

**NATCHITOCHEs TAX COMMISSION**

**ANNUAL FINANCIAL REPORT  
JUNE 30, 2017**

Natchitoches Tax Commission

Financial Report  
Year Ended June 30, 2017

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Natchitoches Tax Commission

Financial Report  
Year Ended June 30, 2017

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# NATCHITOCHEs TAX COMMISSION

P. O. Box 639  
Natchitoches, LA 71457

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Natchitoches Tax Commission's (hereafter referred to as the Commission) annual financial report presents an overview and analysis of the Commission's financial activities for the year ended June 30, 2017. The intent of the MD&A is to look at the Commission's financial performance as a whole. It should, therefore be read in conjunction with this report. Certain comparative information is presented to provide an overview of the Commission's operations.

### Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Commission as a whole and presents a longer-term view of the Commission's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

#### Government-Wide Financial Statements

- The Statement of Net Position presents all of the Commission's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the Commission's net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.
- The Statement of Activities presents information showing how the Commission's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

#### Fund Financial Statements

The services provided by the Commission are financed through a governmental fund. 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 Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Commission conducts its day-to-day operations through a governmental fund, the General Fund. These statements provide a short-term view of the Commission's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Commission. The Commission also maintains a Fiduciary Fund, in which these funds are simply held for other parties and cannot be used for any of the Commission's activities, it is not included in the government-wide statement, but is separately reported in the statement of the Fiduciary Fund.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	<u>2017</u>	<u>2016</u>
ASSETS:		
Current Assets	\$790,291	\$763,474
Capital assets, Net	<u>166,939</u>	<u>172,448</u>
Total Assets	<u>\$957,230</u>	<u>\$935,922</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$107,427</u>	<u>\$144,451</u>
LIABILITIES:		
Current liabilities	\$ 32,060	\$ 47,384
Long-term liabilities	<u>103,759</u>	<u>122,533</u>
Total Liabilities	<u>\$135,819</u>	<u>\$169,917</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 16,392</u>	<u>\$ 17,741</u>
NET POSITION:		
Net Investment in Capital Assets	\$166,939	\$172,448
Unrestricted	<u>745,507</u>	<u>720,270</u>
Total Net Position	<u>\$912,446</u>	<u>\$892,718</u>

## Summary of Statement of Activities

	<u>2017</u>	<u>2016</u>
REVENUES:		
Charges for Services	\$ 152,144	\$146,216
Operating Grants & Contributions	418,009	398,373
Miscellaneous	<u>4,721</u>	<u>2,984</u>
Total Revenues	<u>\$574,874</u>	<u>\$547,573</u>
EXPENSES:		
General Government	<u>\$555,146</u>	<u>\$582,317</u>
Change in Net Position	<u>\$ 19,728</u>	<u>\$(34,744)</u>

- The Commission's assets exceeded its liabilities by \$912,446 (net position) for the year and by \$892,718 for the prior year.
- Unrestricted net position of \$745,507 represents the portion available to maintain the Commission's obligation to both citizens and creditors. For the prior year, this was \$720,270, an increase of \$25,237 for the year.

General Fund Budgetary Highlights

The actual revenues were \$17,803 more than the budgeted amount for the year and actual expenditures were \$21,935 less than the budgeted amount for the year.

Economic Factors and Next Year's Budget

The primary revenue source is the charges for services received from the different taxing bodies based on a pro-rata basis on the ratio that the taxes collected for each bears to the total taxes collected for all during the preceding month. Any significant long-term decrease in sales tax would have an impact on the office operations. As there are minimal changes expected in the next fiscal year, the budget for FY 2017/2018 should not significantly differ from FY 2016/2017.

Contacting the Commission

This financial report is designed to provide our citizens and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Natchitoches Tax Commission, P. O. Box 639, Natchitoches, LA 71457.

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation  
Roger M. Cunningham, CPA – A Professional Corporation  
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### INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Natchitoches Tax Commission  
P. O. Box 639  
Natchitoches, La 71457

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major fund and fiduciary fund of the Natchitoches Tax Commission as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission'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 an opinion 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 and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund and fiduciary fund information of the Commission as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, Schedule of Employer's Share of Net Pension Liability, and Schedule of Employer Contributions as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and 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.

The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer listed as required supplementary information and the Statement of Changes in Fiduciary Net Position listed as supplementary information in the Table of Contents are presented for purposes of additional analysis and is not a required part of the basic financial statements.

We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the introductory section because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements.

The Budgetary Comparison Schedule, Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer and Statement of Changes in Fiduciary Net Position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 budgetary comparison schedule, schedule of employer's share of net pension liability, schedule of employer contributions, and schedule of compensation, benefits and other payments to agency head or chief executive officer and Statement of Changes in Fiduciary Net Position are fairly stated in all material respects in relation to the financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2017, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

*Johnson, Thomas + Cunningham, CPA's*  
Johnson, Thomas & Cunningham, CPA's

November 22, 2017  
Natchitoches, Louisiana

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

Natchitoches Tax Commission  
Statement of Net Position  
June 30, 2017

	<u>Governmental Activities</u>
ASSETS:	
Current Assets:	
Cash & Cash Equivalents	\$207,348
Investments	527,061
Revenue Receivable	51,413
Prepaid Expenses	<u>4,469</u>
Total Current Assets	\$790,291
Non-current Assets:	
Capital Assets, Net	<u>166,939</u>
Total Assets	<u>\$957,230</u>
DEFERRED OUTFLOWS OF RESOURCES:	<u>\$107,427</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 5,824
Payroll Liabilities	<u>26,236</u>
Total Current Liabilities	\$ 32,060
Long-term Liabilities:	
Net Pension Liability	93,673
Accrued Compensated Absences	<u>10,086</u>
Total Long-term Liabilities	<u>\$103,759</u>
Total Liabilities	<u>\$135,819</u>
DEFERRED INFLOWS OF RESOURCES:	<u>\$ 16,392</u>
NET POSITION:	
Net Investment in Capital Assets	\$166,939
Unrestricted	<u>745,507</u>
Total Net Position	<u>\$912,446</u>

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

Natchitoches Tax Commission  
Statement of Activities  
June 30, 2017

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u> <u>Governmental Activities</u>
Governmental Activities:				
General Government	<u>\$555,146</u>	<u>\$152,144</u>	<u>\$418,009</u>	<u>\$ 15,007</u>
General Revenues:				
Interest Income				\$ 1,361
Nonemployer Pension Revenue				<u>3,360</u>
Total General Revenues				<u>\$ 4,721</u>
Change in Net Position				\$ 19,728
Net Position June 30, 2016				<u>892,718</u>
Net Position June 30, 2017				<u>\$912,446</u>

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

## FUND FINANCIAL STATEMENTS

Natchitoches Tax Commission  
Balance Sheet-Governmental Fund  
June 30, 2017

	Governmental <u>Fund</u>
ASSETS:	
Cash & Cash Equivalents	\$207,348
Investments	527,061
Revenue Receivable	51,413
Prepaid Expense	<u>4,469</u>
Total Assets	<u>\$790,291</u>
LIABILITIES:	
Accounts Payable	\$ 5,824
Payroll Liabilities	<u>26,236</u>
Total Liabilities	<u>\$ 32,060</u>
FUND BALANCE:	
Nonspendable- Prepaid Expense	\$ 4,469
Unassigned	<u>753,762</u>
Total Fund Balance	<u>\$758,231</u>
Total Liabilities and Fund Balance	<u>\$790,291</u>

See notes to financial statements.

Natchitoches Tax Commission  
Reconciliation of the Governmental Fund  
Balance Sheet to the Statement of Net Position  
June 30, 2017

Total Fund Balance for the Governmental Fund at June 30, 2017	\$758,231
Amounts reported for Governmental Activities in the Statement of Net Position is different because:	
Capital Assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the fund. Those assets consist of:	
Capital Assets	265,920
Less, Accumulated Depreciation	(98,981)
Deferred Outflows of Resources used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Fund Balance Sheet-	107,427
Long-term Liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Fund Balance Sheet-	
Net Pension Liability	(93,673)
Accrued Compensated Absences	(10,086)
Deferred Inflows of Resources are not due and payable in the current period and, therefore, are not reported in the Governmental Fund Balance Sheet-	<u>(16,392)</u>
Total Net Position of Governmental Activities at June 30, 2017	<u>\$912,446</u>

Natchitoches Tax Commission  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Fund  
Year Ended June 30, 2017

	<u>Governmental Fund</u>
REVENUES:	
Charges for Services	\$152,144
Intergovernmental Revenue	418,009
Miscellaneous- Interest	<u>1,361</u>
Total Revenues	<u>\$571,514</u>
EXPENDITURES:	
Current-	
Personnel Services	\$378,203
Travel	4,751
Supplies	6,137
Professional Services	22,874
Operating Services	111,856
Capital Outlay	<u>5,555</u>
Total Expenditures	<u>\$529,376</u>
Excess of Revenues over Expenditures	\$ 42,138
Fund Balance-Beginning of Year	<u>716,093</u>
Fund Balance-End of Year	<u>\$758,231</u>

See notes to financial statements.

Natchitoches Tax Commission  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of the Governmental Fund  
to the Statement of Activities  
For the Year Ended June 30, 2017

Total Change in Fund Balance	\$ 42,138
<p>Amounts reported for Governmental Activities in the Statement of Activities is different because:</p>	
<p>Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of capital assets recorded in the current period is</p>	
	5,555
<p>Depreciation expense on Capital Assets is reported in the Government-wide Financial Statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is</p>	
	(11,064)
<p>Some revenues reported in the Statement of Activities does not provide current resources and these are not reported as revenues in governmental funds. Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These timing differences are summarized below:</p>	
Non-Employer Pension Revenue	3,360
Change in Pension Expense	(21,094)
Change in Accrued Compensated Absences	<u>833</u>
Total change in Net Position of Governmental Activities	<u>\$ 19,728</u>

See notes to financial statements.

Natchitoches Tax Commission  
Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2017

	<u>Commission Fund</u>
ASSETS:	
Cash	\$ <u>466,599</u>
Total Assets	\$ <u>466,599</u>
LIABILITIES:	
Unsettled Deposits – Due to Others	\$ <u>466,599</u>
Total Liabilities	\$ <u>466,599</u>

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

Natchitoches Tax Commission  
Notes to Financial Statements  
June 30, 2017

**Introduction:**

As provided in L.S.A. – R.S. 33:2844, any sales and use tax levied by political subdivisions located within a single parish may be collected by a single tax collector for that parish. These political subdivisions are authorized by this statute to create a joint sales and use tax commission as an independent agency and instrumentality to collect, enforce, and administer the sales and use levied by all of the taxing authorities in that parish. Under the provisions of this statute, the tax commission must include two members appointed by each governing authority of each taxing jurisdiction which has collections equal to or greater than twenty percent of the total sales and use tax collections in the parish. The tax commission may, at its option, contract and make agreements with other local taxing authorities to collect taxes other than sales and use taxes.

On May 23, 1989, the City of Natchitoches, the Natchitoches Parish School Board, and the Natchitoches Parish Government entered into an agreement under the provisions of L.S.A. – R.S. 33:2844, for the collections of sales and use taxes and other fees thereby creating the Natchitoches Tax Commission. This agreement empowers the Natchitoches Tax Commission to collect, enforce, and administer the respective sales and use taxes and other fees as have been and may be authorized and levied by the City, School Board, and Natchitoches Parish Government within the boundaries of the City of Natchitoches, Louisiana, and the Parish of Natchitoches, Louisiana, and may institute in the name of the Commission suits to enforce the collection of such taxes.

The affairs of the Commission are managed by a six member Board of Commissioners made up of the chief administrative officer and the director of finance of the City of Natchitoches; the Treasurer and President of Natchitoches Parish; and the Director of Business Affairs and the Supervisor of Finance of the Natchitoches Parish School Board. The costs of establishing, operating, maintaining, and administering the Commission shall be borne jointly by the City, School Board and Natchitoches Parish Government on a pro-rata basis on the ratio that the taxes collected for each bears to the total taxes collected during the preceding year.

**1. Summary of Significant Accounting Policies:**

The accompanying financial statements of the Natchitoches Tax Commission 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.

The accompanying financial statements of the Natchitoches Tax Commission consist only of the transactions and activity of the Natchitoches Tax Commission as authorized by Louisiana statutes.

**A. Basis of Presentation-**

**Government-Wide Financial Statements (GWFS)**

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Natchitoches Tax Commission  
Notes to Financial Statements  
June 30, 2017

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

B. Fund Accounting-

The accounts of the Commission are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Commission maintains two funds. They are categorized as a governmental fund and fiduciary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity. The funds of the Commission are described below:

Governmental Fund-

General Fund

The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.

Fiduciary Fund-

Fiduciary Funds are used to account for assets held by the Commission in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities of the Commission, these funds are not incorporated into the government-wide statements.

C. Measurement Focus/Basis of Accounting-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Commission as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses,

Natchitoches Tax Commission  
Notes to Financial Statements  
June 30, 2017

assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Commission considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

D. Assets, Liabilities, and Equity-

Cash and Cash Equivalents-

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments-

Investments are limited by Louisiana Revised Statute and the Natchitoches Tax Commission's investment policy.

Receivables-

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible. The receivables at year end were considered to be fully collectible and no allowance for bad debts were recorded.

Capital Assets-

Capital assets, which include property, plant, and equipment, 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 costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation

Natchitoches Tax Commission  
Notes to Financial Statements  
June 30, 2017

is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Buildings and Building Improvements	20-40 years
Moveable property	5-10 years

#### Compensated Absences-

The Natchitoches Tax Commission employees earn annual leave at various rates depending on the number of years of service. The maximum amount of annual leave that may be accumulated by each employee is 240 hours. Upon termination, an employee is compensated for up to 240 hours of unused annual leave at the employee's hourly rate of pay at the time of termination.

#### Pensions-

For purposes of measuring the Net Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

#### Deferred Outflows/Inflows of Resources-

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

#### Equity Classifications-

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Net investment in capital assets---Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position---Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position---All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

Natchitoches Tax Commission  
Notes to Financial Statements  
June 30, 2017

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

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

The General Fund has an unassigned fund balance of \$753,762. If applicable, the Commission would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

The Board of Commissioners establishes (and modifies and rescinds) fund balance commitments and assignments by passage of an ordinance or resolution.

E. Budgetary Practices:

Formal budgetary accounting is employed as a management control. The Natchitoches Tax Commission prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using full accrual basis of accounting. The Commission amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

Natchitoches Tax Commission  
Notes to Financial Statements  
June 30, 2017

F. Estimates:

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

2. **Deposits with Financial Institutions**

A. Cash and Cash Equivalents:

The cash and cash equivalents of the Natchitoches Tax Commission are subject to the following risk:

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

At June 30, 2017, the Commission had \$739,581 in deposits (collected bank balances). These deposits were secured from risk by \$491,555 of federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank with a market value of \$248,026 (GASB Category 3).

B. Investments

The investments of the Natchitoches Tax Commission are subject to the following risk:

*Interest Rate Risk.* This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity is its fair value to changes in market interest rates. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, as a means of offsetting exposure to interest rate risk, the Commission diversifies its investments by security type and institution.

The Commission maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the Commission may invest in obligations of the U.S. Treasury and U.S. Agencies, or certificates of deposit. Investments are carried at fair market as of the balance sheet date.

Natchitoches Tax Commission  
Notes to Financial Statements  
June 30, 2017

At June 30, 2017 the Commission had \$527,061 in investments. These investments were fully secured by U.S. Government securities.

**3. Changes in General Long-term Obligations – Compensated Absences:**

At June 30, 2017, employees of the Natchitoches Tax Commission had accumulated \$10,086 in annual leave benefits. The following is a summary of the changes in long-term obligations for accrued compensated absences for the year ended June 30, 2017:

Long-term obligations payable at June 30, 2016	\$10,919
Net Change	<u>(833)</u>
Long-term obligations Payable at June 30, 2017	<u>\$10,086</u>

**4. Lease Obligations:**

The Natchitoches Tax Commission was not obligated under any capital or operating leases at June 30, 2017.

**5. Capital Assets:**

Capital asset balances and activity for the year ended June 30, 2017, is as follows:

Governmental Activities	Balance <u>07-01-16</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06-30-17</u>
Non-depreciable Capital assets:				
Land	\$ <u>40,000</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>40,000</u>
Depreciable Capital Assets:				
Buildings & Improvements	\$161,952	\$ 5,555	\$0	\$167,507
Furniture & Equipment	<u>58,413</u>	<u>0</u>	<u>0</u>	<u>58,413</u>
Total Depreciable Capital Assets	<u>\$220,365</u>	<u>\$ 5,555</u>	<u>\$0</u>	<u>\$225,920</u>
Less: Accumulated Depreciation:				
Buildings & Improvements	\$ 55,919	\$ 4,405	\$0	\$ 60,324
Furniture & Equipment	<u>31,998</u>	<u>6,659</u>	<u>0</u>	<u>38,657</u>
Total Accumulated Depreciation	<u>\$ 87,917</u>	<u>\$11,064</u>	<u>\$0</u>	<u>\$ 98,981</u>
Total Capital Assets, Net	<u>\$172,448</u>	<u>\$ (5,509)</u>	<u>\$ 0</u>	<u>\$166,939</u>

Depreciation expense of \$11,064 was charged to the general government function.

Natchitoches Tax Commission  
Notes to Financial Statements  
June 30, 2017

## 6. **Pension Plan:**

### *Plan Description*

The Tax Commission contributes to Parochial Employees' Retirement System of Louisiana (System) which is a cost-sharing multiple employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the state of Louisiana or any governing body or a parish which employs and pays persons serving the parish. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The System is governed by Louisiana Revised Statutes, Title 11, Section 1901 through 2025, specifically, and other general laws of the State of Louisiana. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at [www.persla.org](http://www.persla.org).

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

### *Benefits Provided*

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

### **Retirement**

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

For employees hired prior to January 1, 2007:

- |              |  |
|--------------|--|
| • At any age | after 30 or more years of creditable service |
| • At age 55  | after 25 years of creditable service         |
| • At age 60  | after 10 years of creditable service         |
| • At age 65  | after 7 years of creditable service          |

For employees hired after January 1, 2007:

- |             |                                      |
|-------------|--------------------------------------|
| • At age 55 | after 30 years of creditable service |
| • At age 62 | after 10 years of creditable service |
| • At age 67 | after 7 years of creditable service  |

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

For employees hired prior to January 1, 2007:

Natchitoches Tax Commission  
Notes to Financial Statements  
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- At age 55 after 30 years of creditable service
- At age 60 after 10 years of creditable service
- At age 65 after 7 years of creditable service

For employees hired after January 1, 2007:

- At age 55 after 30 years of creditable service
- At age 62 after 10 years of creditable service
- At age 67 after 7 years of creditable service

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

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

#### **Survivor's Benefits**

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

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

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

#### **Deferred Retirement Option Plan**

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

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

Natchitoches Tax Commission  
Notes to Financial Statements  
June 30, 2017

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

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

For individuals who become eligible to participate in DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in DROP will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of DROP must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of DROP are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

#### **Disability Benefits**

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and have at least five years of creditable service or if hired after January 1, 2007, have seven years of creditable service, and are not eligible for normal retirement and have been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

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

#### **Cost-of-Living Increases**

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

Natchitoches Tax Commission  
Notes to Financial Statements  
June 30, 2017

provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

*Contributions*

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2016, the actuarially determined contribution rate was 10.52% of member's compensation for Plan A and 7.20% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2016 was 13.00% for Plan A and 8.00% for Plan B.

According to state statute, the System also receives  $\frac{1}{4}$  of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contribution revenue for the current year is \$3,360.

The Tax Commission's contractually required composite contribution rate for the year ended June 30, 2017 was 12.50% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Tax Commission were \$34,651 for the year ended June 30, 2017.

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

At June 30, 2017, the Tax Commission reported a liability of \$93,673 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Tax Commission's proportion of the Net Pension Liability was based on a projection of the Tax Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016, the Tax Commission's proportion was 0.045483%, which was a decrease of .003074% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the Tax Commission recognized pension expense of \$21,094 minus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$86.

At June 30, 2017, the Tax Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$16,392
Changes in assumption	17,784	0

Natchitoches Tax Commission  
Notes to Financial Statements  
June 30, 2017

Net difference between projected and actual earnings on pension plan investments	72,694	0
Changes in employer's proportion of beginning net pension liability	284	0
Differences between employer contributions and proportionate share of employer contributions	(138)	0
Subsequent Period Contributions	16,802	0
Total	\$107,427	\$16,392

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended December 31:	
2017	\$22,759
2018	22,759
2019	22,759
2020	22,759
Total	\$91,036

*Actuarial Assumptions*

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

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years.
Investment Rate of Return	7.00%, net of investment expense, including inflation.
Inflation Rate	2.50% per annum.
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Table was selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
	Experience study performed on plan data for the period January 1, 2010 through December 31, 2014.
Projected Salary Increases	5.25% (2.50% Inflation, 2.75% Merit)

Natchitoches Tax Commission  
Notes to Financial Statements  
June 30, 2017

Cost of Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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

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

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

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

The following presents the Tax Commission's proportionate share of the Net Pension Liability using the discount rate of 7.00%, as well as what the Tax Commission's proportionate share of the Net

Natchitoches Tax Commission  
Notes to Financial Statements  
June 30, 2017

Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	1.0% Decrease (6.00%)	Current Discount Rate (7.00%)	1.0% Increase (8.00%)
Employer's proportionate share of net pension liability	\$280,213	\$93,673	\$(64,053)

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued Parochial Employees' Retirement System of Louisiana Annual Financial Report at [www.persla.org](http://www.persla.org).

*Payables to the Pension Plan*

These financial statements include a payable to the pension plan of \$8,606, which is the legally required contribution due at June 30, 2017. This amount is recorded in accrued expenses.

**7. Litigation:**

Management has advised that the Commission is not involved in any legal action which would have a negative impact on the Commission.

**8. Ad Valorem Taxes/Parcel Fees:**

The Natchitoches Tax Commission collects ad valorem taxes levied by the City of Natchitoches and parcel fees levied by Fire Districts #1, #5 and #6. Ad valorem taxes and parcel fees, which are levied in October and billed in November, attach as an enforceable lien on property as of January 1 of each year. Ad valorem taxes and parcel fees that have been billed become delinquent on January 1 of the following year and penalties and interest are assessed. The Commission bills and collects the ad valorem taxes using the assessed values determined by the Tax Assessor of Natchitoches Parish. Parcel fees are assessed at \$25 per lot on which a structure is located.

**9. Taxes Paid Under Protest:**

Louisiana Revised Statute 47:1576 provides that taxpayers, at the time of payment of all taxes due, may give notice to the tax collector of their intention to file suit for recovery of all or a portion of the total taxes paid. Upon receipt of a notice, the amount paid shall be segregated and held by the tax collector for a period of thirty days. If a suit is filed within 30 days, the segregated funds shall be held pending outcome of the suit. If the taxpayer prevails, the Tax Collector shall refund the amount due with interest from the date the funds were received by the Tax Collector. There was \$146,947 in ad valorem taxes paid under protest at June 30, 2017.

**10. Subsequent Events:**

Management has evaluated events through November 22, 2017, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Natchitoches Tax Commission  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2017

	<u>Budget</u>		Variance
	<u>Original / Final</u>	<u>Actual</u>	Favorable (Unfavorable)
REVENUES:			
Charges for Services	\$136,000	\$152,144	\$16,144
Intergovernmental Revenues	415,311	418,009	2,698
Other Income	<u>2,400</u>	<u>1,361</u>	<u>(1,039)</u>
Total Revenues	<u>\$553,711</u>	<u>\$571,514</u>	<u>\$17,803</u>
EXPENDITURES:			
General Government:			
Personnel Services	\$393,411	\$378,203	\$15,208
Travel	8,000	4,751	3,249
Operating Services	105,900	111,856	(5,956)
Supplies	14,500	6,137	8,363
Professional Services	24,500	22,874	1,626
Capital Outlay	<u>5,000</u>	<u>5,555</u>	<u>(555)</u>
Total Expenditures	<u>\$551,311</u>	<u>\$529,376</u>	<u>\$21,935</u>
Excess of Revenues over Expenditures	\$ 2,400	\$ 42,138	\$39,738
Fund Balance - Beginning of Year	<u>716,093</u>	<u>716,093</u>	<u>0</u>
Fund Balance - End of Year	<u>\$718,493</u>	<u>\$758,231</u>	<u>\$39,738</u>

Natchitoches Tax Commission  
Schedule of Employer's Share of Net Pension Liability  
For the Year Ended June 30, 2017

Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability
2015	.044123%	12,044	240,078	5.02%	99.15%
2016	.042409%	111,614	265,933	41.97%	99.96%
2017	.045483%	93,673	271,718	34.47%	94.15%

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

See independent auditor's report.

Natchitoches Tax Commission  
Schedule of Employer Contributions  
For the Year Ended June 30, 2017

Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	36,858	36,858	0	240,078	15.35%
2016	36,574	36,574	0	265,933	13.75%
2017	34,651	34,651	0	271,718	12.75%

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

Natchitoches Tax Commission  
Schedule of Compensation, Benefits and Other Payments to  
Agency Head or Chief Executive Officer  
For the Year Ended June 30, 2017

Agency Head Name: Jerry McWherter, Tax Administrator

<u>Purpose</u>	<u>Amount</u>
Salary	\$74,200
Benefits-Insurance	9,367
Benefits-Retirement	9,461
Professional Dues	900
Registration fees	1,027
Housing	546
Other	<u>2,083</u>
	\$97,584

SUPPLEMENTARY INFORMATION

Natchitoches Tax Commission  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Year Ended June 30, 2017

	<u>Commission Fund</u>
ADDITIONS:	
Sales & Use Tax	\$29,276,308
Ad Valorem Tax	2,445,057
Insurance Fees	456,501
Occupational Licenses	637,943
Hotel/Motel Tax	369,521
Alcoholic Beverage Licenses	34,280
Christmas Festival Fees	2,200
Miscellaneous Income	<u>140</u>
Total Additions	<u>\$33,221,950</u>
DEDUCTIONS:	
Natchitoches Tax Commission	\$ 57,773
Natchitoches Tourist Commission	358,435
Natchitoches Parish School Board	12,823,335
City of Natchitoches	13,857,938
Parish of Natchitoches	2,599,708
Natchitoches Parish Sheriff	3,117,359
Christmas Festival Committee	3,845
Village of Campti	172,584
Village of Clarence	32,406
Village of Natchez	23,446
Village of Robeline	43,695
Fire District #1	34,903
Fire District #5	20,447
Fire District #6	<u>76,076</u>
Total Deductions	<u>\$33,221,950</u>
Change in Liabilities	\$ 0
Liabilities-Beginning	<u>466,599</u>
Liabilities-Ending	<u>\$ 466,599</u>

See independent auditor's report.

## OTHER REPORTS

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation  
Roger M. Cunningham, CPA – A Professional Corporation  
Jessica H. Broadway, CPA – A Professional Corporation  
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Board of Commissioners  
Natchitoches Tax Commission  
P. O. Box 639  
Natchitoches, LA 71457

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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, major fund and fiduciary fund as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Natchitoches Tax Commission's (Commission) basic financial statements and have issued our report thereon dated November 22, 2017.

### Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's  
Johnson, Thomas & Cunningham, CPA's

November 22, 2017  
Natchitoches, Louisiana

Natchitoches Tax Commission  
Schedule of Audit Findings  
Year Ended June 30, 2017

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Natchitoches Tax Commission as of and for the year ended June 30, 2017.
2. The audit disclosed no significant deficiency in internal control.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None noted.

III. PRIOR YEAR AUDIT FINDINGS

None noted.

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation  
Roger M. Cunningham, CPA – A Professional Corporation  
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### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

To the Board of Commissioners  
Natchitoches Tax Commission  
P. O. Box 639  
Natchitoches, LA 71457

We have performed the procedures enumerated below, which were specified and agreed to by the Board of Commissioners of the Natchitoches Tax Commission to assist the Tax Commission in complying with the requirements of the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year ended June 30, 2017. We are required to perform each procedure and report the results, including any exceptions. The Tax Commission is responsible for internal controls and compliance with laws and regulations relative to the SAUPs and for selecting the criteria and procedures and determining that such criteria and procedures are appropriate for your purposes.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the Tax Commission. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated notations are enumerated below.

#### *Written Policies and Procedures*

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1. We obtained the entity's written policies and procedures and determined whether those written policies and procedures address each of the following financial/business functions (or noted that the entity does not have any written policies and procedures), as applicable:
  - **Budgeting**, including preparing, adopting, monitoring, and amending the budget
  - **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.
  - **Disbursements**, including processing, reviewing, and approving
  - **Receipts**, including receiving, recording, and preparing deposits
  - **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- **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
  - **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
  - **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.
  - **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- a) Procedures Results - We noted no exceptions.

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

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2. We obtained and reviewed the board/committee minutes for the fiscal period, and:
- Determined 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.
  - Determined whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
    - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
  - Determined 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.
- a) Procedures Results – We noted one exception, the Board is not presented financial statements with a budget-to-actual comparison.
- b) Management's Response – We will begin presenting financial statements with a budget-to-actual comparison to the board at monthly meetings.

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

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3. We obtained a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, we selected all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal period and determined whether:
- Bank reconciliations have been prepared;
  - 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
  - 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.
- a) Procedures Results – We noted one exception, there is no documentation that aged outstanding checks are being researched.

- a) Management's Response – We will begin researching aged outstanding items on the bank reconciliations and retain documentation showing that it was done.

### *Collections*

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5. We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, we selected all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). **For each cash collection location selected:**
  - We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and determined 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.
  - We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and determined 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.
  - We selected 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, traced daily collections to the deposit date on the corresponding bank statement and determined whether the deposits were made within one day of collection. If deposits were not made within one day of collection, we determined the number of days from receipt to deposit for each day at each collection location.
    - Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections are completely supported by documentation and noted any exceptions.
7. We obtained existing written documentation (e.g. policy manual, written procedure) and determined 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.
  - a) Procedures Results – We noted three exceptions. (1) Persons responsible for collecting cash also deposit the collections with the bank. (2) Persons responsible for collecting cash are required to share the same cash register or drawer with each other. (3) Daily collections were noted to take from 1-30 days to be deposited from time of collection.
  - b) (1) Due to a limited number of employees, persons responsible for collections must also make the bank deposits, however, all collections are verified and recorded by the office manager who also creates the bank deposit. (2) Each work section has individual collections and due to a limited number of employees, employees may have to receive payments for another work section while they are out. (3) We will endeavor to ensure all receipts are deposited in a timely manner.

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

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

9. Using the disbursement population from #8 above, we randomly selected 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. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and determined whether the supporting documentation for each transaction demonstrated that:
  - 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.
  - Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
  - 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.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we noted whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we noted whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. We inquired of management and observed 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, we reviewed entity documentation (electronic system control documentation) and noted whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, we inquired 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. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.
14. Procedures Results – We noted two exceptions. (1) The Tax Commission does not use a purchase order or requisition system. (2) The person responsible for processing payments is not prohibited from adding vendors to the purchasing/disbursement system.
15. Management's Response – (1) We do not feel that a purchase order system would be appropriate as the Tax Administrator initiates all purchases and is the final approval authority. (2) Due to limited personnel, only one person works in the purchasing and disbursement system, however, all disbursements are approved by the Tax Administrator.

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

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14. We obtained 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. We obtained management's representation that the listing is complete.
15. Using the listing prepared by management, we randomly selected 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. We obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. We selected 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:
  - Determined 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.]
  - Determined whether finance charges and/or late fees were assessed on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, we obtained 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).
- For each transaction, we determined whether the transaction is supported by:
    - An original itemized receipt (i.e., identifies precisely what was purchased)
    - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
    - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
  - For each transaction, we compared 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.
  - For each transaction, we compared 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.
- a) Procedures Results – We noted no exceptions.

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

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17. We obtained 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. We obtained management's representation that the listing or general ledger is complete.
18. We obtained the entity's written policies related to travel and expense reimbursements. We compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained 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:
- We compared expense documentation to written policies and determined 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.
  - We determined whether each expense is supported by:
    - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
    - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
    - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
  - We compared 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.

- We determined whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
  - a) Procedures Results – We noted no exceptions.

### *Contracts*

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20. We obtained a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. We obtained management's representation that the listing or general ledger is complete.
21. Using the listing above, we selected the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). We obtained the related contracts and paid invoices and:
  - Determined whether there is a formal/written contract that supports the services arrangement and the amount paid.
  - We compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. We noted whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
    - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
    - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
  - We determined 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.
  - We selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and noted whether the invoice and related payment complied with the terms and conditions of the contract.
  - We obtained/reviewed contract documentation and board minutes and determined whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).
- a) Procedures Results - We noted no exceptions as the Tax Commission has no contracts.

### *Payroll and Personnel*

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22. We obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete. We randomly selected five employees/officials, obtained their personnel files, and:
  - a) Reviewed compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
  - b) Reviewed 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.

23. We obtained attendance and leave records and randomly selected one pay period in which leave has been taken by at least one employee. Within that pay period, we randomly selected 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) Determined whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Determined whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
  - c) Determined 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.
24. We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, we selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees/officials. We noted whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
25. We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. We determined 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.
  - a) Procedures Results – We noted one exception. The Tax Commission failed to pay accrued leave to an employee upon termination.
  - b) Management's Response – We have issued the overlooked termination payment and instituted new measures to ensure that payment of accrued leave is paid upon termination/resignation.

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

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management and determined whether the entity maintained documentation to demonstrate that required ethics training was completed.
27. We inquired of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, we reviewed 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. We determined whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.
  - a) Procedures Results – We noted one exception. The Tax Commission was only requiring the Administrator and the two auditors to receive ethics training.
  - b) Management's Response – We have adjusted our policies to require every employee to attend ethics training and have scheduled training for all employees at this time.

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

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28. If debt was issued during the fiscal period, we obtained supporting documentation from the entity, and determined whether State Bond Commission approval was obtained.
29. If the entity had outstanding debt during the fiscal period, we obtained supporting documentation from the entity and determined whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

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

a) Procedures Results - We noted no exceptions as the Tax Commission holds no debt at this time.

***Other***

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31. We inquired of management whether the entity had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and noted whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

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

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

a) Procedures Results – We noted no exceptions.

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 the Statewide Agreed-Upon Procedures. 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.

This report is intended solely for the information and use of the Entity and the LLA, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully,

*Johnson, Thomas & Cunningham, CPA's*  
Johnson, Thomas & Cunningham, CPA's

November 22, 2017  
Natchitoches, Louisiana