

**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, 2018

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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, 2018, 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, 2018 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 (Asset) 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 March 12, 2019, 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 effectiveness of Atchafalaya Golf Course Commission's 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  
March 12, 2019

**ATCHAFALAYA GOLF COURSE COMMISSION**

Statement of Net Position (Deficit)

Enterprise Fund

September 30, 2018

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 19,534
Accounts receivable	300
Other receivables	23,702
Inventory	87,890
Total current assets	<u>131,426</u>

**NONCURRENT ASSETS**

Property, plant and equipment at cost ( net of accumulated depreciation of \$672,561)	<u>393,185</u>
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Net pension asset	<u>21,876</u>
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Total assets	<u>524,611</u>
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<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>42,708</u>
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<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 589,195</u>
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**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 129,568
Lease obligation payable	112,393
Total current liabilities	<u>241,961</u>

**LONG-TERM LIABILITIES**

Lease obligation payable after one year	130,607
Due to Affiliate	<u>1,614,933</u>
Total Long-Term Liabilities	<u>1,745,540</u>

Total liabilities	<u>1,987,501</u>
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<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>167,911</u>
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Total liabilities and deferred inflows of resources	<u>2,155,412</u>
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**NET POSITION (DEFICIT)**

Net investment in capital assets	150,185
Unrestricted	<u>(1,716,402)</u>
Total net position (deficit)	<u>(1,566,217)</u>

<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$ 589,195</u>
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**ATCHAFALAYA GOLF COURSE COMMISSION**  
Statement of Revenues, Expenses and Net Position (Deficit)  
Enterprise Fund  
For the Year Ended September 30, 2018

OPERATING REVENUES

Golf		\$ 523,295
Golf equipment and accessories sales	115,143	
Less cost of goods sold	<u>(84,140)</u>	31,003
Food and beverage facility rental		42,993
Advertising packages revenue		129,453
Outing surcharge		8,228
Rentals		<u>13,050</u>
TOTAL OPERATING REVENUES		<u>748,022</u>

OPERATING EXPENSES

Golf operations		285,505
Maintenance operations		623,898
Cart cost		94,608
General and administration		<u>168,192</u>
TOTAL OPERATING EXPENSES		<u>1,172,203</u>

INCOME (LOSS) FROM OPERATIONS (424,181)

NON-OPERATING REVENUE (EXPENSES)

Grants from St. Mary Parish Council		250,000
Interest expense		(8,833)
Nonemployer pension contributions		<u>1,326</u>

TOTAL NON-OPERATING REVENUE NET 242,493

DECREASE IN NET POSITION (181,688)

NET POSITION (DEFICIT) - BEGINNING OF PERIOD (1,384,529)

NET POSITION (DEFICIT) - END OF PERIOD \$ (1,566,217)

**ATCHAFALAYA GOLF COURSE COMMISSION**

Statement of Cash Flows - Enterprise Fund

For the Year Ended September 30, 2018

Increase (Decrease) in Cash and Cash Equivalents

## CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 780,955
Cash paid to suppliers and employees	<u>(1,016,549)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(235,594)</u>

## CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Payment on capital lease	<u>(121,226)</u>
NET CASH USED BY CAPITAL AND RELATED ACTIVITIES	<u>(121,226)</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>92,846</u>

NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES 342,846

## CASH FLOWS FROM INVESTING ACTIVITY

Non-Employer pension contribution	<u>1,326</u>
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Net decrease in cash and cash equivalents (12,648)

Cash and cash equivalents at beginning of period 32,182

Cash and cash equivalents at end of period \$ 19,534

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

INCOME (LOSS) FROM OPERATIONS \$ (424,181)

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

Depreciation	156,642
Increase in other receivable	(8,726)
Increase in inventory	(5,272)
Increase in net pension asset	(21,876)
Increase in accounts payable and accrued expenses	50,919
Increase in deferred inflows of resources	45,131
Decrease in deferred outflows of resources	41,659
Decrease in net pension liability	<u>(69,890)</u>

NET CASH USED BY OPERATING ACTIVITIES

\$ (235,594)

**ATCHAFALAYA GOLF COURSE COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2018**

**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 1<sup>st</sup> through September 30<sup>th</sup>. Fees paid prior to September 30<sup>th</sup> for the next year are recognized as deferred in-flows of resources as of September 30, 2018.

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) \$42,708

Deferred Inflows of Resources

Related to pension (Note 5) \$ 65,634

Related to unearned revenues 102,277

\$167,911

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, 2018, of \$87,890 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, 2018 unrecorded compensated absences are immaterial.

L. Net Pension Liability (Asset)

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 (asset), 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 (asset), 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.

### O. Future Accounting Changes

In 2017, GASB issued Statement No. 87, which modifies the methods governments use to recognize the assets, liabilities, and expenses of lease transactions. The statement is effective for financial statements for years beginning after December 15, 2019. Management expects no significant effects from this change.

## 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 2018, the carrying amount of the Commission's cash is \$19,534 and the bank balance is \$24,853 which is fully covered by federal depository insurance.

### NOTE 3 - FIXED ASSETS

Capital asset activity for the year ended September 30, 2018 is as follows:

	Balance <u>9/30/17</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>9/30/18</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	591,172	_____	_____	591,172
Total capital assets	1,065,746			1,065,746
Less depreciation	(515,919)	\$(156,642)	_____	(672,561)
Total capital assets, net	<u>\$549,827</u>	<u>\$(156,642)</u>	_____	<u>\$393,185</u>

Depreciation expense for the year ended September 30, 2018 was approximately \$157,000.

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, 2018, the equipment acquired under these leases is reported at \$326,369 (\$862,951 cost less \$536,582 of accumulated depreciation).

The ending balance for the equipment lease obligations as of September 30, 2017 was \$355,393. Payments of \$112,393 during the year reduced the balance to \$243,000 at September 30, 2018.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2018 are as follows:

<u>Year ending September 30,</u>	
2019	\$153,893
2020	50,607
2021	<u>46,227</u>
Total minimum lease payments	250,727
Less: Interest portion	<u>(7,727)</u>
Present value of minimum lease payments	<u>\$243,000</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, 2017, the actuarially determined contribution rate was 9.35% of member's compensation. However, the actual rate for the fiscal year ending December 31, 2017 was 12.50%. Contributions to the Pension Plan from the Commission were \$21,618 for the year ended September 30, 2018.

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 (Assets), Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Relate to Pensions***

At September 30, 2018, the Commission reported a liability (asset) of \$(21,876) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability (asset) 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, 2017, the Commission's proportion was 0.031885%, which was an increase of 0.013127% from its proportion measured as of December 31, 2016. For the year ended September 30, 2018, the Commission recognized pension expense of \$27,416. The Commission recognized revenue of \$1,326 as its proportionate share of non-employer contributions for the year ended September 30, 2018. At September 30, 2018, 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	\$ -	\$ 14,161
Change of assumptions	27,611	-
Net difference between projected and actual investment earnings on pension plan investments		50,541
Change in proportion and differences between the Commission's contributions and proportionate share of contributions	-	932
Commission's contributions subsequent to the measurement date	15,097	-
	<u>\$ 42,708</u>	<u>\$ 65,634</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:

2018	\$ 2,931
2019	(3,647)
2020	(17,274)
2021	20,032

**Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2017, are as follows:

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial assumptions:	
Investment Rate of Return	6.75% (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 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62% for the year ended December 31, 2017.

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%	3.57%
Alternatives	11%	0.67%
Real Assets	2%	0.12%
Totals	100%	5.62%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.62%

NOTE 5 – PENSION PLAN (continued)

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. 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 (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) of the participating employers calculated using the discount rate of 6.75%, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower 5.75% or one percentage point higher 7.75% than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Commission's Proportionate Share of Net Pension Liability (Asset)	\$ 107,859	\$(21,876)	\$(137,397)

The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on its financial statements for the year ended December 31, 2017. Access to the audit report can be found on the System's website: [www.persla.org](http://www.persla.org) or on the Office of Louisiana Legislative Auditor's official website: [www.lla.state.la.us](http://www.lla.state.la.us).

#### 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 \$1,614,933 for salary and benefit reimbursements incurred through that time. The Council has agreed to defer repayment of this amount by the Commission until December 2019 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, 2017 (The Plan Measurement Date)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commission's proportion of the net pension liability (asset)	0.031885%	0.018758%	0.034240%	0.033060%
Amount of Commission's proportionate share of the net pension liability (asset)	\$ (21,876)	\$ 69,890	\$ 90,117	\$ 9,038
Commission's covered-employee payroll	\$ 173,741	\$ 170,897	\$ 206,928	\$ 234,563
<i>Commission's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</i>	(12.80)%	40.90%	43.55%	3.85%
Plan fiduciary net position as a percentage of the total pension liability	101.98%	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, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 21,681	\$ 23,205	\$ 27,505	\$ 28,839
Contributions in relation to the contractually require contribution	<u>21,681</u>	<u>23,205</u>	<u>27,505</u>	<u>28,839</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's covered-employee payroll	\$ 184,210	\$ 183,689	\$ 206,312	\$ 193,651
Contributions as a percentage of covered-employee payroll	11.77%	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, 2018

Golf operation

Advertising	\$ 11,794
Range Balls	6,022
Salary/wages/benefits	251,610
Pension	16,079
	<u>          </u>
Total	<u>\$ 285,505</u>

Cart cost

Repairs and maintenance	\$ 3,236
Insurance	5,888
Depreciation	85,484
	<u>          </u>
Total	<u>\$ 94,608</u>

Maintenance operation

Depreciation	\$ 71,058
Dues & Subscriptions	680
Seminars/Education	250
Chemical/pesticides	79,929
Fertilizer	39,016
Fuel & Lubricants	33,844
Irrigation and drainage	7,589
Equipment repairs	30,793
Sand and Gravel	7,148
Salary/wages/benefits	112,395
Seed and Sod	1,601
Outside Services	11,250
Insurance	4,442
Telephone	886
Supplies	26,650
Uniforms	99
Pension	10,951
Contract labor	185,317
	<u>          </u>
Total	<u>\$ 623,898</u>

General and administration

Credit card fees	\$ 12,246
Drug screen/physical	567
Office supplies	1,813
Equipment rental	2,724
Building repairs	13,725
Telephone	8,315
Supplies	16,221
Cable	1,082
Utilities	29,952
Dues and subscriptions	5,725
Travel/seminars	4,022
Professional	30,019
Salary/wages/benefits	28,743
Computer/ Maintenance	2,314
Uniforms	1,256
Security/Alarm Service	432
Miscellaneous	9,036
	<u>          </u>
Total	<u>\$ 168,192</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, 2018

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

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 73,500
Benefits-Insurance	12,556
Benefits-retirement	9,852
Reimbursements/Travel	2,432
Professional Dues	559
Total	<u>\$ 98,899</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, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated March 12, 2019.

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 2018-001 and 2018-002.

#### 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

#### 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  
March 12, 2019

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

Schedule of Findings  
For the Year Ended September 30, 2018

**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 were no instances of noncompliance or other matters noted during the audit of the financial statements that are required to be reported.

3. Federal Awards

This section is not applicable for the year ended September 30, 2018.

## B. FINDINGS - FINANCIAL STATEMENT AUDIT

### Material Weaknesses

#### ITEM 2018-001 - 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 2018-002 ACCURACY AND TIMELINESS OF ACCOUNTING PROCEDURES AND INFORMATION

##### Auditor's Comments

Condition: Underlying detail journals (cash, revenue, disbursement, and payroll) are prepared in a timely manner and properly reconciled. However, postings from detail journals to the general ledger were not posted and reconciled on a timely basis, were not always accurate, and differences were not properly adjusted. Bank accounts were not reconciled to the general ledger and adjusted on a timely basis during the year.

Criteria: A good internal control system requires the general ledger to be maintained and reconciled on a timely basis and any differences properly adjusted.

Effect: Failure to properly reconcile and adjust the general ledger on a timely basis, 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 by management.

Cause: Lack of accounting and bookkeeping knowledge.

Recommendation: We recommend the Commission enhance its current level of bookkeeping and accounting expertise.

Management's Comments: We will consider various methods to increase our bookkeeping and accounting capabilities and implement the method most appropriate for the Commission.

#### C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS

This section is not applicable for the year ended September 30, 2018.

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 2017-001 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.

Item 2017-002 Timeliness of Accounting Procedure and Information

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

Corrective Action: This has not been corrected.

Item 2017-003 Failure to File Audit Report on Time

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

Corrective Action: This was corrected during the current year.

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable to prior year.



March 12, 2019

Mr. Daryl Purpera, CPA CPE  
Legislative Auditor  
State of Louisiana  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

The Atchafalaya Golf Course Commission respectfully submits the following corrective action plan for our period ended September 30, 2018.

**CORRECTIVE ACTION:**

Person Responsible: Ed Selser  
Atchafalaya Golf Course Commission  
P.O. Box 1109  
Patterson, LA 70392

Time for Completion: September 30, 2019

**Material Weaknesses:**

RE: Item No. 2018-001 Segregation of Duties

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. 2018-002 Accuracy and Timeliness of Accounting Procedures and Information

Auditors' Comment: Postings from detail journals to the general ledger were not done on a timely basis, were not always accurate, and differences were not properly adjusted.

Corrective Action: We will consider various methods to increase our bookkeeping and accounting capabilities and implement the method most appropriate for the Commission.

Atchafalaya Golf Course

A handwritten signature in cursive script that reads "Ed Selser".

Ed Selser  
Director of Golf

**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, 2018

WITH

AGREED UPON PROCEDURES REPORT

BY

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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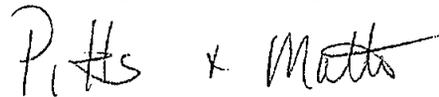
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

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, 2017 through September 30, 2018. 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.

  
CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana  
March 12, 2019

**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, 2018**

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

The Commission is not subject to all possible Louisiana Legislative Auditor - State Wide Agreed-Upon Procedures. The numbers of the procedures in this report coincide with the numbers assigned to the specified procedures on the Louisiana Legislative Auditor's website. Therefore, because of certain excluded procedures, the procedure numbers used in this report are not in consecutive order.

## WRITTEN POLICIES AND PROCEDURES

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- I. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

### **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, however the entity follows state budget law which includes all required functions.

**Findings:** Found that the Commission does not have written policies and procedures regarding 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:** Found that the Commission does not have written policies and procedure regarding 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:** Found the Commission does not have written policies and procedures regarding disbursements.

### **Receipts/Collections**

- d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).

## WRITTEN POLICIES AND PROCEDURES (CONTINUED)

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

**Findings:** Found the Commission does not have written policies and procedures regarding receipts and collections.

### 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 and inspected the Commission's "Personnel Policy Manual" and read the written policies and procedures for payroll and personnel.

**Findings:** Found the Commission has written policies that 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 contracts.

**Findings:** Found the Commission does not have written policies and procedures regarding 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

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

**Findings:** Found the Commission does not have written policies and procedures regarding credit cards.

## WRITTEN POLICIES AND PROCEDURES (CONTINUED)

### 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 and inspected the Commission's "Personnel Policy Manual" and read written policies and procedures for travel and expense reimbursement.

**Findings:** Found the Commission has written policies and procedures regarding travel and expense reimbursement related to the allowable expenses, documentation requirements, and required approvers.

Found the Commission does not have written policies and procedures regarding travel and expense reimbursement related to the dollar thresholds by category of expenses with the exception of mileage.

### 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 Commission 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 service.

**Findings:** Found the Commission does not have written policies and procedures regarding debt service.

### *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 expenses reimbursement.*

*We plan to put our policies and procedures related to Receipts/Collections in written form.*

**WRITTEN POLICIES AND PROCEDURES (CONTINUED)**

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*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.*

## BOARD OR FINANCE COMMITTEE

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

**Procedure Performed:** Obtained and read the Commission's board minutes for the fiscal period as well as Louisiana State Law as it relates to Golf Course Commission and the Ordinance that created the Commission.

**Findings:** Found that the Commission met with quorum at all twelve of the monthly meetings.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

**Procedure Performed:** Obtained and read the Commission's board minutes for the fiscal period.

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

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

**Procedure Performed:** Obtained and read the Commission's prior year audit report and observed the unrestricted fund balance in the general fund.

**Findings:** Found that the general fund did have a negative ending unrestricted fund balance in the prior year audit report.

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

**Management's response:**

No comment.

## BANK RECONCILIATIONS

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledger, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has research reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Procedures Performed:** Obtained the listing of bank accounts from management, and received management's written representation that the list is complete. Selected 2 bank accounts out of a total of 2 accounts and requested bank reconciliations and bank statements for both accounts for the one month randomly selected. Obtained and inspected bank statements and bank reconciliations prepared for the month selected for only 1 account, the Operating account.

**Findings:**

No bank reconciliations were prepared during the year for the Money Market account. There were only 3 transactions in the Money Market account for the fiscal period other than account service charges and monthly interest credits.

- a) Observed there is no evidence that the bank reconciliation was prepared within 2 months of the related statement closing date.
- b) Observed there is no evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.
- c) Observed that there were no items outstanding for more than 12 months

**Management' 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

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

**Procedure Performed:** Obtained from management a listing of deposits sites for the fiscal period where deposits for cash/ checks/ money orders are prepared and management's representation that the listing is complete.

**Findings:** Found the Commission has only one deposit site.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

**Procedure Performed:** Obtained from management a listing of collection locations relating to the one deposit site and management's representation that the listing is complete. The Commission has only one collection location. For that collection location we inquired of employees about their job duties.

**Findings:**

- a) Found that, ProShop Clerk II who is responsible for cash collections at the collection location does not share cash drawers/ registers.
- b) Found that the one ProShop Clerk II who is responsible for collections is also responsible for preparing and making bank deposits. However, the Assistant Supervisor is responsible for verifying the reconciliation.

## COLLECTIONS (CONTINUED)

- c) Found that all employees responsible for collecting cash are not responsible for posting collection entries to the general ledger or subsidiary ledger. The Assistant Supervisor is responsible for posting collection entries to the general ledger.
- d) Found that the Commission uses the End of Shift Reports and daily Variance Report to reconcile cash collections daily. Bank Statements and deposit slips are compared to the Variance Report and to the general ledger monthly. All of this is done by the Assistant Supervisor who is not responsible for cash collections.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

**Procedure Performed:** Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

**Findings:** Found that individuals who have access to cash are not covered by a bond or insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

**Procedure Performed:** Randomly selected two deposit dates for the District's two bank accounts (main operating account and money market account) and obtained supporting documentation (general ledger, deposit slips, copies of checks received [which denotes the date received], and bank statements) for each and performed the following procedures;

- a) Observed the Commission has sequentially pre-numbered receipts.
- b) Traced electronically sequentially pre-numbered receipt, End of Shift Report and daily Variance Report to the deposit slip.
- c) Traced the deposit slip total to the actual deposit per the bank statement.

## COLLECTIONS (CONTINUED)

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- d) Observed that the deposits were made within one business day of receipt
- e) Trace the actual deposit per the bank statement to the general ledger

**Findings:** Found that the District's money market account had no deposits during the year.

- a) Found the Commission does have sequentially pre-numbered receipts.
- b) Collections documentation (electronically sequentially pre-numbered receipt, End of Shift Report and daily Variance Report) agrees to the deposit slips.
- c) Deposit slip total agrees to the deposit amount on the bank statement.
- d) Found deposits were made within one business day of receipt.
- e) The actual deposit per bank statements agrees with the collection recorded in the general ledger

***Management's response:***

*We will put our policies and procedures in this area in writing. We will obtain a fidelity bond or insurance policy for theft for individuals handling cash collections.*

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS,  
TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES):**

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

**Procedure Performed:** We obtained a listing of locations that process payments from management and management's representation that the listing is complete.

**Findings:** Found the Commission has one location that process payments.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

**Procedure Performed:** We obtained a listing of employees involved with non-payroll purchasing and payment functions and, inquired of these employees' about their job duties.

**Findings:**

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee involved in processing payments is prohibited from adding or modifying vendor's files. No employee is responsible for periodically reviewing changes to vendor files.
- d) The employee responsible for signing checks does not mail the check. The Director of Golf gives signed checks to the Assistant Supervisor to mail. The Assistant Supervisor is

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES) (CONTINUED):**

also responsible for processing payment.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

a) Observe that the disbursement matched the related original invoice/billing statement.

b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Procedure Performed:** We obtained the Commission's non-payroll disbursements transaction population (excluding cards and travel reimbursements) and management's representation that the population was complete. We randomly selected 5 disbursements from the listing and obtained and observed supporting documentation for each transaction.

**Findings:**

a) Found that disbursements matched the related original invoice.

b) Found that disbursement documentation included evidence that the Commission is following its policies as it relates to the segregation of duties tested under #9 a - c above. However, duties are not segregated as it relates to procedures listed under #9 d above.

***Management's response:***

*Checks will no longer be mailed by the same employee who processes payments.*

## TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov))
  - b) If reimbursed using actual cost, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Procedure Performed:** Obtained a general ledger for Mileage/Travel account that included all travel and related expense reimbursements during the fiscal period. Obtained management's written representation that the general ledger is complete. Randomly selected 5 reimbursements, obtained the Mileage Expense Report for each selected reimbursement.

### Findings:

The only travel and travel related expense the Commission incurred during the year was reimbursement for mileage to employees for use of their personal automobiles.

- a) Not applicable as the Commission does not use per diem, except to reimburse mileage on personally-owned vehicles at a rate of \$0.48 per mile which is less than the U.S. General Service Administration rate (\$0.535 per mile)
- b) Not applicable to the Commission as there were no reimbursements reimbursed using actual cost
- c) Observed that all five reimbursements were supported by documentation (Mileage Expense Report) of the business purpose.
- d) Observed that three out of five reimbursements were reviewed and approved by a person not receiving reimbursement.

**TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING  
CARD TRANACTIONS) (CONTINUED)**

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***Management's response:***

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