

ATCHAFALAYA GOLF COURSE COMMISSION

PARISH OF ST. MARY, STATE OF LOUISIANA

Annual Component Unit Financial Statements with Independent Auditors' Report

And

Report on Internal Control Over Financial Reporting and Compliance and Other Matters

For the Year Ended September 30, 2017

CONTENTS

<u>FINANCIAL INFORMATION SECTION</u>	<u>PAGE</u>
Independent Auditors' Report	1-3
Basic Financial Statements	
Statement of Net Position (Deficit)	4
Statement of Revenues, Expenses and Net Position (Deficit)	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-19
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of the Commission's Proportionate Share of Net Pension Liability (unaudited)	20
Schedule of Commission Contributions (unaudited)	21
<u>SUPPLEMENTARY INFORMATION</u>	
Detail Schedule of Operating Expenses	22
Schedule of Compensation, Benefits, and Reimbursements to Agency Head, Political Subdivision Head, or Chief Executive	23
<u>INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS SECTION</u>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	24-25
Schedule of Findings	26-29
Summary of Prior Year Findings and Related Corrective Action	30
Corrective Action Plan Prepared by Management of Atchafalaya Golf Course Commission	31-32



INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Atchafalaya Golf Course Commission
Patterson, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the major fund of Atchafalaya Golf Course Commission, a component unit of St. Mary Parish, as of and for the year ended September 30, 2017, and the related notes to these 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of Atchafalaya Golf Course Commission, as of September 30, 2017 and the respective changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of The Commission's Proportionate Share of Pension Liability and the Schedule of Commission Contributions on pages 20-21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

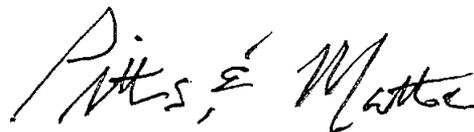
Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying Detailed Schedule of Operating Expenses and Schedule of Compensation, Benefits, and Reimbursements to Agency Head, Political Subdivision Head, or Chief Executive Officer are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The Detailed Schedule of Operating Expenses and Schedule of Compensation, Benefits, and Reimbursements to Agency Head, Political Subdivision Head, or Chief Executive Officer are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 17, 2018, on our consideration of the Atchafalaya Golf Course Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, 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 the 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 Atchafalaya Golf Course Commission's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana
April 17, 2018

ATCHAFALAYA GOLF COURSE COMMISSION

Statement of Net Position (Deficit)

Enterprise Fund

September 30, 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS

Cash and cash equivalents	\$ 32,182
Accounts receivable	300
Other receivables	14,976
Inventory	<u>82,618</u>
Total current assets	<u>130,076</u>

NONCURRENT ASSETS

Property, plant and equipment at cost (net of accumulated depreciation of \$515,919)	<u>549,827</u>
Total assets	<u>679,903</u>

DEFERRED OUTFLOWS OF RESOURCES 84,367

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES \$ 764,270

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 78,649
Lease obligation payable	<u>112,346</u>
Total current liabilities	<u>190,995</u>

LONG-TERM LIABILITIES

Lease obligation payable after one year	243,047
Due to Affiliate	1,522,087
Net pension liability	<u>69,890</u>
Total Long-Term Liabilities	<u>1,835,024</u>

Total liabilities 2,026,019

DEFERRED INFLOWS OF RESOURCES 122,780

Total liabilities and deferred inflows of resources 2,148,799

NET POSITION (DEFICIT)

Net investment in capital assets	194,434
Unrestricted	<u>(1,578,963)</u>
Total net position (deficit)	<u>(1,384,529)</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION \$ 764,270

ATCHAFALAYA GOLF COURSE COMMISSION
Statement of Revenues, Expenses and Net Position (Deficit)
Enterprise Fund
For the Year Ended September 30, 2017

OPERATING REVENUES

Golf		\$ 562,972
Golf equipment and accessories sales	147,452	
Less cost of goods sold	<u>(113,217)</u>	34,235
Food and beverage facility rental		47,533
Advertising packages revenue		114,406
Outing surcharge		6,774
Rentals		<u>5,943</u>
TOTAL OPERATING REVENUES		<u>771,863</u>

OPERATING EXPENSES

Golf operations		281,784
Maintenance operations		624,078
Cart cost		101,140
General and administration		<u>172,186</u>
TOTAL OPERATING EXPENSES		<u>1,179,188</u>

INCOME (LOSS) FROM OPERATIONS **(407,325)**

NON-OPERATING REVENUE (EXPENSES)

Grants from St. Mary Parish Council		250,000
Interest expense		(12,061)
Nonemployer pension contributions		<u>2,507</u>

TOTAL NON-OPERATING REVENUE NET **240,446**

DECREASE IN NET POSITION (166,879)

NET POSITION (DEFICIT) - BEGINNING OF PERIOD **(1,217,650)**

NET POSITION (DEFICIT) - END OF PERIOD **\$ (1,384,529)**

ATCHAFALAYA GOLF COURSE COMMISSION

Statement of Cash Flows - Enterprise Fund
For the Year Ended September 30, 2017

Increase (Decrease) in Cash and Cash Equivalents

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 807,221
Cash paid to suppliers and employees	<u>(1,022,265)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(215,044)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of fixed assets	(30,999)
Payment on capital lease	<u>(121,226)</u>
NET CASH USED BY CAPITAL AND RELATED ACTIVITIES	<u>(152,225)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Grants received from St. Mary Parish Council	250,000
Increase in due to St. Mary Parish Council	<u>105,624</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>355,624</u>

CASH FLOWS FROM INVESTING ACTIVITY

Non-Employer pension contribution	<u>2,507</u>
-----------------------------------	--------------

Net decrease in cash and cash equivalents (9,138)

Cash and cash equivalents at beginning of period 41,320

Cash and cash equivalents at end of period \$ 32,182

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH USED BY OPERATING ACTIVITIES:**

INCOME (LOSS) FROM OPERATIONS \$ (407,325)

Adjustments to reconcile operating income
to net cash provided by operating activities:

Depreciation	155,095
Decrease in accounts receivable	1,457
Decrease in other receivable	(3,650)
Increase in inventory	(7,801)
Increase in accounts payable and accrued expenses	31,612
Decrease in deferred inflows of resources	(1,756)
Decrease in deferred outflows of resources	37,551
Decrease in net pension liability	<u>(20,227)</u>

NET CASH USED BY OPERATING ACTIVITIES \$ (215,044)

ATCHAFALAYA GOLF COURSE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The Atchafalaya Golf Course Commission (Commission) was created on August 13, 2003 by the St. Mary Parish Council (Council). The Commission's sole responsibility and duty is to maintain, operate, and administer the Atchafalaya Golf Course (Course).

The Course was completed and the Commission began operations on August 14, 2005. The accounting and reporting practices of the Commission conform to generally accepted accounting principles (GAAP) as applicable to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the significant accounting policies used in preparing the financial statements:

A. Reporting Entity

In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth in GAAP:

- a. Financial benefit or burden
- b. Appointment of a voting majority
- c. Imposition of will
- d. Fiscally dependent

Based upon the above criteria, the Commission is a component unit and integral part of the St. Mary Parish Council (the primary government).

These financial statements include only the operations of the Commission.

B. Basis of Accounting

The financial statements of the Commission are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. Under Governmental Accounting Standards Board Statement No. 62, the Commission has elected not to apply Financial Accounting Standards Board provisions issued after November 30, 1989.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Proprietary Fund Type

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the Commission primarily come from green fees and sales to the general public. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Revenues

The following is a summary of the Commission's recognition policies for its major revenue sources:

Green fees, cart rentals, and golf merchandise sales are recorded as revenue at the time the rounds are played or the sale takes place.

Fees paid for advertising on the Commission's GPS video equipped golf carts are recorded as deferred in-flows of resources when received and recognized as revenue ratably over the advertising year.

Fees paid for annual play and cart rental packages cover the period October 1st through September 30th. Fees paid prior to September 30th for the next year are recognized as deferred in-flows of resources as of September 30, 2017.

Rentals for use of the restaurant and bar facilities are recognized monthly.

Interest and investment earnings are recognized when earned.

Revenue from the sale of gift cards is recognized in revenue when the gift cards are redeemed for merchandise or services. The Commission records revenue from unredeemed gift cards in golf equipment and accessories sales when the probability of redemption is remote.

D. Deferred Outflows and Inflows of Resources

In prior years, the Commission implemented the provision of GASBS 65, "Items Previously Reported as Assets and Liabilities" and GASBS 68 "Accounting and Financial Reporting for Pensions". As required by these standards the Commission is now reporting certain financial statement items as deferred inflows and deferred outflows of resources. The Commission has evaluated its transactions with the requirements of these pronouncements, related to deferred items, and determined that it has certain items in the current year that meet the requirements of these statements.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Deferred Outflows of Resources

Related to pension (Note 5) \$84,367

Deferred Inflows of Resources

Related to pension (Note 5) \$ 12,527

Related to unearned revenues 110,253

\$122,780

Unearned revenues reported by the Commission are for amounts received but not yet earned from unredeemed gift cards, GPS advertising, certain fees for annual play, and deposits on future tournaments.

E. Expenses

Expenses are recognized under the accrual basis of accounting where liabilities are recorded at the time expenses are incurred.

F. Budgets and Budgetary Accounting

The Commission follows these procedures in establishing administrative budgetary accounting:

a. An administrative budget is employed as a management planning and control device during the year for the Proprietary Fund. The forecasted budget is prepared on a basis consistent with GAAP.

b. These financial statements do not present budget and actual comparisons of the administrative budget because it is not a legally adopted budget.

G. Cash and Cash Equivalents

For financial statement purposes, cash and cash equivalents include bank deposits and/or certificates of deposit with original maturates of less than three months.

H. Accounts Receivable

Accounts receivable are not from individuals and consists primary of amounts due from credit card processing companies and organizations which owe charges from recent golf tournaments. Uncollectible charges are insignificant, therefore no allowance for bad debts is needed.

I. Inventory

Golf merchandise inventory at September 30, 2017, of \$82,618 is valued at the lower of cost of market.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

J. Equipment

The Commission's fixed assets, which are primarily golf carts and golf course maintenance equipment are capitalized. The equipment is recorded at cost or, if contributed property, at their market value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against their operation. Accumulated depreciation is reported on the statement of net position. Depreciation has been provided over estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Golf carts	5 years
Golf course maintenance equipment	5-10 years
Small equipment	3 years

K. Compensated Absences

Accumulated vacation and sick leave are recorded as an expense of the year in which paid. At September 30, 2017 unrecorded compensated absences are immaterial.

L. Net Pension Liability

During the year ended September 30, 2015, the Commission implemented GASBS 68 "Accounting and Financial Reporting for Pensions ". This GASB statement establishes accounting and financial reporting by state and local governments for pensions. This pronouncement requires the Commission to calculate and recognize a net pension liability, certain deferred outflows and inflows of resources, and pension expense. The Commission is a member of the Parochial Employees' Retirement System of Louisiana – Plan A (PERS-A), a cost sharing multiple employer public employee retirement system. For purposes of measuring its net pension liability, deferred outflows and inflows of resources, and pension expense, the Commission uses the same basis as PERS-A.

See Note 5 for further details about this pension plan.

M. Equity Classifications

Equity is classified as net position and displayed in three components – net invested in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets net of accumulated depreciation and reduced by outstanding debt related to the acquisition of the assets.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

- Restricted – This component of net position consists on net position with constraints imposed by the Board to restrict the use of certain funds.
- Unrestricted net position – This component of net position consist of net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

N. Estimates

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

NOTE 2 - CASH AND CASH EQUIVALENTS

The Commission does not have a formal investment policy related to interest rate risk (the risk of an investment decreasing in value due to increasing interest rates).

In addition, the Commission does not have a formal investment policy related to credit risk (including concentrations of credit). However the Commission does follow state law as to limitations on types of deposits and investments as described below.

The Commission does not invest in any investments subject to foreign currency risk.

Cash and cash equivalents

Under state law the Commission may deposit its funds with certain state and federally chartered financial institutions. These deposits are required to be insured or collateralized by the financial institutions.

At September 2017, the carrying amount of the Commission’s cash is \$31,826 and the bank balance is \$20,354 which is fully covered by federal depository insurance.

NOTE 3 - FIXED ASSETS

Capital asset activity for the year ended September 30, 2017 is as follows:

	Balance <u>9/30/16</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>9/30/17</u>
Assets not being depreciated:				
Improvements	\$2,470			\$2,470
Other capital assets:				
Building Improvements		\$30,999		30,999
Small equipment	13,687			13,687
Golf carts	427,418			427,418
Course Maintenance Equipment	<u>591,172</u>		_____	<u>591,172</u>
Total capital assets	1,034,747	30,999		1,065,746
Less depreciation	<u>(360,824)</u>	<u>(155,095)</u>		<u>(515,919)</u>
Total capital assets, net	<u>\$673,923</u>	<u>\$(124,096)</u>	_____	<u>\$549,827</u>

Depreciation expense for the year ended September 30, 2017 was approximately \$155,000.

Substantially all golf carts and course maintenance equipment are pledged to secure long-time lease/purchase agreements.

NOTE 4 - CAPITAL LEASE

In 2016, the Commission entered into a lease purchase agreement to acquire various pieces of golf course maintenance equipment. In 2015, the Commission entered into a lease purchase agreement to acquire 66 new golf carts and 1 new beverage cart. These lease agreements qualify as capital leases for accounting purposes and therefore the obligations have been recorded at the present value of the future minimum lease payments as of the lease inception.

At September 30, 2017, the equipment acquired under these leases is reported at \$466,433 (\$862,951 cost less \$396,518 of accumulated depreciation).

The ending balance for the equipment lease obligations as of September 30, 2016 was \$464,558. Payments of \$109,165 during the year reduced the balance to \$355,393 at September 30, 2017.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017 are as follows:

<u>Year ending September 30.</u>	
2018	\$121,179
2019	153,893
2020	50,607
2021	<u>46,227</u>
Total minimum lease payments	371,906
Less: Interest portion	<u>(16,153)</u>
Present value of minimum lease payments	<u>\$355,393</u>

NOTE 5 – PENSION PLAN

Plan Description

Atchafalaya Golf Course Commission contributes to the Parochial Employees' Retirement System of Louisiana Plan A (PERS-A), a cost sharing multiple-employer public employee retirement system administered by a Board of Trustees. The System was established and provided for by the Louisiana Revised Statutes (LRS).

Benefits Provided

PERS-A provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. All permanent employees who work at least 28 hours a week may 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.

Retirement Benefits

Members can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

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

The monthly retirement allowance consists 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.

Survivor Benefits

Upon the death of any member with five 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 who is eligible for normal retirement at time of death, the surviving spouse shall receive benefits, as outlined in the statutes.

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

NOTE 5 – PENSION PLAN (continued)

Deferred Retirement Option Plan.

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for members who are eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, members who are eligible to retire may elect to participate in DROP in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the DROP 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 the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or PERS-A, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits.

Members 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 years, or three percent multiplied by years of service assuming continued service to age sixty.

NOTE 5 – PENSION PLAN (continued)

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 (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

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. However, the actual rate for the fiscal year ending December 31, 2016 was 12.50%. Contributions to the Pension Plan from the Commission were \$23,205 for the year ended September 30, 2017.

According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective 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 additional employer contributions and are considered support from non-employer contributing entities.

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

At September 30, 2017, the Commission reported a liability of \$69,890 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 Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2016, the Commission's proportion was 0.018758%, which was a decrease of 0.015482% from its proportion measured as of December 31, 2015. For the year ended September 30, 2017, the Commission recognized pension expense of \$41,380. The Commission recognized revenue of \$2,507 as its proportionate share of non-employer contributions for the year ended September 30, 2017. At September 30, 2017, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 5 – PENSION PLAN (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 12,230
Change of assumptions	13,269	-
Net difference between projected and actual investment earnings on pension plan investments	54,237	-
Change in proportion and differences between the Commission's contributions and proportionate share of contributions	-	297
Commission's contributions subsequent to the measurement date	16,861	-
	<u>\$ 84,367</u>	<u>\$ 12,527</u>

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

Year Ending December 31:

2017	\$ 20,408
2018	21,808
2019	14,229
2020	(1,465)

Actuarial Assumptions

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

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

NOTE 5 – PENSION PLAN (continued)

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Health Annuitant Sex Distinct Table (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females was selected. For active employees, RP-2000 Disabled Lives Mortality Table set back 4 years for males and 3 years for females was used.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the Capital Asset Pricing Model, (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 2.50% 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:

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

NOTE 5 – PENSION PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net 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% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Commission's Proportionate Share of Net Pension Liability (Asset)	\$ 209,069	\$ 69,890	(\$ 47,790)

The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on its financial statements for the year ended December 31, 2016. Access to the audit report can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

NOTE 6 - RELATED PARTY AND ECONOMIC DEPENDENCE

The Course, its clubhouse, and certain maintenance equipment are owned by the Council. Debt related to the building of the Course, construction of the clubhouse, and purchase of certain equipment is funded by the Council.

The Council established the Commission to maintain and operate the Course in the Council's and public's behalf. The Course is economically dependent upon the Council.

The staff at the Course are employees of the Council. Initially the Commission agreed to reimburse the Council for the salaries and other costs of the Course's staff. At September 30, 2017 the Commission owed the Council \$1,522,087 for salary and benefit reimbursements incurred through that time. The Council has agreed to defer repayment of this amount by the Commission until December 2017 at which time the Council may again defer repayment.

Because the Council recognizes the great recreational, and economic benefits provided by the Course, the Council has committed to continue funding a portion of the Course's salaries and benefits, as necessary to insure continuing the Course's ongoing operations.

NOTE 7 - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Commission carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements of claims have not exceed coverage in the past.

REQUIRED SUPPLEMENTARY INFORMATION

ATCHAFALAYA GOLF COURSE COMMISSION

**SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Parochial Employees Retirement System of Louisiana (Plan A)
as of December 31, 2016 (The Plan Measurement Date)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commission's proportion of the net pension liability (asset)	0.018758%	0.034240%	0.033060%
Amount of Commission's proportionate share of the net pension liability (asset)	\$ 69,890	\$ 90,117	\$ 9,038
Commission's covered-employee payroll	\$ 170,897	\$ 206,928	\$ 234,563
Commission's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	40.90%	43.55%	3.85%
Plan fiduciary net position as a percentage of the total pension liability	94.15%	92.23%	99.15%

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

ATCHAFALAYA GOLF COURSE COMMISSION

SCHEDULE OF COMMISSION CONTRIBUTIONS
 Parochial Employees Retirement System of Louisiana (Plan A)
 For the Year Ended September 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 23,205	\$ 27,505	\$ 28,839
Contributions in relation to the contractually require contribution	<u>23,205</u>	<u>27,505</u>	<u>28,839</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's covered-employee payroll	\$ 183,689	\$ 206,312	\$ 193,651
Contributions as a percentage of covered-employee payroll	12.63%	13.33%	14.89%

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

SUPPLEMENTARY INFORMATION

ATCHAFALAYA GOLF COURSE COMMISSION

Detail Schedule of Operating Expenses
For the Year Ended September 30, 2017

Golf operation

Advertising	\$ 7,774
Range Balls	5,292
Salary/wages/benefits	242,649
Pension	<u>26,069</u>
 Total	 <u>\$ 281,784</u>

Cart cost

Repairs and maintenance	\$ 5,369
Insurance	10,287
Depreciation	<u>85,484</u>
 Total	 <u>\$ 101,140</u>

Maintenance operation

Depreciation	\$ 69,611
Chemical/pesticides	59,898
Equipment rental	2,497
Fertilizer	51,539
Fuel & Lubricants	17,628
Irrigation and drainage	12,224
Equipment repairs	49,848
Sand and Gravel	4,953
Salary/wages/benefits	116,735
Seed and Sod	1,647
Outside Services	5,292
Supplies	38,797
Pension	15,311
Contract labor	<u>178,098</u>
 Total	 <u>\$ 624,078</u>

General and administration

Credit card fees	\$ 14,960
Drug screen/physical	1,031
Office supplies	4,696
Equipment rental	1,061
Building repairs	22,834
Telephone	15,908
Cable	699
Utilities	32,834
Dues and subscriptions	5,644
Travel/seminars	4,787
Professional	23,639
Salary/wages/benefits	27,805
Computer/ Maintenance	8,609
Uniforms	1,052
Security/Alarm Service	665
Miscellaneous	<u>5,962</u>
 Total	 <u>\$ 172,186</u>

ATCHAFALAYA GOLF COURSE COMMISSION
Schedule of Compensation, Benefits, and Reimbursements to
Agency Head, Political Subdivision Head, or Chief Executive Officer
For the Year Ended September 30, 2017

Director of Golf: Edward F. Selser, Jr., PGA

Purpose	Amount
Salary	\$ 73,500
Benefits-Insurance	13,348
Benefits-retirement	9,287
Reimbursements/Travel	<u>1,433</u>
Total	<u>\$ 97,568</u>

These amounts represent all compensation, benefits, and reimbursements for the year.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE
AND OTHER MATTERS SECTION



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

Board of Commissioners
Atchafalaya Golf Course
Patterson, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities and the major fund of the Atchafalaya Golf Course Commission (Commission), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated April 17, 2018.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified two deficiencies in internal control that we consider to be material weaknesses. The deficiencies are described in the accompanying schedule of findings as items 2017-001 and 2017-002.

Compliance and Other Matters

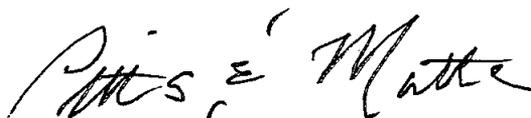
As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that are required to be reported under Government Auditing Standards, and is described in the accompanying schedule of findings as item 2017-003.

Atchafalaya Golf Course Commission's Response to Findings

Atchafalaya Golf Course Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana
April 17, 2018

**ST. MARY PARISH
ATCHAFALAYA GOLF COURSE COMMISSION**

Schedule of Findings
For the Year Ended September 30, 2017

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the Atchafalaya Golf Course Commission.
2. Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters

Internal Control

There were two deficiencies in internal control over financial reporting noted during the audit of the financial statements. These conditions are reported as material weaknesses.

Compliance and Other Matters

There was one instance of noncompliance or other matter noted during the audit of the financial statements that is required to be reported.

3. Federal Awards

This section is not applicable for the year ended September 30, 2017.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Material Weaknesses

ITEM 2017-001 - SEGREGATION OF DUTIES

Auditors' Comments

Condition: While performing audit tests and inquiring about internal control, we discovered that there is little segregation of duties within some of the Commission's accounting functions.

Criteria: Preferably, the accounting duties performed in an organization are segregated to reduce possible errors or irregularities that could occur in the accounting records and not be detected.

Effect: Lack of segregation of duties results in a material weakness in internal accounting controls.

Cause: The Commission has limited personnel.

Recommendation: We recommend the Commission determine if the improvement in internal control gained by hiring additional personnel in the accounting area justifies the additional payroll cost.

Management's Comments: We have reviewed this situation and have decided that the internal controls derived by employing an additional person in our bookkeeping area is outweighed by the additional personnel costs.

ITEM 2017-002 - TIMELINESS OF ACCOUNTING PROCEDURES AND INFORMATION

Auditor's Comments

Condition: Bank accounts were not reconciled to the general ledger and adjusted on a timely basis during the year.

Note all needed reconciliations have been done; and any necessary adjustments have been incorporated into the year end financial statements.

Criteria: A good internal control system should include ongoing periodic reconciliations of detail accounting records to the general ledger account balances, with appropriate adjustments made as needed.

Effect: Failure to properly reconcile and adjust general ledger accounts on a timely basis during the year, can result in errors or irregularities not being discovered. In addition, reliance upon untimely or erroneous financial information may result in delayed or possibly incorrect decisions.

Cause: The additional work required by the change in accounting software during the year could possibly have delayed this work.

Recommendation: We recommend that the current internal control procedures which call for monthly reconciliation and adjustments be followed on a timely basis.

Management's Response: Due to our accounting software conversion, we fell behind on some of our normal accounting procedures during the year. During the current year we intend to perform our accounting duties on a timely basis.

Type of Finding: Item of Non-Compliance

ITEM NO. 2017-003 FAILURE TO FILE AUDIT REPORT ON TIME

Auditor's Comments

Condition: The Commission's audit was not completed and furnished to the Louisiana Legislative Auditor within the required time frame.

Criteria: Audit reports should be filed with the Office of the Legislative Auditor no later than six months after the entity's fiscal year end.

Effect: Failure to complete and furnish the audit on time violated state statute. In addition, management should be presented with timely audited financial information so that they can better manage the Commission's operation.

Cause: During the year, the Commission converted their computerized accounting software to a new system in order to utilize an online tee time booking system. The system conversion and implementation of the booking system caused unexpected delays in processing accounting data.

Recommendations: The Commission should close and adjust its books in a timely manner and submit all requested information to their auditor to avoid the late submission of the audit report in the future.

Management's Response: We will close our books much sooner this year and furnish our auditor with the information needed to submit the audit report on time.

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS

This section is not applicable for the year ended September 30, 2017.

SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION
PREPARED BY ATCHAFALAYA GOLF COURSE COMMISSION

INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND
OTHER MATTERS MATERIAL TO THE FINANCIAL STATEMENTS

Internal Control

Material Weakness

Item 2016-001 Lack of Segregation of Duties

Condition: While performing audit tests and inquiring about internal control, our auditors discovered that there is very little segregation of duties within the Commission's accounting function.

Corrective Action: This has not been corrected.

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable to prior year.

Auditors' Comment: While performing audit test and inquiring about internal control, our auditors discovered that there is very little segregation of duties within the commission's accounting function.

Corrective Action: We have reviewed this situation and have decided that the additional control derived by employing an additional person in our bookkeeping area is outweighed by the additional personnel cost.

RE: Item No. 2017-002 Timeliness of Accounting Procedures and Information

Auditors' Comment: Bank accounts were not reconciled to the general ledger and adjusted on a timely basis during the year.

Corrective Action: Due to our accounting software conversion, we fell behind on some of our normal accounting procedures during the year. During the current year we intend to perform our accounting duties on a timely basis.

Item of Non-Compliance:

RE: Item No. 2017-003 Failure to File Audit Report on Time

Auditors' Comment: The Commission's audit was not completed and furnished to the Louisiana Legislative Auditor within the required time frame.

Corrective Action: We will close our books much sooner this year and furnish our auditor with the information needed to submit the audit report on time.

Atchafalaya Golf Course



Brandon Richard
Assistant Supervisor

ATCHAFALAYA GOLF COURSE COMMISSION

PARISH OF ST. MARY, STATE OF LOUISIANA

SCHEDULE OF PROCEDURES PERFORMED AND
ASSOCIATED FINDINGS BASED UPON THE
STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED

September 30, 2017

WITH

AGREED UPON PROCEDURES REPORT

BY

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Certified Public Accountants' Report on Applying Agreed Upon Procedures	1
Schedule of Procedures Performed and Associated Findings Based upon the Statewide Agreed-Upon Procedures	
Guide to Presentation Format	2
Written Policies and Procedures	3-5
Board	6
Bank Reconciliations	7
Collections	8-10
Disbursements – General (Excluding Credit Card/ Debit Card/ Fuel Card/ P-Card Purchases or Payments)	11-13
Credit Card/Debit Card/Fuel Cards/P-Cards	14
Travel and Expense Reimbursement	15-16
Contracts	17-18
Payroll and Personnel	19-21
Ethics	22
Debt Service	23
Other	24



INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Atchafalaya Golf Course Commission
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in the attached Schedule of Procedures Performed and Associated Findings Based Upon the Statewide Agreed-Upon Procedures (Schedule), which were agreed to by Atchafalaya golf Course Commission and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2016 through September 30, 2017. The Commission's management is responsible for those C/C areas identified in the SAUPs presented in the attached Schedule. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached Schedule either for the purpose for which this report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

A handwritten signature in black ink that reads "Pitts & Matte".

CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana
April 17, 2018

ATCHAFALAYA GOLF COURSE COMMISSION
PARISH OF ST. MARY, STATE OF LOUISIANA
Schedule of Procedures Performed and Associated Findings Based upon the
Statewide Agreed-Upon Procedures
For the Year Ended September 30, 2017

Guide to Presentation Format

This report contains these items presented in this order:

Statewide Agreed-Upon Procedures (AUPS) prescribed by the Louisiana Legislative Auditor (LLA),

Procedures performed by the Independent Certified Public Accountant,

Findings based upon the procedures performed, and

Management's Comments relative to the findings, if applicable.

In order to facilitate understanding this report - the procedures and findings are presented in the following format:

<u>Order of Presentation</u>	<u>Presentation Format</u>
Area or function	Centered all CAPITALS IN BOLD TYPE
Statewide Agreed-Upon Procedures Prescribed (AUPS) by Louisiana Legislative Auditor (LLA)	Regular type highlighted with numbers or letters (if there are multiple parts)
Actual procedures performed by Independent Certified Public Accountant	Denoted as Procedure Performed: (in bold type) followed by procedure in regular type
Finding based upon procedure performed	Denoted as Findings: (in bold type) followed by findings in regular type
Management's response to findings	Denoted as Management's Response: (in bold type) followed by <i>managements response in italics</i>

WRITTEN POLICIES AND PROCEDURES

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

Budgeting

- a) Budgeting, including preparing, adopting, monitoring, and amending the budget

Procedure Performed: Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for budgeting.

Findings: The entity does not have any written policies and procedures for budgeting.

Purchasing

- b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Procedure Performed: Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for purchasing.

Findings: The entity does not have any written policies and procedures for purchasing.

Disbursements

- c) Disbursements, including processing, reviewing, and approving

Procedure Performed: Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for disbursements.

Findings: The entity does not have any written policies and procedures for disbursements.

Receipts

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

Procedure Performed: Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for receipts.

Findings: The entity does not have any written policies and procedures for receipts.

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

Payroll/Personnel

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

Procedure Performed: Obtained from management the "Personnel Policy Manual" and read the written policy for payroll and personnel.

Findings: Found that the written policy includes the specified functions listed above.

Contracting

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

Procedure Performed: Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for contracting.

Findings: The entity does not have any written policies and procedures for contracting.

Credit Cards

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

Procedure Performed: Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for and that they do not have any credit cards (and debit cards, fuel cards, P-cards).

Findings: The entity does not have credit cards.

The entity does not have any written policies and procedures for credit cards.

Travel and expense reimbursement

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

Procedure Performed: Obtained from management the "Personnel Policy Manual" and read the written policy for travel and expense reimbursement.

Findings: Found that the written policy includes the specified functions listed above.

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

Ethics

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

Procedure Performed: Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for ethics.

Findings: The entity does not have any written policies and procedures for ethics.

Debt Service

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

Procedure Performed: Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for debt.

Findings: The entity does not have written policies and procedures for debt.

Management's response:

The Commission has policies and procedures in all the areas above, except for credit cards because we do not have credit cards.

However, the procedures are not in writing except for payroll/personnel which includes travel and expense reimbursement.

Due to the small size of our Commission, the simple scope of our business operations and our limited number of personnel, we do not believe it is cost effective to have written procedures in all areas.

We do plan to put into writing our policies and procedures related to:

Purchasing

Disbursements

Contracting, and

Receipts.

In addition we will add a section on Ethics to our "Personnel Policy Manual."

BOARD

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

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Procedure Performed: Obtained and read the board minutes for the fiscal period (October 1, 2016 to September 30, 2017).

Findings: Twelve monthly meetings were scheduled during the fiscal period. The board met at 9 out of 12 monthly meetings with a quorum present. For three meetings they did not meet because a quorum was not reached.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Procedure Performed: Obtained and read the board minutes for the fiscal period.

Findings: Found financial statements are presented at monthly meetings and monthly minutes contain budget-to-actual comparisons.

Found the Commission operated at a deficit during the fiscal period and there was a deficit at year end.

Found there is a formal/written plan to eliminate deficit spending.

Found that the Commission is monitoring the plan.

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

Procedure Performed: Obtained and read the board minutes for the fiscal period.

Findings: The minutes contained non-budgetary financial information (food and beverage revenue, cost related to greens maintenance, and comparison to prior year revenue and expenses, and approval of contracts) for all monthly meetings during the fiscal period.

Management's response:

No comment.

BANK RECONCILIATIONS

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

Procedure Performed: Obtained the listing of bank accounts from management, and received management's written representation that the list is complete.

Findings: The listing includes only two bank accounts.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared.

Procedure Performed: Selected 2 bank accounts out of a total of 2 accounts and requested bank reconciliations and bank statements for both accounts for the fiscal year. Obtained and inspected bank statements and bank reconciliations prepared for each month during the fiscal period for only 1 account, the Operating account.

Findings: A bank reconciliation was prepared for the Operating bank account for all months in the fiscal period. No bank reconciliations were prepared during the year for the Money Market account. There were only three transactions in the Money Market account for the fiscal period other than account service charges and monthly interest credits.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Procedure Performed: Inspected the Operating account bank reconciliations for all months in the fiscal period.

Findings: Found there is no evidence that a member of management (with no involvement in the transactions associated with the bank account) had reviewed each bank reconciliation

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Procedure Performed: Inspected bank reconciliations for the end of the fiscal period.

Findings: There were no items outstanding for more than 6 months.

Management's response:

In the future we will have our bank reconciliations reviewed by the Director of Golf.

Bank reconciliations for the money market account will be prepared for months in which significant transactions occur.

COLLECTIONS

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

Procedure Performed: Obtained the listing of cash/check/money order (cash) collections locations and management's written representation that the listing is complete.

Findings: The entity has only one cash collection location.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Procedure Performed: Inquired and obtained written confirmation as to all of the requirements listed above for the entities one cash collection location and requested and observed any written documentation (bank reconciliations, deposit slips, End of Shift Reports, and daily Variance Report).

Findings: The entity does not have written documentation in this area other than bank reconciliations, deposit slips, End off Shift Report and daily Variance Report.

The individuals responsible for cash collections are not bonded.

The director of golf, assistant supervisor, and proshop clerk II are all responsible for collecting and depositing the cash in the bank. However, only the assistant supervisor is responsible for recording the related transactions and reconciling the related bank account.

Employees are required to use separate cash register drawers while working.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

COLLECTIONS (CONTINUED)

Procedure Performed: Inquired of management and obtained and inspected and compared the written documentation (bank statements, deposit slips, End of Shift Report, daily Variance Report and general ledger).

Findings: The entity has a formal process to reconcile cash collections, it is not in writing.

The entity reconciles the cash collections to the general ledger. The reconciliation is done by the assistant supervisor who is also responsible for cash collections.

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

➤ Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Procedure Performed: Obtained and inspected the entity's collection documentation (weekly Variance Report, deposit slip images, reconciliations, and bank statements). For the week in which the entity had its largest weekly receipt, we traced daily collections to the deposit date on the corresponding bank statement documenting number of days from receipt to deposit for each day.

Findings: Found that two deposits were made for one week of cash collections. The deposit were made within one to five days of receipt. (see chart below)

Cash Collection Amount	Check Collection Amount	Total Amount Collected	Collection Date	Deposit Date	# of days from receipt to deposit
\$ 90.97	\$ 1,199.00	\$ 1,289.97	09/24/2017	9/26/2017	2
276.61	0.00	276.61	09/25/2017	9/26/2017	1
296.15	2,997.50	3,293.65	09/26/2017	10/2/2017	5
196.00	2,779.50	2,975.50	09/27/2017	10/2/2017	4
128.62	0.00	128.62	09/28/2017	10/2/2017	3
178.56	80.00	258.56	09/29/2017	10/2/2017	2
109.90	22,934.64	23,044.54	09/30/2017	10/2/2017	1

➤ Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

COLLECTIONS (CONTINUED)

Procedure Performed: Observed and compared End of Shift Reports, End of day Variance Reports, bank deposit slips, bank statements, and general ledger postings for the items selected in 6(c).

Findings: All collections recorded in the general ledger are in agreement with and are supported by documentation (End of Shift Reports, End of day Variance Reports, bank deposit slips, bank statements)

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

Procedure Performed: Inquired of management and obtained management's written confirmation that they do have a process to determine the completeness of all collections, however it is not in writing and it is not done by a person who is not responsible for collections. We inspected End of Shift Reports, End of day Variance Reports, bank deposit slips, bank statements, and General Ledger

Findings: The entity does have a process to determine completeness of collections, however it was not in writing and it is not done by a person who is not responsible for collections.

Management's response:

We will put our policies and procedures in this area in writing.

We will obtain a fidelity bond for individuals handing cash collections.

Deposit will be made on the banking day subsequent to the day of receipt.

The Director of Golf will make the deposit into the bank. In case of his absence the Proshop Clerk II will make the deposit into the bank.

DISBURSEMENTS – GENERAL (EXCLUDING CREDIT CARD/DEBIT CARD/FUEL CARD/P-CARD PURCHASES OR PAYMENTS):

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

Procedure Performed: Obtained the listing of disbursements and received management's written representation that the listing was complete.

Findings: The listing contained 558 items including voids.

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

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

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

c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Procedure Performed: Randomly selected 25 disbursements from the list provided in #8 (excluding voids) and obtained supporting documentation (approved vendor invoices, [also used to evidence receipt of goods] and check images). Compared supporting documents, approved invoices and check images with payees, dates, check numbers, and amounts with list obtained in #8 above.

Findings: a) The entity does not use a purchase requisition or purchase order system.

b) The entity does not use purchase orders, therefore there is no approval of a purchase order.

c) Payments for purchases were made without an approved purchase requisition or purchase order.

No payments were made without approval of receipt of goods and an approved invoice.

DISBURSEMENTS – (CONTINUED)

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

Procedure Performed: We inquired of management and obtained management's written confirmation that the entity does not have written documentation stating the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Findings: The person responsible for processing payments is not 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), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Procedure Performed: Inquired of management and obtained management's written confirmation that they do not have written documentation in this area. Also see procedures performed in #9 above.

Findings: There is no written documentation in this area. Based upon procedures in #9 above it is determined that the Director of Golf initiates purchases however, he does not have final authorization for disbursements and he does not record purchases.

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

Procedure Performed: Inquired of management that all supplies of unused checks are maintained in a locked location, with access restricted to only those persons that do not have signatory authority.

Findings: Found the entity uses blank check stock onto which checks are electronically printed. Only the assistant supervisor has access to the check printing software and he does not have signature authority.

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

DISBURSEMENTS – (CONTINUED)

Not applicable—a signature stamp or signature machine is not used.

Management's response:

As noted above, we will put our policies and procedures in this area in writing.

We will utilize a purchase order or purchase requisition system for certain of our purchases.

The policies and procedures will prohibit the person who processes payments from adding vendors.

CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS

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

Procedure Performed: We inquired of management and obtained management's written confirmation that they do not have credit cards, bank debit cards, fuel cards, and P-cards.

Findings: Found the entity does not have credit cards, bank debit cards, fuel cards, and P-cards.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

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

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

b) Report 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, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).

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

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

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

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exception.

This Section is not applicable (See #14 above).

TRAVEL AND EXPENSE REIMBURSEMENT

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

Procedure Performed: Obtained a listing of all travel and related expense reimbursements, by person, during the fiscal period. Obtained management's written representation that the listing is complete.

Findings: We found the list reported reimbursements to three individuals for a total of \$4,121 for travel and expense reimbursements for the fiscal period.

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

Procedure Performed: We obtained and read the entity's "Personnel Policy Manual" related to travel and expense reimbursements. We observed the per diem and mileage rates established by the U.S. General Services Administration by accessing the information on their website.

Findings: Found that the entity reimburses mileage at rates equal to the IRS optional mileage allowance which coincide with the GSA rates. The entity does not pay per diem.

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

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

Procedure Performed: We selected all three employees from the list at #17 and obtained the related documentation and compared it to the allowable GSA rates from #18 above; and to the written policy obtained at #18.

Findings: All three reimbursements were for mileage only. The reimbursements did not exceed GSA rates and they complied with written policies.

TRAVEL AND EXPENSE REIMBURSEMENT (CONTINUED)

b) Report whether each expense is supported by:

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

Procedure Performed: Traced each expense to the original itemized receipt that identifies precisely what was purchased.

Findings: Found that the reimbursed expenses were supported by itemized receipts.

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

Procedure Performed: Observed original itemized receipts.

Findings: The original itemized receipt documented the business purpose

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

Procedure Performed: Read the entity's written travel and expense reimbursement policy obtained in step #18, to determine any other documentation requirements, and compared the requirement to the original receipt. Traced each expense to the original itemized receipt.

Findings: The written policy requires the supervisors' approval of employee travel. Found that the original receipts contained this approval.

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

Procedure Performed: Read Article 7, Sections 14 of the Louisiana Constitution and compared it's prohibited transactions to the transactions selected for testing above.

Findings: Found that none of the transactions in the test were prohibited.

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

Procedure Performed: Inspected all transactions selected for testing for documentation for review and approval in writing other than by the person receiving the reimbursement

Findings: Found that one out of three transactions were approved by a person not receiving reimbursement.

Management's response:

Will ensure all travel and expense reimbursements are reviewed and approved in writing by someone other than the person receiving reimbursement.

CONTRACTS

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

Procedure Performed: Obtained a listing of all contracts in effect during the fiscal period, and management's written confirmation that the listing was complete.

Findings: Found the list contained 5 contracts (other than our firm).

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

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

Procedure Performed: We selected all five contracts from the listing at #20 and obtained and read the board minutes and the related formal/ written contracts related and paid invoices.

We selected the largest payment under each contract and obtained and compared the supporting invoices and related payment under the contract to determine compliance with terms and conditions of the contract.

CONTRACTS (CONTINUED)

Findings:

- a) Of the five contracts, two are capital leases, one is a course service agreement, and two are service agreements. All five contracts have written contracts which support the service arrangements and amounts paid.
- b) None of the five contracts are subject to the Louisiana Public Bid Law or Procurement code in the current year. The two capital lease contracts were subject to the Louisiana Public Bid Law but were entered into in previous years.

The entity was not required to and did not solicit quotes for the two contracts initiated in the current year.
- c) The contract for course services was amended during the fiscal year with hourly rates increased by varying amounts ranging from \$4.00 to \$6.00 per hour. The original contract terms provided for this amendment.
- d) For the largest payment made under each of the five contracts during the fiscal period we found that invoices or payment schedules and related payments agreed with the terms and conditions of the related written contracts
- e) The Commission's policy does not require the approval of contracts, other than those required under Louisiana Public Bid Law.

Management's response:

We will include our definition of a "contract" and our procedures for handling contracts in the written policies and procedures for Purchases and Disbursements.

PAYROLL AND PERSONNEL

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete.

Procedure Performed: We obtained a listing of employees with their related salaries and obtain management's written representation that the listing is complete.

Findings: The listing contained 40 employees, 4 full-time and 36 part-time, with their total salaries of \$321,668.

There are no elected officials.

Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Procedure Performed: Randomly selected 5 employees from the above listing, obtained and inspected their personnel files and the entity's "Personnel Policy Manual". We inspected the Payroll History Report for the fiscal period for each employee selected and compared to authorized pay rates.

Findings: Found that there are no employee contracts, however, payments were made in accordance with the employment pay rate structure.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Procedure Performed: Obtained and inspected the Hours Analysis Report and Notice of Rate Change Form, if applicable for individuals selected at #22a for changes made to hourly pay rates/salaries during the fiscal period.

Findings: Found Notice of Rate Change Form contained approval of pay raise, if applicable, which agreed with changes made to hourly pay rates/salaries during the fiscal period.

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

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

Procedure Performed: Obtained attendance and leave records (Time Cards and Hours Analysis Report) and randomly selected one pay period in which leave had been taken by at least one employee within that pay period. Although there were forty different employees during the fiscal year, only 17 worked during this period.

PAYROLL AND PERSONNEL (CONTINUED)

We selected all 17 and inspected daily attendance and leave records from the Time Cards and Hours Analysis Report for that period for proper documentation.

Findings: Found daily attendance and leave was properly documented by all employees.

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

Procedure Performed: Observed supervisors' electronic approval of attendance and leave on the entity's payroll software via Team viewer.

Findings: Found that all attendance and leave was approved electronically by a supervisor for all 17 employees.

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

Procedure Performed: Inquired of management and obtained written documentation of daily attendance and leave records on those selected employees that earn leave.

Findings: Found the employees Time Cards contained written documentation of daily attendance and leave records on the selected employees that earn leave.

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

Procedure Performed: Obtained from management a list of employees that terminated during the fiscal period and management's written confirmation that the list was complete.

Findings: There were 6 terminations during the fiscal period. Found that no termination payments were made during the fiscal period.

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

The Commission is a discretely presented component unit of the St. Mary Parish Council (Council). The Council performs the payroll processing, files and pays payroll taxes, and makes pension contributions for the Commission. There are no separate documents available that would show payroll tax filings and payments and retirement

contribution filings and payments from the Commission therefore, it is not possible to perform this step in regards to the Commission.

The Council is also subject to the Louisiana Legislative Auditor's State Wide Agreed-Upon Procedures. Observing of payroll taxes and retirement contributions as well as the submission of required reporting forms will be performed during the Council's report on these procedures.

Management's response:

No comments.

ETHICS

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

Procedure Performed: Obtained and inspected ethics compliance certificates from management for the 5 randomly selected employees from #22.

Findings: Found that the entity maintained required ethics training documentation for 3 out of 5 employees.

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

Procedure Performed: Inquired of management and obtained management's written confirmation that no alleged ethics violations were reported during the fiscal period.

Findings: Found that no alleged ethics violation were reported during the fiscal period.

Management's response:

We will require that employees that do not have the required training obtain it as soon as possible.

One of the two employees that did not have the required ethics training documentation received the required training subsequent to fiscal year end but prior to the required dead line. We will require the other employee that does not have the required training to obtain it as soon as possible.

DEBT SERVICE

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

Procedure Performed: Inquired of management and obtained management's written confirmation that no debt was issued during the fiscal period.

Findings: Found that no debt was issued during the fiscal period.

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

Procedure Performed: Obtained, read, and compared debt repayment schedules related to leases and EFT payment documentation for the fiscal period.

Findings: Found that the entity made scheduled lease payments as required. Debt reserves are not required.

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

Procedure Performed: Inquired of management and obtained management's written documentation that the entity had no tax millage relating to debt service.

Findings: The entity had no tax millage relating to debt services.

Management's response:

If we plan to incur debt in the future (including leases) we will contact our legal advisor for guidance.

OTHER

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

Procedure Performed: Inquired of management and obtained management's written confirmation that the entity had no misappropriation of public funds or assets during the fiscal period.

Findings: Found that the entity had no misappropriation of public funds or assets during the fiscal period.

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

Procedure Performed: Observed that the entity had posted on its premises and website the notice required by R.S. 24:523.1.

Findings: Found that the entity posted the above mentioned notice as required on both its premises and website.

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

Procedure Performed: Compared managements representations to all procedures, and the results of such procedures and compared them to managements representation.

Findings: Found no exceptions regarding management's representations in the procedures and findings above.

Management's response:

No comment.