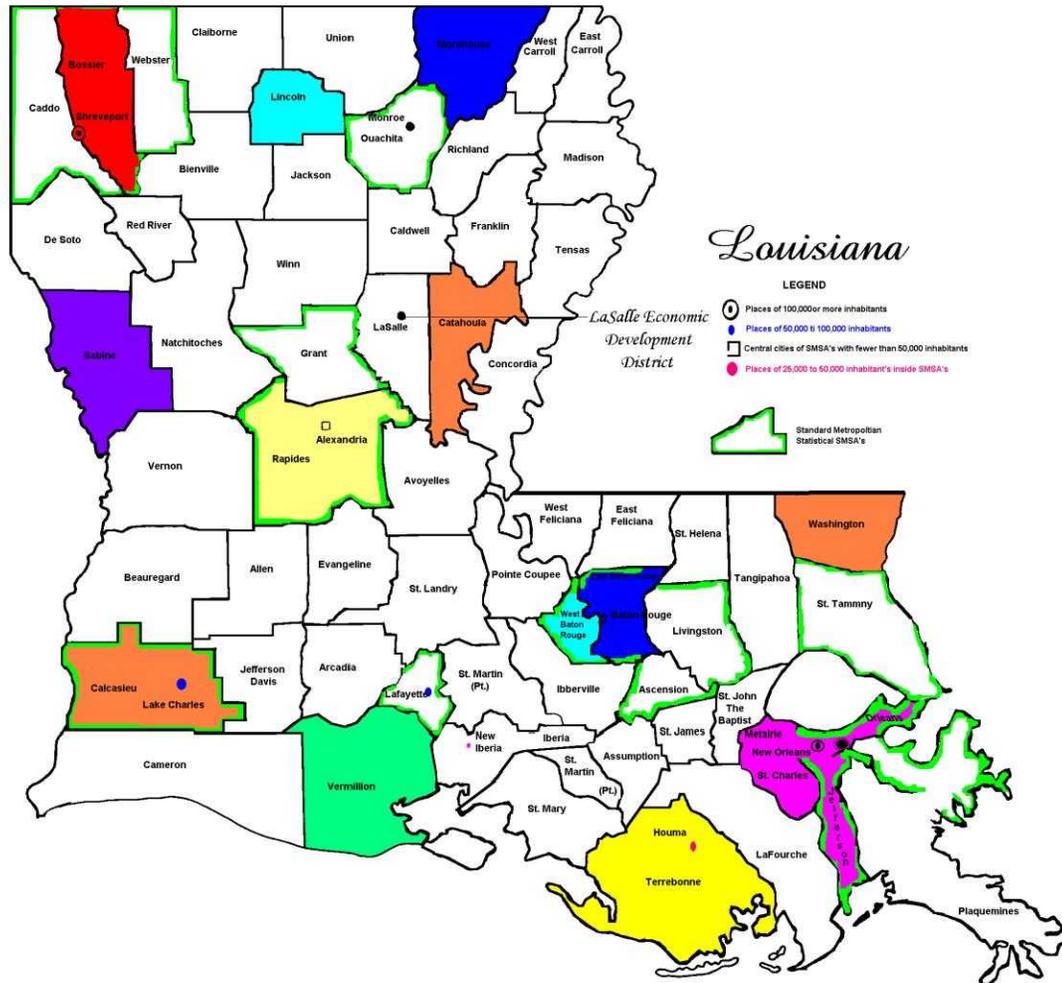


LASALLE ECONOMIC DEVELOPMENT DISTRICT

**Financial Statements
December 31, 2017**

LASALLE ECONOMIC DEVELOPMENT DISTRICT



* LaSalle Economic Development District

The LaSalle Economic Development District (the “District”) is a special district which was created by Louisiana Revised Statute 33:130.201 in 1988. The District is a political subdivision of the State of Louisiana and is governed by a Board of Commissioners appointed by various bodies within LaSalle Parish. The District was created for the primary objective and purpose of promoting and encouraging industrial development, to stimulate the economy through commerce, industry, and research and for the utilization and development of natural and human resources of the area by providing job opportunities.

**LASALLE ECONOMIC DEVELOPMENT DISTRICT
TABLE OF CONTENTS**

December 31, 2017

	PAGE NO.
Independent Auditor's Report	1-3
Management's Discussion and Analysis (MD&A).....	4-8
<u>Basic Financial Statements</u>	
Statement of Net Position.....	10
Statement of Activities.....	11
Balance Sheet – Governmental Funds.....	12
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Government Funds to the Statement of Activities.....	15
Notes to the Basic Financial Statements.....	16-24
<u>Required Supplemental Information</u>	
Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual- Governmental Funds.....	26
<u>Other Information</u>	
Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer.....	28
<u>Other Reports</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	30-31
Schedule of Findings and Questioned Cost.....	32-33
Management's Corrective Action for Current Year Audit Findings.....	34
Management Letter Comments.....	35
Management's Summary of Prior Year Findings.....	36
Louisiana State-Wide Agreed Upon Procedures.....	37

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

INDEPENDENT AUDITOR'S REPORT

Members of the Board
LaSalle Economic Development District
Jena, LA 71342

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the LaSalle Economic Development District, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the LaSalle Economic Development District, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 LaSalle Economic Development District's basic financial statements. The Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2018, on our consideration of the LaSalle Economic Development 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 LaSalle Economic Development District's internal control over financial reporting and compliance.

The Vercher Group

Jena, Louisiana
June 22, 2018

**Management's Discussion
& Analysis
(MD&A)**

LaSalle Economic Development District

MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the LaSalle Economic Development District, we offer readers of the LaSalle Economic Development District's financial statements this narrative overview and analysis of the financial activities of the LaSalle Economic Development District for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the LaSalle Economic Development District's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The assets of the LaSalle Economic Development District exceeded its liabilities at the close of the most recent fiscal year by \$3,567,283 (*net position*). Of this amount, \$323,383 (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors.
- The LaSalle Economic Development District had total revenues of \$38,896,260 and total expenditures of \$38,935,779, causing a change in net position of \$(39,519).

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the Development District report information about the Development District using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The Balance Sheet includes all of the Development District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Development District creditors (liabilities.) It also provides the basis for computing rate of return, evaluating the capital structure and assessing the liquidity and financial flexibility of the Development District. All of the current year's revenues and expenses are accounted for in the Statements of Revenue Expenditures and Changes in Net Position. This statement measures improvements in the Development District's operations over the past two years and can be used to determine whether the Development District has been able to recover all of its costs through its revenue sources.

MD&A

FINANCIAL ANALYSIS OF THE SERVICE DISTRICT

The Statement of Net Position and the Statements of Revenues, Expenditures, and Changes in Net Position report information about the Development District's activities. These two statements report the net position of the Development District and changes in it. Increases or decreases in the Development District's net position is one indicator of whether its financial health is improving or deteriorating.

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.

USING THIS ANNUAL REPORT

The LaSalle Economic Development District's annual report consists of financial statements that show information about the LaSalle Economic Development District's fund, a Governmental fund.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Table 1

Net Position

The following table represents a Statement of Net Position as of December 31, 2017:

	<u>2016</u>	<u>2017</u>	<u>% Change</u>
ASSETS			
Current Assets	\$ 309,274	\$ 696,881	125.3
Capital Assets, Net of Accumulated Depreciation	<u>3,425,463</u>	<u>3,243,900</u>	-5.3
TOTAL ASSETS	<u>3,734,737</u>	<u>3,940,781</u>	5.5
LIABILITIES & NET POSITION			
Current Liabilities	127,935	373,498	191.9
Long-Term Liabilities	-0-	-0-	0.0
TOTAL LIABILITIES	<u>127,935</u>	<u>373,498</u>	191.9
NET POSITION			
Net Investment in Capital Assets	3,425,463	3,243,900	5.3
Unrestricted	<u>181,339</u>	<u>323,383</u>	78.3
TOTAL NET POSITION	<u>3,606,802</u>	<u>3,567,283</u>	-1.1
TOTAL LIABILITIES & NET POSITION	<u>\$ 3,734,737</u>	<u>\$ 3,940,781</u>	5.5

MD&A

Table 2

Change in Net Position

The following table represents a Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2017:

	<u>2016</u>	<u>2017</u>	<u>% Change</u>
REVENUES			
U.S. Immigration & Customs Enforcement	\$ 37,970,840	\$ 38,503,293	1.4
Grants	476,346	304,401	-36.1
Other	80,144	88,566	10.5
TOTAL REVENUES	<u>38,527,330</u>	<u>38,896,260</u>	1.0
EXPENSES			
Salary & Related Taxes	22,603	22,465	-0.6
Repair & Maintenance	38,958	20,265	-48.0
Disbursements to GEO Group	37,790,840	38,323,293	1.4
Depreciation	183,892	201,563	9.6
Other Expenses	409,633	368,193	-10.1
TOTAL EXPENSES	<u>38,445,926</u>	<u>38,935,779</u>	1.3
CHANGE IN NET POSITION	81,404	(39,519)	-148.6
BEGINNING NET POSITION	3,476,398	3,606,802	3.8
ENDING NET POSITION	<u>\$ 3,606,802</u>	<u>\$ 3,567,283</u>	-1.1

Comparative Information

- Current assets increased by \$387,607 or 125.3% from last year. The primary reason for this increase is due to an increase in cash and cash equivalents in the amount of \$387,607.
- Total liabilities increased by \$245,563 or 191.9%. The primary reason for this increase is due to an increase in accounts payable in the amount of \$251,910.
- Total revenues increased by \$368,930 or 1.0%. An increase in revenues from U.S. Immigrations & Customs Enforcements in the amount of \$532,453 is the primary source of this increase.
- Total expenses increased by \$489,853 or 1.3%. An increase in disbursements to GEO Group in the amount of \$532,453 is the primary source of this increase.

MD&A

CAPITAL ASSETS

At December 31, 2017, the LaSalle Economic Development District had \$3,243,900 invested in capital assets, including land and equipment.

	<u>2016</u>	<u>2017</u>
Land*	\$ 208,735	\$ 208,735
Land Airport*	406,000	406,000
Improvements	3,646,030	3,688,605
Construction in Progress*	22,575	-0-
Accumulated Depreciation	(857,877)	(1,059,440)
Capital Assets, Net of Accumulated Depreciation	<u>\$ 3,425,463</u>	<u>\$ 3,243,900</u>

*Land in the amount of \$614,735 is not being depreciated.

CONTACTING THE LASALLE ECONOMIC DEVELOPMENT DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the LaSalle Economic Development District's finances and to show the LaSalle Economic Development District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the LaSalle Economic Development District, Jena, Louisiana.

Basic Financial Statements

**LaSalle Economic Development District
Jena, Louisiana
Statement of Net Position
December 31, 2017**

ASSETS	<u>Governmental Activities</u>
CURRENT ASSETS	
Cash & Cash Equivalents	\$ 349,757
Accounts Receivable	<u>347,124</u>
TOTAL CURRENT ASSETS	<u>696,881</u>
FIXED ASSETS	
Plant Property & Equipment (Net)	<u>3,243,900</u>
TOTAL FIXED ASSETS	<u>3,243,900</u>
TOTAL ASSETS	<u>3,940,781</u>
LIABILITIES & EQUITY	
CURRENT LIABILITIES	
Accounts Payable	<u>373,498</u>
TOTAL CURRENT LIABILITIES	<u>373,498</u>
TOTAL NON-CURRENT LIABILITIES	<u>-0-</u>
TOTAL LIABILITIES	<u>373,498</u>
NET POSITION	
Net Investment in Capital Assets	3,243,900
Unrestricted Net Position	<u>323,383</u>
TOTAL NET POSITION	<u>\$ 3,567,283</u>

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

**LaSalle Economic Development District
Jena, Louisiana
Statement of Activities
Year Ended December 31, 2017**

FUNCTIONS/PROGRAMS	EXPENSES	OPERATING GRANTS	CAPITAL GRANTS	NET (EXPENSE) REVENUE
Governmental Activities:				
General Fund	\$ (603,370)	\$ 275,000	\$ 29,401	\$ (298,969)
Special (ICE) Fund	(38,332,409)	38,503,293	-0-	170,884
Total Governmental Activities	\$ (38,935,779)	\$ 38,778,293	\$ 29,401	(128,085)
General Revenues				
				45,574
				12,442
				16,000
				14,550
				<u>88,566</u>
				Change In Net Position (39,519)
				<u>3,606,802</u>
				Net Position – Beginning of Year
				<u>\$ 3,567,283</u>
				Net Position – End of Year

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

**LaSalle Economic Development District
Jena, Louisiana
Balance Sheet – Governmental Funds
December 31, 2017**

	<u>GENERAL FUND</u>	<u>SPECIAL (ICE) FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash & Cash Equivalents	\$ 318,999	\$ 30,758	\$ 349,757
Accounts Receivable	-0-	347,124	347,124
TOTAL ASSETS	<u>318,999</u>	<u>377,882</u>	<u>696,881</u>
LIABILITIES			
Accounts Payable	26,374	347,124	373,498
TOTAL LIABILITIES	<u>26,374</u>	<u>347,124</u>	<u>373,498</u>
FUND BALANCES			
Unassigned	292,625	30,758	323,383
Restricted	-0-	-0-	-0-
TOTAL FUND BALANCES	<u>292,625</u>	<u>30,758</u>	<u>323,383</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 318,999</u>	<u>\$ 377,882</u>	<u>\$ 696,881</u>

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

LaSalle Economic Development District
Jena, Louisiana
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
Year Ended December 31, 2017

Fund balances – total governmental funds	\$	323,383
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.</p>		
Capital Assets	4,303,340	
Less Accumulated Depreciation	<u>(1,059,440)</u>	<u>3,243,900</u>
<p>Long-term liabilities including bonds payable are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Current Notes Payable	<u>-0-</u>	<u>-0-</u>
Net position of governmental activities	\$	<u><u>3,567,283</u></u>

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

LaSalle Economic Development District
Statement of Revenue, Expenditures & Changes in Fund Balance
For the Year Ended December 31, 2017

	GENERAL FUND	SPECIAL (ICE) FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Immigration & Customs Enforcement	\$ -0-	\$ 38,323,293	\$ 38,323,293
Administrative GEO Income	-0-	180,000	180,000
Grant Income	304,401	-0-	304,401
Occupancy Tax Income	12,442	-0-	12,442
Miscellaneous Income	14,550	-0-	14,550
TOTAL REVENUES	331,393	38,503,293	38,834,686
EXPENDITURES			
Salary & Related Taxes	14,089	8,376	22,465
LaSalle Detention Center-GEO	-0-	38,323,293	38,323,293
Repairs & Maintenance	20,265	-0-	20,265
Capital Outlay	20,000	-0-	20,000
Debt Service	6,371	-0-	6,371
Community Development Program	12,172	-0-	12,172
IESI Garbage Disposal	41,944	-0-	41,944
Healthy Places LaSalle Expenditures	275,000	-0-	275,000
Legal and Accounting	7,689	-0-	7,689
General Expenses	17,462	-0-	17,462
Other Expenditures	13,162	740	13,902
TOTAL EXPENDITURES	428,154	38,332,409	38,760,563
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(96,761)	170,884	(74,123)
OTHER FINANCING SOURCES (USES)			
Transfers In	144,000	-0-	144,000
Transfers Out	-0-	(144,000)	(144,000)
Police Jury Reimbursement	45,574	-0-	45,574
Lease Payment	16,000	-0-	16,000
TOTAL OTHER FINANCING SOURCES (USES)	205,574	(144,000)	61,574
NET CHANGE IN FUND BALANCE	108,813	26,884	135,697
FUND BALANCE, BEGINNING	183,812	3,874	187,686
FUND BALANCE, ENDING	\$ 292,625	\$ 30,758	\$ 323,383

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

**LaSalle Economic Development District
Jena, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Government Funds to the Statement of Activities
Year Ended December 31, 2017**

Net change in fund balances – total governmental funds \$ 135,697

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	20,000	
Depreciation Expense	(201,563)	
	(181,563)	(181,563)

The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of New Long Term Debt	-0-	
Principal Paid	6,347	
	6,347	6,347

Change in net position of governmental activities \$ (39,519)

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

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

LASALLE ECONOMIC DEVELOPMENT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – REPORTING ENTITY

The LaSalle Economic Development District (the “District”) is a special district which was created by Louisiana Revised Statute 33:130.201 in 1988. The District is a political subdivision of the State of Louisiana and is governed by a Board of Commissioners appointed by various bodies within LaSalle Parish. Each board member must be a resident of LaSalle Parish. Each municipality shall appoint one member in a public meeting after receiving applications submitted by residents of the municipality. Each state and federally chartered financial institution with offices in LaSalle Parish shall appoint one member. The following LaSalle Parish bodies shall appoint one member each: LaSalle Parish School Board, LaSalle Parish Police Jury, LaSalle Development Board, and the LaSalle Parish Chamber of Commerce. The board members serve four year terms and receive no compensation.

The District was created for the primary objective and purpose of promoting and encouraging industrial development, to stimulate the economy through commerce, industry, and research and for the utilization and development of natural and human resources of the area by providing job opportunities.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the District is legally separate and fiscally independent, the District is a separate governmental reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information of the State of Louisiana or the general government service provided by that or any other governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management’s Discussion and Analysis—for State and Local Governments*.

B. BASIS OF ACCOUNTING & GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. Activities are presented using the economic resources method. The accounting objective of the measurement focus is the determination of operating income, changes in net position, and financial position. All assets and liabilities (whether current or noncurrent) associated with the government’s activities are reported. Fund equity is classified as net position. Government activities are presented using the accrual basis of accounting. Under the accrual basis of accounting the Statement of Net Position and Statement of Activities present revenues, expenses and fixed asset acquisitions as follows:

LASALLE ECONOMIC DEVELOPMENT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

Revenues- Revenues are recognized in the accounting period in which they are earned.

Expenses- Expenses are recorded when the liability is incurred or economic assets used.

Capital Assets- All capital assets are valued at historical cost, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation.

Program revenues included in the Statement of Activities are derived directly from outside parties.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities.

The District reports the following major governmental funds:

General Fund – The General Fund accounts for resources traditionally associated with the District which are not required legally or by sound financial management to be accounted for in another fund.

Special Fund – The Special Fund is used to account for the inflow and outflow of revenue from the U.S. Immigration and Customs Enforcement (ICE) intergovernmental agreement with the District.

In the Fund Financial Statements, governmental fund equity is classified as fund balance. The District has implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance – amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

LASALLE ECONOMIC DEVELOPMENT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

- e. Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets-Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position- Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position-All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

D. FUND FINANCIAL STATEMENTS

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The District uses the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Net Position reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

E. CASH & CASH EQUIVALENTS

All cash and cash equivalents are reported at cost and are on deposit at federally insured banks. The District's cash (bank balance) at December 31, 2017, totaled \$349,612.

It is the District's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance.

LASALLE ECONOMIC DEVELOPMENT DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

F. INVENTORIES

The District did not record inventory at December 31, 2017.

G. PREPAID ITEMS

The District did not record prepaid items at December 31, 2017.

H. ACCOUNTS RECEIVABLE

At December 31, 2017, the district had receivables in the amount of \$347,124.

I. PROPERTY, PLANT, & EQUIPMENT

Property, plant, and equipment are recorded at cost for purchased assets or at fair market value on the date of any donation. The District uses straight-line depreciation for financial reporting. The following estimated useful lives are generally used.

	<u>Life In Years</u>
Improvements	20 years
Equipment	10-15 years

NOTE 3 – OCCUPANCY SALES TAXES

The State of Louisiana imposed a hotel occupancy sales tax in LaSalle Parish for the District under Revised Statute (R.S.) 47:301 (14)(a). Under the provisions of R.S. 47:321(C) and 322 the taxes shall be credited to the Bond Security and Redemption Fund. After all the obligations of that fund that are due and payable for that fiscal year have been met, the treasurer will pay the remainder into a special fund designated as the “LaSalle Economic Development District Fund”. This money shall be subject to appropriation by the legislature each year. Sixty-seven and one-half percent (67 ½%) shall be utilized by the LaSalle Economic Development District. The remaining thirty-two and one-half percent (32 ½%) is distributed to other LaSalle Parish entities.

LASALLE ECONOMIC DEVELOPMENT DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

NOTE 4 – PLANT PROPERTY & EQUIPMENT

The following is a summary of property, plant, and equipment for the airport and general funds combined, for the year ended December 31, 2017:

	Balance 12-31-16	Additions	Deletions	Balance 12-31-17
Land *	\$ 208,735	\$ -0-	\$ -0-	\$ 208,735
Land- Airport *	406,000	-0-	-0-	406,000
Land Improvements	3,646,030	42,575	-0-	3,688,605
Construction in Progress *	22,575	-0-	(22,575)	-0-
Accumulated Depreciation	(857,877)	(201,563)	-0-	(1,059,440)
Net Total	\$ 3,425,463	\$ (158,988)	\$ (22,575)	\$ 3,243,900

* Land in the amount of \$614,735 is not being depreciated.

NOTE 5 – NOTES PAYABLE

The District had the following accounts payable as of December 31, 2017:

Healthy Places LaSalle Grant Payable	\$ 25,174
Accounts Payable (GEO Prison)	347,124
Other Misc. Accounts Payable	1,200
Total Accounts Payable	\$ 373,498

NOTE 6 – NOTES PAYABLE

The following is a summary of the note payable obligations for the year ended December 31, 2017:

Note payable at beginning of year	\$ 6,347
Additional Debt Incurred	-0-
Principle reductions	(6,347)
Note payable obligations at end of year	\$ -0-

LASALLE ECONOMIC DEVELOPMENT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

NOTE 7 – COOPERATIVE ENDEAVOR AGREEMENT LASALLE PARISH POLICE JURY

In 2005, the District entered into a cooperative endeavor agreement with the LaSalle Parish Police Jury (the “Jury”) relative to the LaSalle Parish Airport, and all facilities, lands, equipment, movable items, rights, ways and appurtenances thereto appertaining. The Jury conveyed ownership of the parish airport to the District in consideration of the mutual benefit to the parties, the parish, and the surrounding business community. All operations, maintenance, expansions, and improvements will be at the expense and sole discretion of the District. The Jury will remain as co-sponsor of the airport for the sole purpose of facilitating expropriation if needed in the sole discretion of the District to expand the airport, as directed by state and/or federal aviation officials. If the District ceases to exist as a state political subdivision, then in that event, all property conveyed and any improvements, equipment, expansions, and other property rights will revert or be transferred to the Jury and will be used by the Jury at its sole discretion as a public airport facility.

NOTE 8 – AGREEMENTS

The District entered into an Inter-Governmental Service Agreement (“IGSA”) with the United States Immigration and Customs Enforcement (“ICE”) in fiscal year 2007. This agreement was to provide services for the detention and care of aliens (“detainees”).

A service contract was entered into with the GEO Group, Inc. (“GEO”) effective April 1, 2007, for the provision, management, and operation of a detention facility for the detention and care of detainees and to otherwise perform the District’s responsibilities and obligations as set forth in the IGSA. Upon population of the facility the District was responsible for the billing, collecting, and remitting to GEO the per diem paid by ICE. The District shall be paid for the administrative duties by GEO contingent upon the number of detainees.

NOTE 9 – CONTINGENCIES

The District evaluates contingencies based upon the best available evidence. The District believes that no allowances for loss contingencies are considered necessary. To the extent that resolution of contingencies results in amounts which vary from the District’s estimates, future earnings will be charged or credited.

The principal contingencies are described below:

Litigation and Other Matters – Various claims in the ordinary course of business are pending against the District. In the opinion of management and counsel, insurance is sufficient to cover adverse legal determinations in those cases where a liability can be measured.

LASALLE ECONOMIC DEVELOPMENT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

NOTE 10 – BOARD MEMBERS

Walter E. Dorroh, Jr.	President
Gayla Warren	Vice-President
Jakki Richardson	Secretary
Tom Kendrick	Treasurer
Ned McCann	Member
Cheryl Smith	Member
Dick Zeagler	Member
Lee Richardel	Member
Joe Rachal	Member
Paul Tweedy	Member
John Stephens	Member
Virgie Wilson	Member
Laura Gifford	Member
Dr. Walter Creel	Member
Rhonda Elliott	Member
Keith Tarver	Member

Board members are paid \$-0- for their services.

LASALLE ECONOMIC DEVELOPMENT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

NOTE 11 – LEASES

The LaSalle Economic Development District entered into a lease with UPS Midstream Services, INC. The LaSalle Economic Development District is leasing ten acres of land to UPS Midstream Services, INC. The term of this lease is for five years, starting March 31, 2013, and ending March 31, 2018. Lease payments are to be made annually in the amount of \$16,000.

NOTE 12 – OPERATING TRANSFERS

Operating transfers were made for operational expenditures.

NOTE 13 – ECONOMIC DEPENDENCY

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Immigration & Customs Enforcement provided \$38,503,293 to the District, which represents approximately 98.9% of the District's revenues for the year.

REQUIRED SUPPLEMENTAL INFORMATION

**LaSalle Economic Development District
Jena, Louisiana**

**Statement of Revenues, Expenditures & Changes in Fund Balances
Budget and Actual
Governmental Funds
For the Year Ended December 31, 2017**

	<u>Budget Amounts</u>		ACTUAL AMOUNTS BUDGETARY BASIS	BUDGET TO ACTUAL DIFFERENCES FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUE				
Immigration & Customs Enforcement	\$ 32,000,000	\$ 38,000,000	\$ 38,323,293	\$ 323,293
Administrative GEO Income	180,000	180,000	180,000	-0-
Occupancy Sales Tax	15,500	15,500	12,442	(3,058)
Grant Income	-0-	-0-	304,401	304,401
Miscellaneous Income	59,500	59,500	76,124	16,624
TOTAL REVENUES	<u>32,255,000</u>	<u>38,255,000</u>	<u>38,896,260</u>	<u>641,260</u>
EXPENDITURES				
Salary & Related Taxes	108,882	108,882	22,465	86,417
LaSalle Detention Center-GEO	32,000,000	38,000,000	38,323,293	(323,293)
Repairs & Maintenance	20,000	20,000	20,265	(265)
Capital Outlay	-0-	-0-	20,000	(20,000)
Other Expenditures	71,565	71,565	374,540	(302,975)
TOTAL EXPENDITURES	<u>32,200,447</u>	<u>38,200,447</u>	<u>38,760,563</u>	<u>(560,116)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>54,553</u>	<u>54,553</u>	<u>135,697</u>	<u>81,144</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-0-	-0-	144,000	144,000
Transfers Out	-0-	-0-	(144,000)	(144,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCE			135,697	
FUND BALANCE, BEGINNING			<u>187,686</u>	
FUND BALANCE, ENDING			<u>\$ 323,383</u>	

OTHER INFORMATION

**LaSalle Economic Development District
Jena, Louisiana**

**Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended December 31, 2017**

LaSalle Economic Development District
-Walter E. Dorroh, Jr., President

Purpose	Amount
Salary	\$ -0-
Benefits-Insurance	-0-
Benefits-Retirement	-0-
Benefits (List any other here)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

*An example of an un-vouchered expense would be a travel advance.

See independent auditor's report.



OTHER REPORTS

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

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

Members of the Board
LaSalle Economic Development District
Jena, LA 71342

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 LaSalle Economic Development District, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the LaSalle Economic Development District's basic financial statements, and have issued our report thereon dated June 22, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the LaSalle Economic Development 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 LaSalle Economic Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of the LaSalle Economic Development 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 LaSalle Economic Development 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 no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

LaSalle Economic Development District's Response to Findings

The LaSalle Economic Development District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The LaSalle Economic Development District's response was 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 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.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

The Vercher Group

Jena, Louisiana
June 22, 2018

**LASALLE ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended December 31, 2017**

We have audited the financial statements of the LaSalle Economic Development District, as of and for the year ended December 31, 2017, and have issued our report thereon dated June 22, 2018. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I Summary of Auditor's Results

Our audit of the financial statements as of December 31, 2017, resulted in an unmodified opinion.

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses Yes No Other Conditions Yes No

Type of Opinion on Compliance Unmodified Qualified

For Major Programs Disclaimer Adverse

Are the finding required to be reported in accordance with Uniform Guidance?

Yes No

c. Identification of Major Programs:

CFDA Number (s)

Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance? Yes No

**LASALLE ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COST- CONTINUED
For the Year Ended December 31, 2017**

Section II Financial Statement Findings

2017-1 Deposits in Excess of FDIC (Internal Control)

Condition: Bank deposits at Catahoula LaSalle Bank were under secured by \$40,110 as of December 31, 2017

Criteria: State law requires banks to pledge securities to secure account balances in excess of FDIC coverage.

Cause of Condition: Oversight by bank.

Potential Effect of Condition: Loss to the District in the event of a bank failure.

Recommendation: The District's Board should contact its bank periodically to determine that account balances are properly secured.

Client Response & Corrective Action: The District's Board will periodically contact the bank to determine that bank accounts are fully secured.

Section III Federal Awards Findings and Question Costs

Not applicable.

**LASALLE ECONOMIC DEVELOPMENT DISTRICT
DECEMBER 31, 2017**

**MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS**

FINDINGS:

2017-1 Deposits in Excess of FDIC Coverage

Finding: Bank deposits at Catahoula LaSalle Bank were under secured by \$40,110 as of December 31, 2017.

Corrective Action: The District will periodically contact the bank to determine that bank accounts are fully secured.

Contact Person: Walter E. Dorroh, Jr.

Anticipated Completion Date: December 31, 2018

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

**P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374**

MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are situations that may be improved (if any) and recommendations for improvements.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

There are no current year comments.

**LASALLE ECONOMIC DEVELOPMENT DISTRICT
DECEMBER 31, 2017**

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

The management of LaSalle Economic Development District has provided the following action summaries relating to findings brought to their attention as a result of their audit for the year ended December 31, 2016.

PRIOR YEAR FINDINGS

No findings to report.

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

**P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374**

MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

AGREED-UPON PROCEDURES REPORT

LaSalle Economic Development District, Louisiana

Independent Accountant's Report

On Applying Agreed-Upon Procedures

For the Period of January 1, 2017-December 31, 2017

LaSalle Economic Development District
LaSalle Parish, Louisiana

To the LaSalle Economic Development District and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by LaSalle Economic Development District (Entity) 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 period January 1, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts**, including receiving, recording, and preparing deposits
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
 - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
 - j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Observations: We obtained a copy of the written policies and procedures manual and read it for the above items. The document addressed the above-mentioned items.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether

the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

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

Observations:

- A) **We read the minutes of the council meeting and found the council meets monthly.**
B) **Budget-to-actual comparisons are not presented each month.**
C) **Minutes included non-budgetary financial information such as contract approvals and disbursement approvals.**

Exception: Budget-to-actual comparisons are not documented in the minutes each month.

Management's Response: Budget-to-actual comparisons are reviewed each month by the board and it will be documented in the minutes each month.

Bank Reconciliations

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

Observations: We obtained a listing of bank accounts on bank confirmations and management's representation that the listings were complete.

- A) **Bank reconciliations are prepared for all bank accounts that have activity.**
B) **Bank reconciliations are prepared by an outside accounting firm and reviewed by management.**
C) **Inquiry found the Entity reviews old outstanding checks on a regular basis.**

Collections

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

Observations: We obtained the listing and management's representation that the listing is complete.

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

For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Observations: A) Each person responsible for collecting cash is (1) not bonded, (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.

Exception: Each person is not bonded.

Management's Response: The cost does not justify the benefit of implementing this procedure.

B) The Entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person (outside fee accountant) who is not responsible for cash collections in the cash collection location selected.

C) We selected the February 2017 deposits and traced the amount from the general ledger to the bank statement.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine

completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Observations: The Entity has a policy and procedures that addresses collection procedures. Inquiry found that the employee responsible for collections is not the same employee responsible for determining completeness.

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

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

Observations: We obtained a general ledger from the Entity and management’s representation that the general ledger population is complete.

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

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

Observations: We randomly selected 25 disbursements and obtained supporting documentation of the following:

- A) Purchases were initiated using a requisition system.
- B) Purchases are not approved by a person not initiating the purchase.
- C) Purchases are not processed without an approved invoice.

Exception: Purchases are not approved by a person not initiating the purchase.

Management’s Response: The Entity does not have the personnel to implement this procedure.

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

Observations: Inquiry found that the person responsible for processing payments (the fee accountant) is not prohibited from adding vendors to the Entity’s purchasing/disbursement system.

Exception: Person responsible for processing payments is not prohibited from adding vendors to the Entity's purchasing/disbursement system.

Management's Response: The Entity does not have the personnel to implement this procedure.

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

Observations: The person with signatory authority or who makes the final authorization for disbursements also has responsibility for initiating purchases.

Exception: The person with signatory authority or who makes the final authorization for disbursements also has responsibility for initiating purchases.

Management's Response: Management does not have the personnel to implement this procedure.

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

Observations: Inquiry and observation found that unused checks are locked in a cabinet.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Not applicable.

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

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

Observations: The Entity does not have any credit/debit/fuels cards.

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

Not applicable.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the

authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

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

Not applicable.

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

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

- An original itemized receipt (i.e., identifies precisely what was purchased)
- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

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

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

Not applicable.

Travel and Expense Reimbursement

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

Observations: The Entity had no travel or related expense reimbursements during the year.

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

Observations: We obtained the Entity's written policies relating to travel and related expense reimbursements and compared it to the per diem and mileage rates established by the U.S. General Services Administration.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the

largest travel expense for each person to review in detail. For each of the three travel expenses selected:

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

Not applicable.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Not applicable.

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

Not applicable.

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

Not applicable.

Contracts

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

Observations: We obtained a general ledger from management and management's representation that the general ledger is complete.

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

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Observations: We found that the Entity had (1) contract GEO/ICE and tested it for the following:

- A) There is a formal /written contract that supports the services arrangement and the amount paid.**
- B) The contract was not subject to the Louisiana Public Bid Law.**
- C) The contract had not been amended.**
- D) We selected the largest payment from the contract. We obtained the payment made in the general ledger and compared it to the contract terms.**
- E) Not applicable.**

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management’s representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Observations: We selected all (1) employee and tested as follows:

- A) Payments were made in accordance with the documented pay rate structure.**
- B) The employee did not receive a pay rate change during the fiscal year.**

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

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Observations: We tested all (1) employee for the following:

- A) The employee was not paid leave. The employee was salaried.**
- B) The employee is salaried.**
- C) There was no leave earned.**

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

Observations: There were no terminations or termination payments made during the year.

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

Observations: We reviewed forms 941 and the general ledger accrual accounts and found no delinquent payments.

Ethics (excluding nonprofits)

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

Observations: The entity-maintained documentation of ethics compliance.

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

Observations: Inquiry found no alleged ethics violations reported to the entity during the fiscal year.

Debt Service (excluding nonprofits)

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

Not applicable; no debt.

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

Not applicable; no debt.

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

Not applicable.

Other

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

Observations: Inquiry found no reported misappropriations of public funds.

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

Observations: The Entity has the notice posted on its premises.

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.

The Vercher Group

Jena, Louisiana

June 22, 2018