

Financial Report

Lafourche Parish Tourist Commission

Raceland, Louisiana

For the year ended December 31, 2017

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For the year ended December 31, 2017

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For the year ended December 31, 2017

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Lafourche Parish Tourist Commission,
Raceland, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of Lafourche Parish Tourist Commission, State of Louisiana (the Commission), a component unit of Lafourche Parish Council, State of Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 of 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 Commission'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 Commission'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 financial position of the governmental activities and the General Fund of Lafourche Parish Tourist Commission as of December 31, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer on page 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 15, 2018 on our consideration of Lafourche Parish Tourist Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 Commission's internal control over financial reporting and compliance.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 15, 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lafourche Parish Tourist Commission

Management's Discussion and Analysis of the Lafourche Parish Tourist Commission's (the Commission) financial performance presents a narrative overview and analysis of the Commission's financial activities for the year ended December 31, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Commission's assets exceeded its liabilities at the close of fiscal year 2017 by \$2,294,996 (net position), which represents a 3.79% decrease from last fiscal year.

The Commission's revenue decreased \$728,983 (or 49.92%) primarily due to less hotel/motel taxes received from the state.

The Commission's expenses decreased \$178,779 (or 17.87%) primarily due to a decrease in other services and charges.

The Commission did not have a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Commission's financial statements. The Commission's annual report consists of three parts: (1) management's discussion and analysis (this section) (2) financial statements; and (3) various governmental compliance reports and schedules by certified public accountants and management.

The financial statements include two kinds of statements that present different views of the Commission:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the Commission's assets, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating. The Statement of Activities presents information showing how the Commission's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the Commission is culture and recreation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The only fund of the Commission is a governmental fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Commission maintains an individual governmental fund. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund. The Commission adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 9 - 13 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Commission's financial position. As of December 31, 2017, assets exceeded liabilities by \$2,294,996. A large portion of the Commission's net position (39.94%) reflects its net investment in capital assets (e.g., construction in progress, buildings and land improvements; office furniture, fixtures and equipment, and intangible assets). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

| | December 31, | | Dollar |
|-----------------------------------|--------------|--------------|--------------|
| | 2017 | 2016 | Change |
| Current and other assets | \$ 1,503,005 | \$ 2,071,297 | \$ (568,292) |
| Capital assets | 916,682 | 346,017 | 570,665 |
| Total assets | 2,419,687 | 2,417,314 | 2,373 |
| Current and other liabilities | 122,300 | 24,250 | 98,050 |
| Long-term liabilities outstanding | 2,391 | 7,715 | (5,324) |
| Total liabilities | 124,691 | 31,965 | 92,726 |
| Net Position: | | | |
| Net investment in capital assets | 916,682 | 346,017 | 570,665 |
| Unrestricted | 1,378,314 | 2,039,332 | (661,018) |
| Total net position | \$ 2,294,996 | \$ 2,385,349 | \$ (90,353) |

Governmental Activities

Governmental activities decreased the Commission's net position by \$90,353. Key elements of this increase are as follows:

Condensed Statement of Activities

| | For the Year Ended December 31, | | Dollar | Total |
|-------------------------------------|------------------------------------|--------------|--------------|-------------------|
| | 2017 | 2016 | Change | Percent Change |
| Revenues: | | | | |
| Taxes - hotel/motel | \$ 702,357 | \$ 1,432,305 | \$ (729,948) | -50.96% |
| Miscellaneous | 28,923 | 27,958 | 965 | 3.45% |
| Total revenues | 731,280 | 1,460,263 | (728,983) | -49.92% |
| Expenses: | | | | |
| Economic and development assistance | 821,633 | 1,000,412 | (178,779) | -17.87% |
| Increase (decrease) in net position | (90,353) | 459,851 | (550,204) | -119.65% |
| Net position, beginning of year | 2,385,349 | 1,925,498 | 459,851 | 23.88% |
| Net position, end of year | \$ 2,294,996 | \$ 2,385,349 | \$ (90,353) | -3.79% |

In 2016, the Commission's received an additional \$750,000 from the state that was credits from prior years' tax collections. This was not received in the current year, therefore hotel/motel taxes decreased. The net decrease in expenses is primarily due decreases in advertising and travel brought about by decreases in hotel/motel tax revenue for the year ended December 31, 2017.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Commission's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Commission's General Fund's ending fund balance is \$1,366,339, which is a decrease of \$640,589 in comparison with the prior year. The unassigned fund balance of \$1,169,977 is available for spending at the Commission's discretion. The remainder of the fund balance, of \$196,362 is assigned to fund next year's budgeted expenditures in excess of revenues.

General Fund Budgetary Highlights

The budget was amended once during the year ended December 31, 2017. The primary reason for amending the budget was to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- To adjust the state hotel/motel tax by decreasing \$40,000 for amounts expected from the parish and state

Expenditures

- Personal services decreased by \$40,500 to reflect payroll and related expenses
- Other services and charges decreased by \$316,060 primarily due to less expected advertising expenses and other programs as anticipated at the beginning of the year.

During the year, actual revenues were more than budgeted revenues and actual expenditures were less than budgetary estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Commission's net investment in capital assets for its governmental activities as of December 31, 2017, amounts to \$916,682 (net of accumulated depreciation). This net investment in capital assets includes construction in progress, buildings and land improvements, office furniture, fixtures and equipment and intangible assets (see table on following page).

| | <u>2017</u> | <u>2016</u> |
|--|---------------------|-------------------|
| Construction in Progress | \$ 610,631 | \$ 37,009 |
| Intangible assets | 39,975 | 9,875 |
| Buildings and land improvements | 520,725 | 520,725 |
| Office furniture, fixtures, and and equipment | <u>149,813</u> | <u>149,813</u> |
| Totals | <u>\$ 1,321,144</u> | <u>\$ 717,422</u> |

Major capital asset events during the current fiscal year included the following:

- Began construction on the renovations to the Commission's building.
- Began the design on the Interpretive Visitor's Center project.
- Completed website redesign

Additional information on the Commission's capital assets can be found in the Note 3, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The 2018 budget reflects no change in local hotel/motel tax revenue while state tax is expected to decrease by \$67,000 under 2017 actual.
- Budgeted expenditures are expected to decrease from the 2017 amended budget across the advertising and promotion areas due to continued revenue shortfalls. Capital expenditures reflect ongoing renovations to the facility to be completed in 2018. Payroll and payroll tax expenses reflect increases in annual personnel costs. Employee benefits reflect the cost of health insurance, 457 (b) retirement program for full-time employees and supplemental insurance cost (vision and dental) offered to employees.
- The 2018 budgeted expenditures exceed revenues by \$196,362. The 2018 budgeted operating deficit is anticipated to be funded by existing fund balance. Accordingly, the deficit amount is assigned in fund balance as of December 31, 2017.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Lafourche Parish Tourist Commission 4484 Highway 1, Raceland, Louisiana 70394.

**STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET**

Lafourche Parish Tourist Commission

December 31, 2017

| | <u>General Fund</u> | <u>Adjustments (Exhibit B)</u> | <u>Statement of Net Assets</u> |
|---|-------------------------|------------------------------------|------------------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 1,301,075 | | \$ 1,301,075 |
| Investments | 130,181 | | 130,181 |
| Due from Lafourche Parish School Board | 29,780 | | 29,780 |
| Taxes receivable | 27,603 | | 27,603 |
| Prepaid insurance | - | \$ 2,538 | 2,538 |
| Prepaid expenses | - | 11,828 | 11,828 |
| Capital assets | | | |
| Non-depreciable | - | 610,631 | 610,631 |
| Depreciable, net of accumulated depreciation | - | 306,051 | 306,051 |
| Total assets | <u>\$ 1,488,639</u> | <u>931,048</u> | <u>2,419,687</u> |
| Liabilities | | | |
| Accounts payable and accrued expenditures | \$ 122,300 | - | 122,300 |
| Long-term liabilities: | | | |
| Due in more than one year | - | 2,391 | 2,391 |
| Total liabilities | <u>122,300</u> | <u>2,391</u> | <u>124,691</u> |
| Fund Balance/Net Position | | | |
| Fund balances: | | | |
| Assigned to: | | | |
| Subsequent year's expenditures: | | | |
| Next year's budget deficit | 196,362 | (196,362) | - |
| Unassigned | 1,169,977 | (1,169,977) | - |
| Total fund balance | <u>1,366,339</u> | <u>(1,366,339)</u> | - |
| Total liabilities and fund balance | <u>\$ 1,488,639</u> | <u>(1,363,948)</u> | <u>124,691</u> |
| Net position: | | | |
| Net investment in capital assets | | 916,682 | 916,682 |
| Unrestricted | | 1,378,314 | 1,378,314 |
| Total net position | | <u>\$ 2,294,996</u> | <u>\$ 2,294,996</u> |

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

Lafourche Parish Tourist Commission

For the year ended December 31, 2017

| | | |
|---|------------------|----------------------------|
| Fund Balance - Governmental Fund | | \$ 1,366,339 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund. | | |
| Governmental capital assets | \$ 1,321,144 | |
| Less accumulated depreciation | <u>(404,462)</u> | 916,682 |
| Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund. | | |
| Prepaid insurance | 2,538 | |
| Prepaid expenses | <u>11,828</u> | 14,366 |
| Long-term liabilities are not due and payable in the current period and therefore not reported in the governmental funds | | |
| Compensated absences payable | | <u>(2,391)</u> |
| Net Position of Governmental Activities | | <u>\$ 2,294,996</u> |

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT
OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE**

Lafourche Parish Tourist Commission

For the year ended December 31, 2017

| | General Fund | Adjustments (Exhibit D) | Statement of Activities |
|--|-----------------|----------------------------|-------------------------------|
| Revenues | | | |
| Taxes - hotel/motel: | | | |
| Parish | \$ 352,373 | | \$ 352,373 |
| State | 349,984 | | 349,984 |
| Miscellaneous: | | | |
| Grants | 20,000 | | 20,000 |
| Interest | 7,047 | | 7,047 |
| Other | 1,876 | | 1,876 |
| Total revenues | 731,280 | | 731,280 |
| Expenditures/Expenses | | | |
| Current: | | | |
| Economic Development and Assistance: | | | |
| Personal services | 236,500 | \$ (5,324) | 231,176 |
| Supplies and materials | 26,759 | - | 26,759 |
| Other services and charges | 490,286 | 25,753 | 516,039 |
| Repairs and maintenance | 14,602 | - | 14,602 |
| Capital outlay | 603,722 | (603,722) | - |
| Depreciation | - | 33,057 | 33,057 |
| Total economic development and assistance | 1,371,869 | (550,236) | 821,633 |
| Deficit of Revenues Over Expenditures | (640,589) | 640,589 | - |
| Change in Net Position | - | (90,353) | (90,353) |
| Fund Balance/Net Position | | | |
| Beginning of year | 2,006,928 | 378,421 | 2,385,349 |
| End of year | \$ 1,366,339 | \$ 928,657 | \$ 2,294,996 |

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES**

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2017

| | | |
|---|------------------|--------------------------|
| Net Change in Fund Balance - Governmental Fund | | \$ 748,681 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Governmental funds report capital outlays as expenditures. the Statement of Activities the cost of those assets is | | |
| Capital outlay | \$ 503,614 | |
| Depreciation expense | <u>(244,865)</u> | 258,749 |
| The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins and dispositions, is to decrease net position | | |
| | | (848) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund. | | |
| Other postemployment benefit obligations | (15,729) | |
| Pension Expense | <u>(592)</u> | <u>(16,321)</u> |
| Change in Net Position of Governmental Activities | | <u>\$ 990,261</u> |

See notes to financial statements.

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND

Lafourche Parish Tourist Commission

For the year ended December 31, 2017

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------------|---------------------|---------------------|--|
| Revenues | | | | |
| Taxes - hotel/motel: | | | | |
| Parish | \$ 403,000 | \$ 349,000 | \$ 352,373 | \$ 3,373 |
| State | 269,000 | 283,000 | 349,984 | 66,984 |
| Miscellaneous: | | | | |
| Grant | 20,000 | 20,000 | 20,000 | - |
| Interest | - | 1,500 | 7,047 | 5,547 |
| Other | - | - | 1,876 | 1,876 |
| Total revenues | <u>692,000</u> | <u>653,500</u> | <u>731,280</u> | <u>77,780</u> |
| Expenditures | | | | |
| Current: | | | | |
| Economic Development and Assistance: | | | | |
| Personal services | 272,500 | 232,000 | 236,500 | (4,500) |
| Supplies and materials | 27,000 | 27,000 | 26,759 | 241 |
| Other services and charges | 736,500 | 420,440 | 490,286 | (69,846) |
| Repairs and maintenance | 16,000 | 15,000 | 14,602 | 398 |
| Total economic development and assistance | 1,052,000 | 694,440 | 768,147 | (73,707) |
| Capital Outlay | <u>875,000</u> | <u>840,000</u> | <u>603,722</u> | <u>236,278</u> |
| Total expenditures | <u>1,927,000</u> | <u>1,534,440</u> | <u>1,371,869</u> | <u>162,571</u> |
| Deficit of Revenues Over Expenditures | (1,235,000) | (880,940) | (640,589) | 240,351 |
| Fund Balance | | | | |
| Beginning of year | <u>1,711,939</u> | <u>2,006,928</u> | <u>2,006,928</u> | <u>-</u> |
| End of year | <u>\$ 476,939</u> | <u>\$ 1,125,988</u> | <u>\$ 1,366,339</u> | <u>\$ 240,351</u> |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Lafourche Parish Tourist Commission**

December 31, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Lafourche Parish Tourist Commission (the Commission) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The Commission is a component unit of the Lafourche Parish Council, (the Council) and as such, these financials will be included in the comprehensive annual report (CAFR) of the Council for the year ended December 31, 2017.

GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14* established the criterion for determining which component units should be considered part of the Commission for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the Commission and the potential component unit.
4. Imposition of will by the Commission on the potential component unit.
5. Financial benefit/burden relationship between the Commission and the potential component unit.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

The Commission has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

b) Basis of Presentation

The Commission's financial statements consist of the government-wide statements on all activities of the Commission and the governmental fund financial statements.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the Commission. The government-wide presentation focuses primarily on the sustainability of the Commission as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Fund Financial Statements:

The daily accounts and operations of the Commission are organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the governmental fund of the Commission:

General Fund - The General Fund is the general operating fund of the Commission. It is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund is always a major fund.

c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Hotel/motel sales and use taxes are recognized as revenue in the period they are collected by the merchants.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Hotel/motel sales and use taxes are recognized as revenue in the period they are collected by the merchants. Miscellaneous revenues are recorded as revenues when received in cash by the Commission because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the Commission's General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board of Commissioners. The Commission amended its budget once during the year. All budgeted amounts that are not expended, or obligated through contracts, lapse at year-end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the financial statements.

f) Accounts Receivable

The financial statements for the Commission contain no allowance for uncollectible accounts. Uncollectible amounts due for hotel/motel sales and use taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

g) Investments

Investments consist of certificates of deposit and deposits in the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortization cost rather than market value to report net position to complete share prices if certain conditions are not met. Certificates of deposit are stated at cost and approximate market value.

h) Prepaid expenses

The Commission has recorded prepaid expenses in its government-wide financial statements. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. The cost of website development and logo branding have been capitalized in accordance with GASB Statement No. 51, *"Accounting and Financial Reporting for Intangible Assets."* Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|---|--------------|
| Buildings and land improvements | 5 - 50 years |
| Office furniture, fixtures, and equipment | 5 - 25 years |
| Intangible assets | 5 years |

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Compensated Absences

Accumulated paid leave time is recorded as an expenditure of the period in which paid in the governmental funds.

Full-time regular team members are entitled to 10 annual paid time off (PTO) days beginning on the first day of employment. Eligible employees earn 12 days of PTO after one year of employment, 15 days of PTO after two years of employment, 20 days of PTO after four years of employment, 25 days of PTO after ten years of employment, and 30 days of PTO after fifteen years of employment. All unused annual PTO will be forfeited at December 31 with the exception of 7 days of PTO, which can be carried over to the following year. It is the policy of the commission to pay terminated employees for any unused PTO provided a two week resignation is given.

The liability for paid leave time is recorded as a non-current liability in the government-wide statements.

k) Equity

Government-wide Statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any. As of December 31, 2017 the Commission had no outstanding borrowings.
- b. Restricted Consists of assets, liabilities and net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted - All other net position that do not meet the definition of "restricted" or "Net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2017, the Commission did not have restricted resources.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Equity (Continued)

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a. Non-spendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to maintain intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal action of the Commission's Board of Commissioners. Commitment may be established, modified, or rescinded only through ordinances or resolutions approved by the Commission's Board of Commissioners.
- d. Assigned - amounts that do not meet the criteria to be classified as either restricted or committed by that are intended to be used for specific purposes. Amounts may be assigned by majority vote of the Board of Commissioners or the Director.
- e. Unassigned - all other spendable amounts.

For the classification of governmental fund balances, the Commission considers an expenditure to be made from the most restrictive first when more than one classification is available. The Commission's fund balance was classified as assigned and unassigned as of December 31, 2017. The assigned fund balance is intended to cover 2018 budgeted expenditures in excess of 2018 budgeted revenues.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) New GASB Statements

During the year ending December 31, 2017, the Commission implemented the following GASB Statements:

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans other than Pension Plans*" addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria and follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments and also sets forth note disclosure requirements for defined contribution OPEB plans. This statement did not affect the Commission's financial statements.

Statement No. 80, "*Blending Requirement for Certain Component Units*" improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This requirement enhances comparability and decision usefulness of financial statements among governments. This statement did not affect the Commission's financial statements.

Statement No. 81, "*Irrevocable Split Interest Agreements*" provided recognition and measurement guidance for situation in which a government is a beneficiary of an irrevocable split interest agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split interest agreement recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in agreements administered by third parties. Governments are required by this Statement to recognize revenue when the resources become applicable to the reporting period. This Statement enhances comparability and decision usefulness of financial statements among governments. This statement did not affect the Commission's financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) New GASB Statements (Continued)

Statement No. 82, "*Pension Issues*" addresses several issues raised with respect to Statements No. 67, "*Financial Reporting for Pension Plans*," No. 68, "*Accounting and Financial Reporting for Pensions*," and No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*." Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement did not affect the Commission's financial statements.

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 75, "*Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*" replaces the requirements of GASB Statement No. 45. This Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide: governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan and governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) New GASB Statements (Continued)

beginning after June 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 85, "*Omnibus 2017*." On March 20, 2017, GASB issued "*Omnibus 2017*" covering four main topics: blending component units; goodwill, fair value measurement and application; and postemployment benefits. "*Omnibus 2017*" is effective for fiscal years beginning after June 15, 2017. However, due to the nature of topic covered, GASB is allowing the option of early implementation for single topics. Management has not yet determined the effect of the Statement on the financial statements.

Statement No. 86, "*Certain Debt Extinguishment Issues*" improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) New GASB Statements (Continued)

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Note 2 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Deposits:

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

The year-end balances of deposits are as follows:

| | Bank Balances | Reported Amounts |
|------------------------|------------------|---------------------|
| Cash | \$ 791,187 | \$ 741,042 |
| Certificate of deposit | 130,181 | 130,181 |
| Totals | \$ 921,368 | \$ 871,223 |

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission has a written policy for custodial credit risk. As of December 31, 2017, \$541,187 of the Commission's bank balance of \$921,368 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent and are deemed to be held in the Commission's name by state statutes.

As of December 31, 2017, deposits were adequately collateralized, under state law, by securities held by unaffiliated banks for the account of the Commission. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the Commission to invest in obligations of the U.S. Treasury agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

As a means of limiting its exposure to fair value losses arising from interest rates, the Board's investment policy emphasized maintaining liquidity to match specific cash flows.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission's investment policy requires the application of the prudent-person rule. This policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of principal secondly to maintain liquidity to meet operating requirements and finally do obtain the most favorable rate of return.*

The Commission's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAM.

For an investment, custodial credit risk is that risk that, in the event of failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued as amortized cost. The fair value of participants' position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of December 31, 2017, amounted to \$560,033 and are classified on the Statement of Net Position under "cash and cash equivalents".

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

A reconciliation of deposits and investments as shown on the Statement of Net Position is as follows:

| | | |
|---|----|------------------|
| Reported amount of cash deposits | \$ | 741,042 |
| Reported amount of investments - certificates of deposit | | 130,181 |
| Reported amount of investments - LAMP | | <u>560,033</u> |
| Total | \$ | <u>1,431,256</u> |
| | | |
| Cash and cash equivalents | \$ | 1,301,075 |
| Investments | | <u>130,181</u> |
| Total | \$ | <u>1,431,256</u> |

Note 3 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

| | Balance January 1, 2017 | Additions | Deletions | Balance December 31, 2017 |
|--|-------------------------------|-------------------|-------------|---------------------------------|
| Capital assets not being depreciated: | | | | |
| Construction in progress | \$ 37,009 | \$ 573,622 | \$ - | \$ 610,631 |
| Capital assets being depreciated: | | | | |
| Buildings and land improvements | 520,725 | - | - | 520,725 |
| Office furniture, fixtures, and equipment | 149,813 | - | - | 149,813 |
| Intangibles | <u>9,875</u> | <u>30,100</u> | <u>-</u> | <u>39,975</u> |
| Total capital assets being depreciated | <u>680,413</u> | <u>30,100</u> | <u>-</u> | <u>710,513</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and land improvements | (256,281) | (17,852) | - | (274,133) |
| Office furniture, fixtures, and equipment | (114,959) | (9,718) | - | (124,677) |
| Intangibles | <u>(165)</u> | <u>(5,487)</u> | <u>-</u> | <u>(5,652)</u> |
| Total accumulated depreciation | <u>(371,405)</u> | <u>(33,057)</u> | <u>-</u> | <u>(404,462)</u> |
| Total capital assets being depreciated, net | <u>309,008</u> | <u>(2,957)</u> | <u>-</u> | <u>306,051</u> |
| Total capital assets, net | <u>\$ 346,017</u> | <u>\$ 570,665</u> | <u>\$ -</u> | <u>\$ 916,682</u> |

Note 3 - CHANGES IN CAPITAL ASSETS (Continued)

As of December 31, 2017, construction in progress represents costs to date of renovations to the building. Remaining commitments under the construction contract amounted to \$38,992 as of December 31, 2017, net of \$470,473 of construction costs incurred. During the year ended December 31, 2017, the Commission also began design and engineering for the Interpretive Visitors Center and completed a website redesign.

Note 4 - LONG-TERM LIABILITIES

Long-term liabilities consist entirely of accumulated unpaid annual leave due after one year. For the year ended December 31, 2017, the Commission recognized a decrease in annual leave as follows:

| | |
|--|----------|
| Balance January 1, 2017 | \$ 7,715 |
| Decrease for the year ended December 31, 2017 | (5,324) |
| Balance December 31, 2017 | \$ 2,391 |

Note 5 - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to worker's compensation; torts; theft of, damage to and destruction of assets; error and omission; and natural disasters for which the Commission carries commercial insurance. No settlements were made during the year that exceeded the Commission's insurance coverage.

Note 6 - COMMITMENTS

On May 21, 2015, the Commission entered into a four year operating lease agreement for office equipment. The lease terms provide for monthly rental payments of \$257. Rental expenses for the operating lease for the year ended December 31, 2017 totaled \$3,084.

Minimum lease payments over the remaining term of the lease are as follows:

| | |
|-------|----------|
| 2018 | \$ 3,084 |
| 2019 | 1,285 |
| Total | \$ 4,369 |

Note 7 - BOARD MEMBERS

As set forth in the Commission's by-laws, the Board serves without compensation.

Note 8 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through May 15, 2018, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION SECTION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

Lafourche Parish Tourist Commission

For the year ended December 31, 2017

Agency Head Name: Timothy Bush

Purpose

| | |
|--|------------------|
| Salary | \$ 64,583 |
| Benefits - insurance | 8,742 |
| Benefits - retirement | 1,300 |
| Benefits - other | - |
| Car allowance | - |
| Vehicle provided by government | - |
| Per diem | - |
| Reimbursements | 975 |
| Travel | 646 |
| Registration fees | 2,790 |
| Conference travel | 7,068 |
| Continuing professional education fees | - |
| Housing | - |
| Unvouchered expenses | 1,018 |
| Meals | 317 |
| | <u>317</u> |
| | <u>\$ 87,439</u> |

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners,
Lafourche Parish Tourist Commission,
Raceland, Louisiana.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Lafourche Parish Tourist Commission (the Commission) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Commission's financial statements and have issued our report thereon dated May 15, 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 Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 15, 2018.

SCHEDULE OF FINDINGS AND RESPONSES

Lafourche Parish Tourist Commission

For the year ended December 31, 2017

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

b) Federal Awards

Lafourche Parish Tourist Commission did not expend federal awards in excess of \$750,000 during the year ended December 31, 2017 and therefore is exempt from the audit requirements under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Section II Financial Statement Findings

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2017.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Lafourche Parish Tourist Commission

For the year ended December 31, 2017

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2016. No significant deficiencies were reported during the audit for the year ended December 31, 2016.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2016.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche Parish Tourist Commission did not expend federal awards in excess of \$750,000 during the year ended December 31, 2016 and therefore is exempt from the audit requirements under the Uniform Guidance.

Section III Management Letter

2016-001 **Recommendation** - We recommend the Commission purchase a surety bond for all persons authorized to sign checks and handle cash.

Management's Response - The Commission purchased a surety bond for all persons authorized to sign checks and handle cash. **Resolved.**

2016-002 **Recommendation** - We recommend the Commission certify completion of the budget process by publishing a notice of completion.

Management's Response - The Commission certified completion of the budget process by publishing a notice of completion. **Resolved.**

2016-003 **Recommendation** - We recommend the Commission's public vehicle have side markings.

Management's Response - The Commission placed side markings on public vehicles. **Resolved.**

MANAGEMENT'S CORRECTIVE ACTION PLAN

Lafourche Parish Tourist Commission

For the year ended December 31, 2017

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2017. No significant deficiencies were reported during the audit for the year ended December 31, 2017.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2017.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche Parish Tourist Commission did not expend federal awards in excess of \$750,000 during the year ended December 31, 2017 and therefore is exempt from the audit requirements under the Uniform Guidance.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2017.

AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners,
Lafourche Parish Tourist Commission,
Raceland, Louisiana.

We have performed the procedures described in Schedule 2, which were agreed to by the Lafourche Parish Tourist Commission (the 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 year ended December 31, 2017. The Commissions management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the AICPA. 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 referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described in Schedule 2.

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 these 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 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 23:513, this report is distributed by the LLA as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
May 15, 2018.

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

Lafourche Parish Tourist Commission

For the year ended December 31, 2017

The required procedures and our findings are as follows:

Procedures performed on the Commission's written policies and procedures:

1. Obtain the Commission'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 Commission does not have any written policies and procedures), as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget
Performance: Obtained and read the written policy for budgeting and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - 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.
Performance: Obtained and read the written policy for purchasing.
Exceptions: The policy did not contain provisions about how purchases are initiated, how vendors are added to the vendor list, and preparation and approval process of purchase requisitions (with the exception of travel purchases) and purchase orders.
Management's response: Management will consider adding these procedures to their existing purchasing policy.
 - c) Disbursements, including processing, reviewing, and approving
Performance: Obtained and read the written policy for disbursements, and found it to contain the requirements included above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - d) Receipts, including receiving, recording, and preparing deposits
Performance: Obtained and read the written policy for receipts, and found it to contain the requirements listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Procedures performed on the Commission's written policies and procedures: (Continued)

- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Performance: Obtained and read the written policy for payroll and personnel, and found it contained all listed requirements.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- 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
Performance: Obtained and read written policy for contracting, and found it contained all listed requirements.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- 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
Performance: Obtained and read the written policy for credit cards, and found it contained all requirements listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements; and (4) required approvers
Performance: Obtained and read the travel and expense reimbursement policy, and found it contained all requirements listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- 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.
Performance: Inquired of management as to an ethics policy.
Exceptions: Management confirmed there is no policy for ethics.
Management's response: Management will consider drafting such a policy.

Procedures performed on the Commission's written policies and procedures: (Continued)

- j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements; and (4) debt service requirements.
 - Performance: Inquired of management as to a debt service policy.
 - Exceptions: Management confirmed there was no policy for debt service.
 - Management's response: Management will consider drafting such a policy.

Procedures performed on the Commission's 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.
 - Performance: Obtained and read the written minutes of board meetings.
 - Exceptions: There were no exceptions noted.
 - Management's response: Not applicable.
 - 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).
 - Performance: Inspected meeting minutes and budget-to-actual comparisons for the General Fund.
 - Exceptions: There were no exceptions noted.
 - Management's response: Not applicable.
- 1) 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.
 - Performance: Inspected the board's meeting minutes and budget-to-actual comparisons to note any deficit spending and/or deficit fund balances. The budget-to-actual comparisons showed deficit spending; however, the Commission's fund balance was adequate to cover each month's deficit spending.
 - Exceptions: There were no exceptions noted.
 - Management's response: Not applicable.

Procedures performed on the Commission's board: (Continued)

- 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.

Performance: Inspected the board's meeting minutes for the fiscal year and noted non-budgetary financial information in the form of approving inventory items to surplus.

Exceptions: There were no exceptions noted.

Management's response: Not applicable

Procedures performed on the Commission's bank reconciliations:

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

Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

4. Using the listing provided by management, select all of the Commission'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;

Performance: Obtained monthly bank reconciliations for the only account the Commission owns. Inspected management's documentation for accuracy of bank reconciliations.

Exceptions: There was one month where no bank reconciliation was noted.

Management's response: Management will consider preparing bank reconciliations for all months during the fiscal year.

- 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

Performance: Inspected documentation for management approvals of each bank reconciliation.

Exceptions: There was no written evidence that a member of management or a board member has reviewed each bank reconciliation.

Management's response: Management will consider adding written evidence of review to the bank reconciliations by a member of management or a board member.

Procedures performed on the Commission's bank reconciliations: (Continued)

- 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.
Performance: Inspected documents for items outstanding for more than 6 months.
Exceptions: In our observation, we noted 2 checks that were outstanding for longer than 6 months. There was no documentation indicating that research was conducted regarding these checks.
Management's response: Management will research the reconciling items and take necessary corrective action.

Procedures performed on the Commission's collections:

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
Performance: Observed the listing of cash/check/money order (cash) collection locations from management and received management's representation in a separate letter.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
6. Using the listing provided by management, select all of the Commission'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.
Performance: Inspected policy manuals, and inquired of client as to all of the requirements. The Commission only has one cash location. Apart from ACH deposits, the President/CEO is responsible for collecting any other cash, and he is bonded. An outside accounting firm reconciles the Commission's bank account.
Exceptions: The Office Manager is responsible for depositing the cash, and she is not bonded.
Management's response: Management will consider bonding all employees who handle cash.

Procedures performed on the Commission's collections: (Continued)

- 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.

Performance: Inspected policy manual, as well as inquiries of management to ensure separation of duties.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

- 1) Using Commission 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.

Performance: Because the highest dollar week of cash collections will be the week that hotel/motel taxes are received, our test population was based across all revenue accounts, and all months throughout the year. We selected a sample of 25 cash receipt transactions.

Exceptions: Through inspection of documentation and inquiry of client, no evidence was documented as to when checks are received for those that were not ACH deposits. Therefore, it cannot be determined if cash receipts are deposited within one day of collection.

Management's response: Management will begin stamping the received date on all checks received by the Commission.

- 2) 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.

Performance: Inspected sequentially numbered receipts, the journal of cash receipts, and deposit slips from the bank. Noted that all collections are supported by adequate documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Commission's collections: (Continued)

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

Performance: Inspected policy and inquired of management as to separation of duties.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Commission's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments):

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

Performance: Obtained the complete general ledger for the fiscal period and obtained management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Performance: Purchases in excess or equal to \$3,500 were tested to obtain a 25 item sample. Requested requisitions, purchase orders, receiving documents and related invoices, as well as inquired of the client.

Exceptions: Management does not use a documented purchase requisition/order system. The policy does not state how purchases are initiated. Therefore, purchase approval and authorization before the liability for the purchase is incurred is not documented in the current system.

Management's response: Management will work towards using a formal, written purchase order/requisition system.

Procedures performed on the Commission's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)

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

Performance: Inquired of management as to purchase approval process.

Exceptions: Management does not use written purchase requisitions/orders. The policy does not state how purchases are initiated with the exception of travel expenses.

Management's response: Management will work towards using a formal, written purchase order/requisition system.

- 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.

Performance: Inquired of management and observed approved invoices.

Exceptions: Payments are processed without written purchase requisitions/orders, and receiving reports. The President/CEO approves invoices after they are received, and initials them to show proper approvals. All invoices are approved before payment is made.

Management's response: Management will work towards using a formal, written purchase order/requisition system, and receiving reports.

10. Using Commission 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 Commission's purchasing/disbursement system.

Performance: Inspected policy and inquired of management as to separation of duties.

Exceptions: The person responsible for recording payments in the accounting system also adds vendors to the disbursements system.

Management's response: Management will try to create a better system for adding vendors as needed, and controlling the addition of any vendors.

11. Using Commission 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.

Performance: Inspected policy as well as confirmed with documentation who is responsible for signing checks and making the final authorization. The Office Manager is responsible for initiating and recording purchases, with the exception of travel expenses. The President/CEO is responsible for initiating travel related expenses and has signing authority; however two signatures are required on checks, one being the President/CEO and one being a Board Member.

Exceptions: There were no exceptions were noted.

Management's response: Not applicable.

Procedures performed on the Commission's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)

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 Commission documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Performance: Inquired of management, as well as observed where the supply of unused checks is held. The supply of unused checks is held in the Office Manager's office under lock and key in a file cabinet, with access restricted to those persons that do not have signatory authority.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Performance: Inquired of management as to whether there is a signature stamp or machine.

Per management, there is no signature stamp or machine.

Exceptions: Signed checks are held by the Office Manager, who does not have signatory authority, in her file cabinet under lock and key.

Management's response: Management will consider keeping signed checks that are not mailed the same day maintained under the control of the signer or authorized user until mailed.

Procedures performed on the Commission's 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.

Performance: Observed the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the Commission's credit cards, debit cards, fuel cards, P-cards:
(Continued)**

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.

Performance: Obtained all monthly combined statements for the credit cards and observed for supporting documentation.

Exceptions: There was no evidence that each statement was approved. There are spreadsheets by employee, and some of these were approved by the President/CEO, but not all. The President/CEO also approved his own supporting documentation.

Management's response: Management will consider adding written evidence that the monthly statement and supporting documentation is reviewed and approved by someone other than the authorized card holder.

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

Performance: Traced all credit card payments and balances on the credit card statements in order to note if any fees were applied to balances.

Exceptions: Late fees were applied to one monthly statement. Finance charges were assessed on two monthly statements.

Management's response: Management will implement a system to ensure they are paying off credit cards before finance charges and/or late fees are applied.

16. Using the monthly 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:

1) An original itemized receipt (i.e., identifies precisely what was purchased)

Performance: Traced each transaction to an original itemized receipt.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the Commission's credit cards, debit cards, fuel cards, P-cards:
(Continued)**

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

Performance: Observed documentation of the purpose of each transaction. Confirmed that all meal charge documentation included the names of the individuals participating.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Observed written approvals of credit card transactions. The President/CEO reviews all transactions, and then traces each transaction to the backup that is provided by the person incurring charge.

Exceptions: There were instances where the President/CEO did not approve in writing the documentation for each card user for the month.

Management's response: Management will consider requiring written approvals on backup documentation as stated in their policy.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Commission'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.

Performance: Compared the transaction detail to the written disbursement policy and Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected all detail transactions and compared them to the requirements of Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Commission's travel and expense reimbursements:

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.

Performance: Obtained a list of all travel and related expense reimbursements.

Management's representation of the listing was confirmed in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

18. Obtain the Commission'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.

Performance: Management's travel and expense reimbursement policy references rates that comply with GSA rates.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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 Commission does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Performance: Selected the three employees who incurred the most travel costs during the period to further select the highest travel expenditure reimbursed. Compared expense documents to the policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

b) Report whether each expense is supported by:

1) 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.]

Procedures performed on the Commission's travel and expense reimbursements: Continued)

Performance: Traced expenses to the original documentation. These expenses were per diem reimbursements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Traced expense to the original documentation. Documentation of the business/public purpose was written on the backup by the attending employee.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected all documents provided for all travel reimbursements selected.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected the business/public purpose of all travel reimbursements selected and compared them to Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected documentation of travel expenditures selected for proper approval.

Exceptions: It was noted that the President/CEO approves travel expenditures for all travel and training expenses. There was one instance where the President/CEO approved an expense reimbursement that included travel and training for the President/CEO's travel.

Management's response: Management will consider having the Board approve any travel and training expenses for the President/CEO.

Procedures performed on the Commission's 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.

Performance: Observed the listing of contracts in effect during the fiscal year from management, and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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 auditor). 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.

Performance: Obtained the listing of contract vendors and selected the five contract "vendors" that were paid the most money during the fiscal year. Inspected the written contracts that supports the service agreements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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:

1) If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Commission complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Performance: Inspected supporting contract documentation and inquired of client about any contracts subject to Louisiana Public Bid Law. One contract was for the construction of building renovations. The Commission complied with all legal requirements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

2) If no, obtain supporting contract documentation and report whether the Commission solicited quotes as a best practice.

Performance: Inspected contract and inquired of client as to any other contracts subject to bid law. There were no others noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Commission's contracts: (Continued)

- 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.

Performance: Inspected contract and inquired of client about any amendments to contracts in the fiscal year. There was one change order on the renovations to the building for \$13,283. Original contract terms contemplated for such a change order.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Inspected the invoice and compared to the written contract information.

The invoice and related payment complied with the terms of the contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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).

Performance: Inspected board meeting minutes and confirmed the board approved the contracts and the work performed.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Commission's payroll and personnel:

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

Performance: Observed the listing of employees with their related salaries from management, and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Commission's payroll and personnel: (Continued)

- 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.

Performance: Inquire of client as to pay rate structure. The Commission does not have a rate structure in place. All wage rates are approved by the President/CEO in accordance with the personnel expenses line item on the budget. The Board approves wage rates/increases for the President/CEO.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Pay increase are approved by the President/CEO. Traced changes to the personnel files changes that were approved in writing.

Exceptions: There was no evidence in writing in the personnel files for the changes made to an employee pay rate.

Management's response: Management will consider maintaining documentation on changes made to hourly rates/salaries in the personnel files with proper approvals.

23. Obtain attendance and leave records and select one pay period in which leave has been taken by at least one employee. Within that pay period, select 25 employees/officials (or 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).

Performance: Selected one pay period to test leave taken during that period. Inquired of client for all daily attendance and leave records with proper documentation. There were only 4 employees paid during this period.

Exceptions: There was no daily attendance and leave documented for the employees paid during the period.

Management's response: Management will consider requiring the employees document their daily attendance and leave.

Procedures performed on the Commission's payroll and personnel: (Continued)

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

Performance: Inquire of client for all daily attendance and leave records with proper documentation.

Exceptions: There was no daily attendance and leave documented for the employees paid during the period, and therefore, no written documentation supervisors approved the attendance and leave.

Management's response: Management will consider requiring that the President/CEO sign or initial all reviewed time sheets as evidence of approval. Management will also require that leave taken will be approved in writing.

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

Performance: Inquired and confirmed that the Commission maintains written leave records for each employee eligible for paid leave.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Performance: Inquired and inspected list of employees that terminated during the period.

Management's representation of completeness was completed in a separate letter. Only 2 employees terminated during the fiscal year. Obtained the personnel file and traced to the employee's final written leave records and daily attendance records. All termination payments were approved by the President/CEO and were made in strict accordance with the wage rates approved by the President/CEO.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Performance: Inspected payroll reporting forms, as well as cancelled checks to confirm that all payments were submitted to the applicable agencies by the required deadlines.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Commission's 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 Commission maintained documentation to demonstrate that required ethics training was completed.

Performance: Inquire of client for the ethics course completion certificates for the five employees tested.

Exceptions: There were no certificates on file for the employees tested for fiscal year 2017.

Management's response: Management will verify before year end that all employees have an ethics certificate on file and notify any employees who have yet to complete the course and instruct them to do so before the end of the fiscal year.

27. Inquire of management whether any alleged ethics violations were reported to the Commission 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 Commission's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Performance: Inquired of management of any ethics violations, none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Commission's debt service:

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

Performance: Inquire of management as to issuance of debt during the fiscal year. No debt was issued during the fiscal period.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: Inquire of Management for documentation on any outstanding debt during the period. Management states there was no outstanding debt for the Commission during the period.

Exceptions: Not applicable.

Management's response: Not applicable.

Procedures performed on the Commission's debt service: (Continued)

30. If the Commission 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.
- Performance: Not applicable.
 - Exceptions: Not applicable.
 - Management's response: Not applicable.

Other procedures performed on the Commission:

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 Commission reported the misappropriation to the legislative auditor and the commission attorney of the parish in which the Commission is domiciled.
- Performance: Inquired of management of any misappropriations of public funds or assets, none were noted.
 - Exceptions: There were no exceptions noted.
 - Management's response: Not applicable.
32. Observe and report whether the Commission has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
- Performance: Inquired of management as to the notice being posted on the premises and their website.
 - Exceptions: The notice was not posted on the premises nor the website.
 - Management's response: Management will consider posting the notice on their premises and to their 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.
- Performance: Inspected all procedures, and the results of such procedures and compared them to management's representations in a separate letter.
 - Exceptions: There were no exceptions noted.
 - Management's response: Not applicable.