXES (Continued)**

The following are the principal taxpayers for the District (2017 amounts):

Taxpayer	Type of Business	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue for District
International Paper Company	Oil & Gas	\$ 56,210,543	8.08%	\$ 70,825
Exco Operating Company	Oil & Gas	55,330,279	7.95%	69,716
Chesapeake Operating, LLC	Manufacturing	46,153,310	6.63%	58,153
Southwest Electric Company	Utility	28,890,964	4.15%	36,403
Louisiana Midstream Gas	Oil & Gas	28,565,208	4.11%	35,992
Acadian Gas Pipeline	Oil & Gas	25,764,030	3.70%	32,463
Indigo Minerals LLC	Oil & Gas	25,101,290	3.61%	31,628
Enterprise Gathering, LLC	Oil & Gas	24,978,080	3.59%	31,472
Covey Park Operating LLC	Oil & Gas	24,381,077	3.50%	30,720
Cleco Power, LLC	Oil & Gas	24,161,160	3.47%	30,443
<b>Total</b>		<b>\$ 339,535,941</b>	<b>48.81%</b>	<b>\$ 427,815</b>

**NOTE 5: CAPITAL ASSETS**

A summary of the changes in capital assets for the year ended December 31, 2017, is as follows:

Governmental activities	Balance 12/31/2016	Additions	Deletions	Transfer	Balance 12/31/2017
Capital assets not being depreciated					
Land	\$ 162,860	\$ -	\$ -	\$ -	\$ 162,860
Construction in progress	2,120,623	100,530	-	(2,221,153)	-
Total capital assets not being depreciated	2,283,483	100,530	-	(2,221,153)	162,860
Capital assets being depreciated					
Buildings and improvements	-	1,207	-	2,221,153	2,222,360
Computers and equipment	527,337	185,935	-	-	713,272
Furniture and fixtures	92,978	5,469	-	-	98,447
Vehicles	49,200	30,186	(21,999)	-	57,387
Total capital assets being depreciated	669,515	222,797	(21,999)	2,221,153	3,091,466
Less accumulated depreciation					
Buildings and improvements	-	18,550	-	-	18,550
Computers and equipment	412,588	46,904	-	-	459,492
Furniture and fixtures	4,648	9,228	-	-	13,876
Vehicles	35,494	11,068	(21,632)	-	24,930
Total accumulated depreciation	452,730	85,750	(21,632)	-	516,848
Total capital assets being depreciated, net	216,785	137,047	(367)	2,221,153	2,574,618
Governmental activities capital assets, net	\$ 2,500,268	\$ 237,577	\$ (367)	\$ -	\$ 2,737,478

Depreciation expense of \$84,083 was charged to the public safety function.

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 6: CERTIFICATES OF INDEBTEDNESS**

In 2016, the Communications District issued \$1,452,000 for the purpose of constructing a new administrative and dispatch building. A bank purchased \$1,089,000 of the certificates at a rate of 2.990% and the Louisiana Public Facilities Authority purchased \$363,000 at a rate of 1.495%. The certificates are secured by and payable from a pledge and dedication of the excess of annual revenues of the Communications District above statutory, necessary and usual charges in each of the fiscal years during which the certificates are outstanding. The Communications District made \$349,000 in principal payments in the year ended December 31, 2017. The scheduled maturities of the certificates of indebtedness are as follows:

<i>December 31,</i>	Amount
2018	\$ 358,000
2019	368,000
2020	377,000
2021 and thereafter	-
Total maturities	\$ 1,103,000

Total interest expense for the year ended December 31, 2017 was \$33,702.

**NOTE 7: PENSION PLAN**

*Plan description*

Full-time employees (approximately 10) of the DeSoto Parish Communications District are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B with separate assets and benefit provisions. All employees of the District are members of Plan B.

All permanent employees working at least 28 hours per week who are paid wholly or in part from District funds are eligible to participate in the System. Under Plan B, employees who retire at or after age 67 with at least 7 years of creditable service, after age 62 with at least 10 years of creditable service, or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average.

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 7: PENSION PLAN (Continued)**

The Parochial Plan issues a separate financial report that includes financial statements and required supplementary information. The reports may be obtained by writing or calling the Parochial Plan.

Parochial Employees' Retirement System of Louisiana (Parochial Plan)  
PO Box 14619  
Baton Rouge, Louisiana 70808

Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

Parochial Employees' Retirement System of Louisiana ("PERSLA") is the administrator of a cost sharing multiple employer defined benefit pension plan. PERSLA was established and provided for by R.S.11:1901 of the Louisiana Revised Statute (LRS).

PERSLA provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elects to become members of PERSLA.

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to these appropriate statutes for more complete information.

**Benefits Provided** - The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

*Eligibility Requirements:*

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join PERSLA.

The District Attorney participates in Plan B of PERSLA.

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 7: PENSION PLAN (Continued)**

*Retirement Benefits:*

Any member of Plan B can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the members' final average compensation multiplied by his years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

*Survivor Benefits:*

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

*Deferred Retirement Option Plan:*

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 7: PENSION PLAN (Continued)**

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of PERSLA, the funds may be credited to self-directed subaccounts.

The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or PERSLA, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

*Disability Benefits:*

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

*Cost of Living Adjustments:*

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 7: PENSION PLAN (Continued)**

*Contributions:*

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2015, the actuarially determined contribution rate was 6.91% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2015 9.00% for Plan B.

According to state statute, PERSLA also receives ¼ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERSLA also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At December 31, 2017, the District reported a liability of \$83,752 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The District proportion of the Net Pension Liability was based on a projection of the District long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017 and 2016, the District's proportion was .39548% and .379475%, respectively.

For the year ended December 31, 2017, the District recognized pension expense of \$87,851. The District recognized revenue of \$4,783 as its proportionate share of non-employer contributions for the year ended December 31, 2017.

At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (14,664)
Net difference between projected and actual earnings on pension plan investments	51,292	-
Changes in assumptions	6,128	
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,244	(1,609)
Employer contributions subsequent to the measurement date	36,365	-
<b>Total</b>	<b>\$ 95,029</b>	<b>\$ (16,273)</b>

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 7: PENSION PLAN (Continued)**

Communication District's contributions made subsequent to the measurement date in the amount of \$36,365 reported as deferred outflow of resources related to pension will be recognized as a reduction in net pension liability in the year ended December 31, 2017. No payables are due to the plan as of December 31, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year Ending December 31,</i>	Pension Expense
2018	\$ 13,318
2019	18,226
2020	12,292
2021	(1,445)
<b>Total</b>	<b>\$ 42,391</b>

*Actuarial Assumptions*

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2016 is as follows:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.00% (net of investment expense)
Expected Remaining Service Lives	4 years
Projected Salary Increases	5.25% (2.75% Merit/2.50% Inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees
Mortality	RP-2000 Employee Mortality Table was selected for active members RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disables annuitants

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 7: PENSION PLAN (Continued)**

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the system's liabilities. Annuity values calculated based on this mortality were compared to those produced using a set back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016.

Best estimates of the arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2016, is summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Fixed Income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	0.67%
Real assets	2%	0.12%
Totals	100%	5.66%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.66%

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 7: PENSION PLAN (Continued)**

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Therefore, the long-term rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.*

The following presents the net pension liability of the Communications District calculated using the discount rate of 7.00 percent, as well as what the Communications District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<b>Discount Rate</b>	<b>District's proportionate share of net pension liability</b>
1% decrease	6.00%	\$ 195,318
Current discount rate	7.00%	\$ 51,376
1% increase	8.00%	\$ (70,131)

*Support of Non-employer Contributing Entities:*

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2017, the District recognized revenue as a result of support received from non-employer contributing entities of \$4,783 for its participation in the Parochial Employee's Retirement System of Louisiana.

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 7: PENSION PLAN (Continued)**

*Plan Fiduciary Net Position*

Detailed information about the Plan's fiduciary net position is available in the separately issued Parochial Employees' Retirement System of Louisiana financial report found on the System's website: [www.persla.org](http://www.persla.org) or on the Office of Louisiana Legislative Auditor's official website: [www.lla.state.la.us](http://www.lla.state.la.us).

*Payables to the Parochial Plan's Pension Plan:*

Payables to the Parochial Plan's pension plan for contractually required contributions related to the payroll accrual were \$0 as of December 31, 2017.

**NOTE 8: COMMITMENTS AND CONTINGENCIES**

On February 19, 2013, the District entered into an agreement with Bruce Vanderhoeven, Sr., whereby the District will pay him to perform duties pertaining to the position of Administrator for the District in the sum of \$70,000 per year for each year of his contract. The contract, which originally terminated June 30, 2016, was extended for four more years on January 12, 2016.

There is no litigation pending against the Communications District at December 31, 2017, nor is it aware of any unasserted claims.

**NOTE 9: COMPENSATION PAID TO BOARD MEMBERS**

The members of the Board of Commissioners of the Communications District received no compensation for their services.

**NOTE 10: COOPERATIVE ENDEAVOR AGREEMENTS**

In 2017, DeSoto Parish Fire District No. 2, DeSoto Parish Fire District #8, DeSoto Parish Fire District #9, DeSoto Parish Ambulance Service District, and DeSoto Parish Communications District entered into Cooperative Endeavor Agreements with DeSoto Parish Police Jury to coordinate the acquisition of communications equipment and parts for emergency services.

The total amount of communications equipment and parts purchased under the cooperative endeavor agreements was \$209,037.

**DeSoto Parish Communications District**  
**Notes to the Financial Statements**  
**As of and for the year ended December 31, 2017**

**NOTE 10: COOPERATIVE ENDEAVOR AGREEMENTS (Continued)**

The proceeds contributed from the entities to DeSoto Parish Police Jury were as follows:

DeSoto Parish Ambulance Service District	\$ 86,212
DeSoto Parish Fire District #2	40,000
DeSoto Parish Fire District #8	40,000
DeSoto Parish Fire District #9	29,642
DeSoto Parish Communications District	13,183
	<hr/> <hr/> <b>\$ 209,037</b>

Upon the acquisition of the emergency equipment, DeSoto Parish Fire District #2, DeSoto Parish Fire District #9, and DeSoto Parish Ambulance Service District assumes ownership of the communications equipment and parts.

DeSoto Parish Fire District #8 has donated their portion of the purchase of the communications equipment and parts to the DeSoto Parish Communications District.

As such, \$40,000 has been included in miscellaneous income on the statement of activities and included in capital assets, net of depreciation, on the statement of net position.

## **Required Supplementary Information**

**DeSoto Parish Communications District  
General Fund Budgetary Comparison Schedule  
For the Year Ended December 31, 2017**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Budgetary Fund Balance, Beginning</b>	\$2,572,912	\$2,572,912	\$ 2,572,912	\$ -
<b>Resources (inflows)</b>				
Revenue				
Ad valorem taxes	834,831	855,494	815,047	(40,447)
Intergovernmental revenue				
State revenue sharing	10,000	7,467	7,467	-
Telephone service charges	178,860	335,000	391,939	56,939
Miscellaneous revenue	600	1,200	40,888	39,688
Interest income	900	900	1,003	103
Total revenue	<u>1,025,191</u>	<u>1,200,061</u>	<u>1,256,344</u>	<u>56,283</u>
Other sources				
Proceeds from sale of asset	-	-	15,000	15,000
Total resources	<u>1,025,191</u>	<u>1,200,061</u>	<u>1,271,344</u>	<u>71,283</u>
Amounts available for appropriations	<u>3,598,103</u>	<u>3,772,973</u>	<u>3,844,256</u>	<u>71,283</u>
Charges to appropriations				
Current:				
Public safety				
Personnel and related benefits	589,912	661,225	664,542	(3,317)
Operating expenses	153,000	229,159	226,865	2,294
Training and travel	8,400	7,500	7,571	(71)
Debt Service				
Principal	349,000	349,000	349,000	-
Interest	33,443	33,702	33,702	-
Capital outlay	92,047	169,145	327,601	(158,456)
Total charges to appropriations	<u>1,225,802</u>	<u>1,449,731</u>	<u>1,609,281</u>	<u>(159,550)</u>
<b>Budgetary Fund Balance, Ending</b>	<u>\$2,372,301</u>	<u>\$2,323,242</u>	<u>\$ 2,234,975</u>	<u>\$ (88,267)</u>

See Independent Auditors' Report.

**DeSoto Parish Communications District  
Notes to Budgetary Comparison Schedule  
For the Year Ended December 31, 2017**

**NOTE A – BUDGETS**

*General Budget Policies*

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

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

Once a budget is approved, it can be amended by approval of a majority of the Board. Amendments are presented at a regular open meeting for Board approval. The budget was not amended during the year.

*Budget Basis of Accounting*

The general fund budget is prepared on the modified accrual basis of accounting. Budgeted amounts are as originally adopted or as amended by the Board. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses.

The Louisiana Local Government Budget Act provides that "the total proposed expenditures shall not exceed the total of estimated funds available for the ensuing year." The "total estimated funds available" is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year. Amendments to the adopted budget are required if total revenues fail to meet budgeted revenues by 5% or more, and/or total actual expenditures exceed total budgeted expenditures by 5% or more.

**DeSoto Parish Communications District  
Notes to Budgetary Comparison Schedule  
For the Year Ended December 31, 2017**

**NOTE B – BUDGET TO GAAP RECONCILIATION**

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:

	<u>General Fund</u>
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 3,844,256
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(2,572,912)
Other financing sources	(15,000)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 1,256,344
 <u>Charges to appropriations</u>	
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 1,609,281
Other financing uses	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 1,609,281

See Independent Auditors' Report.

**DeSoto Parish Communications District  
 Schedule of the Communications District's Proportionate Share  
 of the Net Pension Liability  
 December 31, 2017**

Fiscal Year Ended	Agency's proportion of the net pension liability (asset)	Agency's proportionate share of the net pension liability (asset)	Agency's covered-employee payroll	Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
<i>Parochial Employees' Retirement System (PERSLA)</i>					
* 2016	0.39548%	\$ 51,376	\$ 393,901	13.04%	92.20%
* 2015	0.37948%	\$ 67,564	\$ 364,750	19.00%	93.48%
* 2014	0.40495%	\$ 1,125	\$ 200,556	0.31%	99.89%
* 2013	0.27092%	\$ 607	\$ 194,173	0.00%	99.93%

\* Amounts presented were determined as of the measurement date (fiscal year ended December 31).

*This schedule is intended to show information for 10 years.  
 Additional years will be displayed as they become available.*

**DeSoto Parish Communications District  
Schedule of the Contributions to the Funds  
December 31, 2017**

Fiscal Year	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll	Contributions as a % of Required Contributions
<i>Parochial Employees' Retirement System of Louisiana (PERSLA)</i>						
2017	\$ 36,365	\$ 36,365	\$ -	\$ 454,564	8.00%	100.00%
2016	\$ 31,512	\$ 31,512	\$ -	\$ 393,901	8.00%	100.00%
2015	\$ 32,826	\$ 32,826	\$ -	\$ 364,750	9.00%	100.00%
2014	\$ 32,089	\$ 32,089	\$ -	\$ 200,556	16.00%	100.00%

Amounts presented were determined as of the end of the fiscal year (December 31).

This schedule is intended to show information for 10 years.

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**Notes to Required Supplementary Information**

Changes of Benefit Terms

There were no changes of benefit terms for the year ended December 31, 2017.

Changes of Assumptions

There were no changes to expected remaining service lives for the year ended June 30, 2017.

## **Supplemental Information**

**DeSoto Parish Communications District**  
**Schedule of Compensation, Benefits and Other Payments to Agency Head**  
**For the Year Ended December 31, 2017**

Bruce Vanderhoeven, Administrator

Purpose:

Salary	\$ 70,000
Benefits - insurance	592
Benefits - retirement	210
Vehicle provided by government	650
Conferences	100
<hr/>	
Total compensation, benefits, and other payments	<u>\$ 71,552</u>



**DeSoto Parish Communications District  
Supplementary Information in Accordance with Louisiana Revised Statute 33:9109E  
For the Year Ended December 31, 2017**

The Communications District assesses a 9-1-1 surcharge fee for cellular and other wireless services. The assessment of the wireless 9-1-1 surcharge fee was approved to fund, along with other funding sources, Implementation of FCC ordered enhancements to the E-911 systems. As of December 31, 2017, the District has Implemented Phases I and II of the enhancements required by the FCC.

Total revenues derived from wireless service providers in DeSoto Parish for the year ended December 31, 2017 was \$322,159.

**DeSoto Parish Communications District  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2017**

**Section I – Summary of Auditors’ Results**

**A. Financial Statements**

1. We have issued an unmodified opinion on the financial statements of the Desoto Parish Communications District, Mansfield, Louisiana, as of and for the year ended December 31, 2017.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements were reported in the *Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. One instance of noncompliance material to the financial statements was reported during the audit in the *Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.

**B. Federal Awards**

Not applicable for the year ended December 31, 2017

**Section II – Financial Statement Findings**

**2017-01      Noncompliance with Louisiana Local Government Budget Act**

Condition

The 2017 budget was not properly amended for expenditures and other financing uses.

Criteria

Louisiana R.S. 39:1301 et seq., Louisiana Local Government Budget Act, requires the agency head of the local government to notify the governing authority when actual revenues and other sources or expenditures and other uses fail to meet budget expectations by five percent or more. Amendments to the adopted budget are required if total revenues and other sources fail to meet budgeted revenues by 5% or more. Total expenses and other uses were greater than budgeted expectations by \$159,550 or 11%.

**DeSoto Parish Communications District  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2017**

Cause

The budget was not amended when the capital outlay expenditures were not captured in total.

Effect

The District is not in compliance with the Louisiana Local Government Budget Act.

Recommendation

The District should implement processes for monitoring its budget for revenue, expenditures that would require notifications and amendments per the Louisiana Local Government Budget Act.

Management's Response and Plan of Corrective Action

The District does all in its power to ensure compliance with all legal requirements. Due to changes made to the accounting function, it was not realized that we failed to amend the budget for 2017. We will plan on adding training and education to ensure compliance with laws and regulations applicable to the District.

**2017-02          Noncompliance with Surplus Property Procedures or Statutes**

Condition

Surplus property sold during the year was not properly advertised for the appropriate length of time required (15 days).

Criteria

Louisiana R.S. 49:125 requires the notice of the sale of surplus property should be published at least once, at least 15 days prior to the sale of the surplus property.

Cause

Asset was sold prior to the end of the 15 days from initial advertisement.

Effect

The District is not in compliance with the Louisiana R.S. 49:125.

Recommendation

The District should implement processes for ensuring surplus property is disposed on in a manner that is compliant with Louisiana Revised Statutes.

Management's Response and Plan of Corrective Action

Management self-reported this finding upon notice of the violation and has taken steps to ensure that asset disposals are performed in accordance with Louisiana Revised Statutes.

**DeSoto Parish Communications District  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2017**

**Finding: 2016-001      Noncompliance with Louisiana Local Government Budget Act**

**Condition:** The 2016 budget was not amended for the loan proceeds received in 2016.

**Criteria:** Louisiana R.S. 39:1301 et seq., Louisiana Local Government Budget Act (the "LGBA"), requires the agency head of the local government to notify the governing authority when actual revenues and other sources or expenditures and other uses fail to meet budget expectations by five percent or more. Amendments to the adopted budget are required if total revenues and other sources fail to meet budgeted revenues by more than 5% or more. Total revenues and other sources were less than budgeted expectations by \$1,003,932 or 15.7%

**Cause:** The budget was not amended when the loan proceeds were received in an amount that was less than originally planned based on discussions with the bond commission.

**Status:** Resolved

## **Independent Auditors' Reports**



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## INDEPENDENT AUDITORS' REPORT

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of the DeSoto Parish Communications District (the "District"), a component unit of the DeSoto Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' 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. 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 respective financial position of the governmental activities and each major fund of the District as of December 31, 2017, and the respective changes in financial position for the year then ended in conformity 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, General Fund Budgetary Comparison Schedule, the Schedule of Communications District's Proportionate Share of the Net Pension Liability, and Schedule of the Contributions to the Plan*, on pages 2 through 7, and 32 through 36 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 District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head and Supplementary Information in Accordance with Louisiana Revised Statute 33:9109E, are presented in accordance with Louisiana Revised Statutes (LRS) 24:513(A)(3). Both of these schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates 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 and the Supplementary Information in Accordance with Louisiana Revised Statute 33:9109E is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 District Attorney's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS, & INGRAM, LLC

Shreveport, Louisiana

June 28, 2018

**INDEPENDENT AUDITORS' REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the DeSoto Parish Communications District, a component unit of the DeSoto Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the DeSoto Parish Communication District's basic financial statements, and have issued our report thereon dated June 28, 2018.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the DeSoto Parish Communications District's financial statements are free from 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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2017-01 and 2017-02.

## **Desoto Parish Communications District's Response to Findings**

Desoto Parish Communications District's response to the findings identified in our audit is described in the accompany schedule of findings and questioned costs. Desoto Parish Communications District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS, & INGRAM, LLC

Shreveport, Louisiana

June 28, 2018

**DeSoto Parish Communications District**  
(a component unit of DeSoto Parish Police Jury)

**AGREED-UPON PROCEDURES REPORT**

December 31, 2017



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RIGGS &  
INGRAM

CPAs and Advisors

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## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners  
DeSoto Parish Communications District  
And the Louisiana Legislative Auditor

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

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

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

---

1. Obtained the District's written policies and procedures and observed that those written policies and procedures address each of the following financial/business functions:
  - 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 deposit.
  - 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 District's ethics policy.
- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Results: See the following exceptions related to the District's policies:**

**No written policies and procedures for budgeting, purchasing, disbursements, receipts, contracting, credit cards, travel and expense reimbursements, ethics and debts.**

#### ***Board (or Finance Committee, if applicable)***

---

- 2. Obtained and inspected the board/committee minutes for the fiscal period and the Board's enabling legislation, charter/bylaws, or other equivalent document in effect during the fiscal period, and:
  - a) Observed whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the Board's enabling legislation, charter/bylaws, or other equivalent document.
  - b) Observed that the minutes obtained and inspected in a) above either referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the District's prior audit (GAAP-basis).
    - 1) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, observed that there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, observed that the meeting minutes for at least one board meeting during the fiscal period reflected that the board is monitoring the plan.
  - c) Observed that the minutes obtained and inspected in a) above either referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**Results: No exceptions were found as a result of applying these procedures.**

#### ***Bank Reconciliations***

---

- 3. Obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete.

**Results: No exceptions were found as a result of applying the procedure.**

4. Using the listing obtained from management in #3 above, selected all of the District'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, obtained bank statements and reconciliations for all months in the fiscal period and observed whether:
  - a) Bank reconciliations have been prepared;  
**Results: CRI identified one bank account that did not have a bank reconciliation prepared.**
  - 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  
**Results: CRI identified one bank account that did not have a bank reconciliation reviewed by a member of management or a board member.**
  - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.  
**Results: CRI identified one bank account reconciliation at year end had an outstanding check for more than 6 months that did not have documentation of research to clear the outstanding item.**

### **Collections**

---

5. Obtained a listing of cash/check/money order (cash) collection locations for the fiscal period and management's representation that the listing is complete.  
**Results: No exceptions were found as a result of applying the procedure.**
6. Using the listing provided by management in #5 above, selected all of the District'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) Determined who is responsible for collecting cash through inquiry with management.
  - b) Obtained existing written documentation (e.g. insurance policy, policy manual, job description) and inspected the documentation obtained to determine that each person responsible for collecting cash, as identified in #6a above, is (1) bonded, or there is sufficient general liability insurance covering each person, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account, and (3) not required to share the same cash register or drawer with another employee.  
**Results: No exceptions were found as a result of applying the procedure.**
  - c) Obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and observed that the District 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.  
**Results: There is no formal process to reconcile cash collections to general ledger and/or subsidiary ledgers by a person who is not responsible for cash collections in the cash collection location.**
  - d) Selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
    - 1) Obtained the District's collection documentation, deposit slips, and bank statements for each cash collection included in the highest (dollar) week, traced daily collections to the deposit

date on the corresponding bank statement, and observed that 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

**Results: No exceptions were found as a result of applying the procedure.**

- 2) Obtained sequentially numbered receipts, system reports, or other related collection documentation, observed that daily cash collections were supported by documentation

**Results: No exceptions were found as a result of applying the procedure.**

7. Obtained existing written documentation from management (e.g. policy manual, written procedure) and observed that that written documentation includes a process specifically defined (as identified by management) 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.

**Results: There is no written documentation to determine the completeness of all collections.**

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

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8. Obtained a listing of District disbursements for the fiscal period from management or, alternately, obtained the general ledger and sorted/filtered for District disbursements. Obtained management's representation that the listing or general ledger population is complete.

**Results: No exceptions were found as a result of applying the procedure.**

9. Using the disbursement population from #8 above, randomly selected 25 disbursements (or judgmentally selected disbursements constituting at least one-third of the dollar disbursement population if the District had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and determined that 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.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- 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.

**Results: There were no purchase requisitions or equivalent system that separates initiation from approval functions in the same manner as a requisition/purchase order system for the selected disbursements. CRI identified 6 of the 25 sampled disbursements did not have an approved invoice.**

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

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: The Administrator makes the final authorization for disbursement; however, he is not prohibited from initiating purchases.**

12. Inquired of management and observed whether the supply of unused checks is maintained in a locked location, with access restricted to those persons (as identified by management) that do not have signatory authority. Alternately, if the checks are electronically printed on blank check stock, inspected District documentation (electronic system control documentation) and observed that only the persons with signatory authority have system access to print checks.

**Results: The unused checks are maintained in a locked cabinet at the Administrator's office and at the outside fee accountant's location. However, the Administrator is an authorized signor of the checks, the checks require dual signatures.**

13. If a signature stamp or signature machine is used, inquired of the signer to determine that his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquired of the signer to determine that signed checks are likewise maintained under the control of the signer or authorized user until mailed.

**Results: No exceptions were found as a result of applying the procedure.**

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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14. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) in effect during the fiscal period for all employees/officials, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.

**Results: No exceptions were found as a result of applying the procedure.**

15. Using the listing obtained by management in #14 above, we randomly selected 10 cards (or at least one-third of the cards if the District has less than 10 cards) that were used during the fiscal period, rotating cards each year. Obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards for the fiscal period. We selected the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, selected the monthly bank statement with the largest dollar amount of debit card purchases) and:

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

**Results: CRI identified the statements were approved by a card holder of the account.**

- b) Observed that there was evidence finance charges and/or late fees were assessed on the selected statements.

**Results: CRI identified three statements that had a late fee and finance charge assessed.**

16. Using the monthly statements or combined statements selected under #15 above, obtained supporting documentation as follows 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, observed that the transaction is supported by:

- 1) An original itemized receipt (i.e., identifies precisely what was purchased).
- 2) Documentation of the business/public purpose, if not evident from the receipt. For meal charges, there should also be documentation of the individuals participating.
- 3) If applicable, other documentation that is required by written policy obtained in #1g above (e.g., purchase order, written authorization).

**Results: The District does not require original Fuelman receipts to be maintained; therefore, this procedure could not be performed for Fuelman items.**

b) For each transaction, compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the District's written purchasing/disbursement policies obtained in #1b above and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and determined that the transaction complied with the requirements.

**Results: No exceptions were found as a result of applying the procedure.**

c) For each transaction, compared the District'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 determined that the transaction complied with the requirements (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 reported the transaction as an exception.

**Results: No exceptions were found as a result of applying the procedure.**

### ***Travel and Expense Reimbursement***

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17. Obtained from management a listing of all travel and related expense reimbursements, by person, or, alternately, obtained the general ledger and sorted/filtered for travel reimbursements, during the fiscal period. Obtained management's representation that the listing or general ledger is complete.

**Results: There were no travel and expense reimbursements identified to be tested.**

18. Using the District's written policies related to travel and expense reimbursements obtained in #1h above, 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 determined that no amounts exceed GSA rates.

**Results: There were no travel and expense reimbursements identified to be tested.**

19. Using the listing or general ledger from #17 above, selected the three persons who incurred the most travel costs during the fiscal period. Obtained the expense reimbursement reports or prepaid expense documentation of each selected person for the fiscal year, including the supporting documentation, and chose the largest travel expense for each person to inspect. For each of the three travel expenses selected:

- a) Compared expense documentation to written policies and observed that each expense was reimbursed or prepaid in accordance with written policy obtained in #1h above (e.g., rates established for meals, mileage, lodging). If the District does not have written policies, compared to the GSA rates (#18 above) and determined that the reimbursement did not exceed those rates.

**Results: There were no travel and expense reimbursements identified to be tested.**

- b) Observed that each expense is supported by:

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

**Results: There were no travel and expense reimbursements identified to be tested.**

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

**Results: There were no travel and expense reimbursements identified to be tested.**

- 3) If applicable, other documentation as required by the written policy obtained in #1h above (e.g., authorization for travel, conference brochure, certificate of attendance)

**Results: There were no travel and expense reimbursements identified to be tested.**

- c) Compared the District'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 determined that the transaction complied with the requirements (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 reported the transaction as an exception.

**Results: There were no travel and expense reimbursements identified to be tested.**

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

**Results: There were no travel and expense reimbursements identified to be tested.**

## **Contracts**

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20. Obtained a listing of all contracts in effect during the fiscal period or, alternately, obtained the general ledger for the fiscal period and sorted/filtered for contract payments. Obtained management's representation that the listing or general ledger is complete.

**Results: No exceptions were found as a result of applying the procedure.**

21. Using the listing or general ledger detail from #20 above, we selected the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to Carr, Riggs & Ingram, LLC). Obtained the related contracts and paid invoices during the fiscal period related to the five vendors selected and:

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

**Results:**

- b) Compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. Determined whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
  - 1) If yes, obtained/compared supporting contract documentation to legal requirements and observed that the District complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).  
**Results: No exceptions were found as a result of applying the procedure.**
  - 2) If no, obtained supporting contract documentation and observed whether the District solicited quotes as a best practice.  
**Results: No exceptions were found as a result of applying the procedure.**
- c) Determined whether the contract was amended. If so, determined the scope and dollar amount of the amendment and observed that the original contract terms contemplated or provided for such an amendment.  
**Results: No exceptions were found as a result of applying the procedure.**
- d) Selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms as observed in the contract, and observed that the invoice and related payment complied with the terms and conditions of the contract.  
**Results: No exceptions were found as a result of applying the procedure.**
- e) Obtained board minutes related to the contract and observed that there is documentation of board approval, if required by policy obtained in #1f above or (e.g. Lawrason Act or Home Rule Charter).  
**Results: No exceptions were found as a result of applying the procedure.**

***Payroll and Personnel***

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- 22. Obtained a listing of employees (and elected officials, if applicable) during the fiscal year with their related salaries, and obtained management's representation that the listing is complete. Randomly selected five employees/officials, obtained their personnel files, and:
  - a) Determined compensation paid to each employee during the fiscal period and observed that payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure as observed in the employees' employee personnel files.  
**Results: No exceptions were found as a result of applying the procedure.**
  - b) Inspected changes made to hourly pay rates/salaries during the fiscal period and observed that those changes were approved in writing and in accordance with written policy obtained in #1e above.  
**Results: No exceptions were found as a result of applying the procedure.**

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

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

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

24. Obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If any termination payments were made during the fiscal year, selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files and if applicable, employment contracts for the two employees/officials. Observed that the termination payments were made in strict accordance with the policy obtained in #1e above and/or employment contract and approved by management.

**Results: No exceptions were found as a result of applying the procedure.**

25. Obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to all payroll taxes and retirement contributions during the fiscal period. Observed that 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 (as identified by management).

**Results: No exceptions were found as a result of applying the procedure.**

### ***Ethics (excluding nonprofits)***

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

**Results: CRI identified four (4) of the five (5) randomly selected employees did not obtain ethics training.**

27. Inquired of management whether any alleged ethics violations were reported to the District during the fiscal period. If applicable, obtained and inspected documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the District's ethics policy obtained in #1i above. If management received allegations, observed that management investigated allegations received, and determined that the allegations were addressed in accordance with the policy obtained in #1i above.

**Results: No exceptions were found as a result of applying the procedure.**

### ***Debt Service (excluding nonprofits)***

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

**Results: No debt was issued during the fiscal period.**

29. If the District had outstanding debt during the fiscal period, obtained supporting documentation from the District and observed that the District made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

**Results: No exceptions were found as a result of applying the procedure.**

30. If the District had tax mileages relating to debt service, obtained supporting documentation for the mileages levied during the fiscal period and observed that mileage collections exceeded debt service payments by more than 10% during the fiscal period. Also, observed that there was no mileages that continue to be received for debt that has been paid off.

**Results: No exceptions were found as a result of applying the procedure.**

### ***Other***

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31. Inquired of management whether the District had any misappropriations of public funds or assets during the fiscal period. If so, obtained/inspected supporting documentation and observed that the District reported the misappropriation to the legislative auditor and the district attorney of the district in which the district is domiciled.

**Results: Management represented that there had been no misappropriations of public funds or assets during the fiscal year.**

32. Observed that the District 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

**Results: No exceptions were found as a result of applying the procedure.**

33. If a particular practitioner observed or otherwise identified any exceptions regarding management's representations in the procedures above, reported the nature of each exception.

**Results: No exceptions were found regarding management's representations in the procedures above; therefore, this procedure is not applicable.**

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

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

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS, & INGRAM, LLC  
Shreveport, Louisiana  
June 29, 2018

DESOTO PARISH COMMUNICATIONS DISTRICT E-911

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June 29, 2018

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Re: Management's Response to Agreed-Upon Procedures

The DeSoto Parish Communications District's Administrator has reviewed the Independent Accountants' Report on Applying Agreed-Upon Procedures. The Communication District is in agreement with the report as provided by Carr, Riggs & Ingram, LLC. In addition, the Communications District has implemented changes or additions to policy or procedures where necessary to meet the expectations identified in the report.

