

Livingston Parish Communications District

Annual Financial Statements

As of and for the Year Ended December 31, 2017
With Supplemental Information Schedules



BRUCE HARRELL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Livingston Parish Communications District
Annual Financial Statements
As of and for the Year Ended December 31, 2017
With Supplemental Information Schedules

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 Annual Financial Statements
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 With Supplemental Information Schedules

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Bruce C. Harrell, CPA

Kristi U. Bergeron, CPA
Jessica H. Jones, CPA
Brandy Westcott Garcia, CPA
Elizabeth Lafargue, CPA

INTERNET
www.teamcpa.com

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs



BRUCE HARRELL
and COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

109 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
VOICE: (985) 542-6372
FAX: (985) 345-3156

KENTWOOD OFFICE
P.O. Box 45 - 909 Avenue G
Kentwood, LA 70444
VOICE: (985) 229-5955
FAX: (985) 229-5951

Independent Auditor's Report

To the Board of Commissioners
Livingston Parish Communications District
Livingston Parish Council
Livingston, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Livingston Parish Communications District, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Livingston Parish Communications 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.

BRUCE HARRELL & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Accounting Corporation

To the Board of Commissioners
Livingston Parish Communications District
Livingston Parish Council
Livingston, Louisiana
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Livingston Parish Communications District, as of December 31, 2017, and the respective changes in the financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8-13 and 40, 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 response 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 of the financial statements that collectively comprise the Livingston Parish Communications District's basic financial statements. The accompanying schedules listed as Other Supplemental Information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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CERTIFIED PUBLIC ACCOUNTANTS

A Professional Accounting Corporation

To the Board of Commissioners
Livingston Parish Communications District
Livingston Parish Council
Livingston, Louisiana
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018, on our consideration of the Livingston Parish Communications District's internal control over financial reporting and 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 Standard*, in considering Livingston Parish Communications District's internal control over financial reporting and compliance.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

Kentwood, Louisiana
June 29, 2018

Required Supplemental Information (Part I)

Management's Discussion and Analysis

**Livingston Parish Communications District
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2017**

Introduction

The Livingston Parish Communications District (the District) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), as amended. The amendment of GASB 34, including the adoption of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and applicable standards as more fully described in the financial statement footnotes as *Footnote 1 - Summary of Significant Accounting Policies*.

The Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the District's financial statements in this report.

Financial Highlights

- At December 31, 2017, the District's government wide assets of \$4,024,595 exceeded its liabilities by \$2,148,272 (net position). Of this amount, \$564,273 (unrestricted net position) may be used to meet the District's ongoing obligations to its citizens.
- For the year ended December 31, 2017, the District's total government wide net position decreased by \$130,913.
- At December 31, 2017, the District's governmental fund reported an ending fund balance of \$642,614, a decrease of \$1,444,934 for the year. Of this amount a total of \$(659,039) is unassigned and is available for spending at the District's discretion, \$801,653 is nonspendable, and \$500,000 is committed for the replacement of facilities and equipment by the District's board.
- At December 31, 2017, the District had cash and cash equivalents of \$629,122, which represents a decrease of \$1,582,185 from December 31, 2016.
- At December 31, 2017, the District had capital assets net of accumulated depreciation of \$2,905,852.

Overview of the Annual Financial Report

The financial statement focus is on both the District as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the District's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the District's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Livingston Parish Communications District
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2017**

Government-Wide Financial Statements

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

The Statement of Net Position presents information on the District's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position and changes in the components of net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various governmental activities that are supported by the District's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services.

In the government-wide financial statements, the District's activities are presented as:

- Governmental activities - The District's basic services are reported here. These activities are financed primarily by telephone tariffs in Livingston Parish to fund public safety emergency communications services.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The District uses one category of funds to account for financial transactions: governmental funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the District's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the District's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Livingston Parish Communications District
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2017**

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the District's net position for the current year as compared to the prior year. For more detailed information, see the Statement of Net Position in this report.

**Net Position
2017 and 2016**

	Governmental Activities	
	2017	2016
Assets:		
Current and Other Assets	\$ 1,118,743	\$ 2,693,361
Capital Assets	2,905,852	1,702,637
Total Assets	4,024,595	4,395,998
Liabilities:		
Long-Term Debt Outstanding	1,275,000	1,390,000
Other Liabilities	601,323	726,813
Total Liabilities	1,876,323	2,116,813
Net Position:		
Net Investment in Capital Assets	1,475,202	202,637
Restricted	108,797	1,055,407
Unrestricted	564,273	1,021,141
Total Net Position	\$ 2,148,272	\$ 2,279,185

For the year ended December 31, 2017, approximately 26 percent of the District's net position is unrestricted and may be used to meet the District's ongoing obligations to its citizens.

For the year ended December 31, 2017, approximately 69 percent of the District's net position reflects its net investment in capital assets.

For the year ended December 31, 2017, approximately 5 percent of the District's net position is restricted on how it can be used. The District's restricted net position consists of restricted cash for capital projects required by a revenue bond agreement.

At December 31, 2017, the District had cash and cash equivalents of \$629,122 and investments of a certificate of deposit with maturity greater than three months of \$100,000 for total cash and investments of \$729,122. This represents approximately 65 percent of current and other assets.

In order to further understand what makes up the changes in net position, the following table provides a summary of the results of the District's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table.

**Livingston Parish Communications District
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2017**

**Changes in Net Position
For the years ended December 31, 2017 and 2016**

	Governmental Activities	
	2017	2016
Revenues:		
Program Revenues:		
Capital Grants and Contributions	\$ -	\$ -
General Revenues:		
Emergency Telephone Tariffs, net of Collection Fees	1,452,093	1,323,059
Prepaid Phone Fees	319,325	174,595
Interest Income	1,514	1,074
Gain (Loss) on Disposal of Capital Assets	-	145,002
Insurance Proceeds	900	369,647
Total Revenues	1,773,832	2,013,377
Expenses:		
Public Safety - Emergency Communications	1,898,285	1,648,090
Bond Interest Expense	30,984	11,000
Total Expenses	1,929,269	1,659,090
Change in Net Assets Before Transfers and Contributions	(155,437)	354,287
Transfers (Out) In	24,524	-
Change in Net Position	(130,913)	354,287
Net Position, Beginning	2,279,185	1,924,898
Net Position, Ending	\$ 2,148,272	\$ 2,279,185

The District's total revenues decreased by \$239,545 or twelve percent of the prior year amount. This decrease is primarily attributed to the District receiving an increase in prepaid phone fees of \$144,730, an increase in telephone tariffs, net of collection costs of \$129,034, offset by a decrease from a gain from disposal of capital assets due to flooding in 2016 totaling \$145,002 and insurance proceeds received in 2016 from the flood totaling \$369,647. Total program expenses increased by sixteen percent or approximately \$270,179.

**Livingston Parish Communications District
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2017**

Fund Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one fund type – governmental funds.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

The District has two major fund types: General and Capital Projects. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds.

The general fund is the chief operating fund of the District. At the end of the current year, the total fund balance for the general fund was \$642,614, of which \$136,832 or twenty-one percent was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

During 2017, the District's General Fund balance decreased by \$(649,063) or approximately fifty percent. This decrease was primarily due to the completion of the new 911 center within the Livingston Parish Courthouse and new equipment for the facility.

General Fund Budgetary Highlights

Livingston Parish Communications District adopts an annual operating budget in accordance with the requirements of the Local Government Budget Act. As required by state law, actual revenues and other sources were within five percent of budgeted revenues and actual expenditures were within five percent of budgeted expenditures. The budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operation of the District. The operating budget is adopted before the end of the prior fiscal year, and is amended by the Board of Commissioners after review of monthly budget-to-actual reports if necessary. The analysis of budget variances refers to Schedule 1 included as Required Supplementary Information, following the footnotes of the financial statements.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2017 amounts to \$2,905,852 (net of depreciation). This represents a total increase in the District's investment in capital assets for the current fiscal year of \$1,203,215 (net of depreciation). The increase is mainly due to completion of construction and purchasing of new equipment in 2017.

**Livingston Parish Communications District
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2017**

The following table provides a summary of the District's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 8 to the financial statements in this report.

**Capital Assets (Net of Depreciation)
2017 and 2016**

Capital Assets	Governmental Activities	
	2017	2016
Land	\$ 124,597	\$ 124,597
Construction in Progress	-	672,128
Buildings and Improvements	1,712,242	764,179
Equipment	2,423,684	1,184,281
Subtotal Capital Assets	4,260,523	2,745,185
Less: Accumulated Depreciation	(1,354,671)	(1,042,548)
Capital Assets, Net	\$ 2,905,852	\$ 1,702,637

Long-Term Debt

At December 31, 2017, the District had total debt outstanding of \$1,390,000. Of this total, \$115,000 is due within one year and \$1,275,000 is due within greater than one year. The following table provides a summary of the District's outstanding debt at the end of the current year as compared to the prior year. See Note 11 to the financial statements in this report.

**Outstanding Debt
2017 and 2016**

	Governmental Activities	
	2017	2016
Revenue Bonds Payable	\$ 1,390,000	\$ 1,500,000
Total Outstanding Debt	\$ 1,390,000	\$ 1,500,000

Other Factors Affecting the District

The Livingston Parish Communications District's management approach is conservative and prudent.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, creditors and investors with a general overview of the District's finances and show the District's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to Jamie Felder, Accountant, Livingston Parish Communications District, Post Office Box 1117, Denham Springs, LA 70727 or (225) 316-7502.

Basic Financial Statements
Government-Wide Financial Statements

Livingston Parish Communications District
Statement of Net Position
As of December 31, 2017

Statement A

	Primary
	Governmental
	Activities
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 520,325
Investments	100,000
Receivables, Net:	
Intergovernmental	-
Accounts	383,839
Prepaid and Other Assets	5,782
Total Current Assets	1,009,946
Restricted Assets:	
Restricted Cash and Cash Equivalents	108,797
Total Restricted Assets	108,797
Capital Assets:	
Land	124,597
Construction in Progress	-
Capital Assets, Net	2,781,255
Total Capital Assets	2,905,852
Total Assets	4,024,595
Liabilities	
Current Liabilities (Payable From Current Assets):	
Accounts Payable	435,427
Accrued Interest Payable	10,194
Other Accrued Payables	52
Due to Other Governments	-
Total Current Liabilities (Payable From Current Assets)	445,673
Current Liabilities (Payable From Restricted Assets):	
Construction Payable	-
Retainage Payable	40,650
Bonds Payable-Current Portion	115,000
Total Current Liabilities (Payable From Restricted Assets)	155,650
Long Term Liabilities:	
Bonds Payable-Non-Current	1,275,000
Total Long Term Liabilities	1,275,000
Total Liabilities	1,876,323
Net Position	
Net Investment in Capital Assets	1,475,202
Restricted for:	
Capital Projects	108,797
Unrestricted	564,273
Total Net Position	\$ 2,148,272

The accompanying notes are an integral part of this statement.

Livingston Parish Communications District
Statement of Activities
For the year ended December 31, 2017

Statement B

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Capital Grants & Contributions	Net (Expenses) Revenues	Governmental Activities
Governmental Activities					
Public Safety - Emergency Communications	\$ 1,898,285	\$ -	\$ -	\$ (1,898,285)	\$ (1,898,285)
Bond Interest Expense	30,984	-	-	(30,984)	(30,984)
Total Governmental Activities	1,929,269	-	-	(1,929,269)	(1,929,269)
General Revenues:					
Emergency Telephone Tariffs, Net of Collection Fees					1,452,093
Prepaid Phone Fees					319,325
Interest Income					1,514
Insurance Proceeds-Flood 2016					900
Operating Transfers In (Out)					24,524
Total General Revenues					1,798,356
Change in Net Position					(130,913)
Net Position - Beginning					2,279,185
Net Position - Ending					\$ 2,148,272

The accompanying notes are an integral part of this statement.

Basic Financial Statements

Fund Financial Statements

Livingston Parish Communications District
Balance Sheet, Governmental Funds
As of December 31, 2017

	<u>General</u> <u>Fund</u>	<u>Capital Projects</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Assets			
Cash and Equivalents	\$ 520,325	\$ -	\$ 520,325
Investments	100,000	-	100,000
Receivables, Net:			
Intergovernmental	-	-	-
Accounts	383,839	-	383,839
Due From Other Funds	68,147	-	68,147
Prepaid and Other Assets	5,782	-	5,782
Restricted Cash	-	108,797	108,797
Total Assets	\$ 1,078,093	\$ 108,797	\$ 1,186,890
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ 435,427	\$ -	\$ 435,427
Due to Other Governments	-	-	-
Retainage Payable	-	40,650	40,650
Construction Payable	-	-	-
Other Accrued Liabilities	52	-	52
Due to Other Funds	-	68,147	68,147
Total Liabilities	<u>435,479</u>	<u>108,797</u>	<u>544,276</u>
Fund Balance:			
Nonspendable	5,782	795,871	801,653
Restricted	-	-	-
Committed for Replacement of Facilities and Equipment	500,000	-	500,000
Unassigned Fund Balance	<u>136,832</u>	<u>(795,871)</u>	<u>(659,039)</u>
Total Fund Balance	<u>642,614</u>	<u>-</u>	<u>642,614</u>
Total Liabilities and Fund Balances	\$ 1,078,093	\$ 108,797	\$ 1,186,890

The accompanying notes are an integral part of this statement.

Livingston Parish Communications District
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
As of December 31, 2017

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

Fund Balances, Total Governmental Funds (Statement C)	\$	642,614
<p>Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.</p>		
Governmental capital assets net of depreciation		2,905,852
<p>Some liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:</p>		
Bonds and notes payable		(1,390,000)
Accrued Interest Payable		<u>(10,194)</u>
Net Position of Governmental Activities (Statement A)	\$	<u>2,148,272</u>

The accompanying notes are an integral part of this statement.

Livingston Parish Communications District
Statement of Revenues, Expenditures and
Changes in Fund Balances-Governmental Funds
For the year ended December 31, 2017

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Charges, net			
Emergency Telephone Charges	\$ 1,465,968	\$ -	\$ 1,465,968
Prepaid Phone Fees	319,325	-	319,325
Collector Fees	<u>(13,875)</u>	<u>-</u>	<u>(13,875)</u>
Total Charges, net	1,771,418	-	1,771,418
Interest	1,514	-	1,514
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>1,772,932</u>	<u>-</u>	<u>1,772,932</u>
Expenditures			
Public Safety - Emergency Communications			
Board Per Diem and Payroll Taxes	3,444	-	3,444
Communications	85,722	-	85,722
Service Contracts	1,245,202	-	1,245,202
Insurance	17,662	-	17,662
Other operating	67,660	-	67,660
Professional Fees	91,203	-	91,203
Repairs and Maintenance	41,425	-	41,425
Supplies	15,094	-	15,094
Utilities	18,750	-	18,750
Capital Outlays	694,943	820,395	1,515,338
Debt Service			
Principal	110,000	-	110,000
Interest	<u>31,790</u>	<u>-</u>	<u>31,790</u>
Total Expenditures	<u>2,422,895</u>	<u>820,395</u>	<u>3,243,290</u>
Excess (Deficiency) of Revenues Over (Under) (Expenditures)	<u>(649,963)</u>	<u>(820,395)</u>	<u>(1,470,358)</u>
Other Financing Sources (Uses)			
Operating Transfers In	-	24,524	24,524
Operating Transfers (Out)	-	-	-
Flood Insurance Proceeds	900	-	900
Proceeds from Bond	-	-	-
Bond Issuance Costs	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>900</u>	<u>24,524</u>	<u>25,424</u>
Net Change in Fund Balances	<u>(649,063)</u>	<u>(795,871)</u>	<u>(1,444,934)</u>
Fund Balances, Beginning	<u>1,291,677</u>	<u>795,871</u>	<u>2,087,548</u>
Fund Balances, Ending	<u>\$ 642,614</u>	<u>\$ -</u>	<u>\$ 642,614</u>

The accompanying notes are an integral part of this statement.

**Livingston Parish Communications District
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended December 31, 2017**

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

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ (1,444,934)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	\$ 1,515,338	
Less:		
Current year depreciation	<u>(312,123)</u>	1,203,215

Sales and disposals of capital assets are reported as proceeds from the sale of capital assets in governmental funds, but as gains from sale or disposal on the statement of activities.

-

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased since the prior year.

806

Repayment of bond principal is an expenditure in Government Funds, but the payment reduced long-term liabilities in the Government-Wide Statement of Net position

This amount represents bond principal payments during the current period.		<u>110,000</u>
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Change in Net Position of Governmental Activities, Statement B \$ (130,913)

The accompanying notes are an integral part of this statement.

Basic Financial Statements

Notes to the Financial Statements

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

Introduction

The Livingston Parish Communications District (the Communications District), was created by an ordinance of the Livingston Parish Council on September 4, 1991, pursuant to the provisions of Louisiana Statute (LSA-RS) 33:9101-9106. The Communication District was organized to provide emergency telephone services and maintain the facilities and equipment necessary to provide those emergency telephone services (911) to residents of the entire parish of Livingston, Louisiana.

The members of the Board of Commissioners of the Livingston Parish Communications District are appointed by the Livingston Parish Council and there are no set term limits for the Board Members. The Board members receive per diem payments for attending meetings.

In 2003, the Livingston Parish Communications District began construction of a state of the art facility to house the operation of the Communications District. The Livingston Parish Communications District purchased a parcel of land with an existing building in Satsuma, Louisiana. The District renovated and customized the existing building to the needs and requirements of the Homeland Security Act. In November of 2004, the Communications District began occupying the facility and started installing and configuring the telephone and computer systems. On February 3, 2005, the Communications District began providing emergency telephone services at the new facility in Satsuma.

The Livingston Parish Communications District has allowed the Livingston Parish Sheriff's Office to house its Communications Department at the facility in Satsuma. The Livingston Parish Sheriff has provided the necessary equipment, hardware and personnel to fully staff and operates the Sheriff's communications department. The Sheriff's Department in turn helped with call taking and dispatching when the Communications District has the need.

On July 1, 2012, the District contracted with the Livingston Parish Sheriff's Office (LPSO) for dispatching services. The Communication District no longer employs dispatchers. All District employees were compensated for the accrued leave, per the policy and no additional liability exists. LPSO assumes all staffing responsibilities. The Livingston Parish Sheriff and the District have contractually agreed that the District will pay 70% of the annual phone tariff revenue to LPSO for dispatching services, to be remitted quarterly. As of December 31, 2017, the District operations are located within the Livingston Parish Council courthouse building.

Pursuant to Act 1029 of the 1999 Regular Session of the Legislature, the Communications District is authorized to establish an emergency telephone service charge of 85 cents per wireless user per month for users of CMRS (Commercial Mobile Radio Service) who can access the 911 telephone system. The purpose of the Act is to provide a funding mechanism to cover the costs of implementing enhancements to the emergency 911 telephone system for cellular and other wireless telephone users as provided by the Federal Communication Commission in Matter #94-102. Phase I of the FCC Matter requires the implementation of necessary enhancements that will automatically provide the wireless telephone number and wireless tower location of the wireless caller to the communication district (911 communications center) when such a caller accesses the 911 system. Proceeds from the monies collected pursuant to Act 1029 will be used first for payment of wireless service supplier's and the District's cost associated with the implementation of enhancements required in Phase I, allowing the District to receive the telephone number of the device accessing the 911 system. Phase II, allows the District to receive the telephone number and the address registered to that number. As delineated within the Act, each district shall enter a cooperative endeavor agreement with each wireless service supplier to implement the enhancements required by FCC Matter 94-102. The District is currently in Phase II of implementation. Act 665 of the 2016 Regular Session of the Louisiana Legislature, the Communications District is authorized to raise the rate of \$0.85 per wireless user per month for users of CMRS (Commercial Mobile Radio Service) to

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

\$1.25 per wireless per month for users of CMRS (Commercial Mobile Radio Service) to be able to access the emergency telephone 911 system. This resolution numbered 2016-07-001 was adopted by the District at its July 21, 2016 board meeting.

Act 665 of the 2016 Regular Session of the Louisiana Legislature also authorized the Communication District to convert residential and business landlines from flat fees to percentages of tariffs. The wire line residential lines converted from a flat fee of \$0.77 for wire line residential lines to the amount of 5% of the present tariff rate based on the highest amount of charged for basic service within the District by an exchange access service provider or equivalent, or \$1.06 per access line per month, for residential service users of fixed location wire line (i.e., landline telephone exchange service), whose address is within the boundaries of Livingston Parish. The District was authorized to convert from a flat fee of \$1.50 to the amount of a percentage of the tariff rate for business service users of fixed location wire line whose address is within the boundaries of Livingston Parish to the amount equal to 1.75% instead of the 5% as authorized to the present tariff based rate, or \$2.00 per access line per month, not to exceed collection for more than 10 lines per customer. The Communication District shall utilize its revenues for communication enhancements which enable public safety agencies to decrease response times and improve effectiveness and for establishing, maintaining and operating the 911 emergency reporting telephone services. This resolution numbered 2016-07-002 was adopted by the District at its July 21, 2016 board meeting.

The accompanying basic financial statements of the Livingston Parish Communications District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Governmental Accounting Standards Board (GASB) Statement No. 14, as amended, establishes criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Livingston Parish Communications District is considered a component unit of the Livingston Parish Council. As a component unit, the accompanying financial statements are to be included within the reporting of the primary government, either blended within those financial statements or separately reported as a discrete component unit. Under provisions of this statement, there are no component units of the District.

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, a primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The District does not have any business-type activities and reports only governmental activities. The District has only one fund and as such, there is no interfund activity. The District has no component units.

These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, as amended by GASB Statements described in the following paragraph. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net assets (or balance sheet), and a statement of activities. The definition and composition of these statements, as

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The District has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* that requires capital contributions to the District to be presented as a change in net position.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net position by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote J – Net Position and Fund Balance*. As required by the GASB, the District implemented GASB Statement No. 63 during the year ending December 31, 2012. The District did not have any deferred outflows or deferred inflows of resources at December 31, 2017.

During the year ended December 31, 2012, the District also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The District did not have any deferred outflows or deferred inflows of resources at December 31, 2017.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if they are measurable and available. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Substantially all other revenue items are considered to be measurable and available only when cash is received by the government.

The governmental fund uses the following practices in recording revenues and expenditures:

Revenues

Telephone tariffs are recorded in the year the fees are charged. Telephone tariffs are charged monthly to the customer's telephone bill by various telephone companies. The telephone companies remit the collections to the Livingston Parish Communications District in the subsequent month. Interest revenue represents amounts earned on checking accounts and certificates of deposit invested with financial institutions. Interest earned on checking accounts is recorded when received. Interest earned on certificates of deposit is recorded when the certificates mature and the interest is available.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Proceeds from the sale of fixed assets are accounted for as other financing sources and are recognized when received. Transfers between funds that are not expected to be repaid (and any other financing source / use) are accounted for as other financing sources (uses).

Livingston Parish Communications District
Notes to the Financial Statements
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The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund.

The *Capital Projects Fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. For the year ended December 31, 2017, the District reported the following capital project fund (1) Call Center Buildout for the Communication District operations. This project was complete as of December 31, 2017.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) program-specific operating grants and contributions; and, 3) program-specific capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

When restricted, committed, assigned, or unassigned fund balances are available for use, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds as needed, unless it has been provided for otherwise in the restriction, commitment, or assignment action.

C. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the District to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

In accordance with state law, the District limits its investments to those allowed under R.S. 33:2955. Certificates of deposit are classified as investments if their original maturities exceed 90 days. Investments are reported at fair market value

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as "internal balances."

Livingston Parish Communications District
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Telephone service fees are recorded in the year the fees are charged. Telephone service fees are charged monthly to the customer's telephone bill by various telephone companies. The telephone companies remit the collections to the District in the subsequent month.

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. The District did not have any inventory at December 31, 2017. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Certain amounts shown as governmental restricted assets are to be used for specified purposes, such as servicing general obligation bond debt, and construction of capital assets. Such assets have been restricted by bond indenture, law, or contractual obligations.

G. Capital Assets

Capital assets, which include property, equipment, and vehicles, are reported in the governmental activities column 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 \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	20 - 40 Years
Equipment	5 Years
Vehicles	5 Years

H. Compensated Absences

The District has no employees and no compensated absences liability.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB 65.

The District has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, were revised. This standard was intended to compliment

Livingston Parish Communications District
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GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65. The District incurred \$22,700 in bond issuance costs related to the Series 2016 Revenue bond in the year ending December 31, 2016.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Net Position and Fund Balance

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net position into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** - The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- **Restricted Component of Net Position** - The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- **Unrestricted Component of Net Position** - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

In the fund statements, governmental fund equity is classified as fund balance. The District adopted GASB 54 for the year ended December 31, 2011. As such, fund balances of the governmental fund are classified as follows:

- **Nonspendable.** These are amounts that cannot be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Livingston Parish Communications District
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- **Restricted.** These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed.** These are amounts that can be used only for specific purposes determined by a formal decision of the Board, which is the highest level of decision making authority for the District.
- **Assigned.** These are amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes based on the discretion of the Board.
- **Unassigned.** These are amounts that have not been assigned to other funds and amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. Also within other governmental funds, these include expenditure amounts incurred for specific purposes which exceed the amounts restricted, committed or assigned for those purposes.

K. Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. All prior period adjustments recorded in the current period have been reflected in prior period data presented wherever possible.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount 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 expenses during the reported period. Actual results could differ from those estimates.

N. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

2. Stewardship, Compliance and Accountability

The Communication District prepares its budget on the modified accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The budget is legally adopted and amended, as necessary by the board of commissioners. The annual budget was amended for the fiscal year 2017. A summary of the budget practices of the Communication District are as follows:

1. The Communication District's finance director prepares the annual budget and submits the proposed budget to the Board of Commissioners no later than fifteen days prior to the

Livingston Parish Communications District
Notes to the Financial Statements
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beginning of each fiscal year. The budgets for the fiscal year 2017, were presented to the Board of Commissioners in December prior to the beginning of the year of which the budget applies.

2. A summary of the proposed budget is published in the official journal and the public notified that the proposed budget is available for public inspection at the Parish President / Council's office in Livingston. At the time the proposed budget is published, a public hearing is called. The proposed budget was published in December, prior to the beginning of the year of which the budget applies.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and taking all action necessary to finalize and implement the budget for the ensuing fiscal year, the proposed budget is formally adopted by the Board of Commissioners.

All expenditure appropriations lapse at year end. Unexpected appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

There were no material variances in actual revenues and other sources under budgeted revenues and other sources or actual expenditures and other sources over budgeted amounts for the year ended December 31, 2017 that would have resulted in a violation of the Local Government Budget Act.

3. Cash and Cash Equivalents

At December 31, 2017, the District has cash and cash equivalents (book balances) as follows:

	December 31, 2017
Demand Deposits	\$ 108,797
Demand Deposits-interest bearing	440,793
Louisiana Asset Management Pool	52,346
Time and Savings	27,186
Total Cash and Cash Equivalents	629,122
Certificates of Deposit held as Investments (See Note 4)	100,000
Total Deposits	\$ 729,122

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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.

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2017 the District has \$684,296 in deposits (collected bank balances) other than LAMP, consisting of \$557,110 in demand deposits, \$27,186 in time and savings deposits and \$100,000 in certificates of deposits held as investments (See Note 4). The demand deposits, time and savings deposits, and certificates of deposits held at bank one are secured from risk by federal deposit insurance of \$250,000 and pledged securities of \$325,499. The \$325,499 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities

Livingston Parish Communications District
Notes to the Financial Statements
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are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The demand deposits held at bank two are secured from risk by federal deposit insurance of \$250,000.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on 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.

Also included within the definition of cash and cash equivalents are LAMP investments of \$52,346, since funds within LAMP are redeemable by the District as needed.

In accordance with GASB Codification Section I50.165, the investment in LAMP at December 31, 2017, is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The investment in LAMP is stated at the value of the pool shares, which is the same as the fair value.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB Statement No. 40 *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

1. Credit risk: LAMP is rated AAAM by Standards and Poor's.
2. Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
4. Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 43 days as of December 31, 2017.
5. Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

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If you have any questions, please feel free to contact the LAMP administrative office at (800) 249-5267.

4. Investments

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name

At December 31, 2017, the District's investment balances were as follows:

	Carrying Amount	Fair Market Value
Certificates of Deposit with original maturities greater than 90 days	\$ 100,000	\$ 100,000
	\$ 100,000	\$ 100,000

In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

5. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available. All receivables as of December 31, 2017 are current.

Included within the total of \$383,839 for the Communications District is a class of receivables for telephone tariffs due at December 31, 2017 in the amount of \$383,839. These receivables have been stated net of a one percent collection charge from the telephone companies for acting as an agent for the District in collecting the telephone tariffs from the end users.

6. Interfund Receivables/Payables

The following is a detailed list of inter-fund balances reported in the fund financial statements on December 31, 2017:

Livingston Parish Communications District
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	Due From Other Funds	Due To Other Funds
Interfund Balances		
General Fund		
Capital Projects Fund	\$ 68,147	\$ -
Capital Projects Fund		
General Fund	-	68,147
Total Interfund Balances	\$ 68,147	\$ 68,147

The balance due between funds represents construction costs paid by the general fund and due from the capital projects fund at December 31, 2017.

7. Restricted Assets

Restricted assets at December 31, 2017 were as follows:

	Capital Projects Fund
Restricted Cash and Cash Equivalents	
Construction Account	\$ 108,797
Total Restricted Assets	\$ 108,797

8. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2017 for governmental activities is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities Capital Assets:				
Capital Assets Not Being Depreciated:				
Land	\$ 124,597	\$ -	\$ -	\$ 124,597
Construction in Progress	672,128	275,935	(948,063)	-
Total Capital Assets Not Being Depreciated	796,725	275,935	(948,063)	124,597
Capital Assets Being Depreciated:				
Buildings and Improvements	764,179	948,063	-	1,712,242
Equipment	1,184,281	1,239,403	-	2,423,684
Total Capital Assets Being Depreciated	1,948,460	2,187,466	-	4,135,926
Less Accumulated Depreciation for:				
Buildings and Improvements	263,333	77,409	-	340,742
Equipment	779,215	234,714	-	1,013,929
Total Accumulated Depreciation	1,042,548	312,123	-	1,354,671
Total Capital Assets Being Depreciated, Net	905,912	1,875,343	-	2,781,255
Total Governmental Activities Capital Assets, Net	\$ 1,702,637	\$ 2,151,278	\$ (948,063)	\$ 2,905,852

Depreciation was charged to governmental functions as follows:

Public Safety - Emergency Communications	\$ 312,123
	\$ 312,123

During the fiscal year ending December 31, 2014, the District entered into a cooperative endeavor agreement with Livingston Parish Council for shared use of the parish courthouse. The District paid all planning, design and construction costs associated with remodeling a portion of the courthouse in order to provide offices for the operations of the District. During the year ended December 31, 2017, governmental activities capital assets increased \$2,187,466 for completed construction on the courthouse renovation project, furnishings and equipment purchased. Total cost of the building renovation was \$948,063 and total cost of furniture and equipment purchases was \$1,239,403.

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

There were no disposals of fixed assets for 2017.

9. Interfund Transfers

Interfund Transfers	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Capital Projects Fund	\$ -	\$ 24,524
Capital Projects Fund		
General Fund	24,524	-
Total Interfund Transfers	<u>\$ 24,524</u>	<u>\$ 24,524</u>

The primary reason for the transfers between the General Fund and the Capital Projects fund was due to capital expenditures related to the Call Center Buildout paid by the General Fund instead of the Capital Projects Fund.

10. Accounts and Other Payables

The Governmental Funds payable at December 31, 2017 are as follows:

Governmental Funds Payable	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Accounts Payable	\$ 435,427	\$ -	\$ 435,427
Due to Other Governments	-	-	-
Other Accrued Liabilities	52	-	52
Retainage Payable	-	40,650	40,650
Construction Payable	-	-	-
Total Governmental Funds Payable	<u>\$ 435,479</u>	<u>\$ 40,650</u>	<u>\$ 476,129</u>

11. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended December 31, 2017:

	<u>Governmental Activities</u>		<u>Total</u>	<u>Long-</u>
	<u>Revenue Bonds</u>		<u>Term Obligations</u>	
Beginning Balance	\$	1,500,000	\$	1,500,000
Additions		-		-
Deletions		110,000		110,000
Ending Balance	<u>\$</u>	<u>1,390,000</u>	<u>\$</u>	<u>1,390,000</u>

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations:

	Governmental	Total
	Revenue	Long-Term
	Bonds	Obligations
Current Portion	\$ 115,000	\$ 115,000
Long-Term Portion	1,275,000	1,275,000
	\$ 1,390,000	\$ 1,390,000

Long-term debt as of December 31, 2017 is as follows:

	Bonds Payable	Due Within
	End of Year	One Year
Revenue Bonds, Series 2016 \$1,500,000 Dated 3/18/2016 Interest at 2.20% semi-annual installments of interest and maturing in amounts ranging from \$115,000 in 2018 to \$140,000 through 3/1/28	\$ 1,390,000	\$ 115,000
	\$ 1,390,000	\$ 115,000

The annual requirements to amortize all debt outstanding at December 31, 2017, are presented below.

Year Ending 12/31/17	Series 2016 Revenue Bonds \$1,500,000		
	Principal	Interest	Total
2018	\$ 115,000	\$ 29,315	\$ 144,315
2019	115,000	26,785	141,785
2020	120,000	24,200	144,200
2021	120,000	21,560	141,560
2022	125,000	18,865	143,865
2023 to 2027	655,000	51,975	706,975
2028 to 2032	140,000	1,540	141,540
	\$ 1,390,000	\$ 174,240	\$ 1,564,240

12. Flow of Funds, Restrictions on Use – Revenue Bonds

During 2016, the District issued \$1,500,000 in Revenue Bonds, Series 2016 for the renovation of a portion of the Livingston Parish Courthouse to provide offices for the Livingston Parish Communications District including all necessary furnishings and equipment and to pay the costs incurred in connection with the issuance of the bonds. The bonds shall be special obligations of the District payable solely from and secured by an irrevocable pledge and dedication of all available revenues of the District (pledged revenues), all in accordance with and pursuant to the provision of Section 1430 of Title 39 of the Louisiana Revised Statutes of 1950, as amended. The bonds shall be in fully registered form, shall be dated the date of delivery thereof and shall be issued in the form of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof, numbered R-1 upwards. The unpaid principal of the bonds shall bear interest from the date thereof or from the most recent interest payment date to which interest has been paid, said interest being payable semiannually on March 1 and September 1 of each

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

year, commencing September 1, 2016, at the rate of 2.20% per annum. The principal on the bond shall mature in annual installments on March 1 of each year.

The proceeds from the sale of the bonds, namely \$1,500,000 shall be deposited into a special fund to be known as Livingston Parish Communications District Revenue Bonds, Series 2016, Construction Fund. Said Construction Fund to be hereby created and established by and maintained with First Guaranty Bank, Hammond, Louisiana.

Installments of principal of the bonds maturing on and after March 1, 2018 are subject to optional prepayment prior to maturity, at the option of the Issuer, in whole or in part on any date on and after September 1, 2017, from monies made available for such redemption, at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon payable upon redemption, without premium or penalty.

Revenues of the District for the year ending December 31, 2017 were \$1,787,707, while interest payments were \$31,790. There were bond principal payments of \$110,000 made during the fiscal year ended December 31, 2017.

13. Fund Balances

At December 31, 2017, the General Fund has a committed fund balance of \$500,000 for the replacement of facility and equipment by the Board, the highest decision making body of the Livingston Parish Communications District. The General Fund also has a nonspendable fund balance of \$5,782 created from prepaid expenses. The remaining \$136,832 of the fund balance was unassigned.

At December 31, 2017, the Capital Projects Fund did not have a fund balance as of December 31, 2017 due to completion of the renovation project in 2017. The liabilities as of December 31, 2017 consists of \$40,650 retainage payable to the construction company for completion of the renovation project and \$68,147 due to the District's general fund for construction costs paid by the general fund.

14. Commitments

There were no commitments as of December 31, 2017.

15. Intergovernmental Agreement

On July 1, 2012, the District contracted with the Livingston Parish Sheriff's Office (LPSO) for dispatching services for a two year period ending June 30, 2014. On June 9, 2014, this agreement was renewed for another year ending on June 30, 2015. This agreement was again renewed June 19, 2018 retroactively to July 1, 2015 with a term ending June 30, 2019. The agreement stated that it shall automatically renew for a one year period extension as long as there is no objection between Livingston Parish Communication District 911 and Jason Ard, Sheriff of Livingston Parish. In the renewed agreement, the Sheriff agreed to continue to provide call service operators for the District. The District agreed to pay to the Sheriff a percentage of the revenues for this service. The Communication District no longer has employees as a result of the intergovernmental agreement. LPSO assumed all staffing responsibilities. The Livingston Parish Sheriff and the District have contractually agreed that the District will pay 70% of the annual phone tariff revenue to LPSO for dispatching services, to be remitted quarterly.

Livingston Parish Communications District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

16. Risk Management

The District is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The District purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The District's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

17. Contingent Liabilities

At December 31, 2017, the District was not involved in any outstanding litigation or claims.

18. Subsequent Events

Livingston Parish Communications District retroactively entered into an intergovernmental agreement with the Livingston Parish Sheriff's Office to renew the agreement originally entered into July 2012. See Note 15 above for more details.

Subsequent events have been evaluated by management through June 29, 2018, the date the financial statements were available to be issued. No other events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2017.

Required Supplemental Information (Part II)

Livingston Parish Communications District
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the year ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Charges, net				
Emergency telephone charges	\$ 2,000,000	\$ 1,500,000	\$ 1,465,968	\$ (34,032)
Prepaid Phone Fees	200,000	300,000	319,325	19,325
Collector Fees	(20,000)	(20,000)	(13,875)	6,125
Interest Income	1,000	1,000	1,514	514
Dispatch Service Fees	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>2,181,000</u>	<u>1,781,000</u>	<u>1,772,932</u>	<u>(8,068)</u>
Expenditures				
Public Safety - Emergency Communications				
Board Per Diem and Payroll Taxes	-	-	3,444	(3,444)
Communications and Utilities	103,000	103,000	104,472	(1,472)
Service Contracts	1,503,500	1,403,500	1,245,202	158,298
Insurance	-	-	17,662	(17,662)
Other operating	-	-	67,660	(67,660)
Professional Fees	100,000	150,000	91,203	58,797
Repairs and Maintenance	-	-	41,425	(41,425)
Supplies	5,000	4,000	15,094	(11,094)
Travel and Training	-	-	-	-
Capital Outlays	469,500	769,500	694,943	74,557
Debt Service				
Principal	-	-	-	-
Interest	-	150,000	141,790	8,210
Total Expenditures	<u>2,181,000</u>	<u>2,580,000</u>	<u>2,422,895</u>	<u>157,105</u>
Excess Revenues (Expenditures)	<u>-</u>	<u>(799,000)</u>	<u>(649,963)</u>	<u>149,037</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
Flood Insurance Proceeds	-	-	900	900
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>900</u>	<u>900</u>
Net Change in Fund Balances	<u>-</u>	<u>(799,000)</u>	<u>(649,063)</u>	<u>149,937</u>
Fund Balances, Beginning				
Beginning Fund Balance	1,291,677	1,291,677	1,291,677	-
Fund Balances, Ending	<u>\$ 1,291,677</u>	<u>\$ 492,677</u>	<u>\$ 642,614</u>	<u>\$ 149,937</u>

See independent auditor's report.

Other Supplemental Information

Schedule 2

**Livingston Parish Communications District
Schedule of Compensation Paid to Board of Commissioners
For the year ended December 31, 2017**

Name	Compensation Received
Jason Ard	\$ 450
Fred Banks	400
Gwen Blanchard	550
Donald Dedon	500
Russell Hutchinson	500
Melvin Wheat	500
Derral Jones	300
	<u>\$ 3,200</u>

See Independent Auditor's Report.

Schedule 3

**Livingston Parish Communications District
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the year ended December 31, 2017**

Agency Head Name: Jason Ard, Chairman

Purpose	Amount
Board Per Diem	\$ 450
Employer Paid Payroll Taxes	34
	<u>\$ 484</u>

See Independent Auditor's Report.

Livingston Parish Communications District
Supplementary Information in Accordance with LA R.S. 33:9109E
For the Year Ending December 31, 2017
(Unaudited)

Louisiana Revised Statutes 33:9101 through 9131 authorize the governing authority of a communications district to levy an emergency telephone charge on certain wireless communications systems to pay the costs of implementing Federal Communications Commission (FCC) ordered enhancements to emergency telephone systems.

The following schedule lists the total revenues derived from the wireless E911 service charges and the expenditures for equipment for each year

Revenues	
Wireless E911 Fees	\$1,345,503
Expenditures	
Equipment Purchases	\$0

As of December 31, 2017, the Livingston Parish Communications District was in Phase 2 of the Federal Communications Commission's three phase plan for local emergency telephone service providers. The FCC's program objectives for emergency telephone service providers call for upgrading services to better serve users of those systems. When implementation of the FCC program is complete, an emergency telephone system would be able to give the dispatcher the telephone number of the caller, address of the caller and geographic location of the caller. At Phase 0, the system provides the caller's telephone number. At Phase 1, the system provides the caller's telephone number and address registered to that telephone number. At Phase 2, the system provides the caller's telephone number, address registered to that number and the present geographic location of the caller.

At December 31, 2017, Cingular, Alltel, Verizon, T-Mobile, Nextel, Sprint PCS and Centennial Wireless were all Phase 2 compliant. The District is not currently pursuing Phase 3 deployment.

Livingston Parish Communications District
Schedule of Findings and Responses
For the Year Ending December 31, 2017

Section I Summary of Auditor's Results

Financial Statements

a. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Qualified
Disclaimer Adverse

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

Internal Control:

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance:

Noncompliance Material to Financial Statements Yes No

Federal Awards - NA

Internal Control over major federal Programs:

Material Weaknesses Yes No Significant Deficiencies Yes No

Type of auditor's report issued on compliance for major federal programs:

Unmodified Qualified
Disclaimer Adverse

Are there findings required to be reported in accordance with 2 CFR 200.516(a)

Yes No

Was a management letter issued?

Yes No

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 Uniform Guidance? Yes No

**Livingston Parish Communication District
Schedule of Findings and Responses
For the Year Ending December 31, 2017**

Finding Number: 2017-I1 Lack of Proper Segregation of Duties (Significant Deficiency)

Criteria: Proper segregation of incompatible duties requires that there be different individuals responsible for authorizing transactions, recording transactions and maintaining custody of related assets.

Condition: Duties throughout the financial reporting process, which are considered incompatible, are being performed by the District's Outside Accountant. Specifically included, but not limited to:

- Individual that prepares and makes deposits also opens mail, records transactions into the GL and reconciles bank accounts.
- Individual who prepares disbursement checks and disburses funds also opens mail, records transactions into the general ledger and reconciles bank accounts.
- No evidence of review of bank reconciliations by someone other than the individual preparing the reconciliation. Bank reconciliations are provided to Board at meetings.
- Vendors are added by the individual responsible for processing payments.

Compensating controls include, but are not limited to: monthly financial statements and other financial information review by Board; review and approval of check register and electronic payments by Board as part of monthly financial review; dual signatures on checks and review of invoices by Board; and Board involvement in the budget process.

Cause: Due to the size and nature of the District and intergovernmental agreement to use LPSO employees in return for a percentage of the District's tariff revenue, the District therefore does not have employees and as such, some incompatible duties are not adequately segregated.

Effect: Inadequate segregation of duties exposes the District to several risks, including, but not limited to misappropriation of assets and inaccurate or fraudulent financial reporting.

Recommendation: Management should remain vigilant in identifying compensating controls and ensuring that those implemented are operating effectively. Specifically, we recommend a review of detailed bank reconciliations and bank statements by an individual separate from the individual who prepares the reconciliations. We also recommend separation of the responsibility of opening mail and preparing and making deposits from the individual responsible for the General Ledger and the individual reconciling the bank accounts.

Management's Response: Compensating controls will be further reviewed and implemented where possible. The District will implement auditor recommendations as possible.

Livingston Parish Communications District

**Schedule of Prior Year Audit Findings and Responses
For the Year Ended December 31, 2017**

Compliance

No compliance findings.

Internal Control

No internal control findings.

Management Findings

No management findings.

Bruce C. Harrell, CPA

Kristi U. Bergeron, CPA
Jessica H. Jones, CPA
Brandy Westcott Garcia, CPA
Elizabeth Lafargue, CPA

INTERNET
www.teamcpa.com

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs



BRUCE HARRELL
and COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

109 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
VOICE: (985) 542-6372
FAX: (985) 345-3156

KENTWOOD OFFICE
P.O. Box 45 - 909 Avenue G
Kentwood, LA 70444
VOICE: (985) 229-5955
FAX: (985) 229-5951

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

To the Board of Commissioners
Livingston Parish Communications District
Livingston Parish Council
Livingston, 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, each major fund, and the aggregate remaining fund information of the Livingston Parish Communications District, a component unit of the Livingston Parish Council, 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 and have issued our report thereon dated June 29, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Livingston 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 opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Livingston Parish Communications District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Livingston 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 misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that are not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

BRUCE HARRELL & COMPANY
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To the Board of Commissioners
Livingston Parish Communications District
Livingston Parish Council
Livingston, Louisiana
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Livingston Parish Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls 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.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

Kentwood, Louisiana
June 29, 2018

Livingston Parish Communications District

Statewide Agreed-Upon Procedures

As of and for the Year Then Ended December 31, 2017



BRUCE HARRELL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Bruce C. Harrell, CPA

Kristi U. Bergeron, CPA
Jessica H. Jones, CPA
Brandy Westcott Garcia, CPA
Elizabeth P. Lafargue, CPA

INTERNET
www.teamcpa.com

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs



BRUCE HARRELL
and COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

109 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
VOICE: (985) 542-6372
FAX: (985) 345-3156

KENTWOOD OFFICE
P.O. Box 45 - 909 Avenue G
Kentwood, LA 70444
VOICE: (985) 229-5955
FAX: (985) 229-5951

Independent Accountant's Report on Applying Agreed-Upon Procedures

To Members of the Board of Commissioners
Livingston Parish Communications District
Livingston, Louisiana

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
Written policies and procedures were obtained and address the functions noted above.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
Written policies and procedures were obtained and address the functions noted above.
 - c) **Disbursements**, including processing, reviewing, and approving

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

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

Written policies and procedures were obtained; however, they did not address the functions noted above. The District will revise the policy and procedures to include receipts process as noted above.

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

The District does not have employees. Board Member per diem only.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Written policies and procedures were obtained and address the functions noted above, except for legal review. However, legal review on contracts is obtained as needed.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

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

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

The District does not have a travel and expense reimbursement policy. The District has no employees.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Written policies and procedures were obtained and include all the functions noted above except requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. District will have Board annually attest through signature verification that they have read the entity's ethics policy and will also revise the ethics policy and procedure to include this procedure.

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

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

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.

The District board met monthly.

- 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).

Budget-to-actual comparisons presented monthly to board.

- 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.

Not applicable. Budget-to-actual did not show deficit spending.

- 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.

The District board meetings referenced non-budgetary financial information in multiple meetings.

Bank Reconciliations

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

Obtained 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;

Obtained bank statements and reconciliations for all months in the fiscal period for all selected accounts noting that reconciliations have been prepared for all months in which a bank statement was produced by the bank.

- 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

The bank reconciliations for all accounts had no evidence of management review. The outside accountant opens the bank statements and prepares all bank reconciliations. Outside accountant provides monthly financial package to District which includes detailed review of bank reconciliation.

- 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.

District documentation on reconciling items outstanding for more than 6 months continues and board will take appropriate action when final research is concluded.

Collections

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

Obtained listing of cash collection locations 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.

The outside accountant is responsible for depositing the checks into the bank, recording the related transactions, and reconciling the related bank account. The District will consider bonding outside accountant. There is no cash drawer for the District; therefore, not applicable.

- 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.

Outside accountant is responsible for collections and also reconciles the collections to the general ledger.

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

- 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.

Actual collection date is unknown. It is noted that the payments are due to the District by the 20th of the month. The District will add a receipts policy to its policy and procedures manual. The policy will include initialing and dating when the check was received. This date will serve as the collection date as noted in the function above.

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.

Specific collection date is unknown for collections in the selected week as collection date is not recorded. However, collections for the week selected are otherwise completely supported by collection documentation.

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

Due to the nature of collections of third party phone tariff revenue to the District, there is no formal process to determine the completeness of collection by a person other than the outside accountant who is responsible for collections. The District is contacting an outside governmental agency for verification that proper tariffs are being collected by the District.

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.

Listing of disbursements and management's representation that the listing is complete was obtained.

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

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

Purchasing and disbursement policy does not state how purchases are initiated. However, initiation and approval are separate within the entity. The Administrator submits purchase requests, other than recurring bills, to the Board during board meetings and receives approval.

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

The Administrator submits purchase requests, other than recurring bills, to the Board during board meetings and receives approval.

- 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.

Purchase orders, if used, are issued out of Quickbooks accounting software for purchases approved by the board.

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.

Requisition or purchase orders are not required as a matter of written policy, but initiation and approval are separate within the entity. Outside accountant prints the check and is able to add vendors, but ultimate approval and signature authority resides with the Board.

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.

Written documentation was obtained and addresses the functions noted above.

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.

Noted no exceptions.

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.

Noted no exceptions.

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.

Listing of all active credit cards, bank cards, and fuel cards, including the card numbers and name of person who maintain possession of cards, and management's representation that the listing is complete was obtained.

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

District only had one credit card and was selected.

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

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

Monthly statements were obtained as described above; however, no approval in writing was noted. The Board approves all payments prior to checks being signed and mailed.

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

No finance charges or late fees were noted.

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)

No exceptions noted. The District has only one credit card.

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

Written documentation was not noted on the invoices or receipts; however the receipts and invoices clearly identified the nature of the purchase.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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.

The District did not have travel or related expense reimbursements. The District does not have employees. No exceptions.

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

The District did not have travel or related expense reimbursements. The District does not have employees. No exceptions.

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.

The District did not have travel or related expense reimbursements. The District does not have employees. No exceptions.

- 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.]

The District did not have travel or related expense reimbursements. The District does not have employees. No exceptions.

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

The District did not have travel or related expense reimbursements. The District does not have employees. No exceptions.

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

The District did not have travel or related expense reimbursements. The District does not have employees. No exceptions.

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

No exceptions noted.

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

The District did not have travel or related expense reimbursements. The District does not have employees. No exceptions.

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.

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

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

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

No exceptions noted.

- 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)

Not applicable.

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

Not applicable.

- 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.

No amendments noted.

- 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.

No noncompliance noted.

- 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).

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:

The District does not have employees. N/A

- 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.

N/A

- 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.

N/A

- 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.)

N/A

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

N/A

- 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.

N/A

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.

N/A

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

No exceptions noted related to payroll taxes for Board Member per diem received. The District does not have retirement.

Ethics (excluding nonprofits)

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

No exceptions noted.

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

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

Debt Service (excluding nonprofits)

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

No exceptions noted.

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

No exceptions noted.

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.

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

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

No exceptions noted.

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

No exceptions noted.

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 the control or compliance. Accordingly, this report is not suitable for any other purposes. Under Louisiana Revised Statute R.S.24:513, this report is distributed by the LLA as a public document.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation
Kentwood, Louisiana
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