

**ST. MARY PARISH
TOURIST COMMISSION**
St. Mary Parish, Louisiana

Financial Report

Year Ended September 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
St. Mary Parish Tourist Commission
St. Mary Parish, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the St. Mary Parish Tourist Commission (hereinafter "Commission"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2017, and the related notes to the financial statements which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinions.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information 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 budgetary comparison information on pages 27 through 29 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2018, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 19, 2018

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Statement of Net Position
September 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and interest-bearing deposits	\$ 679,598
Investments	869,027
Receivables	23,066
Due from other governmental units	81,186
Prepaid expenses	7,783
Capital assets:	
Land and construction in progress	159,455
Other, net of accumulated depreciation	<u>4,624,779</u>
TOTAL ASSETS	<u>6,444,894</u>
LIABILITIES	
Accounts, salaries, and other payables	23,383
Long term liabilities:	
Due within one year	200,000
Due in more than one year	<u>435,000</u>
TOTAL LIABILITIES	<u>658,383</u>
NET POSITION	
Net investment in capital assets	4,410,705
Restricted for:	
Economic development and tourism	733,333
Unrestricted	<u>642,473</u>
TOTAL NET POSITION	<u>\$ 5,786,511</u>

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

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Statement of Activities
Year Ended September 30, 2017

Activities	Expenses	Fees, Commissions, and Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contribution	Net (Expense) Revenues and Changes in Net Position
Governmental activities:					
Culture and tourism	\$ 812,561	\$ 13,810	\$ 331,800	\$ 68,510	\$ (398,441)
Interest on debt	<u>16,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,951)</u>
Total governmental activities	<u>\$ 829,512</u>	<u>\$ 13,810</u>	<u>\$ 331,800</u>	<u>\$ 68,510</u>	<u>(415,392)</u>
General revenues:					
Hotel-motel tax					485,277
Interest and investment earnings					<u>7,199</u>
Total general revenues					<u>492,476</u>
Change in net position					77,084
Net position - October 1, 2016					<u>5,709,427</u>
Net position - September 30, 2017					<u>\$ 5,786,511</u>

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

FUND FINANCIAL STATEMENTS

MAJOR FUND DESCRIPTION

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Fund

Tourism and Economic Growth Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources, the expenditures for which are legally restricted for purposes specified by law.

Debt Service Fund

Economic Development Bonds, Sinking Fund

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Capital Projects Fund

Economic Development Bonds, Project Fund

The Capital Projects fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Balance Sheet
Governmental Funds
September 30, 2017

	General	Tourism and Economic Growth	Economic Development Bonds, Sinking	Economic Development Bonds, Project	Total Governmental Funds
ASSETS					
Assets:					
Cash and interest bearing deposits	\$ 106,647	\$ 569,141	\$ 3,704	\$ 106	\$ 679,598
Investments	701,168	167,852	-	7	869,027
Receivables	23,066	-	-	-	23,066
Due from other governments	81,186	-	-	-	81,186
Prepaid expenditures	255	-	-	-	255
Total assets	<u>\$ 912,322</u>	<u>\$ 736,993</u>	<u>\$ 3,704</u>	<u>\$ 113</u>	<u>\$ 1,653,132</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 12,903	\$ 3,660	-	-	\$ 16,563
Fund balances:					
Nonspendable	255	-	-	-	255
Restricted	-	733,333	3,704	113	737,150
Unassigned	899,164	-	-	-	899,164
Total fund balances	899,419	733,333	3,704	113	1,636,569
Total liabilities and fund balances	<u>\$ 912,322</u>	<u>\$ 736,993</u>	<u>\$ 3,704</u>	<u>\$ 113</u>	<u>\$ 1,653,132</u>

(continued)

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Balance Sheet (continued)
Governmental Funds
September 30, 2017

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:

Total fund balances for governmental funds at September 30, 2017		\$ 1,636,569
Total net position reported for governmental activities in the statement of net position is different because:		
Cost of capital assets, net of accumulated depreciation		4,784,234
Prepaid expenses		7,528
Noncurrent liabilities:		
Bonds payable	(635,000)	
Accrued interest payable	<u>(6,820)</u>	<u>(641,820)</u>
Net position at September 30, 2017		<u>\$ 5,786,511</u>

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

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2017

	General	Tourism and Economic Growth	Economic Development Bonds, Sinking	Economic Development Bonds, Project	Total Governmental Funds
Revenues:					
Local sources-					
Advertising and promotion	\$ 400	\$ -	\$ -	\$ -	\$ 400
Expeditions and tours	14,068	-	-	-	14,068
Intergovernmental	17,368	381,897	-	-	399,265
Hotel/Motel tax	485,277	-	-	-	485,277
Interest income	5,815	1,384	-	-	7,199
Miscellaneous income	387	-	-	-	387
Total revenues	<u>523,315</u>	<u>383,281</u>	<u>-</u>	<u>-</u>	<u>906,596</u>
Expenditures:					
Current -					
Culture and tourism					
Advertising and promotion	181,896	84,006	-	-	265,902
Professional fees	10,616	-	350	-	10,966
Office expense	68,436	-	-	-	68,436
Repairs and maintenance	10,973	-	-	-	10,973
Salaries and related benefits	268,098	-	-	-	268,098
Travel and conventions	15,994	-	-	-	15,994
Utilities	28,565	-	-	-	28,565
Capital outlay	-	-	-	174	174
Debt service -					
Principal and interest	-	-	214,045	-	214,045
Total expenditures	<u>584,578</u>	<u>84,006</u>	<u>214,395</u>	<u>174</u>	<u>883,153</u>
Excess (deficiency) of revenues over expenditures	<u>(61,263)</u>	<u>299,275</u>	<u>(214,395)</u>	<u>(174)</u>	<u>23,443</u>
Other financing sources (uses):					
Transfers in	-	-	214,045	-	214,045
Transfers out	-	(214,045)	-	-	(214,045)
Total other financing sources (uses)	<u>-</u>	<u>(214,045)</u>	<u>214,045</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(61,263)	85,230	(350)	(174)	23,443
Fund balances, beginning	<u>960,682</u>	<u>648,103</u>	<u>4,054</u>	<u>287</u>	<u>1,613,126</u>
Fund balances, ending	<u>\$ 899,419</u>	<u>\$ 733,333</u>	<u>\$ 3,704</u>	<u>\$ 113</u>	<u>\$ 1,636,569</u>

(continued)

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Governmental Funds
Year Ended September 30, 2017

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities:

Total net changes in fund balance for the year ended September 30, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 23,443
The change in net position reported for governmental activities in the statement of activities is different because:	
Capital outlay	174
Depreciation expense	(143,879)
Principal payment	195,000
Change in accrued interest	2,094
Change in year prepaid expense	<u>252</u>
Total changes in net position for the year ended September 30, 2017 per Statement of Activities	<u>\$ 77,084</u>

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

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The St. Mary Parish Tourist Commission (the Commission) was created and established on October 23, 1991 by Ordinance 1151 of the St. Mary Parish Council under authority of Act 19 of the Louisiana Legislature of 1975, to be effective February 1, 1992. The Commission is comprised of nine directors, appointed by the St. Mary Parish Council for terms of three years, with three appointments expiring each year, and who serve without compensation. The Commission was formed for the purpose of promoting tourism within the Parish of St. Mary. The Commission has the authority to sue and be sued, to accept grants or donations of every type, to make capital improvements for the purpose of obtaining federal funds, to do all things necessary for promotion, advertisement and publication of information relating to tourist attractions within its jurisdiction. Act 19 as amended, authorized the governing authority of St. Mary Parish to levy and collect a tax not to exceed 4% of the rent or fee for the occupancy of hotel rooms, motel rooms, and overnight camping facilities within the jurisdiction of the Commission to fund the operations of the Commission.

The accounting and reporting policies of the Commission conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513, the *Louisiana Governmental Audit Guide* and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Council is the financial reporting entity for St. Mary Parish. The Governmental Accounting Standards Board established criteria for determining which component units should be considered part of the St. Mary Parish Council for financial reporting purposes. The St. Mary Parish Council appoints a voting majority of the Commission's governing body and can impose its will on the Commission. Based on criterion applied, the Commission is a component unit of the Parish of St. Mary. The accompanying financial statements present information only on the funds maintained by the Commission and do not present information on the St. Mary Parish Council, the general government services provided by the Council, or the other governmental units that comprise the financial reporting entity for St. Mary Parish, Louisiana.

The Commission has no entities or organizations that are required to be included in its financial report as defined by Government Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, as amended.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of the Commission. The effect of interfund activity has been removed from these statements. Both the government-wide and the fund financial statement categorize primary activities as governmental.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Commission as a whole. These statements include all the financial activities of the Commission. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

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

Fund Financial Statements

The Commission uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Commission functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Commission or its total assets, liabilities, revenues or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The general fund, special revenue fund, capital project fund, and debt service fund of the Commission are considered to be major funds. The funds of the Commission are described below:

Governmental Funds –

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Commission:

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

General Fund

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

Tourism and Economic Growth Special Revenue Fund

The Fund is used to account for the proceeds of specific revenue sources, the expenditures for which are legally restricted for purposes specified by law.

Economic Development Bonds, Debt Service Sinking Fund

The Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Economic Development Bonds, Capital Projects Fund

The Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

C. Measurement Focus and Basis of Accounting

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 occupancy taxes are recognized in the year when the underlying exchange takes place. Grants and similar items are recognized as revenues in the year for which they are earned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon enough thereafter to pay liabilities for the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Hotel/Motel tax revenue is recognized both when the underlying exchange takes place and in the accounting period in which the revenue becomes susceptible to accrual, when it is measurable and available. Interest income is recorded when received by the Commission.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

D. Capital Assets

All capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and building improvements	10-40 years
Improvements other than buildings	10-30 years
Furniture and fixtures	5-12 years
Equipment	5-12 years

E. Interfund Transfers

Permanent allocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between governmental funds have been eliminated.

F. Vacation and Sick Leave

It is the policy of the Commission to allow full-time employees no more than five unused vacation days to be carried over to the following calendar year or to be paid in full at the end of that calendar year. At September 30, 2017 unrecorded liability for accumulated vacations is not material. Upon termination, an employee will be paid for any unused accumulated vacation leave. The Commission allows employees to accumulate earned but unused sick leave benefits. Sick leave is not payable at termination of employment.

G. Interest-Bearing Deposits

Interest bearing deposits include demand deposits, money market accounts and time deposits, which are stated at cost.

H. Investments

Under state law, the Commission may invest in Louisiana Asset Management Pool (LAMP), United States bonds, treasury notes, or certificates. Investments are stated at cost.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

I. Equity Classifications

Government-wide financial statements

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

1. 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, certificates of indebtedness, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted - consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund financial statements

Fund balance for the Commission's governmental funds is displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

1. Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed - amounts that can be used only for specific purposes determined by a formal action of the highest level of decision-making authority for the Commission. Commitments may be established, modified, or rescinded only through formal actions of the Board of Commissioners.
4. Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Commission's policy, only the Board of Commissioners may assign amounts for specific purposes.
5. Unassigned - amounts that are available for any purpose.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners has provided otherwise in its commitment or assignment actions.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates.

(2) Cash and Interest-bearing Deposits

Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Commission may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. September 30, 2017, the Commission has cash and interest-bearing deposits (book balances) totaling \$679,598 as follows:

Cash on hand	\$ 100
Demand deposits	640,082
Interest-bearing deposits	<u>39,416</u>
Total	<u>\$ 679,598</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2017, deposit balances (bank balances) totaling \$701,385 are secured as follows:

Federal deposit insurance	\$ 289,416
Pledged securities	<u>411,969</u>
Total	<u>\$ 701,385</u>

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Commission's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. The Commission does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At September 30, 2017, deposits in the amount of \$411,969 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not the Commission's name.

(3) Investments

Investments held at September 30, 2017 consist of \$869,027 in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

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

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investments pools:

Credit risk – LAMP is rated AAAM by Standard & Poor's.

Custodial credit risk – LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not with the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk – pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk – 2a7-like investment pool are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.

Foreign currency risk – not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair market value of investments is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

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

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

Fair Value Measurements

To the extent available, the Commission's investments are recorded at fair value as of September 30, 2017. GASB Statement No. 72, *Fair Value Measurements and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Commission measures and records its investments using fair value guidelines established by GASB 72, which recognizes a three-tiered fair value hierarchy as follows:

- Level 1 – quoted prices for identical investments in active markets
- Level 2 – observable inputs other than quoted market prices
- Level 3 – unobservable inputs

The Commission's investments in LAMP are measured using observable inputs other than quoted market prices (Level 2 inputs). The investments in LAMP are valued using quoted market prices of the underlying investment of LAMP on a weekly basis and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

(4) Due From Other Governmental Units

Hotel/Motel tax revenues and receivables are recognized when the underlying exchange (room rental) takes place. Receivables due from other governments at September 30, 2017 were recognized by the following governmental funds:

General Fund:

Due from St. Mary Parish Sales and Use Tax Dept	<u>\$ 81,186</u>
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ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

(5) Capital Assets

Capital assets and depreciation activity as of and for the year ended September 30, 2017 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 135,163	\$ -	\$ -	\$ 135,163
Construction in progress	<u>24,118</u>	<u>174</u>	<u>-</u>	<u>24,292</u>
Total not being depreciated	<u>159,281</u>	<u>174</u>	<u>-</u>	<u>159,455</u>
Capital assets being depreciated:				
Buildings	5,003,217	-	-	5,003,217
Improvements other than buildings	172,628	-	-	172,628
Furniture and office equipment	97,308	-	-	97,308
Exhibits and kiosks	<u>19,809</u>	<u>-</u>	<u>-</u>	<u>19,809</u>
Total being depreciated	<u>5,292,962</u>	<u>-</u>	<u>-</u>	<u>5,292,962</u>
Less accumulated depreciation:				
Buildings	(414,463)	(126,973)	-	(541,436)
Improvements other than buildings	(47,310)	(7,769)	-	(55,079)
Furniture and office equipment	(53,618)	(8,146)	-	(61,764)
Exhibits and kiosks	<u>(8,913)</u>	<u>(991)</u>	<u>-</u>	<u>(9,904)</u>
Total accumulated depreciation	<u>(524,304)</u>	<u>(143,879)</u>	<u>-</u>	<u>(668,183)</u>
Capital assets, net	<u>\$ 4,927,939</u>	<u>\$ (143,705)</u>	<u>\$ -</u>	<u>\$ 4,784,234</u>

Depreciation expense in the amount of \$143,879 was charged to culture and tourism.

Construction Commitments

At September 30, 2017, the Commission had uncompleted construction contracts. The remaining commitment on these construction contracts is \$1,169,907.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

(6) Interfund Activity

	Transfers in	Transfers out
Tourism and Economic Growth Fund	\$ -	\$ 214,045
Economic Development Bonds, Series 2004 Sinking Fund	214,045	-
Total	\$ 214,045	\$ 214,045

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(7) Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters. The Commission has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. There were no significant changes in coverages, retentions, or limits during the year ended September 30, 2017. Settled claims have not exceeded the commercial coverages in any of the previous three fiscal years.

(8) Retirement Plan

All Commission employees are covered under the Federal Insurance Contribution Act (Social Security). In addition, qualified employees also belong to a SEP/IRA Retirement Plan. The Commission contributed 10% of the gross wages of each qualified employee to their individual SEP/IRA Retirement Plan account for the year ended September 30, 2017. The Commission's contributions to the above plans totaled approximately \$11,891, \$10,353, and \$11,704 for the years ended September 30, 2017, 2016, and 2015, respectively. There were no unfunded contributions at year-end.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

(9) Long-Term Debt

The following is a summary of long-term liability transactions of the Commission for the year ended:

	<u>10/1/2016</u>	<u>Additions</u>	<u>Payments</u>	<u>9/30/2017</u>	<u>One Year</u>
Economic development bonds-					
Series 2004	\$ 560,000	\$ -	\$ 130,000	\$ 430,000	\$ 135,000
Series 2009	<u>270,000</u>	<u>-</u>	<u>65,000</u>	<u>205,000</u>	<u>65,000</u>
Total economic development bonds	<u>\$ 830,000</u>	<u>\$ -</u>	<u>\$ 195,000</u>	<u>\$ 635,000</u>	<u>\$ 200,000</u>

The Commission issued \$1,700,000 Economic Development Bonds, Series 2004, during November 2004. The bonds were issued for the purpose of (i) constructing, equipping and furnishing a new welcome center; (ii) constructing the Atchafalaya Golf Course at Idlewild; and (iii) paying the costs of issuance of the bonds. Bond principal matures in varying annual amounts from 2006 to 2020; interest is payable on a semi-annual basis at interest rates varying from 2.70% to 4.6% per annum. Those bonds maturing on or after November 1, 2012 are callable for redemption in full, or in part, any time after November 1, 2011. The bonds are secured by and payable from a pledge and dedication of the excess annual revenues of the Commission.

The Commission also issued \$600,000 Economic Development Bonds, Series 2009, during October 2009. The bonds were issued for the purpose of the costs of constructing, equipping and furnishing a new welcome center. Bond principal matures in varying annual amounts from 2009 to 2019; interest is payable on a semi-annual basis at an interest rate of 3.72% per annum. Those bonds maturing on November 1, 2013, and thereafter, are callable for redemption in full, or in part, any time on or after November 1, 2012. The bonds are secured by and payable from a pledge and dedication of the excess annual revenues of the Commission.

The Commission sought and was granted a reduction of the interest rate on the callable maturities of its \$1,700,000 Economic Development Bonds, Series 2004 and its \$600,000 Economic Development Bonds, Series 2009. The change reduced the interest rates to 2.6% for both bonds.

Debt service requirements to maturity are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	200,000	13,910	213,910
2019	215,000	8,515	223,515
2020	<u>220,000</u>	<u>2,860</u>	<u>222,860</u>
Totals	<u>\$ 635,000</u>	<u>\$ 25,285</u>	<u>\$ 660,285</u>

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

(10) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Commission is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented as follows:

	<u>General</u>	<u>Tourism and Economic Growth</u>	<u>Economic Development Bonds, Sinking</u>	<u>Economic Development Bonds, Project</u>	<u>Total</u>
Nonspendable -					
Prepaid items	\$ 255	\$ -	\$ -	\$ -	\$ 255
Restricted for -					
Capital projects	-	-	-	113	113
Culture and tourism	-	733,333	-	-	733,333
Debt service	-	-	3,704	-	3,704
	<u>-</u>	<u>733,333</u>	<u>3,704</u>	<u>113</u>	<u>737,150</u>
Unassigned	899,164	-	-	-	899,164
Total fund balances	<u>\$ 899,419</u>	<u>\$ 733,333</u>	<u>\$ 3,704</u>	<u>\$ 113</u>	<u>\$ 1,636,569</u>

(11) State Appropriated Monies

As provided by the Louisiana Revised Statute 47:302.44 and 47:301(14) (a), the Louisiana State Treasury has created the St. Mary Parish Visitor Enterprise Fund. This fund shall be funded from the excess of sales taxes generated from the hotel/motel industry after all bond obligations of the State have been paid.

The monies in the St. Mary Parish Visitor Enterprise Fund shall be subject to an annual appropriation by the legislature and shall be available exclusively for use by the Commission to fund the development of tourism and other economic growth projects within the parish of St. Mary. All unexpended and unencumbered monies in the fund shall remain in the fund. The monies in the fund shall be invested by the state treasurer in the same manner as the monies in the State of Louisiana general fund, and all interest earned shall be deposited into the state general fund.

For the state fiscal year June 30, 2016 the legislature approved an appropriation in the amount of \$225,000 to the Commission for the St. Mary Parish Visitor Enterprise Fund and \$88,387 for specific appropriations related to tourism in St. Mary Parish. The Board of Commissioners has developed guidelines to administer the spending of these funds by the Commission in accordance with the restricted purposes as specified by law. The Commission is accounting for these funds in a special revenue fund.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

(12) Compensation of Board Members

Board members for the year ended September 30, 2017 served without compensation and are as follows:

Kimberly Walden, Chairman
Sandra Marshall, Vice Chairman
Herman Hartman, Secretary
Nelson Cortez, Treasurer
Stan Robison
Albert Kuhlman
Cherrise Picard
Bob Harrison
Phyllis Glover
Denny Humphrey

(13) Compensation and Other Payments to Executive Director

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Expenses paid to Carrie Stansbury, Executive Director, for the year ended September 30, 2017, are as follows:

Salary	\$	50,000
Benefits-insurance		8,467
Benefits-retirement		5,000
Benefits-AFLAC		544
Car allowance		4,200
Cell phone and data		840
Reimbursements		1,501
Total	\$	<u>70,552</u>

(14) Related Party Transactions

During the year ended September 30, 2017, the Commission received intergovernmental grants from St. Mary Parish Government to fund certain parish-wide tourism related projects and the Louisiana Office of Tourism for the placement of qualifying advertisements in eligible media outlets. These grants are reported as intergovernmental revenues as follows:

General Fund	\$	17,368
Tourism and Economic Growth Fund		<u>68,510</u>
	\$	<u>85,878</u>

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:				
Local Sources-				
Advertising and promotion	\$ -	\$ 400	\$ 400	\$ -
Expeditions and tours	26,000	14,068	14,068	-
Hotel/Motel tax	504,000	487,642	485,277	(2,365)
Intergovernmental	20,000	17,367	17,368	1
Interest income	2,000	5,794	5,815	21
Miscellaneous income	<u>13,100</u>	<u>10,157</u>	<u>387</u>	<u>(9,770)</u>
Total revenues	<u>565,100</u>	<u>535,428</u>	<u>523,315</u>	<u>(12,113)</u>
Expenditures:				
Current -				
Culture and tourism				
Advertising and promotion	203,021	178,452	181,896	(3,444)
Professional fees	11,100	10,790	10,616	174
Office expense	64,500	69,250	68,436	814
Repairs and maintenance	29,967	26,000	10,973	15,027
Salaries and related benefits	321,591	262,397	268,098	(5,701)
Travel and conventions	20,500	14,504	15,994	(1,490)
Utilities	34,740	27,390	28,565	(1,175)
Capital outlay	<u>27,500</u>	<u>1,400</u>	<u>-</u>	<u>1,400</u>
Total expenditures	<u>712,919</u>	<u>590,183</u>	<u>584,578</u>	<u>5,605</u>
Net change in fund balances	(147,819)	(54,755)	(61,263)	(6,508)
Fund balance, beginning	<u>960,682</u>	<u>960,682</u>	<u>960,682</u>	<u>-</u>
Fund balance, ending	<u>\$ 812,863</u>	<u>\$ 905,927</u>	<u>\$ 899,419</u>	<u>\$ (6,508)</u>

See accompanying notes to Budgetary Comparison Schedules

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Budgetary Comparison Schedule
Tourism and Economic Growth Fund
Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Revenues:				
Local Sources-				
Intergovernmental	\$ 398,277	\$ 381,897	\$ 381,897	\$ -
Interest income	<u>700</u>	<u>1,236</u>	<u>1,384</u>	<u>148</u>
Total revenues	398,977	383,133	383,281	148
Expenditures:				
Current -				
Culture and tourism				
Advertising and promotion	<u>345,819</u>	<u>81,165</u>	<u>84,006</u>	<u>(2,841)</u>
Excess of revenues over expenditures	53,158	301,968	299,275	(2,693)
Other financing uses:				
Transfers out	<u>(214,309)</u>	<u>(214,045)</u>	<u>(214,045)</u>	<u>-</u>
Net change in fund balances	(161,151)	87,923	85,230	(2,693)
Fund balance, beginning	<u>648,103</u>	<u>648,103</u>	<u>648,103</u>	<u>-</u>
Fund balance, ending	<u>\$ 486,952</u>	<u>\$ 736,026</u>	<u>\$ 733,333</u>	<u>\$ (2,693)</u>

See accompanying notes to Budgetary Comparison Schedules

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Budgetary Comparison Schedules

(1) Basis of Accounting

The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Commission.

(2) Budgets and Budgetary Accounting

The Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Executive Director of the Commission prepares a proposed budget for the general and special revenue funds and submits them to the board for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection.
3. A public hearing is held on the proposed budget after publication of the call for the hearing.
4. The Commission approves and adopts total budget revenue and expenditures only. The Commission transfers budget amounts between expenditure classifications within the General and Special Revenue Funds.
5. All budgetary appropriations lapse at the end of each fiscal year.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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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*

Members of the Board of Commissioners
St. Mary Parish Tourist Commission
St. Mary Parish, 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 each major fund of the St. Mary Parish Tourist Commission (the Commission), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated March 19, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses which are described in the accompanying schedule of audit results and findings as items 2017-001 and 2017-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions 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*.

Commission's Response to Findings

The Commission's responses to the findings identified in our audit are included in the accompanying corrective action plan for current year findings. The Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the responses.

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. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 19, 2018

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Schedule of Audit Results and Findings
Year Ended September 30, 2017

Part I. Summary of Auditor's Results:

Unmodified opinions were issued on the financial statements of the Commission's governmental activities and each major fund.

Material weaknesses in internal control were disclosed by the audit of the financial statements.

No instances of noncompliance which are material to the financial statements and required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.

A management letter was not issued.

Part II. Findings required to be reported in accordance with *Government Auditing Standards*:

A. Internal Control

2017-001 – Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Commission's internal control over financial reporting includes those policies and procedures that pertain to the Commission's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2017

2017-002 – Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

CRITERIA: An entity's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related notes may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

B. Compliance -

There are no findings reported under this section.

Part III: Findings and questioned costs for federal awards reported in accordance with the Uniform Guidance:

The requirements of the Uniform Guidance do not apply to the Commission.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2017

A. Internal Control –

2016-001 – Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: See schedule of audit results and findings item 2017-001.

2016-002 - Financial Reporting –

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

CURRENT STATUS: See schedule of audit results and findings item 2017-002.

B. Compliance Findings –

There were no prior year findings reported under this section.

C. Uniform Guidance –

This section was not applicable.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Corrective Action Plan For Current Audit Findings
Year Ended September 30, 2017

2017-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: Not considered necessary.

2017-002 – Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

MANAGEMENT'S RESPONSE: The financial reporting process will continue to be outsourced to the Commission's external auditor's due to the increased costs necessary to correct the condition.

**ST. MARY PARISH
TOURIST COMMISSION**

Statewide Agreed-Upon Procedures

Fiscal period October 1, 2016 through September 30, 2017

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES TO THE CONTROL AND COMPLIANCE AREAS IDENTIFIED BY THE LOUISIANA LEGISLATIVE AUDITOR

To the Board of Commissioners
St. Mary Parish Tourist Commission
St. Mary Parish, Louisiana

We have performed the procedures enumerated below, which were agreed to by St. Mary Parish Tourist Commission (hereinafter "Commission") and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2016 through September 30, 2017. The Commission's management is responsible for those control and compliance areas identified in the SAUPs.

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

The procedures and associated exceptions are as follows:

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.

Commission adopted written policies and procedures that address the functions noted above on September 20, 2017.

- 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.

Commission adopted written policies and procedures that address the functions noted above on September 20, 2017.

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

Commission adopted written policies and procedures that address the functions noted above on September 20, 2017.

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

Commission adopted written policies and procedures that address the functions noted above on September 20, 2017.

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

Commission adopted written policies and procedures that address the functions noted above on September 20, 2017.

- 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.

Commission adopted written policies and procedures that address the functions noted above on September 20, 2017.

- 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.

Commission adopted written policies and procedures that address the functions noted above on September 20, 2017.

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

Commission adopted written policies and procedures that address the functions noted above on September 20, 2017.

- 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 Commission's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Commission adopted written policies and procedures that address the functions noted above on September 20, 2017.

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

Commission adopted written policies and procedures that address the functions noted above on September 20, 2017.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Obtained and reviewed minutes of the Commission for the fiscal period noting that the board met at least monthly.

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

Minutes included references to budget to actual comparisons for all funds for which an annual budget was adopted.

- 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.

Budget-to-actual comparisons did not show that management was deficit spending during the fiscal period.

- 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.

Minutes included references to non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

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

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

4. Using the listing provided by management, select all of the 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). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and/or reconciliations for all months in the fiscal period for five (5) bank accounts noting that reconciliations have been prepared for four (4) accounts for all months. The account for which the Commission did not prepare a reconciliation for all months for the fiscal period had no reconciling activity during the period.

- 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

Obtained bank statements and/or reconciliations for all months in the fiscal period for five (5) bank accounts noting no evidence of management's review of reconciliations for any of the accounts during the period October 2016 through July 2017.

- 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.

Obtained bank statements and/or reconciliations for all months in the fiscal period for five (5) bank accounts noting evidence of researching reconciling items that have been outstanding for more than six (6) months as of the end of the fiscal period for two (2) accounts. Three (3) accounts tested evidenced no reconciling items that have been outstanding for more than six (6) months as of the end of the fiscal period.

Collections

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

Obtained listing of cash collection locations and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the 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). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

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

Two (2) locations, the Commission's Main Office and Franklin location, were determined to be cash collection locations. At the collection locations tested, the person responsible for collecting cash was also –

- o Responsible for depositing cash in the bank.*
- o Responsible for recording the deposit.*
- o Responsible for reconciling the bank statement.*

Individuals responsible for collecting cash were bonded.

There are no sharing of cash registers or drawers.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Commission 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.

Obtained written documentation of the Commission's formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers by a person who is not responsible for cash collection adopted on September 20, 2017.

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

- 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.

Of the four (4) deposits selected for testing, one (1) item was deposited within two (2) business days of collection and one (1) item was deposited within four (4) business days of collection. Two (2) deposits were made within one day of collection.

- 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.

Collection documentation was obtained and addresses the functions noted above.

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.

Commission's policy to determine the completeness of all collections by a person who is not responsible for collections was adopted on September 20, 2017.

Disbursements – General (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.

Obtained listing of disbursements from management and management's representation that the listing is complete.

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 Commission 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.

Examined supporting documentation for each of the twenty-five (25) disbursements selected and found that all purchases were initiated without using a purchase requisition/order system.

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

Examined supporting documentation for each of the twenty-five (25) disbursements selected noting no purchase orders, or electronic equivalent, were initiated.

- 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.

Examined supporting documentation for each of the twenty-five (25) disbursements selected for testing. The Commission does not use a requisition and/or purchase order system, or electronic equivalent. Invoices were reviewed for each disbursement noting receipt of goods purchased, as applicable, and management's approval.

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.

Commission has no written documentation prohibiting the individual responsible for processing payments from adding vendors to the purchasing/disbursement system.

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.

Written policies and/or procedures do not prohibit individuals with signatory authority from also initiating and/or recording purchases.

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

The supply of unused checks is stored in a locked location with access restricted to those persons not having signatory authority.

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

Signature stamp or signature machine is not used.

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.

Obtained listing of active credit cards, bank debit cards, fuel cards and name of the individuals maintaining possession of the cards from management and management's representation that the listing is complete.

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

Randomly selected one (1) cards from the listing of two (2) cards provided by management.

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

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

Monthly statements were obtained. Monthly statements for the one (1) card selected for testing evidenced review and approval, in writing, by someone other than the authorized cardholder.

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

Finance charges and/or late fees were not observed on the statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

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

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

Each transaction appearing on the selected statements was supported by an original itemized receipt that precisely identified what was purchased.

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

All selected transactions included appropriate documentation of business/public purpose.

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

Of the seventeen (17) transactions tested, no other documentation was required by written policy for six (6) transactions. Twelve (12) transactions included an approved expense report as required by written 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.

Commission adopted a written purchasing/disbursement policy on September 20, 2017. There were no noted credit card purchases requiring compliance with the Public Bid Law.

- 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.

All transactions tested included appropriate documentation of business/public purpose.

Travel and Expense Reimbursement

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

Obtained listing of travel and expense reimbursements during the fiscal period, by person, and management's representation that the listing is complete.

- 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.

The Commission's written policies indicate that the reimbursement rate is to match GSA rates.

- 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.

The Commission's written policies indicate that the reimbursement rate is to match GSA rates.

- b) Report whether each expense is supported by:

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

Each transaction appearing on the selected reimbursement request was supported by an original itemized receipt that precisely identified the nature of the reimbursement.

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

Reimbursements evidenced documentation of the business/public purpose and, for meal charges, the individuals participating.

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

No additional documentation was required by written policy.

- 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.

Nature of the expenses reimbursed and related supporting documentation were not obscured. All reimbursements tested appear compliant with Article 7, Section 14 of the Louisiana Constitution.

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

Reimbursement requests and related documentation show approval, in writing, by someone other than the person receiving the reimbursement.

Contracts

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

Obtained listing of all contracts in effect during the fiscal period and management's representation that the listing is complete.

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

Listing provided by Commission included eighteen (18) contracts. The five (5) highest paid contracts were selected for procedures.

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

Payments to vendors were supported by a written agreement describing the services to be provided and the fees to be charged.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

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

None of the selected contracts were subject to Louisiana Public Bid Law.

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

Documentation indicating that quotes were solicited as a best practice could not be provided by Commission.

- 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.

None of the contracts tested were amended.

- 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.

Obtained supporting invoices and/or progress payment request for the largest payment of each of the five (5) contracts selected for testing and compared to the contract terms. All invoices and related payments tested appear compliant with the terms and conditions of the contract.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

None of the contracts selected for testing were subject to board approval by policy or law.

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.

Obtained a listing of employees from management and management's representation that the listing is complete.

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

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

Compensation paid to the individuals tested were made in accordance with Commission's adopted pay rates and/or contract for employment without exception.

- 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.

Changes made to hourly pay rates/salaries during the fiscal year were approved in writing and in accordance with written policy.

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

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

Employees selected documented their daily attendance and leave with the exception of (1) one employee. There are no elected officials for which daily attendance and leave records are required.

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

Daily attendance and leave records evidenced approval of supervisory personnel with the exception of (1) one employee tested.

- 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.

Leave records for Commission personnel are maintained in writing and/or electronically.

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.

Obtained a listing of employees that terminated during the fiscal period from management and management's representation that the listing is complete. No individuals received a termination payment during the fiscal period.

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

There were no exceptions regarding the deposit and/or payment of the employer and employee portions of payroll taxes or retirement contributions, nor the filing of related reporting forms, to the appropriate agencies by the required deadlines.

Ethics (excluding nonprofits)

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

Requested ethics compliance documentation for five (5) randomly selected individuals. Documentation of the completion of the required ethics training was on file for all individuals tested.

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.

Management asserted that there were no allegations of ethics violation reported during the fiscal period.

Debt Service (excluding nonprofits)

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

The Commission did not issue debt during the fiscal period.

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.

All scheduled debt service payments were timely made and debt reserves were maintained as required by debt covenants.

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.

The Commission had no tax millages relating to debt service during the fiscal period.

Other

31. Inquire of management whether the Commission 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.

Management asserted that there were no misappropriations of public funds or assets during the fiscal period.

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.

Notice required by RS 24:523.1 was posted on the Commission's premises. The notice was not posted on the Commission's 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.

No exceptions to management's representations.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance and is solely for use by the Commission's management and the LLA. Accordingly, this report is not suitable for any other purpose and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 19, 2018